

# ANNUAL REPORT

2020-21

**ERA WATER**



# ERA WATER ANNUAL REPORT 2020-21

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## GENERAL MANAGER'S REPORT

It has been a year of challenges and some progress at Eastern Region Alliance Water (ERA Water). SA Water reduced its price of water by 18.7% from 1 July 2020 and this had a significant impact on the financial performance of ERA Water.

The performance of the project was again constrained by very low rainfall in the winter of 2020 particularly in July and August with totals of 21.4mm and 35.8mm against the averages of 76.6mm & 67.7 mm, it made for difficult injection conditions and the injection volume was less than 20219/20. 202.3 ML of water was injected and 186.3 ML of water was extracted and used for irrigation which means that 15 ML of water was banked.

Rainfall in the winter 2021 has commenced well with injection volumes exceeding expectations.

ERA Water drilled two additional injection/extraction bores which have been tested as successful and one is now connected to the system with the second additional bore to be connected in future years if a business case for doing so can be established.

All of the Constituent Council's used close to their predicted volumes of water. It is pleasing to note that the Constituent Councils are exploring new reserves for irrigation expansion to occur. The first third party sites were connected during the year with two sites connected.

Since its inception ERA Water has injected more water than it has extracted thus building up a bank of water that is available for meeting the Constituent Council's requirements particularly in a drought year when extraction volumes will exceed injection volumes as well as being available for sale to third parties.

ERA Water is committed to doing all that is possible to contain capital and operating costs, as well as seeking to increase revenue. As a result of an operations restructure \$200,000 per annum of ongoing costs has been removed from ERA Water.

ERA Water therefore faces a challenging environment with cost pressures extending the time period to the point where its finances are at breakeven.

**WALLY IASIELLO**

ERA WATER GENERAL MANAGER

## ABOUT ERA WATER

ERA Water Regional Subsidiary (ERA Water) is a regional subsidiary of the Constituent Councils established on 21 July 2015 under Section 43 of the *Local Government Act 1999*. Its Charter provides for the supply of recycled urban storm water on behalf of its Constituent Councils in the eastern suburbs of Adelaide, South Australia.

### THE CONSTITUENT COUNCILS

The Constituent Councils of ERA Water are:

- The Corporation of the Town of Walkerville
- The City of Norwood, Payneham & St Peters
- The City of Burnside.

### PURPOSE

ERA Water was established as a result of the Waterproofing Eastern Adelaide Project (Project) and funded by the Constituent Councils which were supported through funding from the Australian Government's National Urban Water and Desalination Plan, and the Adelaide and Mount Lofty Ranges Natural Resources Management Board (now Green Adelaide Landscape Board).

ERA Water's prime purpose, is to implement and manage a water recycling scheme which captures, treats and delivers stormwater for irrigation purposes to the Constituent Councils and other customers, which makes a significant contribution to the protection of Adelaide's environment and helping create greener and cooler urban centres with flow on amenity and health benefits, as well as potential reductions in electricity demands (e.g., reduced air conditioner use) and costs and also reduces the reliance of Adelaide upon water from the Murray River. The scheme included the establishment of wetlands and biofilters, aquifer recharge and recovery infrastructure, pipeline installations and water storage facilities and utilises a process known as Managed Aquifer Recharge and Recovery (MAR) - a system of harvesting, treating and injecting the cleaned water into aquifers for later use.

The scheme comprises two treatment sites (which are capable of harvesting 600 ML of stormwater per annum and yielding for use 458 ML of water per annum) as well as 46 km of distribution pipe network covering each of the three Constituent Council areas. The distribution network is designed to deliver water to Constituent Council reserves as well as to other potential customers in these areas and beyond (see page 11 showing a plan of the ERA Water network).

The ERA Water scheme was designed to ultimately sell 458 ML per annum of water of which 204.7 ML per annum is committed to the three Constituent Councils. Once the Scheme is at full production capacity an additional 253.3 ML per annum may be available to be sold to other customers.

## GOVERNANCE

### BOARD OF MANAGEMENT

ERA Water is governed by a Board of Management composed of an Independent Chairperson and a representative from each Constituent Council as shown in the Table below. The Board held nine formal meetings during the 2020-21 financial year. The table below details Board Member attendance for meetings.

	<b>Member</b>	
Independent Chairperson	Bryan Jenkins	1
City of Burnside	Cr Sarah Hughes	9
City of Norwood Payneham and St Peters	Cr John Minney	9
Corporation of the Town of Walkerville	Kiki Cristol	5
Corporation of the Town of Walkerville	Cr MaryLou Bishop	4

Bryan Jenkins completed his term as Independent Chairperson on 11 July 2020.

Cr John Minney was appointed Acting Chairperson on 25 September 2020

Kiki Cristol completed her term as a Board Member on 1 January 2021

Cr MaryLou Bishop was appointed as a Board Member on 2 January 2021

Kiki Cristol was appointed proxy for Cr MaryLou Bishop on 2 January 2021

Cr Sarah Hughes completed her term as a Board Member on 29 June 2021

Chris Cowley commenced his term as a Board Member On 29 June 2021

Meetings were held on the following dates:

8 July 2020

27 August 2020

25 September 2020

13 November 2020

14 December 2020

5 February 2021

29 March 2021

3 May 2021

21 May 2021

Robin English resigned as General Manager on 9 March 2021 and Wally Iasiello was appointed as General Manager from 27 April 2021.

