

Stormwater Management Authority

Annual Report 2007 – 2008

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

The Authority is responsible for the proper operation of the Stormwater Management Agreement between the State of South Australia and the Local Government Association dated 14 March 2006.

This significant agreement sets out the roles and responsibilities of the State and Local Government and provides governance arrangements for stormwater management on a catchment basis throughout South Australia.

The agreement also incorporates an unprecedented commitment by the State to contribute \$4 million per annum indexed for a period of thirty years for stormwater management planning, infrastructure works and associated investment.

The agreement, enabling legislation and inherent administrative arrangements for management of the Authority are based on a spirit of cooperation between the State and Local Government to minimise administrative costs so that maximum available funding can be directed towards stormwater management initiatives.

The significant contribution of administrative support and the commitment to ongoing technical and stormwater engineering advice provided by Department for Transport, Energy and Infrastructure at no cost to the Authority is greatly appreciated.

The Board

The Board of the Authority consists of seven members appointed by the Governor.

- A presiding member appointed from a panel of three persons nominated by the Local Government Association.
- One representative of a northern metropolitan council, one representative of a southern metropolitan council and one representative of a non - metropolitan council appointed on the nomination of the Local Government Association.
- Three members appointed on the nomination of the Minister.

A quorum of the Board consists of 5 members and a decision of the Board must be carried by at least 4 members.

The Board meets bi-monthly (or as required) and met on five occasions during the year.

Members

Hon Nick Bolkus (until 20 February 2008)	Presiding Member
Mr Colin Pitman	City of Salisbury
Cr Grant Hudson	City of Mitcham
Mr David Altmann	Rural Council of Murray Bridge
Mr Kym Good	Adelaide and Mount Lofty Ranges NRM Board

Dr Bronwyn Halliday Planning SA
(until 18 April 2008)

Rod Hook Office of Major Projects and Infrastructure, DTEI

General Manager

Mr Terry Stewart Office of Major Projects and Infrastructure, DTEI

Observer

Mr Michael Barry Local Government Association

Members' Remuneration

A member of the Board (other than an officer or employee of a Minister, or an agency or instrumentality of the Crown, or a council or council subsidiary) is entitled to remuneration, allowances and expenses determined by the Minister.

Hon Nick Bolkus and Cr Grant Hudson were entitled to remuneration. Total remuneration received by these members was \$2,046 including superannuation contributions.

Board Members' Interests

An up to date register of Members' interests is maintained. In addition, Members declare any conflicts of interest that might arise on an ad hoc basis. In these circumstances members absent themselves from discussion of the relevant matter and their absence is recorded in the minutes of the meeting. For the financial year ending 30 June 2008, no Member had a direct or personal interest in any proposal or application for funding considered by the Authority other than in the ordinary course of the Authority's business and at arm's length.

Freedom of Information

The Authority is committed to openness and transparency. Minutes of meetings that record all decisions of the Board are published on the Authority's webpage hosted by the Local Government Association (www.lga.sa.gov.au/goto/sma).

There were no applications under the Freedom of Information Act 1991.

Stormwater Management Fund

The Authority is required to report on the operation and adequacy of the Fund under Schedule 1A of the *Local Government Act 1999* and the Stormwater Management Agreement.

The Fund has been adequate to meet claims and commitments to date.

The cash balance of \$5.495 million at 30 June 2008 together with the State Government contribution of \$4.203 million in 2008/09 is adequate to fund existing commitments.

The total value of existing commitments, being approved contributions toward stormwater management projects yet to be claimed by applicants, was \$9.2 million at 30 June 2008. It is anticipated this sum will be paid out over the next 2 years.

The Authority is concerned that a number of large projects planned by councils for implementation over the next five to ten years will involve significant demand for funding contributions beyond the capacity of the annual State Government funding commitment.

The Authority therefore expects that additional funding from the State Government, arrangements to bring forward future State Government contributions and / or utilisation of borrowings will become necessary.

