

Stormwater Management Authority

Financial report
for the year ended
30 June 2018



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To the Presiding Member Stormwater Management Authority

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 2018.

Opinion

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 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 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 Conduct 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 General Manager and the members of the Authority 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 Authority are responsible for overseeing the entity's financial reporting process

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 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 Authority regarding, 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 stroke extending to the right.

Andrew Richardson

Auditor-General

28 September 2018

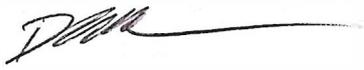
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CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify 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 2018 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

28 September 2018



Mr Stephen Hains
Presiding Member

28 September 2018

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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
Expenses			
Supplies and services	4	403	317
Grants and subsidies	5	6 132	3 313
Total expenses		6 535	3 630
Income			
Interest revenues	6	362	332
Total income		362	332
Net cost of providing services		(6 173)	(3 298)
Revenues from SA Government			
Revenues from SA Government	7	5 248	5 120
Net result		(925)	1 822
Total comprehensive result		(925)	1 822

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.

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STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	8	13 232	14 311
Receivables	9	80	65
Total current assets		13 312	14 376
Total assets		13 312	14 376
Current liabilities			
Payables	10	296	435
Total current liabilities		296	435
Total liabilities		296	435
Net assets		13 016	13 941
Equity			
Retained earnings	11	13 016	13 941
Total equity		13 016	13 941

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

Unrecognised contractual commitments	12
Contingent assets and liabilities	13

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 2018

	Note No.	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2016		12 119	12 119
Net result for 2016-17		1 803	1 803
Total comprehensive result for 2016-17		1 803	1 803
Balance at 30 June 2017		13 922	13 922
Opening balance at 1 July 2017		13 922	13 922
Prior period adjustment	10	19	19
Restated balance at 30 June 2017	11	13 941	13 941
Net result for 2017-18		(925)	(925)
Total comprehensive result for 2017-18		(925)	(925)
Balance at 30 June 2018	11	13 016	13 016

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 2018

	Note No.	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Cash outflows			
Payments for supplies and services		(438)	–
Payments of grants and subsidies		(6 236)	(3 210)
Cash used in operations		(6 674)	(3 210)
Cash inflows			
Interest received		347	340
Cash generated from operations		347	340
Cash flows from SA Government			
Receipts from SA Government	7	5 248	5 120
Cash generated from SA Government		5 248	5 120
Net cash provided by/(used in) operating activities		(1 079)	2 250
Net increase/(decrease) in cash and cash equivalents		(1 079)	2 250
Cash and cash equivalents at the beginning of the period		14 311	12 061
Cash and cash equivalents at the end of the period	8	13 232	14 311

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

These financial statements have been prepared in compliance with section 23 of Schedule 1A of the *Local Government Act 1999*.

The financial statements are general purpose financial statements.

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 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.

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.

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.

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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 of 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 Stormwater Management 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

Members during the 2017-18 financial year were:

Mr Trevor Daniell (appointed 5 October 2018)
Ms Fiona Gill* (appointed 3 May 2017)
Mr Stephen Hains (appointed 5 October 2018)
Mr Walter (Wally) Iasiello* (appointed 5 October 2018)
Dr Helen Macdonald* (appointed 5 October 2018)
Mayor Lorraine Rosenberg (appointed 5 October 2018)
Ms Katharine Ward* (appointed 5 October 2018)

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

	2018	2017
\$0 – \$9 999	6	6
\$10 000 – \$19 999	1	1
\$20 000 – \$29 999	–	1
Total number of members	7	8

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 \$39 000 (\$40 000).

* 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

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or council subsidiary) did not receive any remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

Key management personnel

The Authority had ten key management personnel during 2017-18 including:

- the Minister for Environment and Water
- the Minister for Water and the River Murray
- board members of the Stormwater Management Authority
- the General Manager 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 \$148 000 in 2017-18 and \$156 000 in 2016-17.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Environment and Water and the Minister for Water and the River Murray 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

	2018 \$'000	2017 \$'000
Reimbursement of employee benefits to DEW ¹	125	122
Corporate overhead charges to DEW	31	20
Professional services—DEW ¹	50	—
Professional services—Department of Planning, Transport and Infrastructure ²	90	120
Other professional services	38	—
Other expenses ³	28	13
Board fees and associated costs ¹	41	42
Total supplies and services	403	317

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.
 - Provision of professional services for policy support

In 2017-18, following the withdrawal of services by the Department of Planning, Transport and Infrastructure, DEW agreed to the temporary, part-time secondment of an employee to be the Technical Adviser to the Authority, reporting to the General Manager.

