



Annual Report

2009-2010

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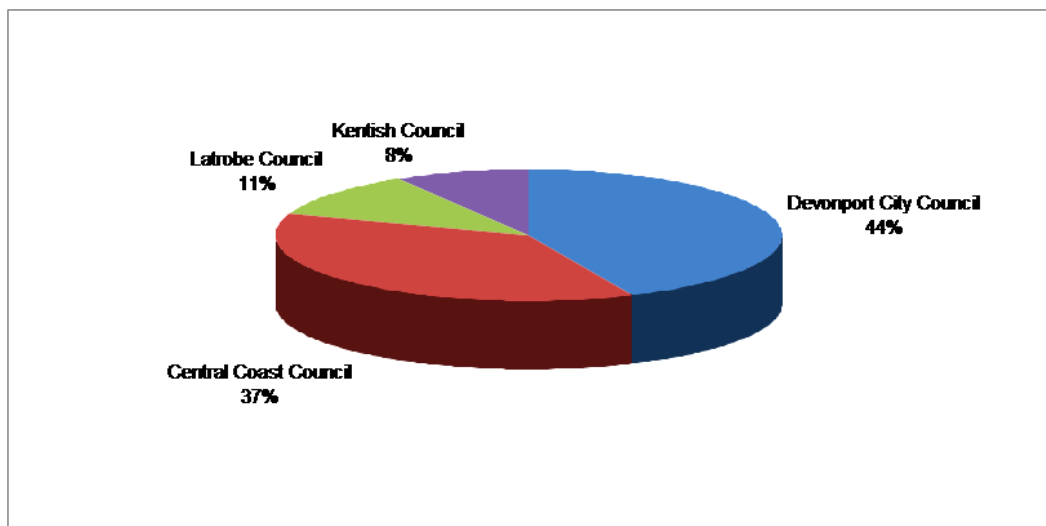
1. Introduction

1.1. Who We Are

Dulverton Waste Management (DWM) is owned by the councils of Central Coast, Devonport City, Kentish and Latrobe (see Chart 1). DWM exists to provide environmentally effective waste management services for its owners, and it provides services to the wider North West community when the need arises.

Waste services consist of the operation of a modern environmentally sustainable landfill and organics recycling facility located off Dawsons Siding Road, Railton. These facilities are run on a commercial basis and have an expected life exceeding 60 years.

Chart 1 - Participating Council Equity Share



1.2. Core Activities

Core activities of the business are:

- Acceptance and safe management of waste from within the Participating Councils' regions;
- Acceptance of organic waste from industry and the broader Cradle Coast region for processing at the Dulverton Organics Recycling Facility (DORF);
- Provision of waste related advisory services to councils;
- Contract administration of the Cradle Coast Regional Recycling Contract;
- Provide representation on the Cradle Coast Waste Management Group and facilitate project delivery for the Group; and
- Develop and implement strategies to manage within a carbon constrained environment.

1.3. Management Philosophy

1.3.1. Values

The values of DWM's Board and Management are:

- Our role as a community owned service provider;
- The opportunity to provide leadership in environmentally sustainable waste management;
- Leadership that provides safe fulfilling employment in a challenging, ethical and participative work environment; and
- Commercial principles and governance that support sustainable cost competitive business activity.

1.3.2. Vision and Mission

Given DWM's philosophy our vision and mission are:

Vision - *"An innovative organisation recognised as leaders in holistic waste management in Tasmania."*

Mission - *"Dulverton Waste Management meets the Community's current and future needs by providing safe and environmentally sustainable waste minimisation, recycling and management services."*

1.4. Organisational Structure & Function

DWM operates as a Joint Authority under sections 30-39 of the *Local Government Act 1993* of the Central Coast, Devonport City, Kentish and Latrobe Councils and is governed by the *Rules* adopted on 15th August 2005. These can be found at our website www.dulverton.com.au.

The membership of the Authority consists of two Representatives from each Participating Council to act on their behalf. The Representatives' powers and duties are to approve corporate plans, periodically review the performance of the Board and individual directors, and set terms of office and remuneration.

2. REPORTS

2.1. Chief Representative

2009/10 has been a year of considerable success for Dulverton. It was particularly pleasing to accept two environmental awards on behalf of Dulverton for our efforts in the directions of composting and recycling. I believe that this is only the start of what will become a very significant aspect of our operation.

I extend my thanks and best wishes to Terry McKenna for his valuable and sustained contribution over many years and welcome his replacement, Cheryl Fuller, who is already making a substantial contribution. The provision of expert advice to other organisations such as Launceston City Council is a testament to the expertise of our people and is another area of potentially substantial growth. An area of frustration has been the prolonged affair of the leachate pipeline. The avoidable delays, not of our making, resulted in considerable additional expense and had an adverse effect on our financial results.

Dulverton is now well positioned for sustained expansion including additional clients / members and range of services. 2010/11 will be an exciting year for Dulverton.

Councillor Mike McLaren
Chief Representative

2.2. Chairman

The 2009/10 financial year saw increased financial strength, business growth and expansion, and progress on a number of strategic initiatives.

2.2.1. Financial Position

Owner's equity increased 19% to \$4.6 million on the back of continued profitability and a valuation reflecting the business' long term income generating potential.

The after tax surplus however, was lower than 2008/09 notwithstanding 16% growth in volume. There are two principle reasons for this. First, there was an unexpected expenditure of over \$200,000 to support improved leachate management; and second the increased volume resulted from growth in the compost business and "useful wastes" (wastes that can be used as road base and cover in lieu of buying in material) both of which generate a lower margin.

Although council returns (tax equivalents plus dividend) have grown progressively since 2005/06 they will be lower than forecast at preparation of the 2010/11 budget. At this

stage the Board has not recommended a dividend rate pending completion of a long term capital expenditure plan and recommendations from our accountants.

2.2.2. Governance

The Audit and Risk Committee of the Board is chaired by Grant Atkins. Three matters received particular attention in 2009/10, namely internal audit, landfill valuation and *Rules* review.

DWM is a small organisation which makes the normal separation of financial duties very difficult. The Board therefore decided to appoint an external organisation to provide ongoing internal audit services. Expressions of interest were received from three accounting firms and a three year contract awarded to Deloitte.

Valuation of the landfill resulted in a significant increase. This reflects the company's ongoing profitability and has added significantly to owners' equity.

The Committee also oversees the annual audit and audit strategy conducted by the Tasmanian Audit Office; monitors the environmental audit by SAI Global; and engages insurance cover and legal compliance.

In addition to the matters addressed by the subcommittee the Board was actively involved in proposals to modify the *Rules* to address evolving business needs.

An issue that has flowed into the 2011 financial year was a request by the Board that the Representatives review the *Rules*. Of particular concern was the need to define how Provisions should be protected and used for rehabilitation and aftercare. The Provisions are necessary to protect future generations. Unlike Victoria, landfill provisions in Tasmania are not protected by legislation. As such they could be "raided" for purposes other than intended.

Changes covering the Provisions and other matters were resolved in 2010.

2.2.3. Strategic Direction

DWM' Vision is to be "*An innovative organisation recognised as leaders in holistic waste management in Tasmania*".

