

Environment Protection Authority

Financial report
for the year ended
30 June 2018



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
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 Environment Protection Authority

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Environment Protection Authority for the financial year ended 30 June 2018.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Environment Protection Authority as at 30 June 2018, 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 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, the Chief Executive and the Chief Financial Officer.

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 Environment Protection 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 have been met.

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

Responsibilities of the Chief Executive and the Board for the financial report

The Chief Executive 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 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 that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

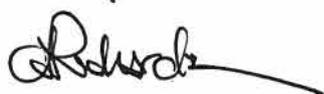
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- 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 Chief Executive and 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 'A Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

20 September 2018

**Environment Protection Authority
(EPA)**

Financial Statements

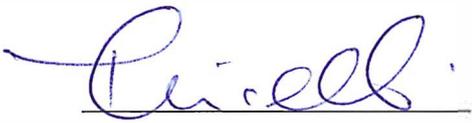
For the year ended 30 June 2018

Environment Protection Authority
Certification of the Financial Statements
for the year ended 30 June 2018

We certify that the attached general purpose financial statements for the Environment Protection 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 Authority; and
- present a true and fair view of the financial position of the Environment Protection Authority as at 30 June 2018 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Environment Protection 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.



Tony Circelli
Chief Executive
11 September 2018



Catherine Cooper
Presiding Member
11 September 2018



Richard Jacka
Chief Financial Officer
11 September 2018

Environment Protection Authority
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Employee benefits expenses	4	23 857	22 967
Supplies and services	6	8 684	8 304
Depreciation and amortisation expense	7	886	1 052
Grants and subsidies	8	744	595
Other expenses	9	1 978	149
Total expenses		36 149	33 067
Income			
Fees and charges	10	50 657	43 638
Grants and contributions	11	1 020	1 195
Interest revenues	12	100	97
Resources received free of charge	13	535	-
Net gain from the disposal of non-current assets	14	24	-
Other income	15	651	14
Total income		52 987	44 944
Net cost/(benefit) of providing services		(16 838)	(11 877)
Revenues from / payments to SA Government			
Revenues from SA Government	16	78	-
Payments to SA Government	16	11 973	5 802
Total net payments to SA Government		11 895	5 802
Net result		4 943	6 075
Total comprehensive result		4 943	6 075

The net result and total 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.

Environment Protection Authority
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	17	26 571	21 606
Receivables	18	7 461	5 804
Total current assets		34 032	27 410
Non-current assets			
Receivables	18	2	3
Property, plant and equipment	19	2 367	3 772
Intangible assets	20	2 128	2 374
Total non-current assets		4 497	6 149
Total assets		38 529	33 559
Current liabilities			
Payables	22	1 324	1 425
Employee benefits	23	2 775	2 397
Provisions	24	41	84
Other current liabilities	25	51	88
Total current liabilities		4 191	3 994
Non-current liabilities			
Payables	22	551	522
Employee benefits	23	5 509	5 616
Provisions	24	61	158
Other non-current liabilities	25	383	378
Total non-current liabilities		6 504	6 674
Total liabilities		10 695	10 668
Net assets		27 834	22 891
Equity			
Retained earnings		27 834	22 891
Total equity		27 834	22 891

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	26
Contingent assets and liabilities	27

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

Environment Protection Authority
Statement of Changes in Equity
for the year ended 30 June 2018

	Note	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2016		16 816	16 816
Net result for 2016-17		6 075	6 075
Total comprehensive result for 2016-17		6 075	6 075
Balance at 30 June 2017		22 891	22 891
Net result for 2017-18		4 943	4 943
Total comprehensive result for 2017-18		4 943	4 943
Balance at 30 June 2018	25	27 834	27 834

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.

Environment Protection Authority
Statement of Cash Flows
for the year ending 30 June 2018

		2018	2017
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(23 605)	(22 848)
Payments for supplies and services		(8 728)	(8 082)
Payments of grants and subsidies		(744)	(595)
Other payments		(111)	(141)
Cash used in operations		<u>(33 188)</u>	<u>(31 666)</u>
Cash inflows			
Fees and charges		48 879	42 653
Receipts from grants		1 020	1 195
Interest received		99	100
Other receipts		234	14
Cash generated from operations		<u>50 232</u>	<u>43 962</u>
Cash flows from SA government			
Receipts from SA government		78	-
Payments to SA government		(11 973)	(5 802)
Cash generated from SA government		<u>(11 895)</u>	<u>(5 802)</u>
Net cash provided by operating activities	29	<u>5 149</u>	<u>6 494</u>
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(277)	(464)
Cash used in investing activities		<u>(277)</u>	<u>(464)</u>
Cash inflows			
Proceeds from the sale of property, plant and equipment		93	-
Cash generated from investing activities		<u>93</u>	<u>-</u>
Net cash provided by/(used in) investing activities		<u>(184)</u>	<u>(464)</u>
Net increase / (decrease) in cash and cash equivalents		4 965	6 030
Cash and cash equivalents at the beginning of the reporting period		21 606	15 576
Cash and cash equivalents at the end of the reporting period	17	<u>26 571</u>	<u>21 606</u>

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

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1 Basis of Financial Statements

(a) Reporting entity

The Environment Protection Authority (the Authority) comprises the following:

- the Environment Protection Authority – a statutory authority with an appointed board established by the *Environment Protection Act 1993*.
- an administrative unit also named the Environment Protection Authority established under the *Public Sector Act 2009*.
- the Environment Protection Fund (the Fund) established under the *Environment Protection Act 1993*.

Under the *Environment Protection Act 1993*, the Chief Executive of the administrative unit is also taken to be the Chief Executive of the statutory authority. The Chief Executive is subject to the control and direction of the Minister in relation to the activities of the administrative unit, and is subject to the control and direction of the Board in relation to giving effect to its policies and decisions under the *Environment Protection Act 1993*.

The statutory authority is South Australia's primary environmental regulator for the protection, restoration and enhancement of our environment. The statutory authority makes use of the services of the administrative unit's employees and facilities in performing its statutory obligations.

