

Environment Protection Authority

Financial report
for the year ended
30 June 2021

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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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 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Environment Protection Authority and its controlled entities as at 30 June 2021, 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 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information for administered items
- 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 is 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*, I have audited the financial report of the Environment Protection Authority for the financial year ended 30 June 2021.

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.

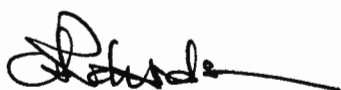
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 the Chief Executive and the Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

16 September 2021

**Environment Protection Authority
(EPA)**

Financial Statements


For the year ended 30 June 2021

Environment Protection Authority
Certification of Financial Statements
for the year ended 30 June 2021

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.


Tony Circelli
Chief Executive
13th September 2021


Catherine Cooper
Presiding Member
14th September 2021


Richard Jacka
Chief Financial Officer
13 September 2021

Environment Protection Authority
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Fees and charges	2.1	69 268	60 189
Grants and subsidies	2.2	378	223
Interest	2.3	3	45
Resources received free of charge	2.4	230	143
Net gain from disposal of property, plant equipment		26	-
Other income	2.5	716	44
Total income		70 621	60 644
Expenses			
Cash alignment transfers		22 759	20 019
Employee benefits expenses	3.3	22 451	22 525
Supplies and services	4.1	7 296	7 763
Depreciation and amortisation	5.1, 5.3	854	907
Grants and subsidies	4.2	148	62
Borrowing Costs	4.3	7	12
Impairment Loss on receivables	6.2	1 116	(87)
Other expenses	4.4	122	138
Total expenses		54 753	51 339
Net result		15 868	9 305
Total comprehensive result		15 868	9 305

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 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	6.1	49 946	33 377
Receivables	6.2	9 769	11 176
Total current assets		59 715	44 553
Non-current assets			
Receivables	6.2	1	2
Property, plant and equipment	5.1	2 738	2 872
Intangible assets	5.3	2 368	1 833
Total non-current assets		5 107	4 707
Total assets		64 822	49 260
Current liabilities			
Payables	7.1	1 478	1 339
Financial Liabilities	7.2	143	178
Employee benefits	3.4	2 763	2 607
Provisions	7.3	45	40
Other liabilities	7.4	50	33
Total current liabilities		4 479	4 197
Non-current liabilities			
Payables	7.1	474	563
Financial Liabilities	7.2	264	324
Employee benefits	3.4	5 039	5 461
Provisions	7.3	112	84
Other liabilities	7.4	285	330
Total non-current liabilities		6 174	6 762
Total liabilities		10 653	10 959
Net assets		54 169	38 301
Equity			
Retained earnings		54 169	38 301
Total equity		54 169	38 301

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 2021

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019	29 003	29 003
Changes in accounting policy on adoption of AASB 16	(7)	(7)
Restated balance at 1 July 2019	28 996	28 996
Net result for 2019-20	9 305	9 305
Total comprehensive result for 2019-20	9 305	9 305
Balance at 30 June 2020	38 301	38 301
Net result for 2020-21	15 868	15 868
Total comprehensive result for 2020-21	15 868	15 868
Balance at 30 June 2021	54 169	54 169

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 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
<i>Cash inflows</i>			
Fees and charges		69 659	54 796
Receipts from grants		378	223
Interest received		4	54
Other receipts		662	49
Cash generated from operations		70 703	55 122
<i>Cash outflows</i>			
Employee benefits payments		(22 763)	(22 663)
Payments for supplies and services		(6 995)	(7 945)
Payments of grants and subsidies		(148)	(62)
Interest paid		(7)	(12)
Cash alignment transfers to the Consolidated account		(22 759)	(20 019)
Other payments		(127)	(126)
Cash used in operations		(52 799)	(50 827)
Net cash provided by / (used in) operating activities	8.1	17 904	4 295
Cash flows from investing activities			
<i>Cash inflows</i>			
Proceeds from the sale of property, plant and equipment		27	-
Cash generated from investing activities		27	-
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(1 184)	(528)
Cash used in investing activities		(1 184)	(528)
Net cash provided by / (used in) investing activities		(1 157)	(528)
Cash flows from financing activities			
<i>Cash outflows</i>			
Repayment of leases		(178)	(189)
Cash used in financing activities		(178)	(189)
Net cash provided by / (used in) financing activities		(178)	(189)
Net increase / (decrease) in cash and cash equivalents		16 569	3 578
Cash and cash equivalents at the beginning of the reporting period		33 377	29 799
Cash and cash equivalents at the end of the reporting period	6.1	49 946	33 377

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 2021

1. About 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*
- the Environment Protection Fund (the Fund) established under the *Environment Protection Act 1993*.