## CONFIDENTIALITY

During the 2020-21 financial year, the Board considered reports of a confidential nature at nine meetings where it was necessary to exclude the public from discussion. The table below identifies the grounds on which the Board made this determination

<b>Local Government Act 1999</b> times used	<b>Description</b>	<b>Number</b>
90(3)(a)	Information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead);	2
90(3)(c) 90(3)(d)	Information the disclosure of which would reveal a trade secret Information relating to commercial information of a confidential nature (not being a trade secret)	1
90(3)(d) 90(3)(k)	Information relating to commercial information of a confidential nature (not being a trade secret)	9

## FREEDOM OF INFORMATION

No requests were received under the *Freedom of Information Act 1991* during the 2020-21 financial year

## STAFFING STRUCTURE

The Board employs a General Manager. No additional staff were employed during the year.

## SUPPORT FROM CONSTITUENT COUNCILS

The Town of Walkerville continued to provide ERA Water with Board secretarial support functions and services throughout the 2020-21 financial year and a location to hold a majority of Board meetings.

The City of Burnside contributed to accounting support during the year.

The City of Norwood Payneham & St Peters provided office accommodation and support for the General Manager.

## FINANCIAL MATTERS

### FY2021 BUDGET and LONG TERM FINANCIAL PLAN

The Budget FY2020-21 and Long Term Financial Plan (LTFP) for ERA Water were adopted by the Constituent Councils.

## CHARTER

The Charter for ERA Water was approved by the Minister for Local Government on 21 July 2015. The Charter sets out the responsibilities of ERA Water including its governance, financials and its responsibilities to the Constituent Councils.

## FINANCE AUDIT COMMITTEE

The ERA Water Audit Committee held five meetings in the 2020-21 financial year. The work of the Committee over the past financial year has included reviewing ERA Water's audited Financial Statements, reviewing the draft Budget and Long Term Financial Plan and the required budget reviews, providing recommendations on financial and accounting policy matters, and considering external audit matters.

The Audit Committee Members in 2019-20 were:	Meetings Attended
• Michael Parkinson (Chairperson)	5
• Brigid O'Neill	5
• Cr Grant Piggott	5

Meetings were held on the following dates:

2 September 2020

2 November 2020

28 January 2021

23 March 2021

20 May 2021

## FINANCIAL STATEMENTS

The Audited Financial Statements for the year ending the 30 June 2021 are provided in the annual report below and show an Operating Deficit of \$ 981,605 and Total Council Equity of \$ 5,552,379.

## PROJECT CONSTRUCTION

Construction and commissioning of a fifth bore was completed which will enable a larger amount of water to be injected.

Two connections to third parties have been made in 2020/21 one being a Port Adelaide Enfield Council reserve and the other a private school.

## OPERATIONS AND MAINTENANCE

Engineering management of the Project has been performed by Walbridge Gilbert Aztec (WGA), the Project's designers, for a number of years, including the majority of 2020/21. Responsibility for operations and maintenance transferred from Guidera O'Connor to Mark Millington in November 2020. The term contract of WGA was not renewed when it expired.

At the end of the financial year 255.4 ML of water had been harvested at the Project's two intakes, with 202.3 ML having been treated to the required standard and injected into the aquifer and 186.3 ML had been provided to the Constituent Councils and third parties for irrigation. As the amount of water injected into the aquifer has been greater than the amount extracted since the start of the scheme 250.1 ML of water has been banked and can be used in a drought year when extraction will exceed injection. This is the first year that water has been available for the full watering season.

The harvest for 2020-2021 was constrained was by a relatively dry July and August with only 57.2mm of rainfall compared to the mean of 114.7mm and the overall total yearly rainfall of 428.2mm compared 470.4mm for 2019/20 and 551.4mm for average year. The ideal conditions for harvesting is for the catchment to get saturated by mid-June followed by regular low intensity rainfall in winter and spring. This ensures a steady flow of relatively clean water which is suitable for harvesting and injecting into the aquifer.

## REGULATORY FRAMEWORK

ERA Water operates within a regulated framework that require licences from the Environment Protection Agency (EPA) and from the Essential Services Commission South Australia (ESCOSA), an Authorisation from the Department for Environment and Water (DEW) and Permits from the Green Adelaide Landscape Board.

The EPA Licence is to discharge stormwater to underground aquifers. There are a number of conditions attached to the licence including specifying criteria for water quality that have to be monitored on a continuous basis and have to be met to enable water to be injected into the aquifer. It also requires ERA Water to have a Managed Aquifer Recharge Risk Management Monitoring Plan (MARRMMP) which details amongst other things the sampling and testing regime for water quality monitoring as well as reporting requirements regarding injection and extraction data as well as annual reporting requirements.

The ESCOSA Licence is a Water Industry Licence and is issued subject to a number of conditions including compliance with laws and industry codes and reporting to ESCOSA on compliance.

