

Stormwater Management Authority

Financial report
for the year ended
30 June 2019



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To the Presiding Member Stormwater Management Authority

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 23(2) of Schedule 1A of the *Local Government Act 1999*, I have audited the financial report of the Stormwater Management Authority for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Stormwater Management Authority as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member and the General Manager.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Stormwater Management Authority. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* have been met.

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

Responsibilities of the General Manager and the members of the Authority for the financial report

The General Manager is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The members of the Authority are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

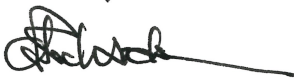
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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

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

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

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the General Manager and the members of the Authority about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'Andrew Richardson', with a long horizontal line extending to the right.

Andrew Richardson

Auditor-General

30 September 2019

Stormwater Management Authority

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify the attached general purpose financial statements for the Stormwater Management Authority:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian accounting standards;
- are in accordance with the accounts and records of the Stormwater Management Authority; and
- present a true and fair view of the financial position of the Stormwater Management Authority as at 30 June 2019 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Stormwater Management Authority for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Mr David Trebilcock
General Manager

27 September 2019



Mr Stephen Hains
Presiding Member

27 September 2019

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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
Expenses			
Supplies and services	4	305	403
Grants and subsidies	5	6 084	6 132
Total expenses		6 389	6 535
Income			
Interest revenues		359	362
Total income		359	362
Net cost of providing services		(6 030)	(6 173)
Revenues from SA Government			
Revenues from SA Government	6	5 379	5 248
Net result		(651)	(925)
Total comprehensive result		(651)	(925)

The net result and comprehensive result are attributable to the SA Government as owner.

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	7	12 462	13 232
Receivables	8	41	80
Total current assets		12 503	13 312
Total assets		12 503	13 312
Current liabilities			
Payables	9	148	306
Total current liabilities		148	306
Total liabilities		148	306
Net assets		12 355	13 006
Equity			
Retained earnings		12 355	13 006
Total equity		12 355	13 006

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

Unrecognised contractual commitments	10
Contingent assets and liabilities	11

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

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STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Note No.	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2017		13 922	13 922
Prior period adjustment		19	19
Restated balance at 1 July 2017		13 941	13 941
Net result for 2017-18		(925)	(925)
Total comprehensive result for 2017-18		(925)	(925)
Balance at 30 June 2018		13 016	13 016
Prior period adjustment	9	(10)	(10)
Restated balance at 30 June 2018		13 006	13 006
Net result for 2018-19		(651)	(651)
Total comprehensive result for 2018-19		(651)	(651)
Balance at 30 June 2019		12 355	12 355

All changes in equity are attributable to the SA Government as owner.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note No.	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Cash outflows			
Payments for supplies and services		(548)	(438)
Payments of grants and subsidies		(5 999)	(6 236)
Cash used in operations		(6 547)	(6 674)
Cash inflows			
Interest received		398	347
Cash generated from operations		398	347
Cash flows from SA Government			
Receipts from SA Government	6	5 379	5 248
Cash generated from SA Government		5 379	5 248
Net cash provided by/(used in) operating activities		(770)	(1 079)
Net increase/(decrease) in cash and cash equivalents		(770)	(1 079)
Cash and cash equivalents at the beginning of the period		13 232	14 311
Cash and cash equivalents at the end of the period	7	12 462	13 232

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

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Note 1 Basis of financial statements

1.1 Reporting Entity

The Stormwater Management Authority (the Authority) was established as a body corporate under the *Local Government Act 1999* on 1 July 2007.

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

The Authority does not control any other entity and has no interests in unconsolidated structured entities.

1.2 Statement of compliance

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 with reduced disclosure requirements.

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

For the 2018-19 financial statements the Authority adopted *AASB 9 – Financial Instruments* and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in note 14.

Australian Accounting Standards that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the period ending 30 June 2019.

1.3 Basis of preparation

The financial statements have been prepared based on a 12 month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out in the notes.

1.4 Taxation

The Authority is not subject to income tax. The Authority is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents. Grant payments are not subject to GST.

