



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

To the Presiding Member Environment Protection Authority

Opinion

I have audited the financial report of Environment Protection Authority for the financial year ended 30 June 2022.

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 2022, 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 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Presiding Member, the Chief Executive and the Chief Financial Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of 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 1987*, I have audited the financial report of Environment Protection Authority for the financial year ended 30 June 2022.

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)

15 September 2022

**Environment Protection Authority
(EPA)**

Financial Statements

For the year ended 30 June 2022

Environment Protection Authority
Certification of Financial Statements
for the year ended 30 June 2022

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
September 2022

13



Catherine Cooper
Presiding Member
September 2022

13



Richard Jacka
Chief Financial Officer

13

September 2022

Environment Protection Authority
Statement of Comprehensive Income
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Fees and charges	2.1	70 738	69 268
Grants and subsidies	2.2	236	378
Interest		-	3
Resources received free of charge	2.3	229	230
Net gain from disposal of property, plant equipment		-	26
Other income	2.4	77	716
Total income		71 280	70 621
Expenses			
Cash alignment transfers		36 627	22 759
Employee benefits expenses	3.3	22 671	22 451
Supplies and services	4.1	7 890	7 296
Depreciation and amortisation	5.1, 5.3	798	854
Grants and subsidies	4.2	219	148
Borrowing Costs		5	7
Impairment Loss on receivables	6.2	182	1 116
Other expenses	4.3	143	122
Total expenses		68 535	54 753
Net result		2 745	15 868
Total comprehensive result		2 745	15 868

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 2022

	Note	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents	6.1	51 269	49 946
Receivables	6.2	9 676	9 769
Total current assets		60 945	59 715
Non-current assets			
Receivables	6.2	6	1
Property, plant and equipment	5.1	3 050	2 738
Intangible assets	5.3	2 612	2 368
Total non-current assets		5 668	5 107
Total assets		66 613	64 822
Current liabilities			
Payables	7.1	1 502	1 478
Financial Liabilities	7.2	171	143
Employee benefits	3.4	2 268	2 763
Provisions	7.3	90	45
Other liabilities	7.4	179	50
Total current liabilities		4 210	4 479
Non-current liabilities			
Payables	7.1	408	474
Financial Liabilities	7.2	187	264
Employee benefits	3.4	4 241	5 039
Provisions	7.3	297	112
Other liabilities	7.4	356	285
Total non-current liabilities		5 489	6 174
Total liabilities		9 699	10 653
Net assets		56 914	54 169
Equity			
Retained earnings		56 914	54 169
Total equity		56 914	54 169

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 2022

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2020	<u>38 301</u>	<u>38 301</u>
Net result for 2020-21	<u>15 868</u>	<u>15 868</u>
Total comprehensive result for 2020-21	<u>15 868</u>	<u>15 868</u>
Balance at 30 June 2021	<u>54 169</u>	<u>54 169</u>
Net result for 2021-22	<u>2 745</u>	<u>2 745</u>
Total comprehensive result for 2021-22	<u>2 745</u>	<u>2 745</u>
Balance at 30 June 2022	<u><u>56 914</u></u>	<u><u>56 914</u></u>

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 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
<i>Cash inflows</i>			
Fees and charges		70 723	69 659
Receipts from grants		236	378
Interest received		-	4
Other receipts		71	662
Cash generated from operations		71 030	70 703
<i>Cash outflows</i>			
Employee benefits payments		(23 820)	(22 763)
Payments for supplies and services		(7 495)	(6 995)
Payments of grants and subsidies		(219)	(148)
Interest paid		(5)	(7)
Cash alignment transfers to the Consolidated account		(36 627)	(22 759)
Other payments		(110)	(127)
Cash used in operations		(68 276)	(52 799)
Net cash provided by / (used in) operating activities	8.1	2 754	17 904
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		(1 273)	(1 184)
Cash used in investing activities		(1 273)	(1 184)
Net cash provided by / (used in) investing activities		(1 273)	(1 157)
Cash flows from financing activities			
<i>Cash outflows</i>			
Repayment of leases		(158)	(178)
Cash used in financing activities		(158)	(178)
Net cash provided by / (used in) financing activities		(158)	(178)
Net increase / (decrease) in cash and cash equivalents		1 323	16 569
Cash and cash equivalents at the beginning of the reporting period		49 946	33 377
Cash and cash equivalents at the end of the reporting period	6.1	51 269	49 946

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 2022

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*
- 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.