The administrative unit also has responsibility for radiation protection functions under the *Radiation Protection and Control Act 1982*. The Authority's financial statements include assets, liabilities, revenues and expenses attributable to Radiation Protection. The income and expenses (excluding overheads) attributable to radiation protection are disclosed in Note 35. However assets and liabilities have not been separately disclosed as they cannot be reliably attributed to radiation protection functions.

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the consolidated entity being the Authority and the Fund, in accordance with *AASB 10 Consolidated Financial Statements*.

In forming the view that the Fund is controlled, the Authority considered its involvement with the entity and determined that its substantive rights give the Authority the current ability to direct the major relevant activities of the entity and the Authority is exposed or has rights to variable returns from its involvement as the entity contributes to furtherance of the Authority's objectives.

Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the consolidated entity have been eliminated in full.

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

Administered Items

(1) Solid Waste Levies

As per section 113 of the *Environment Protection Act 1993* the Authority collects waste levies, but is then required to transfer 50 percent of the cash component of solid waste levies collected to Green Industries SA as per section 17 of the *Green Industries SA Act 2004*.

(2) Local Nuisance and Litter Control Act 2016 - Dob in a Litterer Revenue

The launch of the Dob in a Litterer campaign on 1 February 2017 followed the introduction of the litter provisions in the *Local Nuisance and Litter Control Act 2016*, and a state government commitment to introduce a public litter reporting system. From 1 May 2017, fines began being imposed to those caught littering from their vehicles following a 3-month grace period where warning letters were issued in lieu of fines.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1 Basis of Financial Statements (continued)

(a) Reporting entity (continued)

Revenue received from Dob in a Litterer must be paid into the Consolidated Account and therefore has been treated as an administered item.

The transactions and balances relating to the above administered items are not recognised as income, expense, assets and liabilities of the Authority. See Note 36 for Administered financial statements.

(b) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987* (PFAA).

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and accounting policy statements promulgated under the provisions of the PFAA.

The Authority has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Authority is a not-for-profit entity. Australian Accounting Standards and Interpretations 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 2018.

(c) Basis of preparation

The financial statements have been prepared 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 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 even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Authority has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

Significant accounting policies are set out in the notes.

(d) 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 and land tax.

Shared Services SA prepares a Business Activity Statement on behalf of the Authority under the grouping provisions of the GST legislation. Under these provisions, the Department for Environment and Water (DEW) is liable for the payments and entitled to the receipts associated with GST. Therefore, the Authority's net GST receivable/payable is recorded in DEW's Statement of Financial Position. GST cash flows applicable to the Authority are recorded in DEW's Statement of Cash Flows.

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

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

2 Objectives and Activities

Objectives

The objectives of the Authority are to achieve a better environment for the wellbeing and prosperity of all South Australians:

- through the protection, restoration and enhancement of the environment, and the risk-based regulation of pollution, waste and noise.
- by ensuring the safe use of radiation to minimise adverse impacts on human health and the environment, through the risk-based regulation of radiation.

The Authority works closely with industry, the community and government to protect our unique natural environment and promote the safe use of radiation while supporting economic growth and improving wellbeing.

Activities

The Authority, in 2017-18 was funded by fees and charges for the provision of environment protection, policy and regulatory services. In line with the objectives of establishing the Authority to focus on environment protection activities, the Authority conducts its services through a single program, Environment and Radiation Protection. The purpose of this program is to achieve a better environment for the wellbeing and prosperity of South Australians. As the Authority conducts its services through a single program, a Statement of Disaggregated Disclosures has not been prepared.

3 Financial Arrangements

DEW provides some professional, technical and administrative support to the Authority. The identifiable direct costs of providing these services are met by the Authority.

A memorandum of understanding was signed on 28 June 2018 between DEW and the Authority relating to the provision of these services.

The Authority's sources of funds consist of income derived primarily from fees, levies and licences. These fees, levies and licences include:

- waste levies from landfill depots
- environmental authorisation fees
- radiation licence fees
- fines and penalties
- section 7 enquiries.

The financial activities of the Authority are primarily conducted through deposit accounts with the Department of Treasury and Finance (DTF) pursuant to Section 8 and Section 21 of the PFAA. The deposit accounts are used for revenues from services provided and from fees and charges.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

4 Employee benefits

	2018	2017
	\$'000	\$'000
Salaries and wages	17 845	17 282
Employment on-costs - superannuation*	2 250	1 981
Annual leave	1 711	1 723
Employment on-costs - other	1 128	1 063
Long Service Leave	705	368
Skills and Experience Retention Leave	101	86
Board and committees fees	198	183
Workers compensation	(117)	230
Other employee related expenses	36	51
Total employee benefits expenses	23 857	22 967

*The superannuation employment on-cost charge represents the Authority's contribution to superannuation plans in respect of current services of current employees.

Key Management Personnel

Key management personnel of the Authority include the Minister, the EPA Board Members, the Chief Executive and the other five members of the Executive Team who have responsibility for the strategic direction and management of the Authority.

The compensation detailed below excludes salaries and other benefits paid or payable to the Minister. The Minister's 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 the *Parliamentary Remuneration Act 1990*.

	2018	2017
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	1 256	1 412
Post-employment benefits	126	138
Termination benefits	-	118
Total compensation	1 382	1 668

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

4 Employee benefits (continued)

Remuneration of Employees

The number of employees whose remuneration received or receivable falls within the following bands:	2018	2017
	Number	Number
\$149 001 – 159 000	-	1
\$159 001 – 169 000	1	1
\$189 001 – 199 000	1	1
\$199 001 – 209 000	1	-
\$219 001 – 229 000	-	1
\$229 001 – 239 000	1	-
\$259 001 – 269 000*	-	1
\$309 001 – 319 000	1	1
Total	5	6

*Includes payment of annual leave, LSL, SERL and termination benefits for an officer that left the Authority in 2016-17.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$1.113 million (2017: \$1.315 million).

