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To the Presiding Member Environment Protection Authority

Opinion

I have audited the financial report of the Environment Protection Authority for the financial year ended 30 June 2023.

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 2023, their financial performance and their cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information 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 (including Independence Standards)* have been met.

I believe that the audit evidence I have 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 relevant 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.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Environment Protection Authority for the financial year ended 30 June 2023.

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

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

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

- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- 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 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.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

24 August 2023

**Environment Protection Authority
(EPA)**

Financial Statements

For the year ended 30 June 2023

Environment Protection Authority
Certification of Financial Statements
for the year ended 30 June 2023

We certify that the:

- financial statements of the Environment Protection Authority:
 - are in accordance with the accounts and records of the Authority; and
 - comply with relevant Treasurer's Instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Environment Protection Authority at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Environment Protection Authority for the financial year over its financial reporting and its preparation of financial statements have been effective.



Jon Gorvett
Chief Executive

22 August 2023



Catherine Cooper
Presiding Member

22 August 2023



Richard Jacka
Chief Financial Officer

22 August 2023

Environment Protection Authority
Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income			
Fees and charges	2.1	72 254	70 738
Grants and subsidies	2.2	1 245	236
Interest	6.1	467	-
Resources received free of charge	2.3	243	229
Other income	2.4	75	77
Total income		74 284	71 280
Expenses			
Cash alignment transfers		34 793	36 627
Employee benefits expenses	3.3	23 571	22 671
Supplies and services	4.1	8 638	7 890
Depreciation and amortisation	5.1, 5.3	904	798
Grants and subsidies	4.2	290	219
Borrowing Costs	7.2	4	5
Impairment Loss on receivables	6.2	(45)	182
Other expenses	4.3	118	143
Total expenses		68 273	68 535
Net result		6 011	2 745
Total comprehensive result		6 011	2 745

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

Environment Protection Authority
Statement of Financial Position
as at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	6.1	57 179	51 269
Receivables	6.2	9 357	9 761
Total current assets		66 536	61 030
Non-current assets			
Property, plant and equipment	5.1	2 627	3 050
Intangible assets	5.3	3 400	2 612
Receivables	6.2	6	6
Total non-current assets		6 033	5 668
Total assets		72 569	66 698
Current liabilities			
Payables	7.1	1 860	1 596
Financial Liabilities	7.2	143	171
Employee benefits	3.4	2 976	2 268
Provisions	7.3	98	90
Other liabilities	7.4	45	170
Total current liabilities		5 122	4 295
Non-current liabilities			
Payables	7.1	353	408
Financial Liabilities	7.2	95	187
Employee benefits	3.4	3 541	4 241
Provisions	7.3	345	297
Other liabilities	7.4	188	356
Total non-current liabilities		4 522	5 489
Total liabilities		9 644	9 784
Net assets		62 925	56 914
Equity			
Retained earnings		62 925	56 914
Total equity		62 925	56 914

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

Environment Protection Authority
Statement of Changes in Equity
for the year ended 30 June 2023

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2021	54 169	54 169
Net result for 2021-22	2 745	2 745
Total comprehensive result for 2021-22	2 745	2 745
Balance at 30 June 2022	56 914	56 914
Net result for 2022-23	6 011	6 011
Total comprehensive result for 2022-23	6 011	6 011
Balance at 30 June 2023	62 925	62 925

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

Environment Protection Authority
Statement of Cash flows
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
<i>Cash inflows</i>			
Fees and charges		72 623	70 723
Receipts from grants		1 245	236
Interest received		411	-
GST recovered from DEW		971	909
Other receipts		75	76
Cash generated from operations		75 325	71 944
<i>Cash outflows</i>			
Employee benefits payments		(23 469)	(23 820)
Payments for supplies and services		(9 355)	(8 397)
Payments of grants and subsidies		(290)	(219)
Interest paid		(4)	(5)
Cash alignment transfers to the Consolidated account		(34 793)	(36 627)
Other payments		(115)	(122)
Cash used in operations		(68 026)	(69 190)
Net cash provided by operating activities	8.1	7 299	2 754
Cash flows from investing activities			
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(1 235)	(1 273)
Cash used in investing activities		(1 235)	(1 273)
Net cash used in investing activities		(1 235)	(1 273)
Cash flows from financing activities			
<i>Cash outflows</i>			
Repayment of leases		(154)	(158)
Cash used in financing activities		(154)	(158)
Net cash used in financing activities		(154)	(158)
Net increase in cash and cash equivalents		5 910	1 323
Cash and cash equivalents at the beginning of the reporting period		51 269	49 946
Cash and cash equivalents at the end of the reporting period	6.1	57 179	51 269

The accompanying notes form part of these financial statements.