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.

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

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.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.1. Basis of preparation (continued)

Significant accounting policies are set out throughout the notes.

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.

1.2. New and amended standards adopted by the Authority

The Authority has early adopted AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* which clarifies the requirements for disclosure of material accounting policy information and clarifies the distinction between accounting policies and accounting estimates. There has been no impact on the Authority's financial statements.

1.3. 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 2021-22 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.

1.4. 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 2021-22 financial year.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.5. 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.

1.6. Budget performance

The budget performance table compares the Authority's outcomes against budget information presented to Parliament (2021-22 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 2022 \$'000	Actual 2022 \$'000	Variance \$'000
Note	\$'000	\$'000	\$'000
Statement of Comprehensive Income			
Income			
Fees and charges	65 972	70 738	4 766
Grants and subsidies	182	236	54
Resources received free of charge	-	229	229
Other income	292	77	(215)
Total income	66 446	71 280	4 834
Expenses			
Employee benefits expenses	24 344	22 671	(1 673)
Supplies and services	7 599	7 890	291
Depreciation and amortisation	931	798	(133)
Borrowing costs	14	5	(9)
Grants and subsidies	212	219	7
Cash alignment transfers to the Consolidated account	-	36 627	36 627
Impairment loss on receivables	-	182	182
Other expenses	143	143	-
Total expenses	33 243	68 535	35 292
Net result	33 203	2 745	(30 458)

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.6 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 2022 \$'000	Actual 2022 \$'000	Variance \$'000
Investing expenditure summary				
Total existing projects	(b)	1 374	730	(644)
Total annual program		639	546	(93)
Total investing expenditure		2 013	1 276	(737)

(b) Total existing project investing expenditure was lower than original budget due to delays in completion of the Environment Incident Reporting Application project and the Material Flow and Levy Information project.

Administered Items		Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
Statement of Comprehensive Income	Note			
Income				
Fees, fines and penalties		46 319	49 126	2 807
Total income		46 319	49 126	2 807
Expenses				
Intra government transfers		46 319	49 470	3 151
Total expenses		46 319	49 470	3 151
Net result		-	(344)	(344)
Total comprehensive result		-	(344)	(344)

1.7. 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 2022

2. Income

2.1. Fees and charges

	2022	2021
	\$'000	\$'000
Waste levies	50 055	49 495
Environmental authorisation fees	14 972	14 709
Radiation licence fees	3 567	3 529
Other licence fees	969	1 089
Fines and penalties	597	251
Other fees and charges	578	195
Total fees and charges	70 738	69 268

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 Waste Levies disclosed represent EPA's 50% share of the total levies collected in 2021-22. 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 1982*, are recognised as revenue by the Authority when they are received.

2.2. Grants

	2022	2021
	\$'000	\$'000
SA Government grants	153	254
Commonwealth Government grants	83	82
Private industry and community grants	-	42
Total grant and subsidies	236	378

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 2022

2.3. Resources received free of charge

	2022	2021
	\$'000	\$'000
Shared Services SA - Administrative Support	127	130
DPC - ICT Services	102	100
Total resources received free of charge	229	230

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 valued at \$0.127 million (2021: \$0.130 million) and ICT services valued at \$0.102 million (2021: \$0.100 million) from Department of Premier and Cabinet following Cabinet's approval to cease intra-government charging.

2.4. Other income

	2022	2021
	\$'000	\$'000
Reimbursement of expenses	52	673
Other sundry revenue	5	32
Salaries and wages recoveries	20	11
Total other income	77	716

Reimbursement of expenses are administrative and technical costs incurred by the Authority in respect of contraventions of the Act payable pursuant to section 135 of the *Environment Protection Act*.

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*.