2. The Department of Planning, Transport and Infrastructure (DPTI), through a service level agreement, provides agreed services to the Authority. The agreed services include:
- Provision of professional services for technical advice.

In 2017-18, DPTI withdrew from providing services to Authority. DPTI ceased providing services on 31 March 2018.

3. Includes audit fees paid/payable to the Auditor-General's Department of \$9 500 (\$7 700) 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

	2018 \$'000	2017 \$'000
City of Charles Sturt	3 945	249
City of Holdfast Bay	1 055	28
City of Port Adelaide Enfield	489	1 633
The Barossa Council	131	–
Adelaide and Mt Lofty Ranges NRM Board	110	10
District Council of the Copper Coast	96	278
Bureau of Meteorology	85	93
Port Pirie Regional Council	64	–
Light Regional Council	60	–
University of South Australia	50	–
Gawler River Floodplain Management Authority	47	89
Naracoorte Lucindale Council	–	582
Brown Hill and Keswick Creeks Stormwater Project	–	145
City of Playford	–	80
Regional Council of Goyder	–	65
City of Salisbury	–	26
City of Port Lincoln	–	17
City of Unley	–	15
Northern Areas Council	–	3
Total grants and subsidies	6 132	3 313

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 Interest revenues

	2018 \$'000	2017 \$'000
Interest	362	332
Total interest revenues	362	332

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Note 7 Revenues from SA Government

	2018 \$'000	2017 \$'000
Revenues from SA Government	5 248	5 120
Total revenues from SA Government	5 248	5 120

SA Government revenue received by the Authority are generally monies given to fund capital or recurrent activities.

Note 8 Cash and cash equivalents

	2018 \$'000	2017 \$'000
Deposits at call with the Local Government Finance Authority	13 232	14 311
Total cash and cash equivalents	13 232	14 311

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

Note 9 Receivables

	2018 \$'000	2017 \$'000
Accrued interest	80	65
Total receivables	80	65

Note 10 Payables

	2018 \$'000	2017 \$'000
Accrued expenses*	–	103
Administration costs payable to DEW*	296	332
Total payables	296	435

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

* Includes a prior period adjustment of \$19 000.

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Note 11 Equity

	2018 \$'000	2017 \$'000
Retained earnings	13 016	13 941
Total equity	13 016	13 941

Note 12 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	2018 \$'000	2017 \$'000
Within one year	8 854	5 544
Later than one year but not longer than five years	1 015	7 809
Total other commitments	9 869	13 353

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 and Commonwealth Government Regional Flood Mitigation Program.

Note 13 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 14 Related party transactions

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 Cabinet Ministers and their close family members; all public authorities that are controlled and consolidated into the whole of government financial statements, any other interests of the Government, 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.

Note 15 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	
		2018 \$'000	2017 \$'000
Financial assets			
Cash and cash equivalents	8	13 232	14 311
Receivables¹			
Accrued interest	9	80	65
Total financial assets		13 312	14 376
Financial liabilities			
Financial liabilities at cost			
Payables ¹	10	286	427
Total financial liabilities		286	427

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).

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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 1.85% (1.74%). The carrying amount of cash and cash equivalents represents fair value.

Note 16 Impact of standards and statements not yet implemented

The Authority did not voluntarily change any of its accounting policies in 2017-18.

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.

AASB 9 Financial Instruments

The revision to AASB 9 Financial Instruments applies to reporting periods beginning on or after 1 January 2018, i.e. to financial statements as 30 June 2019. AASB 9 Financial Instruments 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 reviewed the impact of AASB 9 Financial Instruments on the classification and measurement of its financial assets. The following summarises the estimated impact to the categorisation and valuation of the amounts reported:

Note 17 Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2018 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2018.

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 where arose after 30 June 2018 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 2018.