The Authorisation from DEW is to be able to take water from the Central Adelaide Prescribed Wells Area. The amount of water able to be taken is dependent on volume of water recharged over the proceeding 5 years minus any volume that was extracted during those years or the annual volumetric limit.

The permits from the Green Adelaide Landscape Board are for Water Affecting Activity and enabled ERA Water to construct infrastructure on Third and Fourth Creeks to enable water to be harvested to inject into the aquifer. The permits were issued with a number of conditions primarily to ensure there are no adverse environmental impacts.

## FINANCIAL MANAGEMENT AND STRATEGIC SUPPORT

BRM Advisory continue to provide Financial and Business Management support to the Board and General Manager.

## RAINFALL DATA

In view of the dependence of the project upon rainfall, average monthly rainfall for Adelaide, and actual monthly rainfall since the commencement of ERA Water operations to 30th June 2021, has been provided below.

The following rainfall figures have been taken from the Bureau of Meteorology's weather station at Kent Town.

Rainfall Adelaide													
	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<a href="#">Mean rainfall (mm)</a>	20.1	15.5	26.4	38.2	61.5	78.1	76.6	68.1	58.7	41.4	29.9	28.9	<b>551.4</b>
Recorded Rainfall													
2018	7.2	5.8	5.8	22.2	67.8	54.8	67.8	82.6	23.2	21.8	48.6	19.8	<b>427.4</b>
2019	0.0	9.0	8.2	5.4	87.4	82.6	39.2	50.6	48.2	18.6	15.4	9.4	<b>374.0</b>
2020	22.2	44.4	4.6	94.2	52.6	71.0	21.4	35.8	57.6	50.0	13.8	18.8	<b>481.2</b>
2021	30.6	25.8	13.2	16.8	38.0	106.4							

## INJECTION AND EXTRACTION DATA

	Injection (ML)	Extraction (ML)	Cumulative Banked (ML)
2017/2018	5.5	3.9	1.6
2018/2019	97.3	19.0	79.9
2019/2020	237.9	83.7	234.1
2020/2021	202.3	186.3	250.1

# DISTRIBUTION NETWORK FOR ERA WATER SCHEME



**LEGEND**

- Pump Station
- ▲ Bore
- Treatment Site
- Existing NE Road Supply Main
- New Distribution Pipeline



# ERA Water Regional Subsidiary

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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*The Corporation of the Town of Walkerville  
The City of Norwood Payneham and St Peters  
The City of Burnside*

# ERA Water Regional Subsidiary

## General Purpose Financial Statements for the year ended 30 June 2021

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## ERA Water Regional Subsidiary

### General Purpose Financial Statements for the year ended 30 June 2021

#### Certification of Financial Statements

**We have been authorised by ERA Water Regional Subsidiary to certify the financial statements in their final form.**

**In our opinion:**

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of ERA Water Regional Subsidiary's financial position at 30 June 2021 and the results of its operations and cash flows for the financial year,
- internal controls implemented by ERA Water Regional Subsidiary provide a reasonable assurance that ERA Water Regional Subsidiary's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect ERA Water Regional Subsidiary's accounting and other records.



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Walter Iasiello  
**General Manager**

**Date:** 27th day of September 2021



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Jeff Tate  
**Chairperson**

**Date:** 27th day of September 2021

## ERA Water Regional Subsidiary

### Statement of Comprehensive Income for the year ended 30 June 2021

\$	Notes	2021	2020
<b>Income</b>			
User Charges	2a	613,297	281,391
Investment Income	2b	14,574	13,550
Reimbursements	2c	28,916	416,288
Other Income	2d	4	19,002
<b>Total Income</b>		<b>656,791</b>	<b>730,231</b>
<b>Expenses</b>			
Employee Costs	3a	103,381	104,661
Materials, Contracts & Other Expenses	3b	710,979	1,179,433
Depreciation, Amortisation & Impairment	3c	462,482	457,025
Finance Costs	3d	361,553	378,377
<b>Total Expenses</b>		<b>1,638,395</b>	<b>2,119,496</b>
<b>Operating Surplus / (Deficit)</b>		<b>(981,605)</b>	<b>(1,389,265)</b>
Amounts Received Specifically for New or Upgraded Assets		-	-
<b>Net Surplus / (Deficit)</b>		<b>(981,605)</b>	<b>(1,389,265)</b>
<b>Total Comprehensive Income</b>		<b>(981,605)</b>	<b>(1,389,265)</b>