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

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

The administrative unit also has responsibility for radiation protection functions under the *Radiation Protection and Control Act 1982*. The Authority's financial statements include assets, liabilities, revenues and expenses attributable to Radiation Protection. The income and expenses (excluding overheads) attributable to radiation protection are disclosed in note 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.

Administered Items

The Authority has administered activities and resources. Transactions and balances are presented separately and disclosed at note 8.4.

(1) 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*.

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

As part of the 2018-19 State Budget, the SA Government made the decision that funding for the Dob in a Litterer program would cease effective 1 July 2018. Any revenue collected in future years will be the repayment of residual fines currently on instalment arrangements and must be transferred to the Consolidated Account.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1. About the Environment Protection Authority (continued)

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 are 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.

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 excluded.

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

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

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 2020-21 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.

1.3. Impact of COVID-19 pandemic on the Authority

The Authority has continued to operate throughout the restrictions, adhering to social distancing requirements.

The COVID-19 pandemic has not had a material impact on the operations of the Authority in the 2020-21 financial year.

1.4. 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.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.5. Budget performance

The budget performance table compares the Authority's outcomes against budget information presented to Parliament (2020-21 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
Note	2021 \$'000	2021 \$'000	\$'000
Statement of Comprehensive Income			
Income			
Fees and charges	69 559	69 268	(291)
Grants and subsidies	176	378	202
Interest	54	3	(51)
Resources received free of charge	-	230	230
Net gain from disposal of property, plant equipment	-	26	26
Other income	-	716	716
Total income	69 789	70 621	832
Expenses			
Employee benefits expenses	24 238	22 451	(1 787)
Supplies and services	7 618	7 296	(322)
Depreciation and amortisation	932	854	(78)
Borrowing costs	14	7	(7)
Grants and subsidies	89	148	59
Cash alignment transfers to the Consolidated account	22 759	22 759	-
Impairment loss on receivables	-	1 116	1 116
Other expenses	140	122	(18)
Total expenses	55 790	54 753	(1 037)
Net result	13 999	15 868	1 869

No explanations have been provided as no variances exceeded the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.5 Budget performance

	Note	Budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
Investing expenditure summary				
Total new projects		300	95	(205)
Total existing projects		1 175	510	(665)
Total annual program		623	578	(45)
Total investing expenditure		2 098	1 183	(915)
Administered Items				
		Budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
Statement of Comprehensive Income				
Income				
Fees, fines and penalties	Note	49 570	48 672	(898)
		49 570	48 672	(898)
Expenses				
Intra government transfers		49 570	48 405	(1 165)
Total income		49 570	48 405	(1 165)
Net result		-	267	267
Total comprehensive result		-	267	267

1.6. 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
- 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 2021

2. Income

2.1. Fees and charges

	2021	2020
	\$'000	\$'000
Waste levies	49 495	41 233
Environmental authorisation fees	14 709	14 256
Radiation licence fees	3 529	3 459
Other licence fees	1 089	861
Fines and penalties	251	310
Other fees and charges	195	70
Total fees and charges	69 268	60 189

The Authority has determined that 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 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 1982*, are recognised as revenue by the Authority when they are received.

2.2. Grants

	2021	2020
	\$'000	\$'000
SA Government grants	254	142
Commonwealth Government grants	82	81
Private industry and community grants	42	-
Total grant and subsidies	378	223

The Authority has determined that all grant income is recognised as income in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2.3. Interest

	2021	2020
	\$'000	\$'000
Interest from the Environment Protection Fund	3	45
Total interest revenues	3	45

2.4. Resources received free of charge

	2021	2020
	\$'000	\$'000
Services received free of charge – Shared Services SA	230	143
Total resources received free of charge	230	143

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 and ICT digital government services from Shared Services SA free of charge, following Cabinet's approval to cease intra-government charging.

