

ANNUAL REPORT

2021-22



ERA WATER ANNUAL REPORT 2021-22

ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

We acknowledge that the land upon which ERA Water conducts its operations and meets is the traditional land of the Kurna People and that we respect their spiritual relationship with their country. We also acknowledge the Kurna people as the custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the Kurna people today. We pay respect to the cultural authority of Aboriginal people visiting or attending from other areas of South Australia and Australia.

CONTENTS

PRESIDING MEMBER'S REPORT	3
GENERAL MANAGER'S REPORT	3
ABOUT ERA WATER	5
THE CONSTITUENT COUNCILS	5
PURPOSE	5
CHARTER.....	6
GOVERNANCE.....	7
BOARD OF MANAGEMENT	7
CONFIDENTIALITY	8
FREEDOM OF INFORMATION	8
STAFFING STRUCTURE.....	8
SUPPORT FROM CONSTITUENT COUNCILS.....	8
FINANCIAL MATTERS	9
FY2022 BUDGET and LONG TERM FINANCIAL PLAN	9
FINANCE AUDIT COMMITTEE	9
FINANCIAL STATEMENTS.....	9
OPERATIONS AND MAINTENANCE	10
INJECTION AND EXTRACTION DATA	11
REGULATORY FRAMEWORK	11
DISTRIBUTION NETWORK FOR ERA WATER SCHEME.....	12
SUMMARY OF FINANCIAL MATTERS.....	13
ATTACHMENT - GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 ...	13

PRESIDING MEMBER'S REPORT

I was pleased to be appointed by the three Constituent Councils to chair the Board of ERA Water from mid July 2021 and thank them for showing confidence in me for this important role.

The concept of a scheme to harvest stormwater for irrigation purposes comes from the period of the millennium drought in the early 2000's when severe water restrictions were in place for several years. The period and intensity of that drought impacted heavily on public open spaces such as parks, gardens, and sportsgrounds in the three Council areas. Capturing, cleaning, and storing stormwater in above ground tanks and the aquifer was pursued as a form of insurance against similar impacts with future droughts. Other Councils in Adelaide have implemented similar schemes, some at the time of the millennium drought and some before that time.

Any entity involved in stormwater harvesting will have its challenges and that has been the case with ERA Water. It has taken a lot of work by the three Councils and previous Boards and their staff to design, construct, and implement the scheme. We are in the early years of operating the scheme which has effectively been operational for two full financial years. Experience with similar schemes indicates that they take 5-10 years to reach 'maturity' in their operations, as both customer demand and network capacity grows (source: [Managed aquifer recharge schemes in the Adelaide Metropolitan Area](#), DEWNR SA 2017).

It is easy to lose sight of why the scheme was put in place with the drought now just a memory. The Board's Charter makes it clear that the scheme is intended to "maximise economic, environmental and social benefits to the community by developing and implementing innovative water management principles and techniques". While those benefits are discussed in general terms, the Board's new strategic plan calls for them to be identified and quantified where possible. In any event, we know that there will be more droughts in the future with predictions of climate change leading to drier conditions overall for Adelaide. I and the other Board members see the ERA Water scheme as an important part of responding to those conditions with the benefit of a distribution system of irrigation pipes across the three Council areas to take water to public open spaces, as well as the harvesting, cleaning, and storage facilities.

I thank the other Board members, our previous General Manager Wally Iasiello, current Acting General Manager Terry Sutcliffe, and business services advisor Michael Richardson of BRM Advisory for their enthusiastic dedication to getting the best outcomes from ERA Water for the Constituent Councils and their communities.

JEFF TATE
ERA WATER PRESIDING MEMBER

GENERAL MANAGER'S REPORT

The 2021-2022 Financial Year has been focused on reviewing and re-building with an objective of ensuring that ERA Water is on an improved, sustainable, footing for the years ahead.