Environment Protection Authority

Notes to and forming part of the financial statements

for the year ended 30 June 2023

1. About the Environment Protection Authority

The Environment Protection Authority (the Authority) is a not-for-profit entity and 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*; and
- 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 2021*. 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 8.3. 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*.

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.

The Authority has administered activities and resources. Transactions and balances are presented separately and disclosed at note 8.4. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Authority's transactions.

1.1. Basis of preparation

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

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

The financial statements have been prepared based on a 12 month reporting 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.

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 throughout the notes.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.1. Basis of preparation (continued)

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 Taxation Office (ATO), in which case GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

The Authority is grouped with the Department for Environment and Water (DEW) for GST purposes, and accordingly DEW prepares the Business Activity Statement on behalf of the Authority via the grouping provisions of the GST legislation. Notwithstanding the use of these grouping provisions, intercompany cash alignment occurs to ensure the Authority either recovers the net amount of GST recoverable from or disburses the amount payable to the ATO from DEW.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

1.2. Objectives and programs

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 regulate the safe use of radiation while supporting economic growth and improving wellbeing.

Programs

The Authority, in 2022-23 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.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.3. Financial arrangements

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 *Public Finance and Audit Act 1987*. The deposit accounts are used for revenues from services provided and from fees and charges.

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

1.4. Budget performance

The budget performance table compares the Authority's outcomes against budget information presented to Parliament (2022-23 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Budget	Actual	Variance
	2023	2023	
Note	\$'000	\$'000	\$'000
Statement of Comprehensive Income			
Income			
Fees and charges	70 398	72 254	1 856
Grants and subsidies	187	1 245	1 058
Interest	-	467	467
Resources received free of charge	-	243	243
Other income	296	75	(221)
Total income	70 881	74 284	3 403
Expenses			
Cash alignment transfers to the Consolidated account	-	34 793	34 793
Employee benefits expenses	24 177	23 571	(606)
Supplies and services	7 721	8 638	917
Depreciation and amortisation	930	904	(26)
Grants and subsidies	241	290	49
Borrowing costs	12	4	(8)
Impairment loss on receivables	-	(45)	(45)
Other expenses	145	118	(27)
Total expenses	33 226	68 273	35 047
Net result	37 655	6 011	(31 644)

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.4 Budget performance (continued)

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

(a) The cash alignment variation is unbudgeted cash returned to government under the Cash Alignment Policy.

	Note	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
Investing expenditure summary				
Total existing projects	(b)	401	523	122
Total annual program		655	713	58
Total investing expenditure		1 056	1 236	180

(b) Expenditure was higher than original budget due to carryover received for the Material Flow and Levy Information project.

Administered Items		Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
Statement of Comprehensive Income	Note			
Income				
Fees, fines and penalties		50 263	48 763	(1 500)
Total income		50 263	48 763	(1 500)
Expenses				
Intra government transfers		50 263	47 395	(2 868)
Total expenses		50 263	47 395	(2 868)
Net result		-	1 368	1 368
Total comprehensive result		-	1 368	1 368

1.5. Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report. In addition:

- 100% of accommodation expense payments relate to accommodation supplied by the Department for Infrastructure and Transport (DIT)
- 50% of the cash component of solid waste levies collected by the Authority is transferred to Green Industries SA
- the Authority has a memorandum of understanding with DEW for professional, technical and administrative support
- other significant transactions include those with licence holder SA Water for various charges.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2. Income

2.1. Fees and charges

	2023	2022
	\$'000	\$'000
Waste levies	49 925	50 055
Environmental authorisation fees	15 525	14 972
Radiation licence fees	4 412	3 567
Other licence fees	1 511	969
Fines and penalties	475	597
Other fees and charges	406	578
Total fees and charges	72 254	70 738

Waste levies are recognised as income in accordance with AASB 1058. These amounts are recorded in the year the returns are submitted. Levies for which waste depot operators have not yet paid at the end of the financial year, are recorded as accrued revenue.

The Waste Levies disclosed represent the Authority's 50% share of the total levies collected in 2022-23. As per section 113 of the *Environment Protection Act 1993* the Authority collects waste levies, and is then required to transfer 50 percent of the cash component of solid waste levies collected to Green Industries SA (Note 8.4) as per section 17 of the *Green Industries SA Act 2004*.

The Authority recognises revenue for environmental authorisation fees, raised in accordance with the *Environment Protection Act 1993*, when an invoice is issued to the customer.

Revenue from other licence fees, including those received under the *Radiation Protection and Control Act 2021*, are recognised as revenue by the Authority when they are received.