The term "holistic" was used to reflect both the disposal and recycling of waste. In practical terms this means recycling what can be recycled (the regional contract), processing waste that can be processed into something of value (composting) and disposal of the balance in an environmentally sustainable manner (the landfill). In the last 12 months significant progress towards achieving this vision has occurred.

The site is now recognised as one adopting good landfill practice. The landfill has accreditation under ISO 1400 and last year saw two hectares of the landfill capped and

re-vegetated. The EPA Board visited the site in April and were complimentary about what they saw.

A wet winter in 2009 exposed deficiencies in the capacity to handle leachate. Management moved quickly to evaluate options (extra storage and possibly treat onsite, or pump to sewer in Latrobe) and concluded that pumping to sewer was the best technical and economic solution. Unfortunately delays obtaining approval from DIER for the new leachate pipeline has meant ongoing cost into the 2010-2011 financial year to dispose of leachate particularly during the wet late winter and spring.

The composting and kerbside recycling activities continue to grow. Both were recognised in awards. Dulverton Organics won the Best Environmental Practices Award at the Devonport Chamber Commerce & Industry 2010 North West Business & Industry Awards. The business was recognised for “diverting some 25,000 tonnes of organic waste from landfill and turning this into a product that can be used in the farming and agriculture industry”.

DWM also won the Local Government Award at the 2010 Tasmanian Awards for Environmental Excellence for the NW Regional Recycling initiative facilitated and managed by Dulverton Waste Management with Veolia Environmental Services. This program has seen average recycling rates increase from 95kg per household per year to 216kg per household per year.

A plan to safely close-out an old hazardous waste cell was developed and is being implemented. Dulverton ceased taking hazardous waste in late 2006 but there were uncertainties about how well the cell was originally constructed in 1997. Implementing the close-out plan considers that potential leakage from the cell is to be contained within the landfill.

A study was commissioned to determine the technical and economic options for rationalising waste transfer stations currently operated by Dulverton’s owners. This is currently being reviewed.

Two other studies were facilitated by DWM on behalf of the Northern Tasmania and Cradle Coast Waste Management Groups. The first was a preliminary business case for introducing kerbside organics collection. The second investigated landfill levy options and strategy for the two regions. Recommendations are being addressed this year.

Provision of waste services to Launceston City Council has proceeded to the satisfaction of both parties.

2.2.4. Business mix and profitability

Mention was made that the volume growth was largely due to the lower margin compost business and “useful waste” and that this has affected the average margin per tonne. The lower margin for compost is due to three factors.

- Although the cost of processing organic waste into compost is lower than disposal to landfill the gate fee for this waste is lower than for municipal garbage. The waste is “clean” in the sense that the composition is known and consistent and has potential value. The gate fee is thus influenced by other options available to the customer such as carting to alternative composting operations and potentially the Longford anaerobic digester should this be developed. Indeed the relative costs of transport are a key determinant.
- The need to source sufficient green waste for bulking has required a subsidy and is expected to be an ongoing issue given the difficulties in processing fish and poultry waste. This may add to the cost of compost processing.
- Marketing and trial costs are being implemented during the developmental phase in building the compost to be accepted as a cost effective soil conditioner. To date compost sales have been slower than hoped, this is due to the need to conduct controlled growth trials. These are underway but it will be another 18 months before trial results are known.

It is expected that over the next few years, composting capacity will need to expand and this will require additional capital. Different processing options are being investigated.

2.2.5. Image and promotion

2009/10 saw the introduction of the company’s new logo and colours. This has been a very successful improvement for the company’s image. Management has developed an excellent website and initial publicity material. This can be viewed at www.dulverton.com.au

Dulverton Waste Management is a small business and has a dedicated, effective and flexible management team. The success of the business is in large measure due to DWM’s staff. The Board acknowledges and thanks the staff for their efforts throughout the year.

Antony MacCormick
Chairman

2.3. Chief Executive Officer

The DORF has continued to increase its importance in the organisation, with nearly 30% of the waste accepted in 2009/10 being composted. The growth of materials to be composted has not however reduced waste to landfill. The growth of waste disposed to landfill grew by 5% from the previous year. The national average for waste to landfill has been growing at around 7% per annum, which given the lower population growth on the northwest coast, 5% growth for DWM would be considered consistent with the national average.

This year there has been an improved focus on safety, particularly in regards to our clients using the landfill and DORF. The induction process for clients and staff has been revised with all clients, staff and contractors having been inducted under the new process. Our Environmental Management System, now in its second year with certifiers, SIA Global, satisfied with its progress.

Over the past few years DWM has been working to establish itself as a leader in Tasmanian waste and resource management practices. The waste management advisory services to Launceston City Council (LCC) and the Northern Tasmanian Waste Management Group (NTWVG) are recognition of DWM's position in the market.

Due to the growth experienced over the past three years and more recently the arrangements with LCC and NTWVG an opportunity was presented to employ an environmental officer. Melissa Burn joined our team from Latrobe Council in early 2010.

The administration office moved to 35 Stewart Street, Devonport to cater for current and potential future growth of the organisation.

A key feature of the 2010 operations occurred in the winter of 2009 wherein significant quantities of leachate were generated from the landfill. This was managed by constructing temporary dams for storage, temporary clay capping to minimise leachate generation and cartage of leachate to Pardoe Waste Water Treatment Plant. For the 2008/09 and 2009/10 financial years this has had a significant influence on DWM's ability to meet 2010 budget.

GHD Pty Ltd was commissioned to undertake a detailed water balance of the landfill and consider options to manage the excess leachate generated. The preferred option was to pipe leachate to the Latrobe sewerage system as it involved significantly less capital and operating costs than the alternative of treating leachate on site and provided a long term solution to the management of excess leachate. Design and approvals were obtained with the pipeline proposed for construction in the summer of 2011.

Other significant influences on DWM's financial statements were:

- Although it does not impact the overall result of the Statement of Comprehensive Income, the Regional Kerbside Recycling Contract contributed around \$1.3m to the income and expenses;
- The Greenwaste Mulching Contract managed for the four Participating Councils contributed about \$150,000 to expenses which were recovered from Councils with a 3% management fee;
- Annual reassessment of the aftercare and rehabilitation liability of around \$90,000; and
- A loss on the sale of the landfill compactor of about \$65,000.

