

Stormwater Management Authority

Financial report
for the year ended
30 June 2020



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Presiding Member Stormwater Management Authority

Opinion

I have audited the financial report of Stormwater Management Authority for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Stormwater Management Authority as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member and the General Manager.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Stormwater Management Authority. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) have been met.

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

Responsibilities of the General Manager and the members of the Board for the financial report

The General Manager is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The members of the Board are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 23(2) of Schedule 1A of the *Local Government Act 1999*, I have audited the financial report of the Stormwater Management Authority for the financial year ended 30 June 2020.

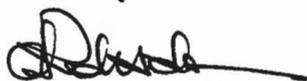
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Stormwater Management Authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Manager
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the General Manager and the members of the Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'Andrew Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

28 September 2020

Stormwater Management Authority

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached general purpose financial statements for the Stormwater Management Authority:

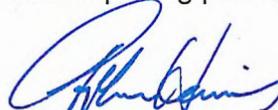
- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Stormwater Management Authority; and
- present a true and fair view of the financial position of the Stormwater Management Authority as at 30 June 2020 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Stormwater Management Authority for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Mr David Trebilcock
General Manager

25 September 2020



Mr Stephen Hains
Presiding Member

25 September 2020

Stormwater Management Authority

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note No.	2020 \$'000	2019 \$'000
Income			
Intra-government transfers	6	5 513	5 379
Interest revenues		118	298
LGFA bonus distributions		54	61
Total income		5 685	5 738
Expenses			
Supplies and services	4	326	305
Grants and subsidies	5	9 052	6 084
Total expenses		9 378	6 389
Net result		(3 693)	(651)
Total comprehensive result		(3 693)	(651)

The net result and comprehensive result are attributable to the SA Government as owner.

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Stormwater Management Authority

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note No.	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	7	8 873	12 462
Receivables	8	3	41
Total current assets		8 876	12 503
Total assets		8 876	12 503
Current liabilities			
Payables	9	214	148
Total current liabilities		214	148
Total liabilities		214	148
Net assets		8 662	12 355
Equity			
Retained earnings		8 662	12 355
Total equity		8 662	12 355

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments Note 10

Contingent assets and liabilities Note 11

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Note No.	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018		13 006	13 006
Net result for 2018-19		(651)	(651)
Total comprehensive result for 2018-19		(651)	(651)
Balance at 30 June 2019		12 355	12 355
Net result for 2019-20		(3 693)	(3 693)
Total comprehensive result for 2019-20		(3 693)	(3 693)
Balance at 30 June 2020		8 662	8 662

All changes in equity are attributable to the SA Government as owner.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note No.	2020 \$'000	2019 \$'000
Cash flows from operating activities			
<i>Cash Inflows</i>			
Intra-government transfers	6	5 513	5 379
Interest received		155	337
LGFA bonus distributions		54	61
Cash generated from operations		5 722	5 777
<i>Cash Outflows</i>			
Payments for supplies and services		(280)	(548)
Payments of grants and subsidies		(9 031)	(5 999)
Cash used in operations		(9 311)	(6 547)
Net cash provided by/(used in) operating activities		(3 589)	(770)
Net increase/(decrease) in cash and cash equivalents		(3 589)	(770)
Cash and cash equivalents at the beginning of the period		12 462	13 232
Cash and cash equivalents at the end of the period	7	8 873	12 462

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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Note 1 Basis of financial statements

1.1 Reporting Entity

The Stormwater Management Authority (the Authority) was established as a body corporate under the *Local Government Act 1999* on 1 July 2007.

The financial statements and accompanying notes include all the controlled activities of the Authority.

The Authority does not control any other entity and has no interests in unconsolidated structured entities.

1.2 Statement of compliance

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards with reduced disclosure requirements.

The Authority has applied relevant Australian Accounting Standards that are applicable to not-for-profit entities, as the Authority is a not-for-profit entity.

For the 2019-20 financial statements the Authority adopted *AASB 15 – Revenue from Contracts with Customers*, *AASB 16 – Leases* and *AASB 1058 – Income of Not-for-Profit Entities*. Further information is provided in note 13.

Australian Accounting Standards that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the period ending 30 June 2020.

1.3 Basis of preparation

The financial statements have been prepared based on a 12-month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out in the notes.