2.2. Grants, subsidies and transfers

	2023	2022
	\$'000	\$'000
Contingency funding provided by DTF	751	-
SA Government grants	348	153
Commonwealth Government grants	96	83
Private industry and community subsidy	50	-
Total grant and subsidies	1 245	236

Grants, subsidies and transfers are recognised as income on receipt in accordance with AASB 1058.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2.3. Resources received free of charge

	2023	2022
	\$'000	\$'000
Shared Services SA - financial services	138	127
DPC - ICT services	105	102
Total resources received free of charge	243	229

Contributions of services are recognised only when a fair value can be determined reliably, and the services would be purchased if they had not been donated.

The Authority receives Financial Accounting, Taxation, Payroll, Accounts Payable from Shared Services SA free of charge, and ICT services from the Department of the Premier and Cabinet free of charge.

2.4. Other income

	2023	2022
	\$'000	\$'000
Reimbursement of expenses	65	52
Other sundry revenue	2	5
Salaries and wages recoveries	8	20
Total other income	75	77

Reimbursement of expenses are administrative and technical costs incurred by the Authority.

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the Authority include the Minister for Climate, Environment and Water (the Minister), Board Members, Chief Executive and 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 received by 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 DTF) under section 6 the *Parliamentary Remuneration Act 1990*.

	2023	2022
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	1 553	1 427
Post-employment benefits	187	140
Other long-term employment benefits	344	-
Termination benefits	164	-
Total	2 248	1 567

The Authority did not enter into any transactions with key management personnel or their close family members during the reporting period.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.2. Board and committee members

Members during the 2022-23 financial year were:

Board of the Environment Protection Authority

Stephen Christley
 Catherine Cooper
 Margaret Cross
 Jonathan Gorvett*
 Helen Macdonald
 Christopher Stathy
 Christine Trenorden
 Mark Withers
 Tony Circelli* (resigned September 2022)
 Keith Baldry*

Radiation Protection Committee

Keith Baldry*
 Eva Bezak (retired February 2023)
 Tony Circelli* (resigned September 2022)
 Sarah Constantine* (retired February 2023)
 Peter James (Jim) Hondros
 Costas Kapsis* (retired February 2023)
 Pamela Sykes
 Kathryn Leidig-Levingstone
 Michelle Nottage*
 Graeme Palmer (retired February 2023)
 Charlotte Sale*
 Nicola Spurrier*
 Dr. Wilson Vallat* (retired February 2023)
 Bettina Venner* (retired February 2023)
 Dr. Michael Lardelli

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

Board and committee remuneration

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

	2023	2022
\$0 - \$19 999	16	12
\$20 000 - \$39 999	5	6
\$40 000 - \$59 999	2	1
Total number of members	23	19

The total remuneration received or receivable by members was \$0.249 million (2022: \$0.199 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any related fringe benefits tax paid.

3.3. Employee benefits expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	17 329	17 330
Employment on-costs - superannuation	2 290	2 123
Annual leave	1 823	1 752
Employment on-costs - other	1 060	1 011
Board and committee fees	193	182
Skills and Experience Retention Leave	137	131
Workers compensation	95	331
Long Service Leave	549	(353)
Targeted voluntary separation packages	70	130
Other employee related expenses	25	34
Total employee benefits expenses	23 571	22 671

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.3 Employee benefits expenses (continued)

Employment expenses

The Authority's employees are employed under Part 7 of the *Public Sector Act 2009*.

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

Targeted Voluntary Separation Packages (TVSPs)

The number of employees who accepted a TVSP during the reporting period was 1 (2022: 1). In 2021-22, 3 employees accepted a Rejuvenation Scheme package.

	2023	2022
	\$'000	\$'000
Amounts paid to separated employees:		
Public Sector Workforce Rejuvenation Scheme	-	105
TVSPs	70	25
Leave paid to separated employees	19	114
Recovery from the Department of Treasury and Finance	(71)	-
Net cost to the Environment Protection Authority	18	244

Employee remuneration

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

	2023	2022
	No	No
\$160 001 to \$180 000	1	1
\$220 001 to \$240 000	1	3
\$240 001 to \$260 000	1	-
\$280 001 to \$300,000	1	-
\$340 001 to \$360 000	1	-
\$360 001 to \$380 000	-	1
\$520 001 to \$540 000*	1	-
	6	5

The total remuneration received by those employees for the year was \$1.828 million (2022: \$1.221 million).