2.5. Other income

	2021	2020
	\$'000	\$'000
Reimbursement of expenses	673	32
Other sundry revenue	32	4
Salaries and wages recoveries	11	8
Total other income	716	44

Reimbursement of expenses are costs incurred by EPA in taking action on non-compliance with a clean-up order pursuant to section 103 of the *Environment Protection Act 1993*.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the Authority include the Minister for Environment and Water, 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 the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

	2021	2020
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	1 203	1 380
Post-employment benefits	261	127
Total	1 464	1 507

The Authority did not enter into any transactions with key management personnel or their close family members during the reporting period, other than those disclosed in note 1.6.

3.2. Board and committee members

Members during the 2020-21 financial year were:

Board of the Environment Protection Authority

Stephen Christley
 Tony Circelli*
 Catherine Cooper
 Margaret Cross (appointed April 2021)
 Carolina Kerkhof (appointed July 2020, retired August 2020)
 Helen Macdonald
 Christopher Stathy
 Christine Trenorden
 Mark Withers

Radiation Protection Committee

Eva Bezak
 Tony Circelli*
 Sarah Constantine*
 Michael Lardelli (Deputy)

 Greg Marshall*
 Cara Miller
 Graeme Palmer
 Nigel Spooner
 Pamela Sykes
 Wilson Vallat*

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

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.2 Board and committee members (continued)

Board and committee remuneration

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

	2021	2020
\$0 - \$19 999	13	10
\$20 000 - \$39 999	6	7
Total number of members	19	17

The total remuneration received or receivable by members was \$0.179 million (2020: \$0.197 million). Remuneration of members include sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and related fringe benefits tax.

3.3. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	17 383	17 415
Employment on-costs - superannuation	1 971	2 070
Annual leave	1 637	1 635
Employment on-costs - other	1 016	1 017
Board and committee fees	168	181
Skills and Experience Retention Leave	130	122
Workers compensation	150	44
Long Service Leave	(32)	5
Other employee related expenses	28	36
Total employee benefits expenses	22 451	22 525

Employment on-costs – superannuation

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

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.3. Employee benefits expenses (continued)

Executive remuneration

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

	2021	2020
	No	No
\$ 154 001 to \$174 000	2	2
\$ 194 001 to \$214 000	2	2
\$ 234 001 to \$254 000	1	1
\$ 334 001 to \$354 000	1	1
	<u>6</u>	<u>6</u>

The total remuneration received by those employees for the year was \$1.341 million (2020: \$1.338 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, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

3.4. Employee benefits liability

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Annual leave	1 731	1 639
Long service leave	379	354
Accrued salaries and wages	532	507
Skills and experience retention leave	121	107
Total current employee benefits	<u>2 763</u>	<u>2 607</u>
<u>Non-current</u>		
Long service leave	5 039	5 461
Total non-current employee benefits	<u>5 039</u>	<u>5 461</u>
Total employee benefits	<u>7 802</u>	<u>8 068</u>

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

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

The liability for 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.

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.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.4. Employee benefits liability (continued)

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 note 10.1.

4. Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1. Supplies and services

	2021	2020
	\$'000	\$'000
Accommodation	1 902	1 817
General administration	1 598	1 651
Fee for service - Site Contamination	1 148	949
Information technology and communications	634	676
Minor works, maintenance & equipment	381	389
Scientific and technical services	317	222
Staff development	277	254
Fee for service - Other	231	993
Consultants	116	67
Fee for service - DEW	106	116
Vehicle and aircraft	105	94
Transportation	101	99
Travel and accommodation	54	117
Monitoring fees	38	32
Temporary staff	17	106
Other	271	181
Total supplies and services	7 296	7 763

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:

	2021	2021	2020	2020
	Number	\$'000	Number	\$'000
\$10 000 or above	2	116	2	67
Total	2	116	2	67

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

4.2. Grants and subsidies

	2021	2020
	\$'000	\$'000
Green Industries SA	105	8
Community organisations and associations	17	37
Environment Protection Authority NSW	10	10
Flinders University	10	-
Department of the Premier and Cabinet	3	2
Attorney General's Department	3	5
Total grants and subsidies	148	62

4.3. Borrowing costs

	2021	2020
	\$'000	\$'000
Interest expense on lease liabilities	7	12
Total borrowing costs	7	12

The Authority does not capitalise borrowing costs.