Mr Jeff Tate was appointed as Independent Chairperson of the ERA Water Board in July 2021. Mr Wally Iasiello was appointed as interim General Manager in April 2021 pending appointment of a General Manager. Mr Terry Sutcliffe was subsequently appointed as Acting General Manager commencing in January 2022.

To provide a foundation for the direction of ERA Water and future decision making, a revised Strategic Plan 2022-2025 was adopted by the Board and approved by the Constituent Councils.

Consistent with the Strategic Plan, during the year a review of the financial sustainability of ERA Water was undertaken by the Board and Management, in recognition that the operations of ERA Water are not yet at a point of long term financial sustainability without the continuing support of Constituent Councils.

In order to improve financial sustainability, during the course of the year the ERA Water Board proposed and the Constituent Councils approved an initial capital injection for the 2022-2023 financial year to enable identification of options to enhance the operations of the scheme and to identify options for water supply, and the development of business cases for the options. The business cases will then be used as a basis for decision making for project prioritisation and funding for subsequent budgets.

Whilst the financial stability of the operations of ERA Water is critical, it is also important to recognise the environmental and social dividends that the ERA Water scheme brings. The ERA Water MAR scheme provides a sustainable source of irrigation water reducing demand on potable water supplies, including the River Murray, and for use during drought conditions to ensure that public spaces remain green, usable and of high amenity. This in turn has benefits in reducing heat island effects in comparison to dry reserve areas in times of drought. There is also significant community benefit in having access to high quality and fit-for-purpose open spaces, including reserves and sports grounds.

The capacity of the MAR scheme continued to grow, along with growth in customer demand primarily driven by Constituent Councils. The volume of water harvested, injected into the aquifer, and extracted increased relative to 2020-21. The volume of water injected to the aquifer increased by 35% (from 203ML to 274.5ML) and water extracted from the aquifer increased by 17% (from 186.3ML to 218.1ML). There has also been a significant increase in the water balance – the accumulated reserve of water held in the aquifer - from 250.8ML to 525.3ML, a large part of which is as a result of a one-off licence allowance by the Department of Environment and Water to not account for extraction during the 2021-22 year whilst the new Adelaide Plains Water Allocation Plan was being introduced. This significant water balance provides a buffer for times of drought where seasonal capacity to harvest stormwater for injection is exceeded by water demand for irrigation.

The volume of water harvested and injected for later extraction is below the ERA Water target of 370ML of consumption per annum. This target has been set by the Board as a cash break-even point on the basis of current costs and pricing, and is also reflective of the ERA Water scheme not yet being at 'maturity'.

The continued focus for ERA Water in future years will be the identification of opportunities for growth in water demand and thereby sales, and growth in supply to meet demand, underpinned by robust business cases. The regulatory environment is also changing with the introduction of the Adelaide Plains Water Allocation Plan on 1 July 2022, which presents both risks and opportunities for ERA Water. ERA Water's business environment continues to be challenging, and there is a strong focus on delivering the outcomes in the Strategic Plan 2022-2025.

TERRY SUTCLIFFE

ERA WATER ACTING 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 an outcome of the Waterproofing Eastern Adelaide Project (Project), 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 current prime function is to 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 which 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 extraction and use for irrigation.

The scheme comprises two treatment sites (which were modelled to be capable of harvesting 600 ML of stormwater per annum and yielding for use 458 ML of water per annum) as well as 46km of distribution pipe network covering each of the three Constituent Council areas, plus a site in each of the City of Port Adelaide Enfield and the City of Campbelltown 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 12 showing a plan of the ERA Water network).

The ERA Water scheme was designed to ultimately produce 458 ML per annum of water for sale to customers of which a minimum of 204.7 ML per annum is committed to the three Constituent Councils. An additional 253.3 ML per annum is forecast to be sold to other customers when identified and to Constituent Councils as growth in their water demand occurs.