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, termination payments, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

* Includes termination payments.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.4. Employee benefits liability

	2023	2022
	\$'000	\$'000
<u>Current</u>		
Annual leave	1 785	1 692
Long service leave	752	397
Accrued salaries and wages	331	47
Skills and experience retention leave	108	132
Total current employee benefits	2 976	2 268
<u>Non-current</u>		
Long service leave	3 541	4 241
Total non-current employee benefits	3 541	4 241
Total employee benefits	6 517	6 509

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

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

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

The salary inflation rate for annual leave and skills, experience and retention leave liability has increased from 1.5% (2022) to 2.0% (2023).

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 of 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. Details about the measurement of long service leave liability is provided as follows.

Long service leave liability - measurement

AASB 119 Employee Benefits contains 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.

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 has increased from 3.5% (2022) to 4.0% (2023).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows results in a decrease in the reported long service leave liability.

Following the actuarial assessment performed by DTF the salary inflation rate has increased from 2.5% (2022) to 3.5% (2023) for long service leave liability.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.4. Employee benefits liability (continued)

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service liability of \$0.129 million. 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.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based average proportion of long service leave taken or paid over the last year.

4. Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1. Supplies and services

	2023	2022
	\$'000	\$'000
Accommodation	2 109	1 939
Legal expenses	1 172	1 329
Fee for service - Site Contamination	932	996
Information technology and communications	895	620
General administration	606	548
Staff development	507	248
Fee for service - Other	447	477
Scientific and technical services	321	313
Temporary staff	295	269
Travel and accommodation	208	98
Fee for service - DEW	194	140
Minor works, maintenance & equipment	193	235
Transportation	125	101
Vehicle and aircraft	97	95
Monitoring fees	23	32
Consultants	16	67
Other	498	383
Total supplies and services	8 638	7 890

Accommodation

The Authority's office accommodation is provided by the Department for Infrastructure and Transport (DIT) under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. These arrangements do not meet the definition of a lease and accordingly are expensed (disclosed within Accommodation). Information about accommodation incentives relating to this arrangement is shown at note 7.4.

Consultants

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants fell within the following bands:

	2023	2023	2022	2022
	Number	\$'000	Number	\$'000
Below \$10 000	2	16	2	11
\$10 000 or above	-	-	2	56
Total	2	16	4	67

Environment Protection Authority
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4.2. Grants and subsidies

	2023	2022
	\$'000	\$'000
Green Industries SA	80	191
Community organisations and associations	-	17
Environment Protection Authority NSW	-	11
Other grants	210	-
Total grants and subsidies	290	219

4.3. Other expenses

	2023	2022
	\$'000	\$'000
Audit fees	118	115
Property, plant and equipment write-offs	-	28
Total other expenses	118	143

Other

Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$0.118 million (2022: \$0.115 million). No other services were provided by the Auditor-General's Department.

5. Non-financial assets

5.1. Property, plant and equipment

Property, plant and equipment owned by the Authority with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the Authority is recorded at fair value. Detail about the Authority's approach to fair value is set out in note 10.1.

Property, plant and equipment comprises tangible assets owned and right-of-use leased assets. The assets presented below do not meet the definition of investment property.

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

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

Reconciliation 2022-23

	Buildings and Land improvements \$'000	Infrastructure \$'000	Vehicles \$'000	Computing equipment \$'000	Furniture and fittings \$'000	Plant & equipment \$'000	ROU Buildings \$'000	ROU Vehicles \$'000	Capital work in progress \$'000	Total \$'000	
Carrying amount at the beginning of the period	278	9	233	78	48	537	1 072	209	136	450	3 050
Acquisitions	-	-	-	-	-	-	-	-	34	1 235	1 269
Transfers to/(from) capital works in progress	-	-	-	-	-	96	185	-	-	(1 452)	(1 171)
Depreciation	-	(1)	(23)	(11)	(10)	(90)	(236)	(72)	(78)	-	(521)
Carrying amount at the end of the period	278	8	210	67	38	543	1 021	137	92	233	2 627
Gross carrying amount											
Gross carrying amount	278	40	480	186	233	3 827	4 671	481	298	233	10 727
Accumulated depreciation	-	(32)	(270)	(119)	(195)	(3 284)	(3 650)	(344)	(206)	-	(8 100)
Carrying amount at the end of the period	278	8	210	67	38	543	1 021	137	92	233	2 627