4.4. Other expenses

	2021	2020
	\$'000	\$'000
Audit fees	110	126
Property, plant and equipment write-offs	11	-
Donated asset	-	12
Other	1	-
Total other expenses	122	138

Other

Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$0.110 million (2020: \$0.126 million). No other services were provided by the Auditor-General's Department.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

5. Non-financial assets

5.1. Property, plant and equipment owned by the Authority

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 10.2.

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. The proceeds from disposal of vehicles during 2020-21 was \$27 000.

Reconciliation 2020-21

	Buildings and Land improvements		Infrastructure	Vehicles	Computing equipment	Furniture and fittings	Plant & equipment	ROU Buildings	ROU Vehicles	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	278	11	227	51	84	711	751	353	135	271	2 872
Acquisitions	-	-	-	13	-	-	416	-	85	753	1 267
Transfers to/(from) capital works in progress	-	-	-	35	-	-	10	-	-	(925)	(880)
Asset written off	-	-	(11)	-	-	-	-	-	-	-	(11)
Disposals	-	-	-	(1)	-	-	-	-	-	-	(1)
Depreciation / amortisation expense	-	(1)	(21)	(9)	(19)	(87)	(189)	(72)	(111)	-	(509)
Carrying amount at the end of the period	278	10	195	89	65	624	988	281	109	99	2 738
Gross carrying amount	278	40	461	186	245	3 731	4 348	481	288	99	10 157
Accumulated depreciation	-	(30)	(266)	(97)	(180)	(3 107)	(3 360)	(200)	(179)	-	(7 419)
Carrying amount at the end of the period	278	10	195	89	65	624	988	281	109	99	2 738

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

Reconciliation 2019-20

	Buildings and Land improvements	Infrastructure	Vehicles	Computing equipment	Furniture and fittings	Plant & equipment	ROU Buildings	ROU Vehicles	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	278	12	261	59	26	734	909	-	200	2 479
Acquisitions	-	-	-	-	68	66	23	-	369	528
Transfers to/(from) capital works in progress	-	-	-	-	-	-	-	-	(298)	(298)
Recognition of right-of-use assets on initial application of AASB 16	-	-	-	-	-	-	425	258	-	683
Disposals - transfers for nil consideration	-	-	(12)	-	-	-	-	-	-	(12)
Depreciation / amortisation expense	-	(1)	(22)	(8)	(10)	(89)	(72)	(125)	-	(508)
Carrying amount at the end of the period	278	11	227	51	84	711	353	135	271	2 872
Gross carrying amount	278	40	484	180	320	3 755	481	249	271	10 054
Accumulated depreciation	-	(29)	(257)	(129)	(236)	(3 044)	(128)	(114)	-	(7 182)
Carrying amount at the end of the period	278	11	227	51	84	711	353	135	271	2 872

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

5.1 Property, plant and equipment owned by the Authority (continued)

Useful life

Depreciation/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:

Class of Asset	Useful Life (years)
Computing equipment	3-10
Intangible Assets	3-16
Infrastructure	15-30
Plant and equipment	3-15
Vehicles	5-25
Furniture and fittings	9-15
Buildings and improvements	40
Right-of-use Vehicles	1-3
Right-of-use Buildings	6-10
Other	10

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. Additions to leased property, plant and equipment during 2020-21 were \$85 000.

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:

- 21 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 renewal and notice of termination options exist for both leases 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 10.3. Cash outflows related to leases are disclosed in note 8.1.