Shane Eberhardt
Chief Executive Officer

3. PERFORMANCE FOR THE YEAR

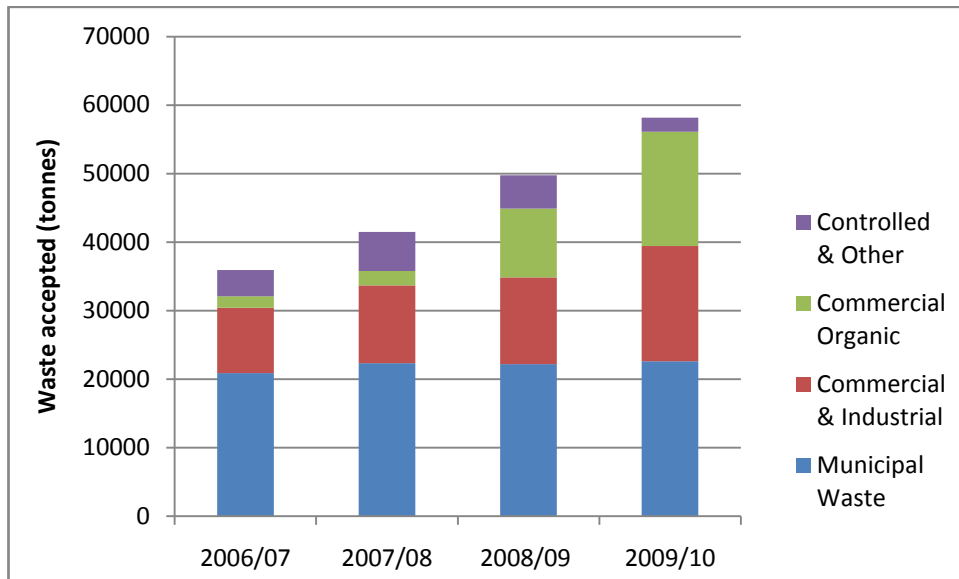
3.1. Operational

Waste quantities in the 2009/10 year increased by 17% on the previous year to 58,179 tonnes, 12% due to the continued growth of the Dulverton Organics Recycling Facility (DORF) and 5% to landfill. Total quantities for the year are shown in Table 1 with Chart 2 providing the waste composition for the previous four years.

Table 1 – Waste Quantities for 2009/10

Waste Type	Contribution to Total (%)	Quantity received in 2009/10 (tonnes)
Municipal Solid	39	22,604
Commercial & Industrial	29	16,847
Commercial Organic	28	16,652
Controlled & Other	4	2,076
Total	100	58,179

Chart 2 – Waste Quantities



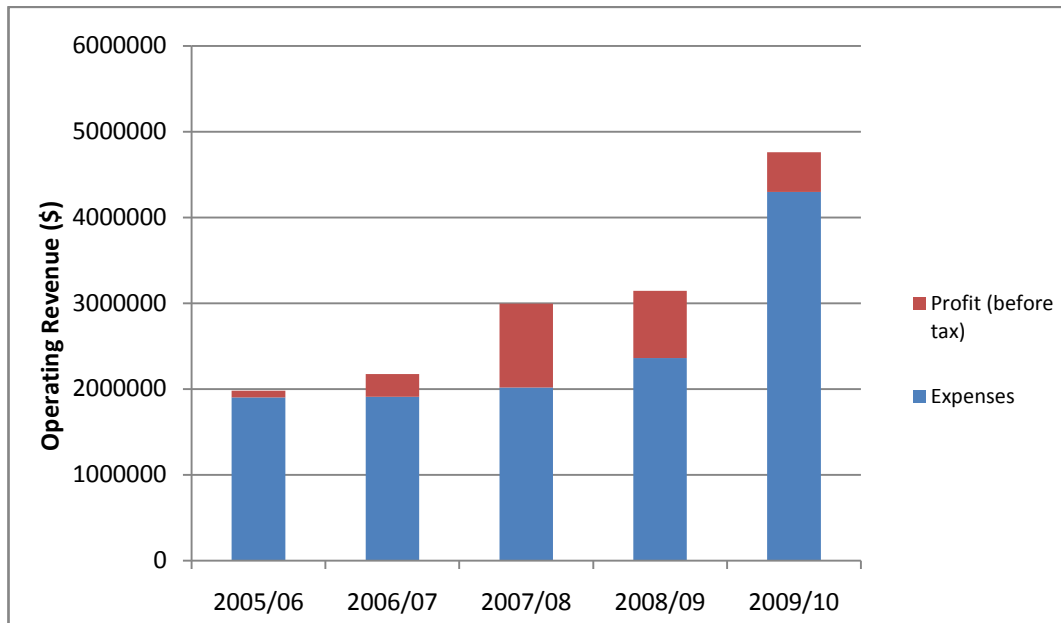
3.2. Financial

Operating revenue (excluding re-assessment of the aftercare provision) again grew for the 2009/10 year to \$4.8M, a 60% increase from the previous year. The increase in revenue is due to increased organics waste accepted, management of the north west recycling contract and management of the mulching contract for Participating Councils.

After reassessment of provisions and revaluation of the landfill, total comprehensive income was \$818,386.

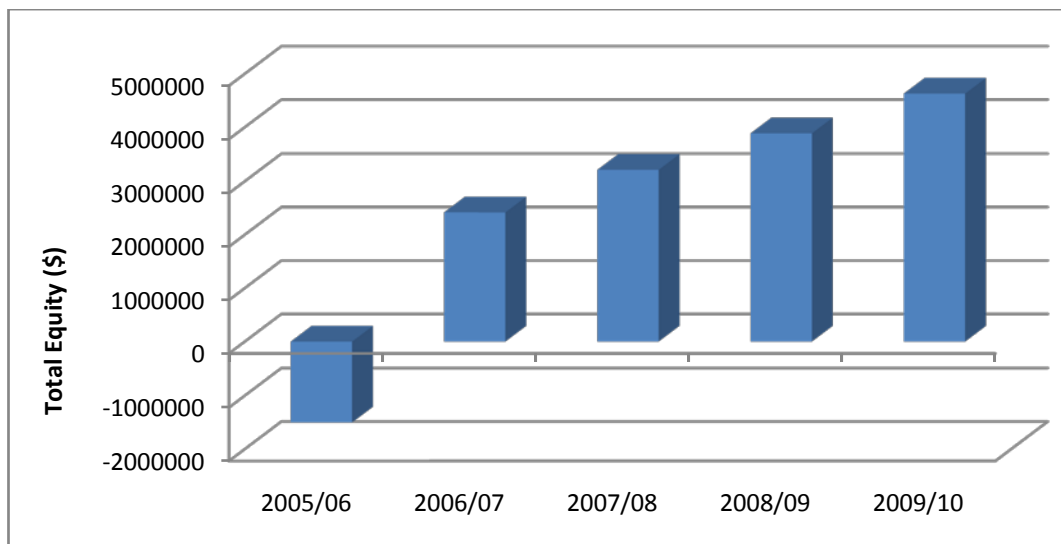
These movements can be seen in Chart 3.

Chart 3 – Operating Income and Expenses



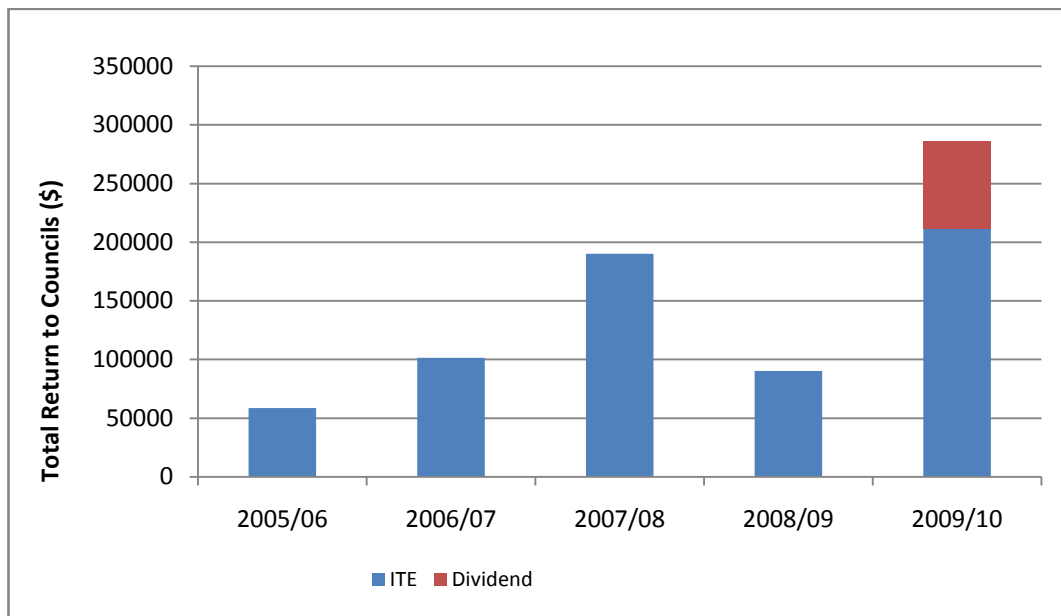
There has been a continued growth in financial sustainability with Councils' equity in DWM growing from \$3.9M in 2008/09 to \$4.6M in 2009/10 (Chart 4). The increase in equity can be attributed to a substantial improvement in retained earnings and revaluation of the landfill.