Stormwater Management Authority

1.4 Taxation

The Authority is not subject to income tax. The Authority is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents. Grant payments are not subject to GST.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Tax Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable;
- receivables and payables, which are stated with the amount of GST included.

The net GST receivable/ payable to the ATO is not recognised as a receivable/ payable in the Statement of Financial Position as the Authority is a member of an approved GST group of which the Department for Environment and Water (DEW) is responsible for the remittance and collection of GST. As such, there are no cash flows relating to GST transactions with the ATO in the Statement of Cash Flows.

Note 2 Objectives and activities

2.1 Objectives

The Authority is responsible for the implementation of the Stormwater Management Agreement between the State of South Australia and the Local Government Association.

2.2 Activities

The Authority provides funding toward the preparation of stormwater management plans; carrying out of works or the acquisition of land in accordance with an approved stormwater management plan or otherwise for the purpose of stormwater management; community education and awareness programs; projects or measures relating to water quality or pollution abatement; investigation, research, pilot programs or other projects relating to stormwater management and payment of the operation costs of the Authority.

Note 3 Remuneration of board members

The Authority, a statutory authority, was established as a body corporate under the *Local Government Act 1999* on 1 July 2007. The Authority is governed by a 7-member board, including a Presiding Member, appointed by the Minister.

Related parties of the Authority include all key management personnel and their close family members; all public authorities that are controlled and consolidated into the whole of government financial statements; all Cabinet Ministers and their close family members, and the Local Government Association of South Australia.

Transactions with key management personnel and other related parties

The Authority had no material transactions or balances and/or transactions outside normal day-to-day operations to disclose

Stormwater Management Authority

Members during the 2020 financial year were:

- Mr Trevor Daniell (appointed 23 September 2019)
- Cr Dr Helen Donovan (appointed 23 September 2019)
- Ms Fiona Gill* (appointed 23 September 2019)
- Mr Brenton Gear* (appointed 23 September 2019)
- Mr Stephen Hains (appointed 23 September 2019)
- Mr Walter (Wally) Iasiello* (appointed 23 September 2019)
- Mr Simon Sherriff* (appointed 23 September 2019)

The number of members whose remuneration received or receivable falls within the following bands:

	2020	2019
\$0 – \$19 999	7	6
\$20 000 – \$39 999	0	1
Total number of members	7	7

Remuneration of members reflects all costs of performing board member duties including sitting fees, superannuation contributions and retention allowance. The total remuneration received or receivable by members was \$37 000 (2019: \$50 000).

* In accordance with Schedule 1A of the *Local Government Act 1999*, any employee of a public authority (meaning a Minister, an agency or instrumentality of the Crown or a council or council subsidiary) did not receive any remuneration for board/committee duties during the financial year.

Key management personnel

The Authority had ten key management personnel during 2019-20 including:

- the Minister for Environment and Water
- board members of the Stormwater Management Authority
- the General Manager and Acting General Management of the Stormwater Management Authority.

These key management personnel have had responsibility for the strategic direction and management of the Authority during the year.

Total compensation for the Authority's key management personnel was \$168 000 in 2019-20 and \$170 000 in 2018-19.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Environment and Water receives. The Ministers' remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

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Note 4 Supplies and services

	2020 \$'000	2019 \$'000
Reimbursement of employee benefits to DEW ¹	182	140
Corporate overhead charges to DEW	31	31
Other supplies and services ²	69	53
Board fees and associated costs ¹	34	52
Other expenses	10	29
Total supplies and services	326	305

1. DEW, through a service level agreement, provides agreed services to the Authority. The agreed services include:
 - Secondment of an employee of DEW to be the General Manager of the Authority who reports to the board of the Authority.
 - Payment of board fees and on-costs through the DEW payroll system.
 - Payments to non-local government payees through DEW's accounts system on receipt of vendor tax invoices approved by the Authority.
2. Includes audit fees paid/payable to the Auditor-General's Department of \$9 900 (2019: \$9 700) relating to work performed under the Local Government Act 1999. No other services were provided by the Auditor-General's Department.