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2023

5.1. Property, plant and equipment (continued)

Reconciliation 2021-22

	Buildings and Land improvements \$'000	Infrastructure \$'000	Vehicles \$'000	Computing equipment \$'000	Furniture and fittings \$'000	Plant & equipment \$'000	ROU Buildings \$'000	ROU Vehicles \$'000	Capital work in progress \$'000	Total \$'000	
Carrying amount at the beginning of the period	278	10	195	89	65	624	988	281	109	99	2 738
Acquisitions	-	-	-	-	-	202	-	109	1 071	-	1 382
Transfers to/(from) capital works in progress	-	-	86	-	-	-	124	-	-	(720)	(510)
Asset written off	-	-	(28)	-	-	-	-	-	-	-	(28)
Depreciation	-	(1)	(20)	(11)	(17)	(87)	(72)	(82)	-	-	(532)
Carrying amount at the end of the period	278	9	233	78	48	537	1 072	209	136	450	3 050
Gross carrying amount											
Gross carrying amount	278	40	480	186	233	3 731	4 486	481	274	450	10 639
Accumulated depreciation	-	(31)	(247)	(108)	(185)	(3 194)	(3 414)	(272)	(138)	-	(7 589)
Carrying amount at the end of the period	278	9	233	78	48	537	1 072	209	136	450	3 050

Environment Protection Authority
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5.1. Property, plant and equipment (continued)

Useful life

Depreciation and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible asset depreciation and amortisation are calculated over the estimated useful life as follows:

<u>Class of Asset</u>	<u>Useful Life (years)</u>
Computing equipment	3-10
Intangible assets	3-15
Infrastructure	15-30
Plant and equipment	3-20
Vehicles	5-25
Furniture and fittings	8-20
Buildings and improvements	40
Right-of-use vehicles	Lease term
Right-of-use buildings	Lease term

Review 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.

Impairment

Property, plant and equipment owned by the Authority has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

5.2. Property, plant and equipment leased by the Authority

Right-of-use assets for property, plant and equipment leased by the Authority as lessee are measured at cost.

Short-term leases of 12 months or less and low value leases, where the underlying asset value is less than \$15 000, are not recognised as right-of-use assets. The associated lease payments are recognised and are disclosed in note 4.1.

The Authority has a limited number of leases:

- 20 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term
- Laboratories at Byron Place, Adelaide and Richmond Road, Netley. These premises are used largely for scientific and laboratory work. The lease term for Byron Place is from 1 February 2020 for a period of 4.5 years, while Netley commenced on 11 June 2014 for a period of 10 years. Right of notice of termination options exist for both leases and a right of renewal exists for Byron Place, which are documented in each Memorandum of Administrative Arrangement.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. The Authority's maturity analysis of its lease liabilities is disclosed in note 10.2. Cash outflows related to leases are disclosed in note 8.1.

Environment Protection Authority
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5.3. Intangible assets

Intangible assets are initially 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 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.

Reconciliation 2022-23

	Internally developed \$'000	Externally acquired \$'000	Total \$'000
Carrying amount at the beginning of the period	39	2 573	2 612
Transfers from capital works in progress	-	1 171	1 171
Amortisation	(8)	(375)	(383)
Carrying amount at the end of the period	31	3 369	3 400
Gross carrying amount			
Gross carrying amount	99	7 797	7 896
Accumulated amortisation	(68)	(4 428)	(4 496)
Carrying amount at the end of the period	31	3 369	3 400

Reconciliation 2021-22

	Internally developed \$'000	Externally developed \$'000	Total \$'000
Carrying amount at 1 July 2021	47	2 321	2 368
Transfers from capital works in progress	-	510	510
Amortisation	(8)	(258)	(266)
Carrying amount at 30 June 2022	39	2 573	2 612
Gross carrying amount			
Gross carrying amount	99	6 934	7 033
Accumulated amortisation	(60)	(4 361)	(4 421)
Carrying amount at 30 June 2022	39	2 573	2 612

Environment Protection Authority
Notes to and forming part of the financial statements
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6. Financial assets

6.1. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
<u>Deposits with the Treasurer (Special deposit accounts)</u>		
Environment Protection Authority Operating Account	39 467	36 608
Environment Protection Fund Deposit Account	17 708	14 657
Imprest account/cash on hand	4	4
Total cash and cash equivalents	57 179	51 269

Deposits with the Treasurer

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose.

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. The Environment Protection Fund deposit account was established under section 21 of the *Public Finance and Audit Act 1987*.

The Environment Protection Fund Deposit Account earns a floating interest rate, based on daily bank deposit rates. There was no interest earned during 2022 due to Treasury advising public authorities in November 2020 that, given interest rates were approximately 0%, no interest would be paid on any interest bearing accounts held with the Treasurer. Interest re-commenced being paid in September 2022 on cash balances from May 2022.

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.