Chart 4 – Owners' Equity



Income tax equivalent returns to Participating Councils for 2009/10 were \$211,463; \$121,176 greater than 2008/09, reflecting the improved performance of DWM. A dividend of \$74,388 was paid in 2009/10 for the previous year.

Chart 5 – Returns to Council



Full financial statements are provided in Section 5.

3.3. Achievements Against Strategic Plan

In 2009 a new five year Strategic Plan was developed in consultation with Council Representatives. The activities undertaken in 2009/10 are reported below against the 2009 Strategic Plan's eight Strategies.

Strategy 1

Remain focussed on the core purpose of DWM's existence, namely to provide a long term, cost effective and environmentally sustainable capability to handle the solid waste management needs of our owners.

▶ Rehabilitation

Two hectares of the landfill was rehabilitated using local grasses and shrubs. Seed was collected from the area which was used to grow 20,000 seedlings along with additional seed used to rehabilitate the area.

▶ Leachate Management

Leachate management at the landfill was reviewed following the very wet winter of 2009. The review found that the historical management of leachate by irrigation on the landfill was not sustainable. Construction of a pipeline to discharge excess leachate to Latrobe's sewerage system was considered the best long-term option. The contract to construct the pipeline was awarded to Treloar Transport. Construction will commence in late 2010 with the pipeline operational early 2011.

▶ Risk Management

KPMG were commissioned to undertake a review of DWM's risk management practices. The KPMG review demonstrated that DWM's Board and management are performing well at identifying and managing risk ongoing.

▶ New Landfill Compactor

The landfill compactor was replaced in July 2009 with a 28 tonne Tana. An improvement of around 10% in compaction has been observed since the acquisition.

Strategy 2

Seek to divert material from landfill in order to extend the landfill life and to reduce the future implications of greenhouse gas emissions.

▶ Dulverton Organics Recycling Facility

Dulverton Organics was registered as a trading name to market and sell compost. Sales of compost commenced in May 2010, with the bulk of the sales to landscape suppliers and orchards.

- ▶ Greenwaste Management

To ensure a consistent supply of mulched greenwaste to the DORF, DWM called tenders for the mulching and transport of greenwaste for its four owner councils. DWM's involvement in the greenwaste management has resulted in a \$73,000 saving in mulching costs across the four councils.

- ▶ Organics Kerbside Collection Business Case

On behalf of the Cradle Coast Regional Waste Management Group (CCWWMG) and Northern Tasmanian Waste Management Group (NTWWMG), DWM facilitated the development of a business case to introduce a third mobile garbage bin to collect household organics. A trial is proposed in 2010/11.

Strategy 3

Develop DWM to become the Region's waste disposal service provider of choice for our core activities.

- ▶ Advisory Projects

DWM has undertaken a number of waste advisory projects during the year with the most notable project being assisting Launceston City Council with the management of the Launceston Waste Centre. The expansion of our advisory services has allowed the employment of an environmental officer.

Strategy 4

Adopt proactive approaches to help solve industry and State disposal and resource recovery needs.

- ▶ Regional Waste Group Involvement

DWM was an active member of the CCWWMG and provides technical support to both the CCWWMG and the NTWWMG.

Strategy 5

Work within the waste industry and at State and local level to encourage policy, regulation and enforcement consistent with best practice with particular emphasis on rehabilitation, aftercare and avoidance of unfunded legacy problems for future generations.

- ▶ Financial Assurance and *Rules* Review

Aftercare liabilities (the costs associated with managing the landfill after closure) are being managed by provisioning for the liability and maintaining reserves of the same value. A *Rules* review commenced in early 2010 to include a requirement for DWM to provision for aftercare liabilities and establish a reserve.

► Industry Participation

DWM and the CEO held a number of memberships in 2009/10 with different local, national and international bodies, including: -

- Waste Management Association of Australia (WMAA);
- Cradle Coast Waste Management Group; and
- Tasmanian Jurisdictional Group
- Working group for review of the Biosolids Reuse Guidelines.

DWM has also been working with local and national government bodies relating to the waste industry.

Strategy 6

Work with the community to take ownership of waste avoidance and reuse.

► Website Development

The website was upgraded to include DWM's new brand.

► Site Tours

A number of site tours have been undertaken by community groups and education institutions.

Strategy 7

Promote DWM to establish an image for the organisation as an innovator and forward thinker within a Tasmanian context.

► Dulverton Organics Environmental Award

Dulverton Organics won the Devonport Chamber of Commerce and Industry's North West Business and Industry Awards for Best Environmental Practice.

► Agfest 2010

Dulverton Organics had a site at Agfest in 2010 to raise awareness of our activities, particularly with respect to compost.

► Kerbside Recycling Environmental Award

The rollout of kerbside recycling across the Cradle Coast Region, which was facilitated by DWM, won the Local Government Category of the Tasmanian Awards for Environmental Excellence.

- ▶ Compost Trials

Growing trials with compost commenced in May 2010. The trials consisted of pyrethrum at North Motton and beans at Kindred.

Strategy 8

Develop a culture and practice of personal development, innovation and team working that challenges standard practice, develops sustainable solutions, and achieves personal satisfaction in the process.

- ▶ Improvements in safety

DWM are in the process to integrating the Environmental Management System with our Safety Management System.

4. GOVERNANCE

DWM finished the year with a four member Board of Directors comprising of business and waste industry skills appointed by the Representatives of the Participating Councils.

The Board is responsible for DWM's strategic direction, financial management and other duties as outlined in DWM's *Rules*.

The Chairman of the Board of Directors was Mr Antony MacCormick with the Chairman of the Audit and Risk Committee being Mr Grant Atkins. Profiles of Directors can be found at www.dulverton.com.au.

Risk and fraud management were a particular focus of the Tasmanian Audit Office during this year's audit. Given the size of DWM, separation of financial duties is difficult and as such our fraud management practices will include internal financial audits throughout the year.

Attendance of Directors at Board Meetings is summarised below.