Catchment Management Subsidy Scheme

Upon cessation of the former Catchment Management Subsidy Scheme on 30 June 2006, there was a remaining commitment of \$5.5 million payable in respect of approved project contributions. This remaining commitment has reduced to \$2.4 million and is included in the abovementioned total value of existing commitments at 30 June 2008.

Stormwater Management Committee

The Stormwater Management Agreement provided for establishment of a Stormwater Management Committee to operate administratively as the interim planning, funding and prioritising body prior to commencement of enabling legislation and establishment of the Stormwater Management Authority.

The Committee (comprising Hon Nick Bolkus, Dr Bronwyn Halliday, Messrs David Altmann, Kym Good, Rod Hook, Colin Pitman and Cr William Woods) met on three occasions between September and December 2006 to deal with applications for funding carried over from the former Catchment Management Subsidy Scheme.

Project Funding

A total of \$5.453 million has been approved towards 25 projects worth \$13.478 million since September 2006.

<u>Floodplain Mapping / Planning</u>	3	Metropolitan Projects	\$649,833
	2	Regional Projects	\$135,000
<u>Infrastructure Works</u>	13	Metropolitan Projects	\$3,823,668
	7	Regional Projects	\$844,052

- The Stormwater Management Committee approved \$2.803 million towards 12 projects worth \$6.329 million in 2006/07.
- The Authority approved \$2.650 million towards 13 projects worth \$7.149 million in 2007/08.

In addition, \$7.75 million was committed to the \$20 million Gawler River Flood Mitigation Scheme.

Significant Commonwealth Government funding has also been obtained for various projects including \$7.75 million for the Gawler River Flood Mitigation Scheme.

Stormwater Management Plans

The Authority approved two Stormwater Management Plans and published notice of the approvals in the South Australian Government Gazette.

- Port Road (Rejuvenation) Stormwater Management Plan
City of Charles Sturt and City of Port Adelaide Enfield
Notice published 24 January 2008
- Brown Hill and Keswick Creeks Stormwater Management Plan
City of Adelaide, City of Burnside, City of Mitcham, City of Unley and City of West Torrens
Notice published 6 March 2008



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To the Board Members Stormwater Management Authority

As required by section 31 of the *Public Finance and Audit Act 1987* and clause 19(2) of Schedule 1A to the *Local Government Act 1999*, I have audited the accompanying financial report of the Stormwater Management Authority for the financial year ended 30 June 2008. The financial report comprises:

- An Income Statement
- A Balance Sheet
- A Statement of Changes in Equity
- A Cash Flow Statement
- A summary of significant accounting policies and other explanatory notes and
- A Certificate from a Board Member and the General Manager.

The Responsibility of the Board Members for the Financial Report

The Board Members of the Stormwater Management Authority are responsible for the preparation and the fair presentation of the financial report in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and clause 19(1) of Schedule 1A to the *Local Government Act 1999* and Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The Auditing Standards require that the auditor complies with relevant ethical requirements relating to audit engagements and plans and performs the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as the overall presentation of the financial report.

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

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Stormwater Management Authority as at 30 June 2008, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and clause 19(1) of Schedule 1A to the *Local Government Act 1999* and Australian Accounting Standards (including the Australian Accounting Interpretations).



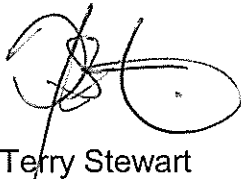
S O'Neill
AUDITOR-GENERAL
30 September 2008

Certification of the Financial Report

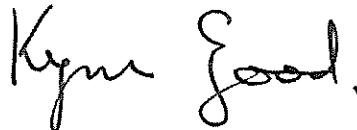
We certify that the attached general purpose financial report for the Stormwater Management Authority:

- complies 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 Authority; and
- presents a true and fair view of the financial position of the Stormwater Management Authority as at 30 June 2008 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 report have been effective throughout the reporting period.