6.2. Receivables

	2023	2022
	\$'000	\$'000
<u>Current</u>		
Trade receivables		
Debtors	1 940	3 221
Less impairment loss on receivables	(837)	(908)
Total Trade receivables	1 103	2 313
Prepayments	82	226
Accrued revenues	8 149	7 207
Workers compensation recoveries	1	1
GST Recoverable from DEW	22	14
Total current receivables	9 357	9 761
Non-current		
Workers compensation recoveries	6	6
Total non-current receivables	6	6
Total receivables	9 363	9 767

Environment Protection Authority
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6.2. Receivables (continued)

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade 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. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Other than as recognised in the allowance for impairment loss on receivables, 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.

The net amount of GST recoverable from the ATO (via DEW) is included as part of receivables.

Refer to note 10.2 for further information on risk management.

Impairment of receivables

The Authority has adopted the simplified impairment approach under AASB 9 and measured lifetime expected credit losses on all trade receivables using an allowance matrix as a practical expedient to measure the impairment allowance.

	2023 \$'000	2022 \$'000
Carrying amount at the beginning of the period	908	731
Amounts written off	(26)	(5)
Increase/(decrease) in allowance recognised in profit and loss	(45)	182
Carrying amount at the end of the period	837	908

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. Refer to note 10.2 for details regarding credit risk and the methodology for determining impairment.

7. Liabilities

Employee benefit liabilities are disclosed in note 3.4.

7.1. Payables

	2023 \$'000	2022 \$'000
Current		
Trade payables	1 022	851
Employment on-costs	674	581
Accrued expenses	164	164
Total current payables	1 860	1 596
Non-current		
Employment on-costs	353	408
Total non-current payables	353	408
Total payables	2 213	2 004

Creditors and accruals are recognised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

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

Employment on-costs

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

The Authority contributes 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 DTF, the proportion of long service leave taken as leave has increased from the 2022 rate (42%) to 2023 (43%). The average factor for the calculation of employer superannuation cost on-costs has increased from the 2022 rate (10.6%) to 2023 (11.1%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year are immaterial.

7.2. Financial liabilities

All financial liabilities relate to lease liabilities.

Lease liabilities have been measured via discounting lease payments using Treasury's incremental borrowing rate. Financing costs associated with leasing activities was \$4 000 (2022: \$5 000).

7.3. Provisions

All provisions relate to workers compensation.

Movement in provisions	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	387	157
Reductions arising from payments	(150)	(562)
Increases resulting from re-measurement	206	792
Carrying amount at the end of the period	443	387

The Authority is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the Authority is responsible for the management of workers rehabilitation and compensation, and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventative programs.

Accordingly, 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 2023 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

There is a significant degree of uncertainty associated with estimating future claim and expense payments and also around the timing of future payments due to the variety of factors involved. The liability is impacted by agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

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

	2023	2022
	\$'000	\$'000
<u>Current</u>		
Accommodation incentive	45	45
Deposits held	-	125
Total current other liabilities	45	170
<u>Non-current</u>		
Accommodation incentive	188	231
Deposits held	-	125
Total non-current other liabilities	188	356
Total other liabilities	233	526

Accommodation incentive liabilities relate to arrangements with the DIT for office accommodation. These arrangements do not comprise leases and the accommodation incentives do not comprise financial liabilities. The DIT has provided a range of incentives relating to the fit-out of accommodation. The benefit of these incentives is spread over the accommodation term so that each year reported accommodation expenses reflect the economic substance of the office accommodation arrangements and related benefits provided.

Environment Protection Authority
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8. Other disclosures

8.1. Cash flow

Reconciliation of net result to cash flows from operating activities

	2023	2022
	\$'000	\$'000
<u>Reconciliation of cash and cash equivalents at the end of the reporting period</u>		
Cash and cash equivalents disclosed in the Statement of Financial Position	(57 179)	(51 269)
Balance as per the Statement of Cash Flows	(57 179)	(51 269)
<u>Reconciliation of net cash provided by operating activities to net result</u>		
Net cash provided by/(used in) operating activities	7 299	2 754
<u>Add/less non-cash items</u>		
Depreciation and amortisation	(904)	(798)
Supplies and services not requiring cash	(243)	(229)
Capital work-in-progress and asset write-offs	-	(28)
Resources received free of charge	243	229
<u>Movement in assets and liabilities</u>		
Decrease in receivables	(404)	(88)
(Increase)/decrease in payables	(205)	42
Increase in employee benefits	(7)	1 293
Decrease/(increase) in other liabilities	288	(200)
Increase in provisions	(56)	(230)
Net result	6 011	2 745

Total cash outflows for leases is \$158 000 (2022: \$163 000).