## ERA Water Regional Subsidiary

### Statement of Financial Position

for the year ended 30 June 2021

\$	Notes	2021	2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4a	106,205	146,868
Trade & Other Receivables	4b	65,497	32,973
Prepayments	4b	7,874	14,328
<b>Subtotal</b>		<b>179,576</b>	<b>194,169</b>
<b>Total Current Assets</b>		<b>179,576</b>	<b>194,169</b>
<b>Non-Current Assets</b>			
Other Non-Current Assets	5	20,573,300	20,644,651
<b>Total Non-Current Assets</b>		<b>20,573,300</b>	<b>20,644,651</b>
<b>TOTAL ASSETS</b>		<b>20,752,876</b>	<b>20,838,820</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	6a	150,764	240,479
Provisions	6c	1,231	755
<b>Subtotal</b>		<b>151,995</b>	<b>14,304,837</b>
<b>Total Current Liabilities</b>		<b>151,995</b>	<b>14,304,837</b>
<b>Non-Current Liabilities</b>			
Borrowings	6b	15,048,502	14,063,603
<b>Total Non-Current Liabilities</b>		<b>15,048,502</b>	<b>14,063,603</b>
<b>TOTAL LIABILITIES</b>		<b>15,200,497</b>	<b>14,304,837</b>
<b>Net Assets</b>		<b>5,552,379</b>	<b>6,533,983</b>
<b>EQUITY</b>			
Accumulated Surplus		5,552,379	6,533,983
<b>Total Council Equity</b>		<b>5,552,379</b>	<b>6,533,983</b>

## ERA Water Regional Subsidiary

### Statement of Changes in Equity for the year ended 30 June 2021

\$	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
<b>Balance at the end of previous reporting period</b>		6,533,983	-	-	<b>6,533,983</b>
<b>Restated Opening Balance</b>		<b>6,533,983</b>	-	-	<b>6,533,983</b>
<b>a. Net Surplus / (Deficit) for Year</b>		(981,605)	-	-	<b>(981,605)</b>
<b>b. Other Comprehensive Income</b>		-	-	-	-
<b>Other Comprehensive Income</b>		-	-	-	-
<b>Total Comprehensive Income</b>		<b>(981,605)</b>	-	-	<b>(981,605)</b>
<b>c. Transfers between Reserves</b>		-	-	-	-
<b>Balance at the end of period</b>		<b>5,552,379</b>	-	-	<b>5,552,379</b>

## ERA Water Regional Subsidiary

### Statement of Changes in Equity for the year ended 30 June 2020

\$	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
<b>2020</b>					
<b>Balance at the end of previous reporting period</b>		7,923,248	-	-	<b>7,923,248</b>
<b>Restated Opening Balance</b>		<b>7,923,248</b>	-	-	<b>7,923,248</b>
<b>d. Net Surplus / (Deficit) for Year</b>		(1,389,265)	-	-	<b>(1,389,265)</b>
<b>e. Other Comprehensive Income</b>		-	-	-	-
<b>Other Comprehensive Income</b>		-	-	-	-
<b>Total Comprehensive Income</b>		<b>(1,389,265)</b>	-	-	<b>(1,389,265)</b>
<b>f. Transfers between Reserves</b>		-	-	-	-
<b>Balance at the end of period</b>		<b>6,533,983</b>	-	-	<b>6,533,983</b>

## ERA Water Regional Subsidiary

### Statement of Cash Flows

for the year ended 30 June 2021

\$	Notes	2021	2020
<b>Cash Flows from Operating Activities</b>			
<u>Receipts</u>			
User Charges		580,773	225,216
Investment Receipts		14,574	1,024
Reimbursements		28,916	656,500
Other Receipts		4	27,694
<u>Payments</u>			
Payments to Employees		(102,905)	(93,644)
Payments for Materials, Contracts & Other Expenses		(790,891)	(1,194,562)
Finance Payments		(364,902)	(473,465)
<b>Net Cash provided by (or used in) Operating Activities</b>		<b>(634,431)</b>	<b>(851,237)</b>
<b>Cash Flows from Investing Activities</b>			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets			
<u>Payments</u>			
Expenditure on New/Upgraded Assets		(391,131)	(182,511)
<b>Net Cash provided by (or used in) Investing Activities</b>	7	<b>(391,131)</b>	<b>(182,511)</b>
<b>Cash Flows from Financing Activities</b>			
<u>Receipts</u>			
Proceeds from Borrowings		984,899	1,150,000
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>984,899</b>	<b>1,150,000</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>(40,663)</b>	<b>116,253</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>	7	146,868	30,615
<b>Cash &amp; Cash Equivalents at end of period</b>	7	<b>106,205</b>	<b>146,868</b>
<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>106,205</b>	<b>146,868</b>

# ERA Water Regional Subsidiary

## Notes to and forming part of the Financial Statements for the year ended 30 June 2021

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# ERA Water Regional Subsidiary

## Notes to and forming part of the Financial Statements for the year ended 30 June 2021

### Note 1. Summary of Significant Accounting Policies

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ERA Water is a Local Government Authority Section 43 Regional Subsidiary under the control of the Corporation of the Town of Walkerville, the City of Norwood, Payneham & St Peters and the City of Burnside. The principal accounting policies adopted by ERA Water Regional Subsidiary (ERA Water) in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1 Basis of Preparation

##### 1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

##### 1.2 Going Concern Basis

The Authority has an operating loss for FY2021 and the 10-year Long Term Financial Plan indicates that its operations are financially unsustainable without the support of its Constituent Councils.

The board of management notes that the authority has borrowings that it will continue to manage. The authority has a statutory guarantee from its member councils to meet all of its financial obligations and accordingly has prepared their financials on a going concern basis.