Terry Stewart
General Manager
30 September 2008



Kym Good
Member
30 September 2008

INCOME STATEMENT

For the year ended 30 June 2008

	Note No.	2008 \$'000
Expenses		
Grants	5	10,579
Other expenses	6	7
Total expenses		10,586
Income		
Commonwealth Government grants	7	125
Interest revenue	8	575
Revenue transferred from the Stormwater Management Fund	9	11,388
Total income		12,088
Net cost of providing services		(1,502)
Revenues from SA Government		
Revenues from SA Government	10	4,100
Net result		5,602

Net result is attributable to the SA Government as owner

BALANCE SHEET

As at 30 June 2008

	Note No.	2008 \$'000
Current assets		
Cash and cash equivalents	11	5,495
Receivables	12	112
Total current assets		5,607
Current liabilities		
Creditors	13	5
Total current liabilities		5
Net assets		5,602
Equity		
Retained earnings	14	5,602
Total equity		5,602

Unrecognised contractual commitments 15

Contingent assets and liabilities 16

The above statement should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

	Note No.	Retained earnings \$'000	Total \$'000
Balance at 30 June 2007		-	-
Net result		5,602	5,602
Total recognised income and expense for 2007 -08		5,602	5,602
Balance at 30 June 2008		5,602	5,602

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

The above statement should be read in conjunction with the accompanying notes

CASH FLOW STATEMENT

For the year ended 30 June 2008

	Note No.	2008 \$'000
Cash flows from operating activities		
Cash outflows		
Payments of grants	5	10,579
Other payments		2
Cash used in operations		10,581
Cash inflows		
Commonwealth Government grants	7	125
Interest received		463
Cash transferred from the Stormwater Management Fund	9	11,388
Cash generated from operations		11,976
Net cash generated from operations		1,395
Cash inflows from SA Government		
Receipts from SA Government	10	4,100
Cash generated from SA Government		4,100
Net cash provided by operating activities		5,495
Net increase in cash and cash equivalents		5,495
Cash and cash equivalents at the beginning of the financial year		0
Cash and cash equivalents at the end of the financial year	11	5,495
Non-cash transactions	18	

The above statement should be read in conjunction with the accompanying notes

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Note 1 Objectives of the Stormwater Management Authority

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

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

The Authority provides funding towards the cost of floodplain mapping, preparation of stormwater management plans and priority infrastructure works.

Note 2 Organisation

The Authority is managed by a seven member board.

The position of General Manager that reports to the board of management was resourced and funded in 2007/08 by the Office for Major Projects and Infrastructure in Department for Transport, Energy and Infrastructure.

Note 3 Summary of significant accounting policies

a) Statement of compliance

The financial report is a general purpose financial report. The accounts have been prepared in accordance with relevant Australian accounting standards and Treasurer's Instructions and accounting policy statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

Australian accounting standards include Australian equivalents to International Financial Reporting Standards and AAS 29 *Financial Reporting by Government Departments*. Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Authority for the reporting period ending 30 June 2008.

b) Basis of preparation

The preparation of the financial report requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*.

In the interest of public accountability and transparency the following disclosures are included in the notes to the financial report:

- revenues and expenses where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature and;
- board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Authority's Income Statement, Balance Sheet and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention.

The Cash Flow Statement has been prepared on a cash basis.

The financial report has been prepared based on a twelve month operating cycle and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial report for the year ended 30 June 2008.

c) Reporting entity

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

d) Rounding

All amounts in the financial report have been rounded to the nearest thousand dollars (\$'000).

e) 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.

f) Events after balance date

Where an event occurs after 30 June but provides information about conditions that existed at 30 June, adjustments are made to amounts recognised in the financial statements.

g) Income and expenses

Income and expense are recognised to the extent that it is probable that the flow of economic benefits to or from the Authority will occur and can be reliably measured.



Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Grant revenue is recognised as income at the time the grant is received by the Authority.

Grants received by the Authority are generally monies given to fund capital or recurrent activities.

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

h) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet includes only cash at bank .