Noting the original ERA Water scheme modelled design objectives, operational experience indicates that the current scheme extent and capacity will not be able to achieve modelled outcomes. This is not unusual with MAR schemes, and is compounded in ERA Water's case by previous decisions to not proceed with some elements of the original scheme in the pursuit of cost savings (such as a second UV injection filter, balancing storage, and injection/extraction wells) limiting the capacity of the scheme.

Notwithstanding the scheme's current limitations, it has delivered significant community benefit through the capacity for it to provide a cost-effective water supply to maintain the high standard of public open space and playing fields. This has both on-going social and environmental benefits, which will be heightened during times of drought and constrained water supply from other sources by enabling these green spaces to be maintained to a consistently high standard.

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. The Charter is due for review in 2023-24, but it has also been recommended to the Board by the Audit Committee that the Charter be reviewed earlier, in 2022-23.

The Charter sets the Objects and Purposes of ERA Water as:

- to implement, oversee and manage the Project;
- to develop, implement, oversee and manage practical solutions to provide water supply diversity within and outside the Region;
- to supply water to the Constituent Councils and other persons for irrigation purposes within and outside the Region except that priority shall be given to the supply of water for irrigation within the Region;
- to manage and oversee the distribution of water captured as part of the Project;
- to provide strategic direction for the Project;
- to fund, lease or own physical infrastructure required to undertake the Project;
- to meet all legislative requirements for the Subsidiary;
- to be responsible for the ongoing maintenance, replacement and other capital requirements of all physical infrastructure owned by the Subsidiary;
- to utilise proven water management planning principles and technologies;
- to manage, operate and control the necessary infrastructure for the Project;
- to maximise economic, environmental and social benefits to the community by developing and implementing innovative water management principles and techniques;
- to identify, develop and implement water recycling and supply opportunities for the Constituent Councils;
- to provide technical and other expert services and advice to the Constituent Councils in the area of water management and recycling including identifying emerging issues and opportunities;
- to represent the Constituent Councils and liaise with State government regarding the implementation or alteration of legislation in relation to water and licensing;
- to be financially self-sufficient as far as possible.

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 seven regular meetings and four special meetings during the 2021-22 financial year. The table below details Board Member attendance for all meetings.

	Member	
Independent Chairperson	Jeff Tate	10
<i>(Noting that the first meeting of the financial year was held prior to Mr. Tate's commencement)</i>		
City of Burnside	Chris Cowley, CEO	11
City of Norwood Payneham and St Peters	Cr John Minney	10
Corporation of the Town of Walkerville	Cr MaryLou Bishop	11

Regular Meetings of the Board were held on the following dates:

- 1 July 2021
- 23 September 2021
- 4 November 2021
- 16 December 2021
- 20 January 2022
- 17 March 2022
- 19 May 2022

Special Meetings of the Board were held on the following dates:

- 20 August 2021
- 5 January 2022
- 10 May 2022
- 23 June 2022

CONFIDENTIALITY

During the 2021-22 financial year, the Board considered reports of a confidential nature at two meetings where it was necessary to exclude the public from discussion. The table below identifies the grounds on which the Board made this determination.

Local Government Act 1999

Description	Number times used
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);	1
90(3)(d) Information relating to commercial information of a confidential nature (not being a trade secret); 90(3)(k) Tenders for the supply of goods, the provision of services or the carrying out of works;	1

FREEDOM OF INFORMATION

No requests were received under the *Freedom of Information Act 1991* during the 2021-22 financial year.

STAFFING STRUCTURE

The Board employs an Acting General Manager. Wally Iasiello was appointed as General Manager from 27 April 2021, and upon his resignation Terry Sutcliffe was appointed as Acting General Manager on 31 January 2021.

No additional staff were employed during the year.

SUPPORT FROM CONSTITUENT COUNCILS

The Town of Walkerville continued to provide ERA Water with Board secretarial and executive support functions and services throughout the 2021-22 financial year.