5 Remuneration of board and committee members

Members during the 2018 financial year were:

Board of the Environment Protection Authority

Linda Bowes
 Stephen Christley (appointed 15 August 2017)
 Tony Circelli*
 Catherine Cooper (appointed 15 August 2017)
 Robert Fowler (term concluded 3 August 2017)
 Allan Holmes
 Helen Macdonald
 Christine Trenorden
 Mark Withers

Radiation Protection Committee

Eva Bezak
 Tony Circelli*
 Sarah Constantine*
 Ian Kirkwood*
 Greg Marshall*
 Cara Miller
 Graeme Palmer
 Nigel Spooner
 Pamela Sykes

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

5 Remuneration of board and committee members (continued)

* In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

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

	2018	2017
\$0 - \$9 999	10	11
\$10 000 - \$19 999	-	1
\$20 000 - \$29 999	4	4
\$30 000 - \$39 999	2	1
\$40 000 - \$49 999	1	1
Total number of members	17	18

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, super contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$0.207 million (2017: \$0.197 million).

6 Supplies and services

	2018	2017
	\$'000	\$'000
Accommodation and property management	434	307
Contractors	46	157
Operating lease payments	2 238	2 252
Fee for service - Site Contamination	1 068	1 126
Fee for service - DEW	114	161
Fee for service - Other	532	275
General administration*	1 471	1 367
Information technology & communication	669	546
Minor works, maintenance & equipment	396	371
Monitoring fees	74	71
Scientific and technical services	424	444
Staff development	341	288
Transportation	146	145
Travel and accommodation	206	214
Vehicle and aircraft	280	276
Other	245	304
Total supplies and services	8 684	8 304

*Resources provided free of charge by Shared Services SA were \$0.162 million (2017: Nil) and were expensed at fair value.

Operating Leases

Operating lease payments (less any lease incentives) are recognised on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of benefits derived from the use of the leased assets.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

7 Depreciation and amortisation expense

	2018	2017
	\$'000	\$'000
Buildings and improvements	1	1
Computing equipment	25	18
Furniture and fittings	259	455
Vehicles	8	8
Infrastructure	23	23
Plant and equipment	198	209
Intangible assets	372	338
Total depreciation and amortisation	886	1 052

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

Land assets are not depreciated.

Useful Life

Depreciation/amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

<u>Class of Asset</u>	<u>Useful Life (years)</u>
Computing equipment	3-10
Intangible Assets	3-17
Infrastructure	15-30
Plant and equipment	5-15
Vehicles	10-25
Furniture and fittings	10-15
Buildings and improvements	40
Other	10

The useful lives of intangible assets are assessed to be either finite or indefinite. The Authority only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

Revision of Accounting Estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

8 Grants and subsidies

	2018	2017
	\$'000	\$'000
Community organisations and associations	211	213
Conservation Council SA	-	11
Environment Protection Authority NSW	84	-
Department for Education	1	88
Department for Environment and Water	10	89
Department of the Premier and Cabinet	15	7
Primary Industries and Regions SA	43	-
Local Government	380	187
Total grants and subsidies	744	595

9 Other expenses

	2018	2017
	\$'000	\$'000
Bad and doubtful debts	65	8
Property, plant and equipment write-offs	1 802	-
Other	111	141
Total other expenses	1 978	149

(a) Audit fees paid/payable to the Auditor-General's Department relating to work performed under the PFAA were \$0.108 million (2017: \$0.134 million). No other services were provided by the Auditor-General's Department.

10 Revenues from fees and charges

	2018	2017
	\$'000	\$'000
Fines and penalties	1 643	239
Environmental authorisation fees	10 655	11 082
Radiation licence fees	3 159	3 088
Other licence fees	1 158	1 209
Waste levies	33 971	27 948
Other fees and charges	71	72
Total revenues from fees and charges	50 657	43 638

Environmental authorisation fees received under the *Environment Protection Act 1993* are recognised as revenue when invoiced. All other license fees, including those received under the *Radiation Protection and Control Act 1982*, are recognised as revenue upon receipt. Waste levies are recognised by the Authority on an accrual basis.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

11 Grants and contributions

	2018	2017
	\$'000	\$'000
SA Government grants	351	299
Commonwealth Government grants	634	629
Private industry and community grants	35	267
Total grants and contributions	1 020	1 195

	2018	2017
	\$'000	\$'000
(i) State Government Grants		
Department for Environment and Water	72	42
Department of the Premier and Cabinet	133	-
Department of State Development	100	227
Primary Industries and Regions SA	45	-
Adelaide & Mt Lofty NRM Board	-	30
	351	299

(ii) Commonwealth Government Grants		
Department of Industry, Innovation and Science	26	25
Department of the Environment and Energy	605	486
Murray Darling Basin Authority	3	118
	634	629

(iii) Private Industry and Community Grants		
EPA NSW	-	44
EPA Victoria	-	32
EPA Other	-	30
Other	35	161
	35	267

Contributions are recognised as an asset and income when the Authority obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

11 Grants and contributions (continued)

Contributions which have conditions of expenditure still to be met as at reporting date were \$7.574 million (\$7.104 million).

The Authority is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Authority on the premise that these funds are expended in a manner consistent with the terms of the agreement. At reporting date these contributions relate to:

	2018	2017
	\$'000	\$'000
Environment Protection Fund	7 534	6 941
AELERT	-	118
National Pollutant Inventory	19	9
Externally funded projects	20	36
	7 573	7 104

The Environment Protection Fund is established under section 24 of the *Environment Protection Act 1993*. The Fund must be kept as directed by the Treasurer. Prescribed percentages of waste levies and licence fees are paid into the Fund under section 8 of the *Environment Protection Regulations 2009*. The Fund may be applied by the Minister or by the Authority with the approval of the Minister.

12 Interest revenues

	2018	2017
	\$'000	\$'000
Interest from entities within the SA Government	100	97
Total interest revenues	100	97

13 Resources received free of charge

	2018	2017
	\$'000	\$'000
Assets received free of charge	373	-
Services received free of charge - Shared Services SA	162	-
Total resources received free of charge - SA Government entities	535	-

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

14 Net gain from the disposal of non-current assets

	2018	2017
	\$'000	\$'000
Plant and equipment		
Proceeds from disposal	93	-
Less net book value of assets disposed	(69)	-
Net gain from disposal	<u>24</u>	<u>-</u>
Total assets		
Total proceeds from disposal	93	-
Less total net book value of assets disposed	(69)	-
Total gain from disposal of non-current assets	<u>24</u>	<u>-</u>

Gains/losses on disposal are recognised at the date at which control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time.