Environment Protection Authority
Notes to and forming part of the financial statements
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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 2020-21

	Internally developed \$'000	Externally acquired \$'000	Total \$'000
Carrying amount at the beginning of the period	55	1 778	1 833
Transfers from capital works in progress	-	880	880
Amortisation	(8)	(337)	(345)
Carrying amount at the end of the period	47	2 321	2 368
Gross carrying amount			
Gross carrying amount	99	6 424	6 523
Accumulated amortisation	(52)	(4 103)	(4 155)
Carrying amount at the end of the period	47	2 321	2 368

Reconciliation 2019-2020

	Internally developed \$'000	Externally developed \$'000	Total \$'000
Carrying amount at 1 July 2019	63	1 871	1 934
Transfers from capital works in progress	-	298	298
Amortisation	(8)	(391)	(399)
Carrying amount at 30 June 2020	55	1 778	1 833
Gross carrying amount			
Gross carrying amount	99	5 542	5 641
Accumulated amortisation	(44)	(3 764)	(3 808)
Carrying amount at 30 June 2020	55	1 778	1 833

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

6. Financial assets

6.1. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
<u>Deposits with the Treasurer (Special deposit accounts)</u>		
Environment Protection Authority Operating Account	38 154	24 016
Environment Protection Fund Deposit Account	11 788	9 357
Imprest account/cash on hand	4	4
Total cash and cash equivalents	<u>49 946</u>	<u>33 377</u>

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 Authority does not earn interest on its special deposit account with the Treasurer.

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

	2021	2020
	\$'000	\$'000
Environment Protection Fund	11 788	9 357
Externally funded projects	9	17
	<u>11 797</u>	<u>9 374</u>

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

6.2. Receivables

	2021	2020
	\$'000	\$'000
Current		
Trade receivables		
Debtors	2 339	4 538
Less impairment loss on receivables	(731)	(1 296)
Total Trade receivables	1 608	3 242
Prepayments	155	74
Accrued revenues	8 006	7 859
Workers compensation recoveries	-	1
Total current receivables	9 769	11 176
Non-current		
Workers compensation recoveries	1	2
Total non-current receivables	1	2
Total receivables	9 770	11 178

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.

Refer to note 10.3 for further information on risk management.

Allowance for impairment loss of receivables

	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the period	1 296	1 385
Amounts written off	(1 681)	(2)
Increase/(decrease) in allowance recognised in profit and loss	1 116	(87)
Carrying amount at the end of the period	731	1 296

Refer to note 10.3 for details regarding credit risk and the methodology for determining impairment.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1. Payables

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Trade payables	733	634
Employment on-costs	584	567
Accrued expenses	159	126
Paid Parental Leave Scheme payable	2	12
Total current payables	1 478	1 339
<u>Non-current</u>		
Employment on-costs	474	563
Total non-current payables	474	563
Total payables	1 952	1 902

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

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 is discharged.

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 Department of Treasury and Finance, the proportion of long service leave taken as leave remained unchanged from the 2020 rate of 42%. The average factor for the calculation of employer superannuation cost on-costs increased from the 2020 rate (9.8%) to 2021 (10.1%). These rates are used in the employment on-cost calculation.

Environment Protection Authority
Notes to and forming part of the financial statements
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7.2. Financial liabilities

	2021 \$'000	2020 \$'000
<u>Current</u>		
Lease liabilities	143	178
Total current financial liabilities	143	178
<u>Non-current</u>		
Lease liabilities	264	324
Total non-current financial liabilities	264	324
Total financial liabilities	407	502

The Authority measures financial liabilities at amortised cost. Lease liabilities have been measured via discounting lease payments using Treasury's incremental borrowing rate.

7.3. Provisions

	2021 \$'000	2020 \$'000
<u>Current</u>		
Provision for workers compensation	45	40
Total current provisions	45	40
<u>Non-current</u>		
Provision for workers compensation	112	84
Total non-current provisions	112	84
Total provisions	157	124
<i>Movement in provisions</i>		
Carrying amount at the beginning of the period	124	96
Reductions arising from payments	(183)	(78)
Increases/(decreases) resulting from re-measurement	216	106
Carrying amount at the end of the period	157	124

A provision 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 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2021

7.4. Other liabilities

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Accommodation incentive	39	39
Other	11	(6)
Total current other liabilities	50	33
<u>Non-current</u>		
Accommodation incentive	285	330
Total non-current other liabilities	285	330
Total other liabilities	335	363

8. Other disclosures

8.1. Cash flow

Total cash outflows for leases is \$188 000 (2020: \$200 000).