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Note 5 Grants and subsidies

	2020 \$'000	2019 \$'000
City of Charles Sturt	3 871	3 770
City of Port Lincoln	2 031	441
Brown Hill and Keswick Creeks Stormwater Board	1 697	-
City of Port Adelaide Enfield	677	677
District Council of Tumby Bay	488	488
Bureau of Meteorology	94	85
District Council of the Copper Coast	55	-
City of Mitcham	50	50
Town of Gawler	50	50
District Council of Yankalilla	27	-
Adelaide and Mt Lofty Ranges NRM Board	12	-
District Council of Mount Barker	-	175
City of Salisbury	-	140
City of Playford	-	121
City of Whyalla	-	57
The Barossa Council	-	30
Total grants and subsidies	9 052	6 084

Grants provided by the Authority to other entities for a particular purpose are recognised as expenses in the period in which they are paid or when approved for payment.

Note 6 Intra-government transfers

	2020 \$'000	2019 \$'000
Intra-government transfers	5 513	5 379
Total intra-government transfers	5 513	5 379

Intra-government transfers are recognised on receipt.

Funding of \$5.379 million (2019: \$5.248 million) was received from DEW for the preparation and approval of stormwater management plans and related works.

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Note 7 Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Deposits at call with the Local Government Finance Authority	8 873	12 462
Total cash and cash equivalents	8 873	12 462

The Authority's bank account is an interest bearing account held with the Local Government Finance Authority. Cash is measured at nominal amounts.

Note 8 Receivables

	2020	2019
	\$'000	\$'000
Accrued interest	3	41
Total receivables	3	41

Note 9 Payables

	2020	2019
	\$'000	\$'000
Accrued expenses	116	95
Administration costs payable to DEW	98	53
Total payables	214	148

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid.

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Note 10 Unrecognised contractual commitments

Commitments include grant expenditure arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Unrecognised contractual commitments are disclosed net of the amount of GST recoverable from, or payable to, the Australian Tax Office (ATO). If GST is not payable to, or recoverable from, the ATO then the commitments and contingencies are disclosed on a gross basis.

Expenditure commitments	2020	2019
	\$'000	\$'000
Within one year	6 892	10 495
Later than one year but not longer than five years	517	2 449
Total other commitments	7 409	12 944

The Authority's expenditure commitments comprise approved grants towards stormwater management projects based on the approval by the board of detailed plans and applications (which include costings) submitted by councils in accordance with the Stormwater Management Agreement.

Note 11 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of note and, if quantifiable, are measured at nominal value.

Unrecognised contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO). If GST is not payable to, or recoverable from, the ATO, then the commitments and contingencies are disclosed on a gross basis.

The Authority is not aware of any contingent assets or liabilities.

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Note 12 Financial risk management / financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset/financial liability note.

	Note	Carrying amount/fair value	
		2020 \$'000	2019 \$'000
Financial assets			
Cash and cash equivalents	7	8,873	12 462
Receivables¹			
Accrued interest	8	3	41
Total financial assets		8,876	12 503
Financial liabilities			
Financial liabilities at cost			
Payables ¹	9	204	138
Total financial liabilities		204	138

1. Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

Liquidity risk

The Authority is funded principally from revenues from SA Government. The board of the Authority determines cash outflows associated with its approved program of grants and subsidies to ensure funding is provided within the expected revenues received from SA Government.

Interest rate risk

Deposits at call with the Local Government Finance Authority earn a floating interest rate, based on daily bank deposit rates. The weighted average interest rate was 1.28% (2019: 1.88%). The carrying amount of cash and cash equivalents represents fair value.

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Note 13 Changes in accounting policy

The Authority did not voluntarily change any of its accounting policies in 2019-20.

AASB 16 Leases

AASB 16 *Leases* sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 replaces AASB 117 *Leases* and related interpretations.

The Authority does not have lease arrangements during the financial year, meaning the adoption of AASB 16 did not have an impact on its financial statements.

AASB 15 Revenue for Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes AASB 111 *Construction contracts*, AASB 118 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

The changes in the accounting standards did not have an impact on the financial statements of the Authority.

AASB 1058 Income for Not for Profit Entities

AASB 1058 *Income of Not-for-Profit Entities* establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

The changes in the accounting standards did not have an impact on the financial statements of the Authority.

Presentation of Financial Statements

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the Authority. As well as changes to the format of the Statement of

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Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

Note 14 Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2020 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2020.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2020 and which may have a material impact on the results of subsequent years.

No events have occurred after balance date that would affect the financial statements of the Authority as at 30 June 2020.