	2022	2021
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	1 427	1 335
Post-employment benefits	140	129
Total	1 567	1 464

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 2022

3.2. Board and committee members

Members during the 2021-22 financial year were:

Board of the Environment Protection Authority

Stephen Christley
 Tony Circelli*
 Catherine Cooper
 Margaret Cross
 Helen Macdonald
 Christopher Stathy
 Christine Trenorden
 Mark Withers

Radiation Protection Committee

Eva Bezak
 Tony Circelli*
 Sarah Constantine*
 Peter James (Jim) Hondros
 Costas (Con) Kapsis*
 Greg Marshall* (expired 20/10/2021)
 Cara Miller (expired 11/10/2021)
 Graeme Palmer
 Nigel Spooner
 Pamela Sykes
 Wilson Vallat*
 Bettina Venner*

* 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:

	2022	2021
\$0 - \$19 999	12	13
\$20 000 - \$39 999	6	6
\$40 000 - \$59 999	1	-
Total number of members	19	19

The total remuneration received or receivable by members was \$0.196 million (2021: \$0.179 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 related fringe benefits tax paid.

3.3. Employee benefits expenses

	2022	2021
	\$'000	\$'000
Salaries and wages	17 330	17 383
Employment on-costs - superannuation	2 123	1 971
Annual leave	1 752	1 637
Employment on-costs - other	1 011	1 016
Board and committee fees	182	168
Skills and Experience Retention Leave	131	130
Workers compensation	331	150
Long Service Leave	(353)	(32)
Targeted voluntary separation packages	130	-
Other employee related expenses	34	28
Total employee benefits expenses	22 671	22 451

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.3 Employee benefits expenses (continued)

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.

Targeted Voluntary Separation Packages (TVSPs)

The number of employees who accepted a TVSP during the reporting period was 1 (2021: nil). The number of employees who accepted a Rejuvenation Scheme package was 3 (2021: nil).

	2022	2021
	\$'000	\$'000
Amounts paid to separated employees:		
Public Sector Workforce Rejuvenation Scheme	105	-
TVSPs	25	-
Leave paid to separated employees	114	-
Net cost to the Environment Protection Authority	244	-

Executive remuneration

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

	2022	2021
	No	No
\$ 157 001 to \$177 000	1	2
\$ 197 001 to \$217 000	-	2
\$ 217 001 to \$237 000	3	-
\$ 237 001 to \$257 000	-	1
\$ 337 001 to \$357 000	-	1
\$ 357,001 to \$377,000	1	-
	5	6

The total remuneration received by those employees for the year was \$1.221 million (2021: \$1.341 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.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.4. Employee benefits liability

	2022	2021
	\$'000	\$'000
<u>Current</u>		
Annual leave	1 692	1 731
Long service leave	397	379
Accrued salaries and wages	47	532
Skills and experience retention leave	132	121
Total current employee benefits	2 268	2 763
<u>Non-current</u>		
Long service leave	4 241	5 039
Total non-current employee benefits	4 241	5 039
Total employee benefits	6 509	7 802

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.

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 2021 (1.25%) to 2022 (3.50%).

Following the actuarial assessment performed by DTF the salary inflation rate remained unchanged from 2021 (2.5%) for long service leave liability. The salary inflation rate for annual leave and skills, experience and retention leave liability decreased from 2021 (2.0%) to 2022 (1.50%).

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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 \$0.705 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

	2022	2021
	\$'000	\$'000
Accommodation	1 939	1 902
Legal expenses	1 329	1 016
Fee for service - Site Contamination	996	1 148
Information technology and communications	620	634
General administration	548	588
Fee for service - Other	477	231
Scientific and technical services	313	317
Temporary staff	269	17
Staff development	248	277
Minor works, maintenance & equipment	235	375
Fee for service - DEW	140	106
Transportation	101	101
Travel and accommodation	98	54
Vehicle and aircraft	95	105
Consultants	67	116
Monitoring fees	32	38
Other	383	271
Total supplies and services	7 890	7 296

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:

	2022	2022	2021	2021
	Number	\$'000	Number	\$'000
Below \$10 000	2	11	-	-
\$10 000 or above	2	56	2	116
Total	4	67	2	116

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

4.2. Grants and subsidies

	2022	2021
	\$'000	\$'000
Green Industries SA	191	105
Community organisations and associations	17	17
Environment Protection Authority NSW	11	10
Flinders University	-	10
Department of the Premier and Cabinet	-	3
Attorney General's Department	-	3
Total grants and subsidies	219	148

4.3. Other expenses

	2022	2021
	\$'000	\$'000
Audit fees	115	110
Property, plant and equipment write-offs	28	11
Other	-	1
Total other expenses	143	122

Other

Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$0.115 million (2021: \$0.110 million). No other services were provided by the Auditor-General's Department.