##### 1.3 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

##### 1.4 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying ERA Water's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

##### 1.5 Economic Dependency

Per Section 5.2 of the Authority's Charter, there may be a requirement for additional financial contributions to be made by Constituent Councils if there is insufficient working capital available to meet ERA Water's financial obligations. The Authority may be reliant on this additional financial support being provided to enable it to continue to operate on a going concern basis.

#### 1.6 Rounding

All amounts in the financial statements have been rounded to the nearest Dollar.

#### 2 The Local Government Reporting Entity

ERA Water is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 175 The Parade, Norwood SA 5067. These financial statements include the ERA Water's direct operations.

#### 3 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when ERA Water obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes.

#### 4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at ERA Water's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 8.

#### 5 Infrastructure, Property, Plant & Equipment

##### 5.1 Initial Recognition

# ERA Water Regional Subsidiary

## Notes to and forming part of the Financial Statements for the year ended 30 June 2021

### Note 1. Summary of Significant Accounting Policies (continued)

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All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by ERA Water includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

#### 5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. No capitalisation threshold is applied to the acquisition of land or interests in land.

#### 5.3 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of ERA Water, best reflects the consumption of the service potential embodied in those assets.

#### 5.4 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

#### 5.5 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123. The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

#### 6 Payables

##### 6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

##### 6.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to ERA Water assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

#### 7 Borrowings

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates and is recorded as part of "Payables".

In line with AASB 101, the disclosure of all CAD facility loan balances in the current financial year and comparative figures were reclassified from current liabilities to non-current liabilities as there is no expectation these facilities will be repaid in the next 12 months.

#### 9 Employee Benefits

##### 9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

#### 10 Provisions for Reinstatement, Restoration and Rehabilitation

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. ERA Water's policy to

# ERA Water Regional Subsidiary

## Notes to and forming part of the Financial Statements for the year ended 30 June 2021

### Note 1. Summary of Significant Accounting Policies (continued)

maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

#### 11 Construction Contracts

Construction works undertaken by ERA Water for third parties are generally on an agency basis where the third party reimburses ERA Water for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

#### 13 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

#### 14 New accounting standards and UIG interpretations

In the current year, ERA Water adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to ERA Water's accounting policies.

ERA Water has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective with the exception of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Generally ERA Water applies standards and interpretations in accordance with their respective commencement dates. The retrospective application of AASB 2015-7 has exempted ERA Water from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* and AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related*

*Party Disclosures to Not-for-Profit Public Sector Entities* are the only new accounting standards with a future application date that are expected to have a material impact on ERA Water's financial statements.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to ERA Water, which means that ERA Water will disclose more information about related parties and transactions with those related parties.

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

ERA Water is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 Revenue from Contracts with Customers will have a material impact. To date no impact has been identified.

AASB 15 is effective from 1 January 2018 and will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

#### 16 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

#### 17 Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

## ERA Water Regional Subsidiary

### Notes to and forming part of the Financial Statements for the year ended 30 June 2021

#### Note 2. Income

\$	Notes	2021	2020
<b>(a). User Charges</b>			
Water Sales including annual supply charges		613,297	281,391
<b>Total User Charges</b>		<b>613,297</b>	<b>281,391</b>
<b>(b). Investment Income</b>			
Interest Income		5	-
LGFA distribution		14,569	13,485
LGAAMF distribution		-	64
<b>Total Investment Income</b>		<b>14,574</b>	<b>13,550</b>
<b>(c). Reimbursements</b>			
Reserve connection costs reimbursed		28,916	416,288
<b>Total Reimbursements</b>		<b>28,916</b>	<b>416,288</b>
<b>(d). Other Income</b>			
Insurance Claim		4	19,002
<b>Total Other Income</b>		<b>4</b>	<b>19,002</b>
<b>Note 3. Expenses</b>			
<b>(a). Employee Costs</b>			
Salaries and Wages		95,478	90,000
Movement in Leave Provision		476	7,495
Superannuation		7,427	7,166
<b>Total Operating Employee Costs</b>		<b>103,381</b>	<b>104,661</b>
<b>(b). Materials, Contracts and Other Expenses</b>			
Auditor's Remuneration			
- Auditing the Financial Reports		6,200	5,500
Electricity		90,789	101,118
Insurance		40,955	24,924
Maintenance		334,822	476,217
Professional Services		64,011	41,374
Connection Costs		54,171	433,255
Other		120,032	97,045
<b>Total Materials, Contracts and Other Expenses</b>		<b>710,979</b>	<b>1,179,433</b>
<b>(c). Depreciation, Amortisation and Impairment</b>			
Depreciation		462,482	457,025
<b>Total Depreciation, Amortisation and Impairment</b>		<b>462,482</b>	<b>457,025</b>
<b>(d). Finance Costs</b>			
Interest Expense		361,553	378,377
<b>Total Finance Costs</b>		<b>361,553</b>	<b>378,377</b>