Director	Expiration of Term	Meetings Held	Meetings Attended
Mr Antony MacCormick	30/11/2012	8	8
Mr Grant Atkins	30/11/2010	8	8
Mr Jeff McNamara	30/11/2010	8	8
Mr Phil Baker	30/11/2012	8	8

During the beginning of the 2009/10 financial year Mr Terrence McKenna retired as a Representative for Central Coast Council. Mr McKenna had been a valued Representative of DWM since establishment in 1994. Representatives of Participating Councils attendance is summarised below.

Representative	Council Representing	Meetings Held	Meetings Attended
Clr Mike McLaren (Chief)	Latrobe Council	5	5
Mr Michael Stretton (Deputy)	Central Coast Council	4	4
Clr Cheryl Fuller	Central Coast Council	5	5
Mr Bevin Eberhardt	Central Coast Council	1	1
Clr John Deverell	Kentish Council	5	2
Mayor Don Thwaites	Kentish Council	5	3
Mr Ian McCallum	Devonport City Council	5	4
Ald Peter Hollister	Devonport City Council	5	5
Mr Gerald Monson	Latrobe Council	4	4
Ms Jan Febey	Latrobe Council	1	1

5. FINANCIAL REPORT



INDEPENDENT AUDIT REPORT To the Members of Dulverton Regional Waste Management Authority

Financial Report for the Year Ended 30 June 2010

Report on the Financial Report

I have audited the accompanying financial report of Dulverton Regional Waste Management Authority (the Authority), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' statement.

The Responsibility of Chief Executive Officer for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Auditor's Opinion

In my opinion the financial report of Dulverton Regional Waste Management Authority:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2010, and financial performance, cash flows and changes in equity for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards (including Australian Accounting Interpretations).

TASMANIAN AUDIT OFFICE



J J Tongs

TECHNICAL AND QUALITY DIRECTOR
Delegate of the Auditor-General

HOBART

24 November 2010

Dulverton Regional Waste Management Authority

Financial Statements

For the Year Ended 30 June 2010

**Dulverton Regional Waste Management Authority
Financial Report**

For the Year Ended 30 June 2010

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Statement of Comprehensive Income

For the Year Ended 30 June 2010

	Note	2010 \$	2009 \$
INCOME			
Sales Goods and Services	2	4,660,918	2,830,196
Other Income	2	102,051	155,246
Total Income		<u>4,762,969</u>	<u>2,985,442</u>
EXPENSES			
Administration Expenses	3	715,492	514,376
Finance Costs	3	84,061	62,942
Operating Expenses	3	3,132,152	1,477,155
Depreciation	3	301,274	305,643
Loss on sale of non-current assets	3	64,519	0
Total Expenses		<u>4,297,498</u>	<u>2,360,116</u>
Profit from continuing operations		465,471	625,326
Income tax expense	4	140,760	188,494
Profit for the year after tax from operations		<u>324,711</u>	<u>436,832</u>
Reassessment of provision			
Reassessment of rehabilitation and aftercare provision	2	87,158	160,475
Deferred tax Liability on reassessment of provision	4	(26,147)	(48,142)
		<u>61,011</u>	<u>112,333</u>
Profit for the year		<u>385,722</u>	<u>549,165</u>
Other comprehensive income			
Revaluation increment/(decrement)		618,091	174,734
Deferred tax liability arising on revaluation		(185,427)	(52,420)
Other comprehensive income for the year		<u>432,664</u>	<u>122,314</u>
Total comprehensive income for the year		<u>818,386</u>	<u>671,479</u>
Total comprehensive income attributable to members of the entity		<u>818,386</u>	<u>671,479</u>

Dulverton Regional Waste Management Authority

Statement of Financial Position

As At 30 June 2010

	Note	2010 \$	2009 \$
Current assets			
Cash and Cash Equivalents	5	800,034	622,749
Trade and Other Receivables	6	744,959	417,118
Current Tax Assets	4(c)	33,877	40,602
Prepayments		82,755	95,396
Total current assets		1,661,625	1,175,865
Non-current assets			
Property, Plant and Equipment	7	6,096,028	5,222,977
Deferred Tax Assets	4(d)	200,780	224,993
Total non-current assets		6,296,808	5,447,970
TOTAL ASSETS		7,958,433	6,623,835
Current liabilities			
Trade and Other Payables	8	599,874	311,646
Borrowings	9	242,130	149,215
Provision for Employee Entitlements	10	20,041	15,031
Total current liabilities		862,045	475,892
Non-current liabilities			
Borrowings	9	859,881	686,283
Deferred Tax Liabilities	4(d)	958,481	841,822
Provision for Employee Entitlements	10	3,000	1,652
Provision for Rehabilitation and Aftercare	11	645,640	732,798
Total non-current liabilities		2,467,002	2,262,555
TOTAL LIABILITIES		3,329,047	2,738,447
NET ASSETS		4,629,386	3,885,388
EQUITY			
Contributed Capital		1,746,922	1,746,922
Reserves		2,473,443	2,040,779
Retained Earnings		409,021	97,687
TOTAL EQUITY		4,629,386	3,885,388

The accompanying notes form part of the financial statements

Dulverton Regional Waste Management Authority

Statement of Changes in Equity

For the Year Ended 30 June 2010

	Contributed Equity	Asset Revaluation Reserve	Sinking Fund Reserve	Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2008	1,746,922	1,918,465	310,000	(761,478)	3,213,909
Profit for the year	0	0	0	549,165	549,165
Total Other Comprehensive Income for the Period	0	122,314	0		122,314
Transfer from Reserves	0	0	(310,000)	310,000	0
Balance at 30 June 2009	1,746,922	2,040,779	0	97,687	3,885,388
Profit for the year	0	0	0	385,722	385,722
Total Other Comprehensive Income for the period	0	432,664	0		432,664
Dividend Paid	0	0	0	(74,388)	(74,388)
Balance at 30 June 2010	1,746,922	2,473,443	0	409,021	4,629,386

The accompanying notes form part of the financial statements

Dulverton Regional Waste Management Authority

Statement of Cash Flows

For the Year Ended 30 June 2010

	2010	2009
Note	\$	\$
Cash flows from operating activities:		
Receipts from customers	4,920,958	3,216,956
Payments to suppliers and employees	(4,073,230)	(2,645,390)
Interest and other income received	100,379	155,246
Interest paid	(71,268)	(55,568)
Dividends paid	(74,388)	0
GST paid	(66,190)	(89,646)
Income taxes paid	(204,737)	(274,610)
Net cash provided by (used in) operating activities	12 531,524	306,988
Cash flows from investing activities:		
Proceeds from disposal of assets	162,000	0
Acquisition of property, plant and equipment	(782,752)	(79,396)
Net cash provided by (used in) investing activities	(620,752)	(79,396)
Cash flows from financing activities:		
Proceeds from borrowings	455,000	0
Payments of borrowings	(188,487)	(139,436)
Net cash provided by (used in) financing activities	266,513	(139,436)
Net increase/(decrease) in cash held	177,285	88,156
Cash at beginning of financial year	622,749	534,593
Cash at end of financial year	5 800,034	622,749

The accompanying notes form part of the financial statements

Notes to the Financial Statements

For the Year Ended 30 June 2010

1 Statement of Significant Accounting Policies

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and the Tasmanian Laws applicable to Joint Authorities established by Local Government Authorities.