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 10.1.

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. The proceeds from disposal of vehicles during 2021-22 was nil.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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

Reconciliation 2021-22

5.1: Reconciliation of property,
plant and equipment

	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	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 / amortisation expense	-	(1)	(20)	(11)	(17)	(87)	(242)	(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	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
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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

Reconciliation 2020-21

	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	11	227	51	84	711	353	135	271	2 872
Acquisitions	-	-	-	13	-	-	416	-	85	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)	(72)	(111)	-	(509)
Carrying amount at the end of the period	278	10	195	89	65	624	281	109	99	2 738
Gross carrying amount	278	40	461	186	245	3 731	481	288	99	10 157
Accumulated depreciation	-	(30)	(266)	(97)	(180)	(3 107)	(200)	(179)	-	(7 419)
Carrying amount at the end of the period	278	10	195	89	65	624	281	109	99	2 738

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

5.1. Property, plant and equipment (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:

<u>Class of Asset</u>	<u>Useful Life (years)</u>
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.

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 10.3. Cash outflows related to leases are disclosed in note 8.1.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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 2021-22

	Internally developed \$'000	Externally acquired \$'000	Total \$'000
Carrying amount at the beginning of the period	47	2 321	2 368
Transfers from capital works in progress	-	510	510
Amortisation	(8)	(258)	(266)
Carrying amount at the end of the period	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 the end of the period	39	2 573	2 612

Reconciliation 2020-2021

	Internally developed \$'000	Externally developed \$'000	Total \$'000
Carrying amount at 1 July 2020	55	1 778	1 833
Transfers from capital works in progress	-	880	880
Amortisation	(8)	(337)	(345)
Carrying amount at 30 June 2021	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 30 June 2020	47	2 321	2 368

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

6. Financial assets

6.1. Cash and cash equivalents

	2022	2021
	\$'000	\$'000
<u>Deposits with the Treasurer (Special deposit accounts)</u>		
Environment Protection Authority Operating Account	36 608	38 154
Environment Protection Fund Deposit Account	14 657	11 788
Imprest account/cash on hand	4	4
Total cash and cash equivalents	<u>51 269</u>	<u>49 946</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.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

6.2. Receivables

	2022	2021
	\$'000	\$'000
Current		
Trade receivables		
Debtors	3 150	2 339
Less impairment loss on receivables	(908)	(731)
Total Trade receivables	2 242	1 608
Prepayments	226	155
Accrued revenues	7 207	8 006
Workers compensation recoveries	1	-
Total current receivables	9 676	9 769
Non-current		
Workers compensation recoveries	6	1
Total non-current receivables	6	1
Total receivables	9 682	9 770

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 10.2 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.

	2022	2021
	\$'000	\$'000
-		
Carrying amount at the beginning of the period	731	1 296
Amounts written off	(5)	(1 681)
Increase/(decrease) in allowance recognised in profit and loss	182	1 116
Carrying amount at the end of the period	908	731

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.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

7. Liabilities

Employee benefit liabilities are disclosed in note 3.4

7.1. Payables

	2022	2021
	\$'000	\$'000
<u>Current</u>		
Trade payables	778	733
Employment on-costs	573	584
Accrued expenses	151	159
Paid Parental Leave Scheme payable	-	2
Total current payables	1 502	1 478
<u>Non-current</u>		
Employment on-costs	408	474
Total non-current payables	408	474
Total payables	1 910	1 952

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 are 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 DTF, the proportion of long service leave taken as leave remained unchanged from the 2021 rate of 42%. The average factor for the calculation of employer superannuation cost on-costs increased from the 2021 rate (10.1%) to 2022 (10.6%). These rates are used in the employment on-cost calculation.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

7.2. Financial liabilities

All financial liabilities relate to lease liabilities.