## ERA Water Regional Subsidiary

### Notes to and forming part of the Financial Statements for the year ended 30 June 2021

\$	Notes	2021	2020
<b>Note 4. Current Assets</b>			
<b>(a). Cash &amp; Cash Equivalents</b>			
Cash at Bank		92,048	146,868
LGFA Council Deposits - 24HR Mthly		14,157	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>106,205</b>	<b>146,868</b>
<b>(b). Trade &amp; Other Receivables</b>			
Trade debtors		25,666	23,424
Prepayments		7,874	14,328
GST Receivable		39,831	9,549
<b>Subtotal</b>		<b>73,371</b>	<b>47,301</b>
<b>Total Trade &amp; Other Receivables</b>		<b>73,371</b>	<b>47,301</b>

## ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2021

### Note 5. Non-Current Assets

	Asset Movements during the Reporting Period							
	as at 30/6/2020			Asset Additions		as at 30/6/2021		
\$	Cost	Acc. Dep'n	Written Down Value	New / Upgrade	Depreciation	Cost	Acc. Dep'n	Written Down Value
Civil Assets	13,025,608	337,848	12,687,760	324,580	216,526	13,350,188	554,374	12,795,814
Electronic Assets	1,316,245	68,682	1,247,563	-	43,378	1,316,245	112,060	1,204,185
Instrumentation & Control Assets	218,166	23,043	195,123	54,873	17,166	273,039	40,209	232,830
Mechanical Assets	2,260,502	178,956	2,081,546	11,678	113,074	2,272,180	292,030	1,980,150
Sunk Construction Costs	4,346,233	98,308	4,247,925	-	62,089	4,346,233	160,397	4,185,836
Information Technology	1,454	121	1,332	-	291	1,454	414	1,040
Water Treatment Equipment	199,170	15,767	183,403	-	9,958	199,170	25,725	173,445
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>	<b>21,367,378</b>	<b>722,725</b>	<b>20,644,652</b>	<b>391,131</b>	<b>462,482</b>	<b>21,758,509</b>	<b>1,185,209</b>	<b>20,573,300</b>
<b>Comparatives</b>	<b>21,184,867</b>	<b>265,701</b>	<b>20,919,166</b>	<b>182,511</b>	<b>457,024</b>	<b>21,367,378</b>	<b>722,725</b>	<b>20,644,652</b>

## ERA Water Regional Subsidiary

### Notes to and forming part of the Financial Statements for the year ended 30 June 2021

#### Note 6. Liabilities

\$	2021 Current	2021 Non Current	2020 Current	2020 Non Current
<b>(a). Trade and Other Payables</b>				
Trade and Other Payables	39,463	-	122,892	-
Accrued Expenses - Finance Costs	89,086	-	92,435	-
Accrued Expenses - Other	18,377	-	19,076	-
Accrued Expenses - Employment liabilities	3,838	-	6,075	-
<b>Total Trade and Other Payables</b>	<b>150,764</b>	<b>-</b>	<b>240,479</b>	<b>-</b>

#### (b). Borrowings

Loans	-	15,048,502	-	14,063,603
<b>Total Borrowings</b>	<b>-</b>	<b>15,048,502</b>	<b>-</b>	<b>14,063,603</b>

#### Unrestricted access was available at balance date to the following lines of credit:

LGFA Cash Advance Debenture Facility		15,300,000	15,300,000
Undrawn balance		251,498	1,236,397
ERA's Maturity Date on current CAD facilities held is as follows:			
<b>Deal</b>	<b>Settlement</b>	<b>End Date</b>	
ERA Water CA 2 Cash Advance	1,000,000	15/03/2033	
ERA 3 CAD	2,300,000	17/06/2034	
ERA CAD	12,000,000	15/12/2031	

Note: ERA Water is currently in discussions with its Constituent Councils in relation to re-capitalising the subsidiary to ensure ongoing trading within ERA Water's existing line of credit.

#### (c). Provisions

Employee Entitlements	1,231	-	755	-
<b>Total Provisions</b>	<b>1,231</b>	<b>-</b>	<b>755</b>	<b>-</b>

## ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2021

### Note 7. Reconciliation to Statement of Cash Flows

\$	2021	2020
<b>(a). Reconciliation of Cash</b>		
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Total Cash & Equivalent Assets	106,205	146,868
<b>Balances per Statement of Cash Flows</b>	<b>106,205</b>	<b>146,868</b>
<b>(b). Reconciliation of Change in Net Assets to Cash from Investing Activities</b>		
<b>Net Surplus/(Deficit)</b>	<b>(981,604)</b>	<b>(1,389,265)</b>
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	462,482	457,025
Net increase (decrease) in unpaid employee benefits	476	4,857
	<b>(518,646)</b>	<b>(927,383)</b>
<b>Add (Less): Changes in Net Current Assets</b>		
Net (Increase)/Decrease in Receivables	(32,524)	173,549
Net Increase/(Decrease) in Trade & Other Payables	(89,715)	3,322
<b>Net Cash provided by (or used in) operations</b>	<b>(640,885)</b>	<b>(750,512)</b>

## ERA Water

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 8. Financial Instruments

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##### Recognised Financial Instruments

###### Bank, Deposits at Call, Short Term Deposits

**Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

**Terms & Conditions:**

As at 30 June 2021, deposits are returning fixed interest rate of 0.3%.