Environment Protection Authority
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8.2. The Environment Protection Fund

The following is a summary of the financial activity attributable to 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 2023	2023 \$'000	2022 \$'000
Income		
Fees and Charges	5 909	6 111
Interest	467	-
Other Income	-	1
Total income	6 376	6 112
Expenses		
Employee benefits expenses	369	277
Supplies and services	2 976	3 005
Grants and subsidies	4	17
Total expenses	3 349	3 299
Net result	3 027	2 813
Statement of Financial Position as at 30 June 2023	2023 \$'000	2022 \$'000
Current assets		
Cash	17 708	14 657
Receivables	901	780
Total current assets	18 609	15 437
Total assets	18 609	15 437
Current liabilities		
Payables	359	214
Total current liabilities	359	214
Total liabilities	359	214
Net assets	18 250	15 223
Equity		
Retained earnings	18 250	15 223
Total equity	18 250	15 223

Environment Protection Authority
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8.2. The Environment Protection Fund (continued)

Statement of Changes in Equity for the year ended 30 June 2023	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2021	12 410	12 410
Net result for 2021-22	2 813	2 813
Balance at 30 June 2022	15 223	15 223
Net result for 2022-23	3 027	3 027
Balance at 30 June 2023	18 250	18 250

Statement of Cash Flows for the year ended 30 June 2023	2023 \$'000	2022 \$'000
Cash flows from operating activities		
<i>Cash inflows</i>		
Fees and charges	5 844	6 160
Interest	411	-
Other Income	-	1
Cash generated from operations	6 255	6 161
<i>Cash outflows</i>		
Employee benefit payments	(369)	(286)
Payments for supplies and services	(2 831)	(2 989)
Grants and contribution payments	(4)	(17)
Cash used in operations	(3 204)	(3 292)
Net cash provided by operating activities	3 051	2 869
Net increase in cash and cash equivalents	3 051	2 869
Cash and cash equivalents at the beginning of the reporting period	14 657	11 788
Cash and cash equivalents at the end of the reporting period	17 708	14 657

Environment Protection Authority
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8.3. Radiation Protection

The administrative unit has responsibility for radiation protection functions under the *Radiation Protection and Control Act 2021*.

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 2023	2023 \$'000	2022 \$'000
Income		
Radiation license fees	4 412	3 567
Sales	-	3
Grants and contributions	33	30
Total income	4 445	3 600
Expenses		
Employee benefits expenses	1 453	1 509
Supplies and services	67	40
Total expenses	1 520	1 549
Net result	2 925	2 051

8.4. 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.

Statement of Comprehensive Income for the year ended 30 June 2023	2023 \$'000	2022 \$'000
Income		
Solid waste levies	48 763	49 126
Total income	48 763	49 126
Expenses		
Solid waste levies transferred to GISA	47 395	49 470
Total expenses	47 395	49 470
Net result	1 368	(344)

Solid Waste Levies

As per section 113 of the *Environment Protection Act 1993* the Authority collects waste levies, and 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*.

Environment Protection Authority
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8.4. Administered Items (continued)

Statement of Financial Position	2023	2022
as at 30 June 2023	\$'000	\$'000
Current assets		
Cash	1 111	(69)
Receivables	8 220	8 032
Total current assets	9 331	7 963
Total assets	9 331	7 963
Net assets	9 331	7 963
Equity		
Retained earnings	9 331	7 963
Total equity	9 331	7 963
Statement of Cash Flows	2023	2022
for the year ended 30 June 2023	\$'000	\$'000
Cash flows from operating activities		
<i>Cash inflows</i>		
Solid waste levies received	48 575	49 401
Cash generated from operations	48 575	49 401
<i>Cash outflows</i>		
Solid waste levies transferred to GISA	(47 395)	(49 529)
Cash used in operations	(47 395)	(49 529)
Net cash (used in) / provided by operating activities	1 180	(128)
Net increase/(decrease) in cash and cash equivalents	1 180	(128)
Cash and cash equivalents at the beginning of the reporting period	(69)	59
Cash and cash equivalents at the end of the reporting period	1 111	(69)

Environment Protection Authority
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9. Outlook

9.1. Unrecognised commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual sources and are disclosed at their nominal value.

Other contractual commitments

Expenditure contracted for at the reporting date but not recognised as liabilities are as follows:

	2023	2022
	\$'000	\$'000
Within one year	2 095	2 020
Later than one year but not longer than five years	8 262	8 136
Later than five years	364	2 524
Total expenditure commitments	10 721	12 680

The Authority's other contractual commitments are for agreements for memoranda of administrative arrangements with DIT for accommodation.