	2022 \$'000	2021 \$'000
<u>Current</u>		
Lease liabilities	171	143
Total current financial liabilities	171	143
<u>Non-current</u>		
Lease liabilities	187	264
Total non-current financial liabilities	187	264
Total financial liabilities	358	407

The Authority measures financial liabilities at amortised cost. Lease liabilities have been measured via discounting lease payments using Treasury's incremental borrowing rate. Financing costs associated with leasing activities was \$5 000 (2021: \$7 000).

7.3. Provisions

	2022 \$'000	2021 \$'000
<u>Current</u>		
Provision for workers compensation	90	45
Total current provisions	90	45
<u>Non-current</u>		
Provision for workers compensation	297	112
Total non-current provisions	297	112
Total provisions	387	157
Reconciliation of workers compensation (statutory and non-statutory)		
Carrying amount at the beginning of the period	157	124
Reductions arising from payments	(562)	(183)
Increases/(decreases) resulting from re-measurement	792	216
Carrying amount at the end of the period	387	157

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 2022 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

7.3. Provisions (continued)

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.

7.4. Other liabilities

	2022	2021
	\$'000	\$'000
<u>Current</u>		
Accommodation incentive	45	39
Deposits held	125	-
Other	9	11
Total current other liabilities	179	50
<u>Non-current</u>		
Accommodation incentive	231	285
Deposits held	125	-
Total non-current other liabilities	356	285
Total other liabilities	535	335

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
Notes to and forming part of the financial statements
for the year ended 30 June 2022

8. Other disclosures

8.1. Cash flow

Reconciliation of net result to cash flows from operating activities

	2022	2021
	\$'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	(51 269)	(49 946)
Balance as per the Statement of Cash Flows	(51 269)	(49 946)
<u>Reconciliation of net cash provided by operating activities to net result</u>		
Net cash provided by/(used in) operating activities	2 754	17 904
<u>Add/less non-cash items</u>		
Depreciation and amortisation	(798)	(854)
Capital work-in-progress and asset write-offs	(28)	(11)
Gain on disposal of non-current assets	-	26
<u>Movement in assets and liabilities</u>		
Decrease/(Increase) in receivables	(88)	(1 408)
(Increase)/decrease in payables	42	(50)
(Increase)/decrease in employee benefits	1 293	266
(Increase)/decrease in other liabilities	(200)	28
(Increase)/decrease in provisions	(230)	(33)
Net result	2 745	15 868

Total cash outflows for leases is \$159 000 (2021: \$188 000).

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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 2022	2022 \$'000	2021 \$'000
Income		
Fees and Charges	6 111	5 768
Interest	-	3
Other Income	1	75
Total income	6 112	5 846
Expenses		
Employee benefits expenses	277	271
Supplies and services	3 005	2 908
Grants and subsidies	17	25
Total expenses	3 299	3 204
Net result	2 813	2 642
Statement of Financial Position as at 30 June 2022	2022 \$'000	2021 \$'000
Current assets		
Cash	14 657	11 788
Receivables	780	829
Total current assets	15 437	12 617
Total assets	15 437	12 617
Current liabilities		
Payables	214	198
Employee Benefits	-	9
Total current liabilities	214	207
Total liabilities	214	207
Net assets	15 223	12 410
Equity		
Retained earnings	15 223	12 410
Total equity	15 223	12 410

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

8.2. The Environment Protection Fund (continued)

Statement of Changes in Equity for the year ended 30 June 2022	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2020	9 768	9 768
Net result for 2020-21	2 642	2 642
Balance at 30 June 2021	12 410	12 410
Net result for 2021-22	2 813	2 813
Balance at 30 June 2022	15 223	15 223