Dulverton Regional Waste Management Authority (the Authority) is a Joint Authority established under Section 38 of the *Local Government Act 1993* with the participating councils being Devonport City Council, Central Coast Council, Kentish Council and Latrobe Council.

The financial report of the Authority complies with all International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

In the current year, the Authority has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

These include:

Standard	Title	Operative Date*	Impact
AASB 101	Presentation of Financial Statements	June 2009	Revised AASB 101 introduces the "Statement of Comprehensive Income". It does not change the recognition, measurement or disclosure of transactions required by other AASBs.
AASB 123	Borrowing Costs	June 2009	Revised AASB 123 mandates the capitalisation of all borrowing costs attributable to the acquisition, construction or production of qualifying assets. There is no financial impact resulting from the application of this revised standard
AASB 2009-2	Amendments to Australian Accounting Standards: Improving Disclosures about Financial Instruments	January 2009	Introduces new disclosure requirements for fair value measurement and refines existing disclosures on liquidity risk for financial instruments. There is no financial impact from the application of this Standard
AASB 2009-10	Amendments to Australian Accounting Standards: Reclassification of Financial Instruments	June 2009	AASB 2009-10 permits the reclassification of certain non-derivative financial assets. The Authority does not intend to reclassify financial assets in the current period, accordingly there will be no financial impact.

Notes to the Financial Statements

For the Year Ended 30 June 2010

The following standards and amendments were available for early adoption but have not been applied by the Authority in the financial report:

Standard	Title	Operative date *	Impact
AASB 2007-10	Further Amendments to Australian Accounting Standards arising from AASB 101	January 2010	This Standard makes changes in terminology where appropriate, to Australian Accounting Standards and Framework to better align with IFRS terminology. The Standard will not have a financial impact on the financial statements.
AASB 1053	Application of Tiers of Australian Accounting Standards	July 2013	This Standard establishes a differential reporting framework, consisting of two tiers of reporting requirements. Expected to have no significant impact.
AASB 9	Financial Instruments	January 2013	This Standard simplifies requirements for the classification and measurement of financial assets. Detail of impact is still being assessed.
AASB 2009-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	January 2010	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The Standard will not have a material financial impact on the Authority's financial statements.

* Annual reporting periods beginning on or after

Notes to the Financial Statements

For the Year Ended 30 June 2010

The following is a summary of the material accounting policies adopted by the Authority in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a) Property, Plant and Equipment

The Authority has adopted the following valuation bases for its non-current assets:

Buildings and Improvements	Fair value
Plant and Equipment	Fair value

At balance date, the Authority reviewed the carrying values of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued by application of an applicable index.

In addition, the Authority undertakes a formal revaluation of assets measured on the fair value basis every three years. Buildings and Improvements was revalued on the 31st March 2010 by C.J. Ham & Murray Pty Ltd Registered Valuers. The Authority reviewed its plant and equipment schedule and concluded the majority of equipment on hand has been purchased during the current year and no revaluation was necessary. The Authority's opinion was that the small amount of plant and equipment carried over from previous years did not warrant a formal revaluation.

Depreciation

The depreciable amount of all fixed assets including buildings, is depreciated on a diminishing value basis over their useful lives commencing from the time the asset is held ready for use. The estimated useful lives used for each class of depreciable assets are:

Buildings & Improvements	6 - 60 years
Plant and Equipment	3 - 45 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, on the statement of financial position at each reporting period.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Notes to the Financial Statements

For the Year Ended 30 June 2010

(c) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that there are any financial assets that are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative affect on the estimated future cash flows of that asset.

An impairment loss, in respect of a financial asset measured at amortised cost, is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in the Statement of Comprehensive Income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-financial assets

All non-financial assets are assessed to determine whether any impairment exists. Impairment exists when the recoverable amount of an asset is less than its carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use.

All impairment losses are recognised in Statement of Comprehensive Income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

At each reporting date, the Authority assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Notes to the Financial Statements

For the Year Ended 30 June 2010

(d) Employee Benefits

Provision is made for the Authority's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs and shown as a current liability. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

(e) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are expensed to the statement of comprehensive income.

(f) Income Tax

The *Local Government (Dulverton Regional Waste Management Authority) Order 1998* which took effect on 2nd October 1998, states that the Dulverton Regional Waste Management Authority is an Authority to which Part 3A of the *Local Government Act 1993* applies. Part 3A relates to payments by single and joint Authorities.

The charge for current income 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 date of the statement of financial position.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be 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 is settled. Deferred tax is recognised in the income statement except where it relates to items that may be recognised directly in 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 tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(g) Income and Expenses

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All other revenue is recognised at the time of providing the service or otherwise to the customer.

Expenses are recognised in the statement of comprehensive income at the time goods or services are received from the supplier, and the amount owing for the supply can be measured reliably.

Notes to the Financial Statements

For the Year Ended 30 June 2010

(h) Goods and Services Tax (GST)

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 Taxation 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 statement of financial position 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.

(i) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Authority.

The Authority assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(j) Trade and Other Receivables

Debtors are reviewed on an ongoing basis and a provision for impairment of receivables is raised where significant doubt as to the collection of the debt exists. Debts which are known to be uncollectable are written off after all reasonable steps for collection have been taken.

(k) Reassessment of Rehabilitation and Aftercare provision

The Authority operates a refuse disposal area which imposes obligation for rehabilitation in the future. Provision is made for rehabilitation and aftercare costs to be incurred in future years by estimating the future costs based on current legislative requirements.

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised at fair value. Interest-bearing borrowings are classified as current liabilities unless the Authority has an unconditional right to defer the settlement of the liability for at least twelve months from the statement of financial position date.

Notes to the Financial Statements

For the Year Ended 30 June 2010

(m) Trade and Other Payables

Payables, including goods received and services incurred, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Authority becomes obliged to make future payments as a result of a purchase of assets or goods and services.

(n) Comparatives

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards

(o) Rounding

All amounts in the financial statements have been rounded to the nearest dollar unless otherwise stated.

(p) Dividends Paid

The directors of the Authority declared and paid a dividend during the year of \$74,388 from the after tax profits of the Authority. The dividend was paid to each council based on their respective equity in the Authority. Details of payments are as follows:

	2010	2009
Central Coast Council	27,390	0
Devonport City Council	32,321	0
Kentish Council	6,308	0
Latrobe Council	8,369	0
	<hr/> 74,388	<hr/> 0

Notes to the Financial Statements

For the Year Ended 30 June 2010

2 Income	2010	2009
Sales		
Sales of goods and services	4,660,918	2,830,196
	<u>4,660,918</u>	<u>2,830,196</u>
Other Income		
Interest received	19,712	30,400
Equipment lease	57,145	43,047
Land lease	19,500	13,792
Miscellaneous	5,694	29,869
Waste levy	0	38,138
	<u>102,051</u>	<u>155,246</u>
Total Income	<u>4,762,969</u>	<u>2,985,442</u>
Reassessment of provision		
Provision for rehabilitation and aftercare	87,158	160,475
Total reassessment of provision	<u>87,158</u>	<u>160,475</u>
3 Expenses		
Administration expenses		
Employment expenses	495,292	338,188
Insurance	58,215	48,163
Occupancy	56,218	57,898
Auditors remuneration	8,600	8,090
Other	97,167	62,037
	<u>715,492</u>	<u>514,376</u>
Finance costs		
Interest expense	83,436	62,325
Other finance expenses	625	617
	<u>84,061</u>	<u>62,942</u>
Operating expenses		
Consultancy	125,758	198,473
Composting costs	308,246	74,859
Leachate system costs	249,984	73,385
Regional contracts	1,442,762	0
General waste placement	398,879	546,826
Other	606,523	583,612
	<u>3,132,152</u>	<u>1,477,155</u>
Depreciation		
Depreciation expense	301,274	305,643
Loss on sale non-current assets	64,519	0
	<u>365,793</u>	<u>305,643</u>
Total Expenses	<u>4,297,498</u>	<u>2,360,116</u>