15 Other income

	2018	2017
	\$'000	\$'000
Salaries and wages recoveries	9	3
Other sundry revenue	225	11
Lease incentive*	417	-
Total other income	<u>651</u>	<u>14</u>

* Write-off of lease incentive liability associated with previous accommodation.

16 Revenues from/payments to SA Government

	2018	2017
	\$'000	\$'000
Revenues from SA Government		
Appropriation from the Treasurer's Contingency Fund*	78	-
Total revenues from SA Government	<u>78</u>	<u>-</u>
Payments to SA Government		
Return of surplus cash pursuant to cash alignment policy	11 973	5 802
Total payments to SA Government	<u>11 973</u>	<u>5 802</u>

* Relates to additional funding for the wages parity salaried supplementation.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

17 Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	19 032	14 660
Environment Protection Fund Deposit Account	7 534	6 941
Imprest account/cash on hand	5	5
Total cash and cash equivalents	26 571	21 606

Cash is measured at nominal amounts.

Interest rate risk

Deposits with the Treasurer and cash on hand is non-interest bearing. The Environment Protection Fund Deposit Account earns a floating interest rate, based on daily bank deposit rates.

18 Receivables

	2018	2017
	\$'000	\$'000
Current		
Receivables	7 403	5 690
Less allowance for doubtful debts	(9)	(9)
	<u>7 394</u>	<u>5 681</u>
Prepayments	56	114
Accrued revenues	9	8
Workers compensation recoveries	2	1
Total current receivables	7 461	5 804
Non-current		
Workers compensation recoveries	2	3
Total non-current receivables	2	3
Total receivables	7 463	5 807

Movement in allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the period	9	51
Amounts written off	(5)	(50)
Increase in the allowance	5	8
Carrying amount at the end of the period	9	9

Environment Protection Authority
Notes to and forming part of the financial statements
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18 Receivables (continued)

Interest rate and credit risk

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Authority will not be able to collect the debt. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to Note 31 for further information on risk management.

Environment Protection Authority
Notes to and forming part of the financial statements
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19 Property, plant and equipment

	2018	2017
	\$'000	\$'000
Land		
At cost (deemed fair value)	278	278
Total land	<u>278</u>	<u>278</u>
Buildings and improvements		
At cost (deemed fair value)	40	40
Less accumulated depreciation	(27)	(26)
Total buildings and improvements	<u>13</u>	<u>14</u>
Infrastructure		
At cost (deemed fair value)	507	551
Less accumulated depreciation	(224)	(217)
Total infrastructure	<u>283</u>	<u>334</u>
Capital works in progress		
Capital works in progress	93	26
Total capital works in progress	<u>93</u>	<u>26</u>
Vehicles		
At cost (deemed fair value)	171	171
Less accumulated depreciation	(124)	(116)
Total vehicles	<u>47</u>	<u>55</u>
Computing equipment		
At cost (deemed fair value)	252	252
Less accumulated depreciation	(205)	(180)
Total computing equipment	<u>47</u>	<u>72</u>
Furniture and fittings		
At cost (deemed fair value)	3 655	5 903
Less accumulated depreciation	(2 850)	(3 902)
Total Furniture and fittings	<u>805</u>	<u>2 001</u>
Plant and equipment		
At cost (deemed fair value)	4 421	4 613
Less accumulated depreciation	(3 620)	(3 621)
Total plant and equipment	<u>801</u>	<u>992</u>
Other		
At cost (deemed fair value)	19	19
Less accumulated depreciation	(19)	(19)
Total other	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u>2 367</u>	<u>3 772</u>

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

19 Property, plant and equipment (continued)

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

All non-current tangible assets with a value over \$10,000 are capitalised.

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is equal to or in excess of \$5 million for infrastructure assets or \$1 million for other assets

Carrying amount of property, plant and equipment

All items of property, plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimate useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value.

These assets are classified in level 3 as there has been no subsequent adjustments to their value except for management assumptions about the asset condition and remaining useful life.

Revaluation

All non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

As EPA does not hold assets that meet this criteria, assets have not been revalued.

Impairment

There were no indications of impairment of property, plant and equipment at 30 June 2018.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2018

19 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment during 2017-2018

2018	Buildings and		Infrastructure	Vehicles	Computing equipment
	Land	improvements			
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	278	14	334	55	72
Acquisitions	-	-	-	-	-
Transfers to/(from) capital works in progress	-	-	-	-	-
Initial recognition	-	-	-	-	-
Assets received for nil consideration	-	-	-	-	-
Asset write offs	-	-	(28)	-	-
Disposals	-	-	-	-	-
Depreciation / amortisation expense	-	(1)	(23)	(8)	(25)
Carrying amount at the end of period	278	13	283	47	47

2018	Furniture and	Plant and	Capital works	Total
	fittings	equipment	in progress	
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	2 001	992	26	3 772
Acquisitions	-	84	193	277
Transfers to/(from) capital works in progress	-	-	(126)	(126)
Initial recognition	456	-	-	456
Assets received for nil consideration	373	-	-	373
Asset write offs	(1 766)	(8)	-	(1 802)
Disposals	-	(69)	-	(69)
Depreciation / amortisation expense	(259)	(198)	-	(514)
Carrying amount at the end of period	805	801	93	2 367

Environment Protection Authority
Notes to and forming part of the financial statements
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19 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment during 2016-2017

	Land	Buildings and improvements	Infrastructure	Vehicles	Computing equipment
2017	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	278	15	357	63	46
Acquisitions	-	-	-	-	44
Transfers to/(from) capital works in progress	-	-	-	-	-
Depreciation / amortisation expense	-	(1)	(23)	(8)	(18)
Carrying amount at the end of period	278	14	334	55	72

	Furniture and fittings	Plant and equipment	Capital works in progress	Total
2017	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	2 456	912	177	4 304
Acquisitions	-	289	107	440
Transfers to/(from) capital works in progress	-	-	(258)	(258)
Depreciation / amortisation expense	(455)	(209)	-	(714)
Carrying amount at the end of period	2 001	992	26	3 772