**Carrying Amount:**

Approximates fair value due to the short term to maturity.

###### Receivables - Fees & Other Charges

**Accounting Policy:**

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

**Terms & Conditions:**

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Authority's boundaries.

**Carrying Amount:**

Approximates fair value (after deduction of any allowance).

###### Liabilities - Creditors and Accruals

**Accounting Policy:**

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.

**Terms & Conditions:**

Liabilities are normally settled on 30 day terms.

**Carrying Amount:**

Approximates fair value.

###### Liabilities - Interest Bearing Borrowings

**Accounting Policy:**

Initially recognised at fair value and subsequently at amortised cost using the effective interest rate.

**Terms & Conditions:**

Secured over future revenues, borrowings are carried at their principal amounts; interest is charged at both fixed and variable rates between 1.4% and 2.9% (2020: 2.2% and 2.9%).

**Carrying Amount:**

Approximates fair value.

## ERA Water Regional Subsidiary

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

#### Note 8. Financial Instruments

\$	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2021</b>					
<b><u>Financial Assets</u></b>					
Cash & Equivalents	106,205	-	-	106,205	106,205
Receivables	65,497	-	-	65,497	65,497
<b>Total Financial Assets</b>	<b>171,702</b>	<b>-</b>	<b>-</b>	<b>171,702</b>	<b>171,702</b>
<b><u>Financial Liabilities</u></b>					
Payables	144,261	-	-	144,261	144,261
Non-Current Borrowings	-	-	15,048,502	15,048,502	15,048,502
<b>Total Financial Liabilities</b>	<b>144,261</b>	<b>-</b>	<b>15,048,502</b>	<b>15,192,763</b>	<b>15,192,763</b>
<b>2020</b>					
<b><u>Financial Assets</u></b>					
Cash & Equivalents	146,868	-	-	146,868	146,868
Receivables	32,973	-	-	32,973	32,973
<b>Total Financial Assets</b>	<b>179,841</b>	<b>-</b>	<b>-</b>	<b>179,841</b>	<b>179,841</b>
<b><u>Financial Liabilities</u></b>					
Payables	239,045	-	-	239,045	239,045
Non-Current Borrowings	-	-	14,063,603	14,063,603	14,063,603
<b>Total Financial Liabilities</b>	<b>239,045</b>	<b>-</b>	<b>14,063,603</b>	<b>14,302,648</b>	<b>14,302,648</b>

2020

#### Financial Assets

Cash & Equivalents	146,868	-	-	146,868	146,868
Receivables	32,973	-	-	32,973	32,973
<b>Total Financial Assets</b>	<b>179,841</b>	<b>-</b>	<b>-</b>	<b>179,841</b>	<b>179,841</b>

#### Financial Liabilities

Payables	239,045	-	-	239,045	239,045
Non-Current Borrowings	-	-	14,063,603	14,063,603	14,063,603
<b>Total Financial Liabilities</b>	<b>239,045</b>	<b>-</b>	<b>14,063,603</b>	<b>14,302,648</b>	<b>14,302,648</b>

The following interest rates were applicable to Council's Borrowings at balance date:

	30 June 2021		30 June 2020	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	2.42%	15,048,502	2.63%	14,063,603
		<b>15,048,502</b>		<b>14,063,603</b>

#### Financial Liabilities

Financial liabilities do not include employee benefits such as wages payable, superannuation payable, or income tax withheld.

#### Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the ERA Water.

#### Risk Exposures

**Credit Risk** represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of ERA Water is the carrying amount, net of any allowance for doubtful debts. All ERA Water investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government.

**Market Risk** is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of ERA Water's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

**Liquidity Risk** is the risk that ERA Water will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. ERA Water also has available a borrowing facility that it can access.

**Interest Rate Risk** is the risk that future cash flows will fluctuate because of changes in market interest rates. At the balance date, ERA Water has a combination of variable and fixed rate facilities of varying maturities.

## ERA Water Regional Subsidiary

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

#### Note 9. Uniform Presentation of Finances

\$	2021	2020
<p>The following is a high level summary of both operating and capital investment activities of ERA Water prepared on a simplified Uniform Presentation Framework basis. All Councils and Subsidiaries in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p>		
Income	656,791	730,231
less Expenses	<u>(1,638,395)</u>	<u>(2,119,496)</u>
<b>Operating Surplus / (Deficit)</b>	<b>(981,605)</b>	<b>(1,389,265)</b>
<b>less Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	-	-
Add back Depreciation, Amortisation and Impairment	462,482	457,025
Proceeds from Sale of Replaced Assets	<u>-</u>	<u>-</u>
<b>Subtotal</b>	<b>462,482</b>	<b>457,025</b>
<b>less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(391,131)	(182,511)
Amounts Received Specifically for New and Upgraded Assets	-	-
Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	<u>-</u>	<u>-</u>
<b>Subtotal</b>	<b>(391,131)</b>	<b>(182,511)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(910,254)</b>	<b>(1,114,751)</b>

#### Note 10. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

##### POTENTIAL INSURANCE LOSSES

ERA Water insures against known insurable risks using a range of insurance policies, each of which is subject to deductible "insurance excesses", the amount of which varies according to the class of insurance. ERA Water is not aware of any such insurance claims at the reporting date. Other potential claims not reported to ERA Water may have existed at reporting date.