Notes to the Financial Statements

For the Year Ended 30 June 2010

4 Income Tax Expense

(a) Income tax expense reconciliation	2010	2009
Tax on continuing operations		
Profit before income tax	465,471	625,326
Tax effect of:		
Prima facie income tax at 30%	139,641	187,598
- Other reconciliation items	1,119	896
	<u>140,760</u>	<u>188,494</u>
Tax on rehabilitation and aftercare provision		
Reassessment of provision	<u>87,158</u>	<u>160,475</u>
Tax effect at 30%	<u>26,147</u>	<u>48,142</u>
(b) The Components of Tax Expense comprise:		
Current year tax expense/(income)	211,463	90,287
Origination and reversal of temporary differences	(44,556)	146,349
	<u>166,907</u>	<u>236,636</u>
(c) Current tax Assets/Liabilities		
Current Tax Assets		
Income tax payable	(211,463)	(90,287)
Tax equivalents paid in advance	245,340	130,889
Total	<u>33,877</u>	<u>40,602</u>
(d) Deferred Tax balances		
Deferred Tax Assets		
Provisions	<u>200,780</u>	<u>224,993</u>
	<u>200,780</u>	<u>224,993</u>
Deferred Tax Liability		
Property, plant and equipment	<u>958,481</u>	<u>841,822</u>
	<u>958,481</u>	<u>841,822</u>
5 Cash and Cash Equivalents		
Cash at bank	428,155	505,286
Aftercare account	269,550	117,463
Term deposit	102,329	0
	<u>800,034</u>	<u>622,749</u>

Notes to the Financial Statements

For the Year Ended 30 June 2010

6 Trade and Other Receivables

Trade and other receivables	744,959	417,118
	<hr/>	<hr/>
	744,959	417,118
Less: Provision for impairment of receivables	0	0
	<hr/>	<hr/>
	744,959	417,118
	<hr/> <hr/>	<hr/> <hr/>

(a) Provision for Impairment of Receivables

At beginning of period	0	12,372
Movement in provision for the year	0	(12,372)
	<hr/>	<hr/>
At end of period	0	0
	<hr/> <hr/>	<hr/> <hr/>

7 Property Plant and Equipment

LAND AND BUILDINGS

Land, Improvements and buildings at fair value	5,543,418	5,483,787
Less: accumulated depreciation	(54,130)	(528,811)
	<hr/>	<hr/>

Total Land and Buildings at Fair Value

5,489,288	4,954,976
<hr/>	<hr/>

PLANT AND EQUIPMENT

Plant and equipment at fair value	698,520	406,940
Less: accumulated depreciation	(91,780)	(138,939)
	<hr/>	<hr/>

Total Plant and Equipment at Fair Value

606,740	268,001
<hr/>	<hr/>

Total Property, Plant and Equipment

6,096,028	5,222,977
<hr/> <hr/>	<hr/> <hr/>

(a) Movements in Carrying Amounts

	Land, Building & Improvements \$	Plant & Equipment \$	Total \$
Balance at 1 July 2009	4,954,975	268,002	5,222,977
Additions	172,216	608,537	780,753
Net revaluation increments/(decrements)	614,923	3,168	618,091
Asset Disposals		(224,519)	(224,519)
Depreciation	(252,826)	(48,448)	(301,274)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2010	5,489,288	606,740	6,096,028
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the Year Ended 30 June 2010

7 Property Plant and Equipment (cont)

	Land, Building & Improvements	Plant & Equipment	Total
	\$	\$	\$
Balance at 1 July 2008	5,001,488	273,002	5,274,490
Additions	66,786	12,610	79,396
Net revaluation increments/(decrements)	162,877	11,857	174,734
Depreciation expenses	(276,176)	(29,467)	(305,643)
Balance at 30 June 2009	<u>4,954,975</u>	<u>268,002</u>	<u>5,222,977</u>

i. An independant valuation was provided by independent valuers C.J. Ham & Murray Pty Ltd for the freehold land including the landfill and composting facility at 31 March 2010 on a market value basis.

ii. All other assets were revalued using the movement in the annual Council Cost Index as published by the Local Government Association of Tasmania on the 8th April 2010. The rate used for the year ended 30th June 2010 is 3.65% .

8 Trade and Other Payables

	2010	2009
Accrued expenses	28,666	19,466
Trade creditors	547,995	276,449
Tax and superannuation payable	4,597	0
Waste levy tax payable	18,616	15,731
	<u>599,874</u>	<u>311,646</u>

9 Borrowings

CURRENT

Secured liabilities		
CBA loan	40,623	38,279
Unsecured liabilities		
Tascorp loans	201,507	110,936
	<u>242,130</u>	<u>149,215</u>

NON-CURRENT

Secured liabilities		
CBA loan	188,877	229,500
Unsecured liabilities		
Tascorp loans	671,004	456,783
	<u>859,881</u>	<u>686,283</u>

Notes to the Financial Statements

30 June 2010

10 Provision for Employee Entitlements	2010	2009
CURRENT		
Annual leave	20,041	15,031
Total	20,041	15,031
NON-CURRENT		
Long service leave	3,000	1,652
Total	3,000	1,652
11 Provision for Rehabilitation and Aftercare		
(b) Non-Current Provisions		
NON-CURRENT		
Provision for aftercare	202,920	171,052
Reconciliation of Movements		
At beginning of period	171,052	355,100
Reassessment of Provision	31,868	(184,048)
At end of period	202,920	171,052
Provision for rehabilitation	442,720	561,746
Reconciliation of Movements		
At beginning of period	561,746	1,025,200
Capping works charged for the year	0	(487,027)
Reassessment of provision	(119,026)	23,573
At end of period	442,720	561,746
Total rehabilitation and aftercare provision	645,640	732,798

Notes to the Financial Statements

30 June 2010

12 Cash Flow Information	2010	2009
Operating Cash Flows Reconciliation		
Profit for the year	385,722	549,165
Non-cash flows in profit		
Depreciation expense	301,274	305,643
Loss on sale of non-current assets	64,519	
Changes in operating assets and liabilities		
Receivables	(327,841)	89,142
Tax liabilities	(112,218)	(37,974)
Prepayments	12,641	(50,547)
Payables	288,227	97,738
Provisions	6,358	1,323
Provision for rehabilitation and aftercare	(87,158)	(647,502)
	<u>531,524</u>	<u>306,988</u>

13 Financial instruments

(a) Risk Management Objectives and Policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board on its activities.