Environment Protection Authority
Notes to and forming part of the financial statements
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20 Intangibles

	2018	2017
	\$'000	\$'000
Internally developed intangible assets		
At cost (deemed fair value)	98	98
Less accumulated amortisation	(27)	(19)
Total internally generated computer software	71	79
Electronic Environment Licensing Forms (E-ELF)		
At cost (deemed fair value)	167	167
Less accumulated amortisation	(167)	(167)
Total E-ELF	-	-
Integrated Information System (IIS)		
At cost (deemed fair value)	48	48
Less accumulated amortisation	(48)	(48)
Total IIS	-	-
General Environment Information System (GENI)		
At cost (deemed fair value)	1 977	1 948
Less accumulated amortisation	(1 741)	(1 660)
Total GENI	236	288
Complaints and Reports of Environmental Significance System (CARES)		
At cost (deemed fair value)	308	308
Less accumulated amortisation	(307)	(293)
Total CARES	1	15
Licensing Administration Management Program (LAMP)		
At cost (deemed fair value)	1 592	1 544
Less accumulated amortisation	(464)	(304)
Total LAMP	1 128	1 240
Environment Licensing Forms (ELF)		
At cost (deemed fair value)	507	478
Less accumulated amortisation	(145)	(93)
Total ELF	362	385
EMP Masterpiece Interface (EMP)		
At cost (deemed fair value)	45	45
Less accumulated amortisation	(13)	(9)
Total EMP	32	36
Other		
At cost (deemed fair value)	1 052	1 124
Less accumulated amortisation	(754)	(793)
Total Other	298	331
Total intangible assets	2 128	2 374

Environment Protection Authority
Notes to and forming part of the financial statements
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20 Intangibles (continued)

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Authority only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

Impairment

There were no indications of impairment of intangible assets at 30 June 2018.

Environment Protection Authority
Notes to and forming part of the financial statements
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20 Intangibles (continued)

Reconciliation of Intangible Assets during 2017-2018

	Internally developed	GENI	CARES	LAMP	Electronic Licensing Forms	EMP	Other Intangibles	Total
2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	79	288	15	1 240	385	36	331	2 374
Transfers from capital works in progress	-	29	-	49	29	-	19	126
Amortisation	(8)	(81)	(14)	(161)	(52)	(4)	(52)	(372)
Carrying amount at the end of the period	71	236	1	1 128	362	32	298	2 128

Reconciliation of Intangible Assets during 2016-2017

	Internally developed	GENI	CARES	LAMP	Electronic Licensing Forms	EMP	Other Intangibles	Total
2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	88	361	29	1 337	409	41	165	2 430
Acquisitions	-	-	-	-	24	-	-	24
Transfers from capital works in progress	-	-	-	-	-	-	258	258
Amortisation	(9)	(73)	(14)	(97)	(48)	(5)	(92)	(338)
Carrying amount at the end of the period	79	288	15	1 240	385	36	331	2 374

Environment Protection Authority
Notes to and forming part of the financial statements
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21 Fair value Measurement

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Authority classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the Chief Financial Officer and Audit Committee at each reporting date. In determining fair value, the Authority has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset) and the asset's highest and best use (that is physically possible, legally permissible, financially feasible). The Authority's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible within the next five years. As the Authority did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Refer to note 19 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Authority categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement as follows:

Fair value measurements as at 30 June 2018

		Level 3
Recurring fair value measurements	Note	\$'000
Land	19	278
Buildings and improvements	19	13
Infrastructure	19	283
Vehicles	19	47
Computer equipment	19	47
Furniture and fittings	19	805
Plant and equipment	19	801
Total recurring fair value measurements		<u>2 274</u>

Environment Protection Authority
Notes to and forming part of the financial statements
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21 Fair value Measurement (continued)

Fair value measurements as at 30 June 2017

	Note	Level 3 \$'000
Recurring fair value measurements		
Land	19	278
Buildings and improvements	19	14
Infrastructure	19	334
Vehicles	19	55
Computer equipment	19	72
Furniture and fittings	19	2 001
Plant and equipment	19	992
Total recurring fair value measurements		3 746

During 2017 and 2018, the Authority had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

22 Payables

	2018 \$'000	2017 \$'000
Current		
Creditors	616	742
Employment on-costs [^]	564	477
Accrued expenses	139	206
Paid Parental Leave Scheme payable	5	-
Total current payables	1 324	1 425
Non-current		
Employment on-costs	551	522
Total non-current payables	551	522
Total payables	1 875	1 947

[^]Employment on-costs include payroll tax, workers compensation levies and superannuation contributions. The Authority makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2017 rate of 40% to 41%. This rate is used in the employment on-cost calculation.

Paid Parental Leave Scheme payable – represents amounts which the Authority has received from the Commonwealth Government to forward onto eligible employees via the Authority's standard payroll processes. That is, the Authority is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

Environment Protection Authority
Notes to and forming part of the financial statements
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22 Payables (continued)

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received. Employment on-costs are settled when the respective employee benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Refer to note 31 for further information on risk management.

23 Employee benefits liability

	2018	2017
	\$'000	\$'000
Current		
Annual leave	1 726	1 622
Long service leave	578	330
Accrued salaries and wages	370	344
Skills and experience retention leave	101	101
Total current employee benefits	2 775	2 397
Non-current		
Long service leave	5 509	5 616
Total non-current employee benefits	5 509	5 616
Total employee benefits	8 284	8 013

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and Wages, Annual Leave, Skills and Experience Retention Leave (SERL) and Sick Leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long Service Leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

AASB 119 Employee Benefits specifies the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

Environment Protection Authority
Notes to and forming part of the financial statements
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23 Employee benefits liability (continued)

Long Service Leave (continued)

AASB 119 *Employee Benefits* requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds remained unchanged from 2017 (2.5%) to 2018 (2.5%).