Reconciliation of net result to cash flows from operating activities

	2021	2020
	\$'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	(49 946)	33 377
Balance as per the Statement of Cash Flows	(49 946)	33 377
<u>Reconciliation of net cash provided by operating activities to net result</u>		
Net cash provided by/(used in) operating activities	17 904	4 295
<u>Add/less non-cash items</u>		
Depreciation and amortisation	(854)	(907)
Supplies and services not requiring cash	(230)	(143)
Donated asset	-	(12)
Capital work-in-progress and asset write-offs	(11)	-
Resources received free of charge	230	143
Gain on disposal of non-current assets	26	-
<u>Movement in assets and liabilities</u>		
Decrease/(Increase) in receivables	(1 408)	5 441
(Increase)/decrease in payables	(50)	277
(Increase)/decrease in employee benefits	266	186
(Increase)/decrease in other liabilities	28	(28)
(Increase)/decrease in provisions	(33)	53
Net result	15 868	9 305

Environment Protection Authority
Notes to and forming part of the financial statements
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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 2021	2021 \$'000	2020 \$'000
Income		
Fees and Charges	5 768	4 890
Interest	3	45
Other Income	75	-
Total income	5 846	4 935
Expenses		
Employee benefits expenses	271	273
Supplies and services	2 908	3 514
Grants and subsidies	25	26
Total expenses	3 204	3 813
Net result	2 642	1 122
Statement of Financial Position as at 30 June 2021	2021 \$'000	2020 \$'000
Current assets		
Cash	11 788	9 357
Receivables	829	797
Total current assets	12 617	10 154
Total assets	12 617	10 154
Current liabilities		
Payables	198	380
Employee Benefits	9	6
Total current liabilities	207	386
Total liabilities	207	386
Net assets	12 410	9 768
Equity		
Retained earnings	12 410	9 768
Total equity	12 410	9 768

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

Statement of Changes in Equity for the year ended 30 June 2021	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2019	8 646	8 646
Net result for 2019-20	1 122	1 122
Balance at 30 June 2020	9 768	9 768
Net result for 2020-21	2 642	2 642
Balance at 30 June 2021	12 410	12 410
Statement of Cash Flows for the year ended 30 June 2021	2021 \$'000	2020 \$'000
Cash flows from operating activities		
<i>Cash inflows</i>		
Fees and charges	5 737	4 546
Interest	3	45
Other income	75	-
Cash generated from operations	5 815	4 591
<i>Cash outflows</i>		
Employee benefit payments	(268)	(283)
Payments for supplies and services	(3 091)	(3 566)
Grants and contribution payments	(25)	(26)
Cash used in operations	(3 384)	(3 875)
Net cash provided by / (used in) operating activities	2 431	716
Net increase / (decrease) in cash and cash equivalents	2 431	716
Cash and cash equivalents at the beginning of the reporting period	9 357	8 641
Cash and cash equivalents at the end of the reporting period	11 788	9 357

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 1982*.

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

Statement of Comprehensive Income for the year ended 30 June 2021	2021 \$'000	2020 \$'000
Income		
Radiation license fees	3 529	3 459
Sales	3	12
Grants and contributions	29	29
Other income	1	1
Total income	3 562	3 501
Expenses		
Employee benefits expenses	1 591	1 498
Supplies and services	51	60
Total expenses	1 642	1 558
Net result	1 920	1 943

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 and revenue received under the *Local Nuisance and Litter Control Act 2016*.

Statement of Comprehensive Income for the year ended 30 June 2021	2021 \$'000	2020 \$'000
Income		
Solid waste levies	48 670	40 393
Expiation fees (Dob in a Litterer)	2	3
Total income	48 672	40 396
Expenses		
Solid waste levies transferred to GISA	48 403	37 036
Expiation fees (Dob in a Litterer) transferred to Consolidated Account	2	3
Total expenses	48 405	37 039
Net result	267	3 357

Environment Protection Authority
Notes to and forming part of the financial statements
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8.4 Administered Items (continued)