Risk management policies are established to identify and analyse the risks faced by the Authority, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Authority's activities. The Authority through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Authority's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Authority.

Dulverton Regional Waste Management Authority does not have any derivative financial instruments at year end.

Notes to the Financial Statements

30 June 2010

(b) Capital Management

The Board's policy is to maintain a strong capital base so as to ensure that the Authority continues as a going concern and to sustain future development of the business, while maximising the returns to stakeholders. The Board monitors the return on capital, which is defined as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. Management monitor capital through the Authority's gearing ratio. The gearing ratio at the end of the financial year was:

	2010	2009
	\$	\$
Total liabilities	3,329,047	2,738,447
Cash and short term deposits	(800,034)	(622,749)
Net debt	2,529,013	2,115,698
Total equity	4,629,386	3,885,388
Total capital employed	<u>7,158,399</u>	<u>6,001,086</u>
Gearing ratio	35%	35%

The Authority is not subject to any externally imposed capital requirements. Operating cash flows are used to maintain and expand the Authority's operating assets, as well as to meet routine outflows of tax, dividends and repayments of maturing debt.

(c) Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognized, at balance date:

Fair Values	30 th June 2010		30 th June 2009	
	Carrying amount	Fair Value	Carrying Amount	Fair Value
<i>Financial Assets</i>				
Cash and Cash equivalents	800,034	800,034	622,749	622,749
Receivables	744,959	744,959	417,118	417,118
Total Financial Assets	1,544,993	1,544,993	1,039,867	1,039,867
<i>Financial Liabilities</i>				
Payables	599,873	599,873	311,646	311,646
Borrowings	1,102,011	1,102,011	835,498	835,498
Total Financial Liabilities	1,701,884	1,701,884	1,147,144	1,147,144
Net Financial Assets	(156,891)	(156,891)	(\$107,277)	(\$107,277)

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date do not differ materially from their net fair value.

Notes to the Financial Statements

30 June 2010

(d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Authority is primarily exposed to interest rate risk arising from changes in market interest rate on its variable rate investments and borrowings. Financial instruments held by the Authority do not give rise to any material direct exposures to currency or equity price risk.

The Authority's policy is to manage its finance costs using fixed rate debt. Management periodically reviews its interest rate exposure and consideration is given to potential renewals of existing positions, alternative financing and the fixed interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the statement of financial position date:

Interest Rate Risk Sensitivity Analysis

At 30 June 2010, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2010	2009
	\$	\$
Change in profit		
- Increase in [interest rate] by 2%	(6,040)	(4,255)
- Decrease in [interest rate] by 2%	6,040	4,455
Change in equity		
- Increase in [interest rate] by 2%	(6,040)	(4,255)
- Decrease in [interest rate] by 2%	6,040	4,455

(e) Liquidity Risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

Typically the Authority ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Authority has access to a line of credit with its banker to enable it to meet unexpected payments.

Notes to the Financial Statements

30 June 2010

(e) Liquidity Risk (cont)

The following table details the Authority's remaining contractual maturity for its non derivative financial instruments. Contractual cash flows are based on the undiscounted principal payment, excluding interest, on the earliest possible date on which the Authority may be required to pay.

Maturity Analysis

	2010	2009
	\$	\$
Less than 6 months	718,904	384,960
6 months to 1 year	123,099	75,899
1 to 5 years	859,881	660,141
Over 5 years	0	26,144
	1,701,884	1,147,144
	1,701,884	1,147,144

(f) Credit Risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Authority's receivables from customers and investment securities.

Management does not have an established credit policy under which each new customer is analysed individually for creditworthiness before the Authority's standard payment and delivery terms and conditions are offered. Instead management understands the ability to dispose of waste is a critical element in each customer's respective business. If an account exposure remains unsatisfied then access to the site is immediately denied.

The Authority does not require collateral in respect of trade and other receivables. The major customers of the Authority are also its major shareholders.

The Authority limits its exposure to credit risk from investments by only investing in liquid securities and only with recognised Australian financial institutions with a satisfactory industry credit rating. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Concentration of Risk

The Authority's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Authority's customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk. The Authority does not have any significant exposure to any particular geographical or industry sectors or other groupings of clients.

Notes to the Financial Statements

30 June 2010

(f) Credit Risk (cont)

The following table provides an ageing of the Authority's trade and other receivables at the reporting date that are past due but not impaired:

	2010	2009
	\$	\$
0 to 30 days	626,033	387,998
31 to 60 days	6,769	0
61 to 90 days	22,465	1,865
Greater than 90 days	89,692	27,255
Balance as at 30 June	<u><u>744,959</u></u>	<u><u>417,118</u></u>

(g) Categories of Financial Assets and Liabilities

	2010	2009
	\$	\$
Cash and cash equivalents	800,034	622,749
Loans and receivables	744,959	417,118
Financial liabilities measured at amortised cost	(1,701,884)	(1,147,144)
Net financial assets/(liabilities)	<u><u>(156,891)</u></u>	<u><u>(107,277)</u></u>

14 Key Management Personnel

(a) Responsible Persons

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

Directors: Anthony MacCormick (Chairperson)	1/12/2008 – 30/11/2012
Grant Atkins	1/12/2008 – 30/11/2010
Jeffrey McNamara	1/12/2008 – 30/11/2010
Phillip Baker	1/12/2008 – 30/11/2012

Chief Executive officer: Shane Eberhardt 1/7/2006 - current

(a) Compensation

	2010	2009
	\$	\$
Directors	72,432	79,399
Chief Executive Officer	115,000 – 135,000	115,000 – 135,000

Notes to the Financial Statements

30 June 2010

15 Related Party Transactions

The Authority had transactions during the year that would be considered related party transaction in that the four member councils being Central Coast Council, Devonport City Council, Kentish Council and Latrobe Council. The related party transaction were as both a customer and a supplier. All transactions with the member councils have been conducted on normal trading terms and no council has been provided a financial advantage in relation to those transactions.

Profit for the year includes the following items of revenue and expense that resulted from transactions, other than compensation, loans or equity holdings, with participating councils:

Revenue includes the following amounts arising from transactions with participating councils:	2010	2009
	\$	\$
Waste disposal income charged:	2,836,685	1,476,112
Outstanding balance of receivables at balance date:	<u>461,788</u>	<u>213,497</u>
Profit includes the following expenses arising from transactions with participating councils:		
Goods and services purchased:	329,686	290,087
Outstanding balance of payables at balance date:	<u>43,593</u>	<u>76,837</u>

16 Subsequent Events

No matters have arisen since the end of the financial year which require disclosure in the financial report.

17 Commitments

The Authority has entered into an agreement to pay its insurance premiums in twelve monthly instalments. At 30 June 2010, the Authority has an outstanding commitment relating to insurance payments totalling \$17,083 (2009, \$14,525).

18 Superannuation

The Authority makes superannuation contributions for its employees to an Accumulation Scheme operated by various superannuation funds. The Authority contributes 9% of employees' gross income to the Scheme.

During the year, the Authority made the required superannuation contributions for all eligible employees to an appropriate complying superannuation fund as required by the *Superannuation Guarantee (Administration) Act 1992*. During the reporting period the amount of contributions paid were:

	2010	2009
	\$	\$
Accumulation scheme	<u>23,442</u>	<u>21,290</u>