The net financial effect of the changes to actuarial assumptions in the current financial year is immaterial. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions - including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The unconditional portion of the long service leave provision is classified as current as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

24 Provisions

	2018	2017
	\$'000	\$'000
Current		
Provision for workers' compensation	41	84
Total current provisions	41	84
Non-current		
Provision for workers' compensation	61	158
Total non-current provisions	61	158
Total provisions	102	242

Movement in Provisions

Carrying amount at the beginning of the period	242	161
Additional provisions recognised	-	81
Reduction resulting from re-measurement	(140)	-
Carrying amount at the end of the period	102	242

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2018 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Authority is responsible for the payment of workers compensation claims.

Environment Protection Authority
Notes to and forming part of the financial statements
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25 Other liabilities

	2018	2017
	\$'000	\$'000
Current		
Lease incentive	42	67
Other	9	21
Total current other liabilities	51	88
Non-current		
Lease incentive	383	378
Total non-current other liabilities	383	378
Total other liabilities	434	466

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

26 Unrecognised contractual commitments

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2018	2017
	\$'000	\$'000
Within one year	1 857	2 845
Later than one year but not longer than five years	7 647	7 408
Later than five years	11 357	14 696
Total operating lease commitments	20 861	24 949
Representing:		
Non-cancellable operating leases	20 861	24 949
Total operating lease commitments	20 861	24 949

The operating leases held by the Authority are for office equipment and property leases with penalty clauses equal to the amount of the residual payments remaining for the lease terms. The leases are payable one month in advance and the Authority has the right of renewal. There are no existing or contingent rental provisions.

Environment Protection Authority
Notes to and forming part of the financial statements
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27 Contingent assets and liabilities

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

The Authority has in place financial provisions which are required to cover environmental liabilities that may occur during the operating life of a licenced facility, or that may arise from or following the closure of a licensed facility. No value is assigned to these provisions for financial statement purposes as they will only be called upon in the event that the licensee fails to fulfil their obligations.

The Authority is not aware of the existence of any contingent assets or contingent liabilities as at 30 June 2018.

28 Related Party Transactions

The Authority is a government administrative unit and is wholly owned and controlled by the Crown. Related parties of the Authority include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Significant transactions with government related entities

The Authority had significant transactions with Green Industries SA (GISA) - refer to Note 36.

Collectively, but not individually significant transactions with government related entities.

Quantitative information about transactions and balances between the Authority and other SA Government entities are disclosed at Note 33.

Transactions with Key Management Personnel and Other Related Parties

Compensation of Key Management Personnel is disclosed at Note 4.

Environment Protection Authority
Notes to and forming part of the financial statements
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29 Cash flow reconciliation

	2018	2017
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	26 571	21 606
Balance as per the Statement of Cash Flows	26 571	21 606
Reconciliation of net cash provided by operating activities to net benefit of providing services		
Net cash provided by operating activities	5 149	6 494
Less revenues from SA Government	(78)	-
Add payments to SA Government	11 973	5 802
Add / less non-cash items		
Depreciation and amortisation	(886)	(1 052)
Supplies and services not requiring cash	(162)	-
Property, plant and equipment write-offs	(1 802)	-
Resources received free of charge - Shared Services SA	162	-
Assets received free of charge	373	-
Gain on disposal of non-current assets	24	-
Initial recognition - furniture and fittings	456	-
Movement in assets and liabilities		
Increase/(decrease) in receivables	1 656	1 005
(Increase)/decrease in payables	72	(284)
(Increase)/decrease in employee benefits	(271)	(63)
(Increase)/decrease in provisions	140	(81)
(Increase)/decrease in other liabilities	32	56
Net benefit of providing services	16 838	11 877

Environment Protection Authority
Notes to and forming part of the financial statements
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30 Budgetary reporting and explanations of major variance between budgets and actual amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2017-18 Budget Paper 4). Budget information has been included for the Statement of Comprehensive Income and for Investment Expenditure. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

The original budget has been restated to reflect the Authority's reporting in 2017/18 of solid waste levies and *Local Nuisance and Litter Control Act 2016* – Dob in a Litterer revenue as administered items.

		Original budget 2018 \$'000	Restated budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000
Statement of Comprehensive Income	Note				
Expenses					
Employee benefits expenses		23 578	23 578	23 857	279
Supplies and services		8 569	8 569	8 684	115
Grants and subsidies		32 444	895	744	(151)
Depreciation and amortisation expense		1 020	1 020	886	(134)
Other expenses	(a)	127	127	1 978	1 851
Total expenses		65 738	34 189	36 149	1 960
Income					
Fees and charges		78 858	47 309	50 657	3 348
Grants and contributions		1 015	1 015	1 020	5
Interest revenues		102	102	100	(2)
Net gain from the disposal of non-current assets		-	-	24	24
Resources received free of charge		-	-	535	535
Other income		-	-	651	651
Total income		79 975	48 426	52 987	4 561
Net cost / (benefit) of providing services		(14 237)	(14 237)	(16 838)	(2 601)
Revenues from / payments to SA government					
Revenues from SA government		-	-	78	78
Payments to SA government	(b)	-	-	11 973	11 973
Total net revenues from SA Government		-	-	11 895	11 895
Net result		14 237	14 237	4 943	(9 294)
Total comprehensive result		14 237	14 237	4 943	(9 294)

The following are brief explanations of variances between restated budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the restated budgeted amount and 5% of restated budgeted total expenses.

Environment Protection Authority
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30 Budgetary reporting and explanations of major variance between budgets and actual amounts (continued)

- a) Other expenses is higher than the restated budget mainly due to asset write off as a result from accommodation relocation.
- b) Payments to SA Government was greater than restated budget due to a review of the Authority's operating balance as at 30 June 2017 in accordance with the cash alignment policy. The amount of surplus cash as advised by DTF was \$11.973 million.

Administered Items		Original budget 2018 \$'000	Restated budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000
Statement of Comprehensive Income Expenses	Note				
Intra government transfers		-	31 549	31 722	173
Other expenses		-	-	117	117
Total expenses		-	31 549	31 839	290
Income					
Fees, fines and penalties	(c)	-	31 549	33 326	1 777
		-	31 549	33 326	1 777
Net cost / (benefit) of providing services		-	-	(1 487)	(1 487)
Net result		-	-	1 487	1 487
Total comprehensive result		-	-	1 487	1 487

- c) The variation is due to additional waste levy collected in 2017/18.