##### PIPE REMEDIATION OR DAMAGE

ERA Water owns a network of pressurised underground pipes which could result in damage to public or private infrastructure in the event of failure. Further more, there may be long term remediation liabilities attached to some of ERA Water's pipeline assets. The cost of these potential liabilities cannot be reliably estimated and have not been included in these financial statements.

#### Note 11. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2021, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

ERA Water has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the authorised for issue date is 23 September 2021.

ERA Water is unaware of any material or significant "non adjusting events" that should be disclosed.

## ERA Water Regional Subsidiary

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

#### Note 12. Expenditure Commitments

##### Capital Commitments

No known capital commitments exist at the balance date.

##### Other Expenditure Commitments

ERA Water has contracts in place with external providers for operations and maintenance services.

#### Note 13. Related Party Transactions

##### Key Management Personnel

##### Transactions with Key Management Personnel

At the Balance Date, the Key Management Personnel of the Authority include Wally Iasiello (General Manager) and the members of the ERA Water Board including:

- John Minney (Councillor - City of Norwood, Payneham and St Peters) (Acting Chairperson)
- MaryLou Bishop (Councillor - Corporation of the Town of Walkerville)
- Sarah Hughes (Councillor - City of Burnside)

##### Compensation paid to Key Management Personnel during the financial year:

MaryLou Bishop, Sarah Hughes and John Minney received \$nil compensation from ERA Water.

During FY2021, remuneration paid to the General Manager totalled \$102,904.85 (inclusive of superannuation). The position of General Manager was held by Robin English between 1 July 2020 and 9 March 2021, and Wally Iasiello between 26 April 2021 and 30 June 2021.

##### Transactions with related parties:

The related parties disclosed below are equity owners of the Authority and are referred to as Constituent Councils. Constituent Councils have representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No one Constituent Council individually has control of ERA Water.

##### Amounts received from related parties:

Town of Walkerville provided ERA Water with Board and Audit Committee secretarial support and Bookkeeping / Accounting services for part of the financial year.

City of Norwood Payneham & St Peters provided furnished office accommodation for ERA Water General Manager for the whole of the financial year.

City of Burnside funded part of the cost of bookkeeping and financial management support provided to ERA Water by a third party.

There were no amounts outstanding from constituent councils relating to unpaid water charges at the end of the financial year.

\$	Sale of Goods and Services	Amounts Outstanding from Related Parties	Description of Services Provided
	77,700	-	Provision of Water Sales and Connection Services
	212,843	-	Provision of Water Sales and Connection Services
	283,220	-	Provision of Water Sales and Connection Services
<b>Total</b>	<b>573,763</b>	<b>-</b>	

**HEAD OFFICE**

214 Melbourne Street  
North Adelaide SA 5006

PO Box 755  
North Adelaide SA 5006

T: (08) 8267 4777  
www.deannewbery.com.au

Dean Newbery  
ABN: 30 164 612 890

## **Auditor's Independence Declaration under Section 22 of the Local Government (Financial Management) Regulations 2011 to the Eastern Region Alliance Water Regional Subsidiary**

I confirm that, for the audit of the financial statements of the Eastern Region Alliance Water Regional Subsidiary for the year ended 30 June 2021, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



**JIM KEOGH**  
**PARTNER**

Signed on the 23<sup>rd</sup> day of August 2021,  
at 214 Melbourne Street, North Adelaide, South Australia 5006

## ERA Water Regional Subsidiary

### General Purpose Financial Statements

for the year ended 30 June 2021

### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of ERA Water Regional Subsidiary for the year ended 30 June 2021, the Council's Auditor, Dean Newbery and Partners has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



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Walter Iasiello  
**General Manager**



---

Michael Parkinson  
**Presiding Member, Audit Committee**

**Date:** 27th day of September 2021

**Date:** 27th day of September 2021

**HEAD OFFICE**

214 Melbourne Street  
North Adelaide SA 5006

PO Box 755  
North Adelaide SA 5006

T: (08) 8267 4777  
[www.deannewbery.com.au](http://www.deannewbery.com.au)

Dean Newbery  
ABN: 30 164 612 890

**INDEPENDENT AUDITOR'S REPORT**

**To the members of the Eastern Region Alliance Water Regional Subsidiary**

**Opinion**

We have audited the accompanying financial report of the Eastern Region Alliance Water Regional Subsidiary (the Entity), which comprises the Statement of Financial Position as at 30 June 2021, the Statement of Comprehensive Income, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information and the Certification of the Financial Statements.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Entity as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and the Australian Accounting Standards.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibility of the Board and Those Charged with Governance for the Financial Report**

The Board is responsible for the preparation of the Entity's financial report in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and for such controls as the Board determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with the 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 financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management'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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**DEAN NEWBERY**



**JIM KEOGH**

**Partner**

Signed on the 28<sup>th</sup> day of September 2021,  
at 214 Melbourne Street, North Adelaide, South Australia 5006