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

i) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include those operating commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Note 4 Changes in accounting policies

The Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the reporting period ending 30 June 2008. The Authority has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial report of the Authority.

Note 5 Grants

	2008
Grants paid	\$'000
Gawler River Flood Mitigation Scheme	7,530
Other projects	3,049
Total grants	10,579

Note 6 Other expenses

	2008
	\$'000
Other expenses	7
Total other expenses	7

The position of General Manager and administrative support was resourced by Department for Transport, Energy and Infrastructure in 2007/08.

Note 7 Commonwealth Government grants

	2008
	\$'000
Commonwealth Government Grants	125
Total Commonwealth Government grants	125

Note 8 Interest revenue

	2008
	\$'000
Interest	575
Total interest revenue	575

Note 9 Revenue transferred from Stormwater Management Fund

	2008
	\$'000
Revenue transferred from Stormwater Management Fund	11,388
Total revenue transferred from Stormwater Management Fund	11,388

Note 10 Revenues from SA Government

	2008
	\$'000
Revenues from SA Government	4,100
Total revenues from SA Government	4,100

Note 11 Cash and cash equivalents

	2008
	\$'000
Deposits at call - Local Government Finance Authority Deposit Account	5,495
Total cash and cash equivalents	5,495

The Authority's bank account is an interest bearing account held with the Local Government Finance Authority.

Note 12 Receivables

	2008
	\$'000
Accrued interest	112
Total Accrued interest	112

Note 13 Creditors

	2008
	\$'000
Auditors Remuneration	5
Total Auditors Remuneration	5

Audit fees paid / payable to the Auditor-General's Department.

No other services were provided to the Authority by the Auditor-General's Department.

Note 14 Equity

	2008
	\$'000
Retained earnings	5,602
Total equity	5,602

Note 15 Unrecognised contractual commitments

Other commitments	2008
	\$'000
Within one year	6,900
Later than one year but not longer than five years	2,300
Later than five years	0
Total other commitments	9,200

The Authority's other commitments comprise approved grants towards stormwater management projects in accordance with the Stormwater Management Agreement and include some projects approved under the former Catchment Management Subsidy Scheme.

Note 16 Contingent assets and liabilities

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

Note 17 Remuneration of board members

Members that were entitled to receive remuneration for membership were:

Mr Grant Hudson (appointed 1 July 2007)

Mr Nick Bolkus (14 September 2006 - 20 February 2008)

The number of members whose remuneration	2008
	\$'000
\$0 - \$9 999	2
Total number of members	2

Remuneration of members reflects costs of performing board member duties including sitting fees and superannuation contributions. The total remuneration received or receivable by members was \$1,898.

Amounts paid to a superannuation plan for board members was \$148.

*In accordance with Schedule 1A of the *Local Government Act 1999*, any officer or 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.

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.

Note 18 Cash flow reconciliation

2008

\$'000

Reconciliation of cash**Cash at 30 June per**

Cash flow statement

5,495

Balance sheet

5,495

Reconciliation of net cash provided by operating activities to the Net result:

Net cash provided by operations

1,395

Add: Revenues provided by SA Government

4,100

Changes in assets / liabilities:

Increase in receivables

112

(Increase) in liabilities

(5)

Net result

5,602

Note 19 Financial instruments/Financial risk management

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 Note 3 Summary of Significant Accounting Policies.

Category of financial asset and financial liability	Balance Sheet line item	Note	Carrying amount 2008 \$'000	Fair value 2008 \$'000
Financial assets				
Cash and cash equivalents	Cash and cash equivalents	11	5,495	5,495

Interest rate risk

Deposits at call with the Local Government Finance Authority earns a floating interest rate, based on daily bank deposit rates. The weighted average interest rate was 6.55% for 2007/08. The carrying amount of cash and cash equivalents represents fair value.

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Note 20 Events after balance date

The functions of the Minister for the purposes of each provision of Schedule 1A of the *Local Government Act 1999* in which there is a reference to the Minister will be reassigned to the Minister for Water Security as from 1 July 2008.