Investing expenditure summary	Note	Original budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000
Total new projects	(d)	465	66	(399)
Total annual program	(e)	574	211	(363)
Total investing expenditure		1 039	277	(762)

- d) Total new project investing expenditure was lower than original budget due to legislative delays for the Material Flow and Levy Information System project.
- e) Total investing expenditure for annual programs was lower than original budget due mainly to a transfer of funds to the operating budget as approved by DTF.

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31 Financial Risk Management

Financial Risk Management

Risk management is managed by the Authority's corporate services section. Authority risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Authority's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Liquidity risk

The Authority is funded principally from revenue received from licence fees and waste levies. The Authority works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to Note 22 for further information.

Credit Risk

The Authority has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

The Authority does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging. The Authority does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the Government's risk management strategy articulated in T1 23 *Management or Foreign Currency Exposures*.

No collateral is held as security and no credit enhancements relate to financial assets held by the Authority.

Refer to Notes 17 and 18 for further information.

There have been no changes in risk exposure since the last reporting period.

Categorisation of 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/liability note.

The carrying amounts are detailed below of each of the following categories of financial assets and liabilities:

- Held-to-maturity investments
- loan and receivables
- financial liabilities measured at cost.

The Authority does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer Notes 18 and 22).

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31 Financial Risk Management (continued)

Categorisation of financial instruments (continued)

Category of financial asset and financial liability	Notes	2018 Carrying amount/fair value \$'000	2017 Carrying amount/fair value \$'000	2018 Contractual maturities			
				Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets							
Cash and cash equivalents							
Cash and cash equivalents		26 571	21 606	26 571	-	-	-
Loans and receivables							
Receivables	(1)(2)	29	54	29	-	-	-
Total financial assets		26 600	21 660	26 600	-	-	-
Financial liabilities							
Financial liabilities at cost							
Payables	(1)	642	794	642	-	-	-
Total financial liabilities		642	794	642	-	-	-

(1) The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Govt 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, 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).

(2) The receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 18 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

32 Events after the reporting period

There were no events that occurred after the reporting period for the year ended 30 June 2018.

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33 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Employee benefits expenses	4	10	1 068	23 847	21 899	23 857	22 967
Supplies and services	6						
Accommodation and property management		186	185	248	122	434	307
Contractors		-	-	46	157	46	157
Operating lease payments		2 238	2 252	-	-	2 238	2 252
Fee for service		280	212	1 434	1 350	1 714	1 562
General administration		1 043	929	428	438	1 471	1 367
Information technology & communication		173	156	496	390	669	546
Minor works, maintenance & equipment		2	3	394	368	396	371
Monitoring fees		-	-	74	71	74	71
Scientific and technical services		51	70	373	374	424	444
Staff development		50	9	291	279	341	288
Transportation		67	97	79	48	146	145
Travel and accommodation		-	2	206	212	206	214
Vehicle and aircraft		232	233	48	43	280	276
Other		-	3	245	301	245	304
Grants and subsidies	8	69	184	675	411	744	595
Depreciation and amortisation	7	-	-	886	1 052	886	1 052
Other expenses	9						
Bad and doubtful debts		-	-	65	8	65	8
Property, plant and equipment write-offs		-	-	1 802	-	1 802	-
Other (excluding audit fees)		-	-	3	7	3	7
Auditor Remuneration		108	134	-	-	108	134
Payments to SA Government	16	11 973	5 802	-	-	11 973	5 802
Total expenses		16 482	11 339	31 640	27 530	48 122	38 869

Environment Protection Authority
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33 Transactions with SA Government (continued)

	Note	SA Government		Non-SA Government		Total	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Income							
Revenues from fees and charges	10						
Fines and penalties		50	7	1 593	232	1 643	239
Environmental authorisation fees		1 247	2 200	9 408	8 882	10 655	11 082
Radiation licence fees		402	2	2 757	3 086	3 159	3 088
Other licence fees		5	10	1 153	1 199	1 158	1 209
Waste levies		5	-	33 966	27 948	33 971	27 948
Other fees and charges		-	-	71	72	71	72
Grants and contributions	11	351	299	669	896	1 020	1 195
Resources received free of charge	13	535	-	-	-	535	-
Interest revenues	12	100	97	-	-	100	97
Net gain from the disposal of non-current assets	14	-	-	24	-	24	-
Other income	15						
Salaries and wages recoveries		9	3	-	-	9	3
Other sundry revenue		188	2	37	9	225	11
Lease incentive		417	-	-	-	417	-
Net Revenues from SA Government	16	78	-	-	-	78	-
Total income		3 387	2 620	49 678	42 324	53 065	44 944
Financial assets							
Receivables	18						
Receivables		-	18	7 394	5 663	7 394	5 681
Accrued revenues		9	8	-	-	9	8
Prepayments		-	-	56	114	56	114
Workers compensation recoveries		-	-	4	4	4	4
Total financial assets		9	26	7 454	5 781	7 463	5 807
Financial liabilities							
Payables	22						
Creditors		120	106	496	636	616	742
Employment on-costs		1 115	999	-	-	1 115	999
Accrued expenses		113	154	26	52	139	206
Paid Parental Leave Scheme payable		-	-	5	-	5	-
Other liabilities	25						
Lease incentive		425	445	-	-	425	445
Other		-	-	9	21	9	21
Total financial liabilities		1 773	1 704	536	709	2 309	2 413

Environment Protection Authority
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34 The Environment Protection Fund

The following is a summary of the amounts included in the Fund. In reflecting these amounts in the Authority's financial statements, transactions between the Fund and the Authority have been eliminated.