Statement of Financial Position as at 30 June 2021	2021 \$'000	2020 \$'000
Current assets		
Cash	59	59
Receivables	8 307	8 040
Total current assets	8 366	8 099
Total assets	8 366	8 099
Current liabilities		
Payables	59	59
Total current liabilities	59	59
Total liabilities	59	59
Net assets	8 307	8 040
Equity		
Retained earnings	8 307	8 040
Total equity	8 307	8 040
Statement of Cash Flows for the year ended 30 June 2021	2021 \$'000	2020 \$'000
Cash flows from operating activities		
<u>Cash inflows</u>		
Solid waste levies received	48 402	37 036
Expiation fees (Dob in a Litterer)	3	3
Cash generated from operations	48 405	37 039
<u>Cash outflows</u>		
Solid waste levies transferred to GISA	(48 405)	(36 983)
Expiation fees (Dob in a Litterer) returned to Consolidated Account)	-	(141)
Cash used in operations	(48 405)	(37 124)
Net cash (used in) / provided by operating activities	-	(85)
Net increase in cash and cash equivalents	-	(85)
Cash and cash equivalents at the beginning of the reporting period	59	144
Cash and cash equivalents at the end of the reporting period	59	59

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

Expenditure commitments

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

	2021	2020
	\$'000	\$'000
Within one year	1 753	1 699
Later than one year but not longer than five years	7 648	7 344
Later than five years	4 598	6 500
Total expenditure commitments	13 999	15 543

The Authority's expenditure 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 contingent liabilities as at 30 June 2021.

9.3. Impact of standards and statements not yet effective

The Authority has assessed the impact of new and changed Australian Accounting Standards and interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer. There are no Accounting Policy Statements that are not yet in effect.

Amending Standard AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* will apply from 1 July 2022 and Amending Standard AASB 2021 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* will apply from 1 July 2023. Although applicable to the Authority, these amending standards are not expected to have an impact on the Authority's general purpose financial statements. The Authority will update its policies, procedures and work instructions, where required, to reflect the additional clarification requirements.

Amending Standard AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* will apply from 1 July 2023. The Authority continues to assess liabilities e.g. LSL and whether or not the Authority has a substantive right to defer settlement. Where applicable these liabilities will be classified as current.

9.4. COVID-19 pandemic outlook for the Authority

The Authority has assessed the current environment and estimates that the COVID-19 pandemic will not have a significant impact on the operations of the Authority in the 2021-22 financial year and beyond.

Environment Protection Authority
Notes to and forming part of the financial statements
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9.5. Events after the reporting period

There were no events that occurred after the reporting period for the year ended 30 June 2021.

10. Measurement and risk

10.1. 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 2020 (0.75%) to 2021 (1.25%).

Following the actuarial assessment performed by DTF the salary inflation rate remained unchanged from 2020 (2.5%) for long service leave liability. The salary inflation rate for annual leave and skills, experience and retention leave liability remained unchanged from 2020 (2.0%).

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service liability of \$0.532 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.

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

10.2. 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.

Environment Protection Authority
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10.2. Fair value (continued)

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 2020 and 2021, the Authority had no valuations categorised into level 1 or 2.

10.3. Financial instruments

Financial Risk Management

Risk management is managed by the Authority's corporate services section. 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 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.

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10.3 Financial instruments (continued)

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.

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

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
Current (not past due)	916	0.00%	-
1 - 30 days past due	228	11.65%	26
31 - 60 days past due	106	2.22%	2
61 - 90 days past due	10	6.26%	1
More than 90 days past due	277	13.25%*	61
Loss allowance			90 **

* 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 \$0.641 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.

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, enter into transactions for speculative purposes, or for hedging.

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.

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10.3 Financial instruments (continued)

Categorisation of Financial Instruments

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

Classification of Financial Instruments

The Authority measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2021	2020			
		Carrying amount / fair value \$'000	Carrying amount / fair value \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
<i>Financial assets</i>						
Cash and cash equivalents						
Cash and cash equivalents		49 946	33 377	-	-	-
Financial assets at amortised cost						
Receivables	1, 2	1 204	2 286	1 204	-	-
Total financial assets		51 150	35 663	1 204	-	-
<i>Financial liabilities</i>						
Financial liabilities at amortised cost						
Payables	1	782	634	782	-	-
Financial liabilities		407	502	143	263	-
Total financial liabilities		1 189	1 136	925	263	-

1. 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.
2. Total amounts disclosed here exclude statutory amounts. Receivables do not include prepayments as these are not financial instruments. 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; 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.