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Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Tax Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable;
- receivables and payables, which are stated with the amount of GST included.

The net GST receivable/ payable to the ATO is not recognised as a receivable/ payable in the Statement of Financial Position as the Authority is a member of an approved GST group of which the Department of Environment and Water (DEW) is responsible for the remittance and collection of GST. As such, there are no cash flows relating to GST transactions with the ATO in the Statement of Cash Flows.

Note 2 Objectives and activities

2.1 Objectives

The Stormwater Management Authority is responsible for the implementation of the Stormwater Management Agreement between the State of South Australia and the Local Government Association.

2.2 Activities

The Authority provides funding toward the preparation of stormwater management plans; carrying out of works or the acquisition of land in accordance with an approved stormwater management plan or otherwise for the purpose of stormwater management; community education and awareness programs; projects or measures relating to water quality or pollution abatement; investigation, research, pilot programs or other projects relating to stormwater management and payment of the operation costs of the Authority.

Note 3 Remuneration of board members

Members during the 2018-19 financial year were:

Mr Trevor Daniell (appointed to 30 June 2019)
Ms Fiona Gill* (appointed to 30 June 2019)
Mr Stephen Hains (appointed to 30 June 2019)
Mr Walter (Wally) Iasiello (appointed to 30 June 2019)
Dr Helen Macdonald* (appointed to 30 June 2019)
Mayor Lorraine Rosenberg (resigned 4 January 2019)
Ms Katharine Ward* (appointed to 30 June 2019)

The number of members whose remuneration received or receivable falls within the following bands:	2019	2018
\$0 – \$19 999	6	7
\$20 000 – \$39 999	1	–
Total number of members	7	7

Remuneration of members reflects all costs of performing board member duties including sitting fees, superannuation contributions and retention allowance. The total remuneration received or receivable by members was \$50 000 (\$39 000).

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* In accordance with Schedule 1A of the *Local Government Act 1999*, any employee of a public authority (meaning a Minister, an agency or instrumentality of the Crown or a council or council subsidiary) did not receive any remuneration for board/committee duties during the financial year.

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

Key management personnel

The Authority had nine key management personnel during 2018-19 including:

- the Minister for Environment and Water
- board members of the Stormwater Management Authority
- the General Manager of the Stormwater Management Authority.

These key management personnel have had responsibility for the strategic direction and management of the Authority during the year.

Total compensation for the Authority's key management personnel was \$170 000 in 2018-19 and \$148 000 in 2017-18.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Environment and Water receives. The Ministers' remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

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Note 4 Supplies and services

	2019 \$'000	2018 \$'000
Reimbursement of employee benefits to DEW ¹	140	125
Corporate overhead charges to DEW	31	31
Professional services—DEW ²	–	50
Professional services—DPTI ³	–	90
Other professional services	53	38
Other expenses ⁴	29	28
Board fees and associated costs ¹	52	41
Total supplies and services	305	403

1. DEW, through a service level agreement, provides agreed services to the Authority. The agreed services include:
 - Secondment of an employee of DEW to be the General Manager of the Authority who reports to the board of the Authority.
 - Payment of board fees and on-costs through the DEW payroll system.
 - Payments to non-local government payees through DEW's accounts system on receipt of vendor tax invoices approved by the Authority.
2. Under a previous service level agreement, DEW provided the Authority with professional services for policy support. DEW ceased to provide the Authority with professional services for policy support on 30 June 2018.
3. Under a previous service level agreement, the Department of Planning, Transport and Infrastructure (DPTI) provided the Authority with professional technical services. DPTI ceased to provide the Authority with professional technical services on 31 March 2018.
4. Includes audit fees paid/payable to the Auditor-General's Department of \$9 700 (\$9 500) relating to work performed under the *Local Government Act 1999*. No other services were provided by the Auditor-General's Department.