9.2. 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 is not aware of any contingent assets or liabilities as at 30 June 2023.

9.3. Impact of standards and statements not yet effective

The Authority has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet effective and does not expect these to have a material impact on the Authority's statements.

9.4. Events after the reporting period

There were no events that occurred after the reporting period for the year ended 30 June 2023.

Environment Protection Authority
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10. Measurement and risk

10.1. Fair value

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.

Initial 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.

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 (that is the amount recorded by the transferor public authority immediately prior to the restructure).

Revaluation

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 \$1.5 million and estimated useful life is greater than three years.

The Authority does not hold assets that meet this criteria.

Fair value hierarchy

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 Authority categorises non-financial assets measured at fair value at level 3 which are all recurring. There are no non-recurring fair value measurements.

The Authority's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. During 2022 and 2023, the Authority had no valuations categorised into level 1 or 2.

Environment Protection Authority
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10.2. Financial instruments

Financial Risk Management

Risk management is managed by the Authority's Risk and Governance, People Strategy and Performance Directorate. Authority risk management policies are in accordance with the *SA Government Risk Management Guide* 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 waste levies and licence fees. The Authority works with the DTF 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 notes 7.1 and 7.2 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 has minimal concentration of credit risk.

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

Impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss (ECL) using the simplified approach in AASB 9. The Authority uses a combined approach where the Authority considers receivables that are impaired and then applies a provision matrix as a practical expedient to measure lifetime expected credit losses on the remaining non-government debtors.

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, the Authority considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Authority's historical experience and informed credit assessment, including forward-looking information.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Authority is exposed to credit risk.

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties.

Loss rates are calculated based on the probability of a receivable progressing through stages to write off based on the common risk characteristics of the transaction and debtor.

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10.2. Financial instruments (continued)

The following table provides information about the exposure to credit risk and ECL for non-government debtors.

	Debtor gross carrying amount	Loss %	Lifetime expected losses
	\$'000		\$'000
Current (not past due)	1 043	0.0	-
1 - 30 days past due	30	11.7	4
31 - 60 days past due	7	0.3	-
61 - 90 days past due	14	0.0	-
More than 90 days past due**	236	19.59*	56
Loss allowance			60

* This reflects the average loss percentage applied to debtors aged 91-150 days overdue, 151-180 days overdue, 181 days to 1 year overdue and more than 1 year overdue.

** Invoices worth \$0.777 million have not been included in the ECL model due to their unique circumstances that are not expected to occur again in the future. These have been included in the original doubtful debt balance.

Loss rates are based on actual history of credit loss, these rates have been adjusted to reflect differences between previous economic conditions, current conditions and the Authority's view of the forecast economic conditions over the expected life of the receivables.

Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line item.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the Authority and a failure to make contractual payments for a period of greater than 90 days past due.

Cash

The Authority considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

Market risk

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 TI 23 *Management of Foreign Currency Exposures*.

Exposure to interest rate risk may arise through its interest bearing liabilities. The Authority's interest bearing liabilities are managed through the SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

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

Categorisation of Financial Instruments

Details of the material accounting policy information 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.

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10.2. Financial instruments (continued)

Classification of Financial Instruments

The Authority measures all financial instruments at amortised cost.

Maturity analysis of Financial Instruments

Category of financial asset and financial liability	Note	2023 Carrying amount / fair value \$'000	2022 Carrying amount / fair value \$'000	2023 Contractual maturities*		
				Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents						
Cash and cash equivalents	6.1	57 179	51 269	-	-	-
Financial assets at amortised cost						
Receivables**	6.2	1 103	1 823	-	-	-
Total financial assets		58 282	53 092	-	-	-
Financial liabilities						
Financial liabilities at amortised cost						
Payables**	7.1	1 068	814	1 068	-	-
Financial liabilities*	7.2	246	370	146	100	-
Other liabilities	7.4	-	250	-	-	-
Total financial liabilities		1 314	1 434	1 214	100	-

* Maturities analysis is presented using the undiscounted cash flows and therefore may not total to equal the carrying amount/fair value of the financial instrument.

** Total amounts disclosed here exclude statutory amounts. Receivables exclude prepayments as they are not financial assets. Prepayments are presented in note 6.2.

Statutory receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and equivalents, fees and charges and Auditor-General's Department audit fees. This is in addition to employee related payables, such as payroll tax, Fringe Benefits Tax, Pay As You Go Withholding and ReturnToWorkSA levies. In government, certain rights to receive or pay cash may not be contractual but have their source in legislation and therefore, in these situations, the disclosure requirements of AASB 7 will not apply. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.