Statement of Comprehensive Income

for the year ended 30 June 2018

	2018	2017
	\$'000	\$'000
Income		
Fees and Charges	4 289	3 424
Interest revenue	100	97
Other Income	48	-
Total income	4 437	3 521
Expenses		
Employee benefits	325	303
Supplies and services	3 447	3 189
Grants and subsidies	22	18
Total expenses	3 794	3 510
Net result	643	11

Statement of Financial Position

as at 30 June 2018

	2018	2017
	\$'000	\$'000
Current assets		
Cash	7 534	6 941
Receivables	471	392
Total current assets	8 005	7 333
Total assets	8 005	7 333
Current liabilities		
Payables	128	99
Total current liabilities	128	99
Total liabilities	128	99
Net assets	7 877	7 234
Equity		
Retained earnings	7 877	7 234
Total equity	7 877	7 234

Environment Protection Authority
Notes to and forming part of the financial statements
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34 The Environment Protection Fund (continued)

Statement of Changes in Equity for the year ended 30 June 2018	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2016	7 223	7 223
Net result for 2016-17	11	11
Balance at 30 June 2017	7 234	7 234
Net result for 2017-18	643	643
Balance at 30 June 2018	7 877	7 877

Statement of Cash Flows for the year ended 30 June 2018	2018 Inflows (Outflows) \$'000	2017 Inflows (Outflows) \$'000
Cash flows from operating activities		
Cash outflows		
Employee benefit payments	(318)	(303)
Payments for supplies and services	(3 426)	(3 201)
Grants and contribution payments	(22)	(18)
Cash used in operations	(3 766)	(3 522)
Cash inflows		
Fees and charges	4 211	3 354
interest received	100	101
Other Income	48	-
Cash generated from operations	4 359	3 455
Net cash provided by/(used in) operating activities	593	(67)
Net increase / (decrease) in cash and cash equivalents	593	(67)
Cash and cash equivalents at the beginning of the reporting period	6 941	7 008
Cash and cash equivalents at the end of the reporting period	7 534	6 941

Environment Protection Authority
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35 Radiation Protection

The administrative unit has responsibility for radiation protection functions under the *Radiation Protection and Control Act 1982*.

The following summarises income and expenditure attributable to radiation protection functions within the administrative unit excluding the allocation of overheads. In reflecting these amounts in the Authority's financial statements, transactions between Radiation Protection and the Statutory Authority have been eliminated.

Statement of Comprehensive Income for the Year Ended 30 June 2018	2018	2017
	\$'000	\$'000
Income		
Radiation license fees	3 159	3 088
Sales	12	13
Grants and contributions	26	26
Total income	3 197	3 127
Expenses		
Employee benefits	1 574	1 460
Supplies and services	84	118
Total expenses	1 658	1 578
Net result	1 539	1 549

36 Administered Items

The following is a summary of the amounts captured as Administered Items of the Authority which comprises Solid Waste Levies received and transferred to Green Industries SA and revenue received under the *Local Nuisance and Litter Control Act 2016*.

Statement of Comprehensive Income for the Year Ended 30 June 2018	2018	2017
	\$'000	\$'000
Income		
Solid waste levies	33 209	27 467
Expiation fees (Dob in a Litterer)	117	1
Total income	33 326	27 468
Expenses		
Solid waste levies transferred to GISA	31 722	27 176
Expiation fees (Dob in a Litterer) transferred to Consolidated Account	117	1
Total expenses	31 839	27 177
Net result	1 487	291

Environment Protection Authority
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36 Administered Items (continued)

Statement of Financial Position as at 30 June 2018	2018 \$'000	2017 \$'000
Current assets		
Cash and cash equivalents	2	1
Receivables	5 108	3 621
Total current assets	5 110	3 622
Total assets	5 110	3 622
Current liabilities		
Payables	2	1
Total current liabilities	2	1
Total liabilities	2	1
Net assets	5 108	3 621
Equity		
Retained earnings	5 108	3 621
Total equity	5 108	3 621
Statement of Changes in Equity for the Year Ended 30 June 2018	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2016	3 330	3 330
Net result for 2016-17	291	291
Balance at 30 June 2017	3 621	3 621
Net result for 2017-18	1 487	1 487
Balance at 30 June 2018	5 108	5 108

Environment Protection Authority
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36 Administered Items (continued)

Statement of Cash Flows for the Year Ended 30 June 2018	2018	2017
	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Solid waste levies received	31 722	22 176
Expiation fees (Dob in a Litterer)	117	1
Cash generated from operations	31 839	22 177
Cash outflows		
Solid waste levies transferred to GISA	(31 722)	(22 176)
Expiation fees (Dob in a Litterer) returned to Consolidated Account)	(116)	-
Cash used in operations	(31 838)	(22 176)
Net cash provided by operating activities	1	1
Net increase in cash and cash equivalents	1	1
Cash and cash equivalents at the beginning of the reporting period	1	-
Cash and cash equivalents at the end of the reporting period	2	1

37 Impact of standards not yet implemented

AASB 9 Financial Instruments

The revision to AASB 9 applies to reporting periods beginning on or after 1 January 2018, i.e. to financial statements as 30 June 2019. AASB 9 provides the principles for the classification, measurement, recognition, de-recognition and disclosure associated with financial assets and liabilities. The key changes include simplified requirements for classification and measurement of financial assets and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognised impairment only when incurred.

The Authority has not yet quantified the impact of AASB 9 on the classification and measurement of its financial assets.

AASB 15 Revenue from Contracts with Customers AASB 1058 Income of Not-for-Profit Entities

These standards will apply for the first time to reporting periods beginning on or after 1 January 2019, i.e. to financial statements as 30 June 2020. The Authority has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts.

AASB 16 Leases

This standard will apply for the first time to reporting periods beginning on or after 1 January 2019, i.e. to financial statements as 30 June 2020. The standard supersedes AASB 117 Leases and unlike AASB 117, AASB 16 introduces a single lease accounting model for lessees, eliminating the distinction between operating and finance leases. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

Environment Protection Authority
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37 Impact of standards not yet implemented (continued)

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. The Authority will apply the 'cumulative approach', and will not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

The Authority has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosures required.

It is anticipated that there will be a marginal impact each year on net result due to recognition of depreciation and interest on lease liabilities as expenses. There will be no impact on the total net result over the life of the lease.

The classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the Statement of Financial Position.

The Authority's current operating lease commitments note (see Note 26) provides an indication of the amounts to be recognised 'on-balance sheet' at transition (an expected increase in lease liabilities with a corresponding right-of-use asset). The reclassification between supplies and services expense and depreciation/interest has not yet been estimated.