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Note 5 Grants and subsidies

	2019	2018
	\$'000	\$'000
City of Charles Sturt	3 770	3 945
City of Port Adelaide Enfield	677	489
District Council of Tumby Bay	488	–
City of Port Lincoln	441	–
District Council of Mount Barker	175	–
City of Salisbury	140	–
City of Playford	121	–
Bureau of Meteorology	85	85
City of Whyalla	57	–
City of Mitcham	50	–
Town of Gawler	50	–
The Barossa Council	30	131
City of Holdfast Bay	–	1 055
Adelaide and Mt Lofty Ranges NRM Board	–	110
District Council of the Copper Coast	–	96
Port Pirie Regional Council	–	64
Light Regional Council	–	60
University of South Australia	–	50
Gawler River Floodplain Management Authority	–	47
Total grants and subsidies	6 084	6 132

Grants provided by the Authority to other entities for a particular purpose are recognised as expenses in the period in which they are paid or when approved for payment.

Note 6 Revenues from SA Government

	2019	2018
	\$'000	\$'000
Revenues from SA Government	5 379	5 248
Total revenues from SA Government	5 379	5 248

Revenues from SA Government are recognised on receipt.

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

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Note 7 Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Deposits at call with the Local Government Finance Authority	12 462	13 232
Total cash and cash equivalents	12 462	13 232

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

Note 8 Receivables

	2019	2018
	\$'000	\$'000
Accrued interest	41	80
Total receivables	41	80

Note 9 Payables

	2019	2018
	\$'000	\$'000
Accrued expenses*	95	10
Administration costs payable to DEW	53	296
Total payables	148	306

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

* Includes a prior period adjustment of \$10 000.

Note 10 Unrecognised contractual commitments

Commitments include grant expenditure arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

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

Expenditure commitments	2019	2018
	\$'000	\$'000
Within one year	10 495	8 854
Later than one year but not longer than five years	2 449	1 015
Total other commitments	12 944	9 869

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The Authority's expenditure commitments comprise approved grants towards stormwater management projects based on the approval by the board of detailed plans and applications (which include costings) submitted by councils in accordance with the Stormwater Management Agreement.

Note 11 Contingent assets and liabilities

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

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

The Authority is not aware of any contingent assets or liabilities.

Note 12 Related party transactions

The Authority, a statutory authority, was established as a body corporate under the *Local Government Act 1999* on 1 July 2007. The Authority is governed by a 7 member board, including a Presiding Member, appointed by the Minister.

Related parties of the Authority include all key management personnel and their close family members; all public authorities that are controlled and consolidated into the whole of government financial statements; all Cabinet Ministers and their close family members, and the Local Government Association of South Australia.

Transactions with key management personnel and other related parties

The Authority had no material transactions or balances and/or transactions outside normal day-to-day operations to disclose.

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Note 13 Financial risk management / financial instruments

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

	Note	Carrying amount/fair value	
		2019 \$'000	2018 \$'000
Financial assets			
Cash and cash equivalents	7	12 462	13 232
Receivables¹			
Accrued interest	8	41	80
Total financial assets		12 503	13 312
Financial liabilities			
Financial liabilities at cost			
Payables ¹	9	138	296
Total financial liabilities		138	296

1. Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

Liquidity risk

The Authority is funded principally from revenues from SA Government. The board of the Authority determines cash outflows associated with its approved program of grants and subsidies to ensure funding is provided within the expected revenues received from SA Government.

Interest rate risk

Deposits at call with the Local Government Finance Authority earn a floating interest rate, based on daily bank deposit rates. The weighted average interest rate was 1.88% (1.85%). The carrying amount of cash and cash equivalents represents fair value.

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Note 14 Changes in accounting policy

The Authority did not voluntarily change any of its accounting policies in 2018-19.

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the Accounting Policy Frameworks.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

AASB 9 Financial instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, *AASB 9 Financial Instruments* was adopted without restating comparative information for classification and measurement requirements.

On 1 July 2018, the Authority has assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flow characteristics applying to the asset.

Trade and other receivables that were classified as loans and receivables under AASB 139 are now classified at amortised cost as they meet the appropriate criteria under AASB 9.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

Note 15 Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2019 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2019.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition where arose after 30 June 2019 and which may have a material impact on the results of subsequent years.

No events have occurred after balance date that would affect the financial statements of the Authority as at 30 June 2019.