Statement of Cash Flows for the year ended 30 June 2022	2022 \$'000	2021 \$'000
Cash flows from operating activities		
<i>Cash inflows</i>		
Fees and charges	6 160	5 737
Interest	-	3
Other Income	1	75
Cash generated from operations	6 161	5 815
<i>Cash outflows</i>		
Employee benefit payments	(286)	(268)
Payments for supplies and services	(2 989)	(3 091)
Grants and contribution payments	(17)	(25)
Cash used in operations	(3 292)	(3 384)
Net cash provided by / (used in) operating activities	2 869	2 431
Net increase / (decrease) in cash and cash equivalents	2 869	2 431
Cash and cash equivalents at the beginning of the reporting period	11 788	9 357
Cash and cash equivalents at the end of the reporting period	14 657	11 788

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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 2022	2022 \$'000	2021 \$'000
Income		
Radiation license fees	3 567	3 529
Sales	3	3
Grants and contributions	30	29
Other income	-	1
Total income	3 600	3 562
Expenses		
Employee benefits expenses	1 509	1 591
Supplies and services	40	51
Total expenses	1 549	1 642
Net result	2 051	1 920

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 2022	2022 \$'000	2021 \$'000
Income		
Solid waste levies	49 126	48 670
Expiation fees	-	2
Total income	49 126	48 672
Expenses		
Solid waste levies transferred to GISA	49 470	48 403
Expiation fees transferred to Consolidated Account	-	2
Total expenses	49 470	48 405
Net result	(344)	267

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
Notes to and forming part of the financial statements
for the year ended 30 June 2022

8.4. Administered Items (continued)

Statement of Financial Position as at 30 June 2022	2022 \$'000	2021 \$'000
Current assets		
Cash	(69)	59
Receivables	8 032	8 307
Total current assets	7 963	8 366
Total assets	7 963	8 366
Current liabilities		
Payables	-	59
Total current liabilities	-	59
Total liabilities	-	59
Net assets	7 963	8 307
Equity		
Retained earnings	7 963	8 307
Total equity	7 963	8 307
Statement of Cash Flows for the year ended 30 June 2022	2022 \$'000	2021 \$'000
Cash flows from operating activities		
<i>Cash inflows</i>		
Solid waste levies received	49 401	48 402
Expiation fees	-	3
Cash generated from operations	49 401	48 405
<i>Cash outflows</i>		
Solid waste levies transferred to GISA	(49 529)	(48 405)
Expiation fees returned to Consolidated Account)	-	-
Cash used in operations	(49 529)	(48 405)
Net cash (used in) / provided by operating activities	(128)	-
Net increase in cash and cash equivalents	(128)	-
Cash and cash equivalents at the beginning of the reporting period	59	59
Cash and cash equivalents at the end of the reporting period	(69)	59

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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 as follows:

	2022	2021
	\$'000	\$'000
Within one year	2 020	1 966
Later than one year but not longer than five years	8 136	8 035
Later than five years	2 524	4 598
Total expenditure commitments	12 680	14 599

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 liabilities as at 30 June 2022.

9.3. Impact of standards and statements not yet effective

The Authority continues to assess 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.

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. Events after the reporting period

There were no events that occurred after the reporting period for the year ended 30 June 2022.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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 2021 and 2022, the Authority had no valuations categorised into level 1 or 2.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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.

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

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 \$'000	Loss %	Lifetime expected losses \$'000
Current (not past due)	880	0.0	-
1 - 30 days past due	242	11.7	28
31 - 60 days past due	22	0.8	-
61 - 90 days past due	11	4.9	1
More than 90 days past due	368**	21.7*	80
Loss allowance			109

* 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 \$0.799 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.

Cash

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

Environment Protection Authority
Notes to and forming part of the financial statements
for the year ended 30 June 2022

Classification of Financial Instruments

The Authority measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2022 Carrying amount / fair value \$'000	2021 Carrying amount / fair value \$'000			
				Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents						
Cash and cash equivalents		51 269	49 946	-	-	-
Financial assets at amortised cost						
Receivables	(1), (2)	1 823	1 204	1 823	-	-
Total financial assets		53 092	51 150	1 823	-	-
Financial liabilities						
Financial liabilities at amortised cost						
Payables	(1)	814	782	814	-	-
Financial liabilities		358	407	171	187	-
Other liabilities		259	11	134	125	-
Total financial liabilities		1 431	1 200	1 119	312	-

(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 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.