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

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

FINANCIAL MATTERS

FY2022 BUDGET and LONG TERM FINANCIAL PLAN

The FY2021-22 Budget and Long Term Financial Plan (LTFP) for ERA Water were adopted by the Constituent Councils, and subsequently approved by the Board, in accordance with the procedures and requirements under the ERA Water Charter.

The audited General Purpose Financial Statements form an attachment to the Annual Report.

AUDIT COMMITTEE

The ERA Water Audit Committee held four meetings in the 2021-22 financial year. The work of the Committee over the past financial year has included:

- reviewing ERA Water's audited Financial Statements and considering external audit matters
- reviewing 2021-22 quarterly budget reviews
- reviewing the draft 2022-23 Budget
- reviewing a recapitalisation proposal from the Board
- review of the draft Strategic Plan 2022-2025
- providing recommendations on governance policy matters
- regularly reviewing the risk register
- reviewing and recommending to the Board Terms of Reference for the Audit Committee

The Audit Committee Members in 2019-20 were:	Meetings Attended
• Michael Parkinson (Chairperson)	4
• Brigid O'Neill	4
• Cr Grant Piggott	2

Meetings were held on the following dates:

- 26 August 2021
- 16 December 2021
- 17 March 2022
- 15 June 2022

FINANCIAL STATEMENTS

The Audited Financial Statements for the year ending the 30 June 2022 are provided as an attachment to the Annual Report and show an Operating Deficit of \$642,529 (2020-21 \$981,605) and Total Council Equity of \$4,909,850 (2020-21 \$5,552,379).

Total income was \$747,963 (2020-21 \$656,791) and total expenses \$1,390,492 (2020-21 \$1,638,395).

FINANCIAL MANAGEMENT AND STRATEGIC SUPPORT

BRM Advisory continued to provide Financial and Strategic Management support to the Board and General Manager.

OPERATIONS AND MAINTENANCE

Operational management of the ERA Water network has been undertaken by Mark Millington as external operations contractor since November 2020. Engineering consultants WGA continue to provide advice and operational support, including support with licence compliance reporting.

At the end of the financial year 274.5ML from the scheme's two harvesting sites in Third Creek and Fourth Creek had been treated to the required standard and injected into the aquifer, and 218.1ML had been extracted from the aquifer for distribution to the Constituent Councils and third parties for irrigation. The total volume of metered water supplied to Constituent Councils and third parties, comprised of water extracted from the aquifer and water harvested, treated and directly distributed (without injection into the aquifer), was 253ML.

In addition, as the amount of water injected into the aquifer has been greater than the amount extracted since the start of the scheme, and the Department of Environment and Water determined not to account for extraction during the 2021-22 year whilst the new Adelaide Plains Water Allocation Plan was being introduced, a total of 525.3ML of water has now been 'banked' as the scheme's water balance. The water balance can be drawn down in drought years when extraction exceeds injection.

Above average rainfall conditions (11.9 mm above average - BOM site 203000) assisted harvesting and injection capacity. However in addition to total rainfall in any year, the ability to harvest and treat stormwater is impacted by the type of rain event. 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.

Maintenance requirements have included a series of pump repairs and replacements due to damage from contaminants in the network, with a resultant budget impact, which is not uncommon in the early phases of operation of such schemes. The ERA Water MAR scheme continues to require active monitoring and management by the Operations Contractor to optimise the performance of the scheme.

INJECTION AND EXTRACTION DATA

YEAR	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Ext	0.0	3.9	19.1	83.6	186.3	218.1
Inj	0.0	5.6	97.3	237.9	203.0	274.5
Water Balance	0.0	1.6	79.8	234.0	250.8	525.3

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 MARRMMP submitted for 2021-22 did not identify any breaches of water quality requirements through regular water quality monitoring undertaken, with water quality within the specified criteria for turbidity, electrical conductivity, and pH.

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 life of the scheme minus any volume that was extracted during those years, or the authorised annual volumetric limit of 500ML (whichever is the lesser).

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.

DISTRIBUTION NETWORK FOR ERA WATER SCHEME

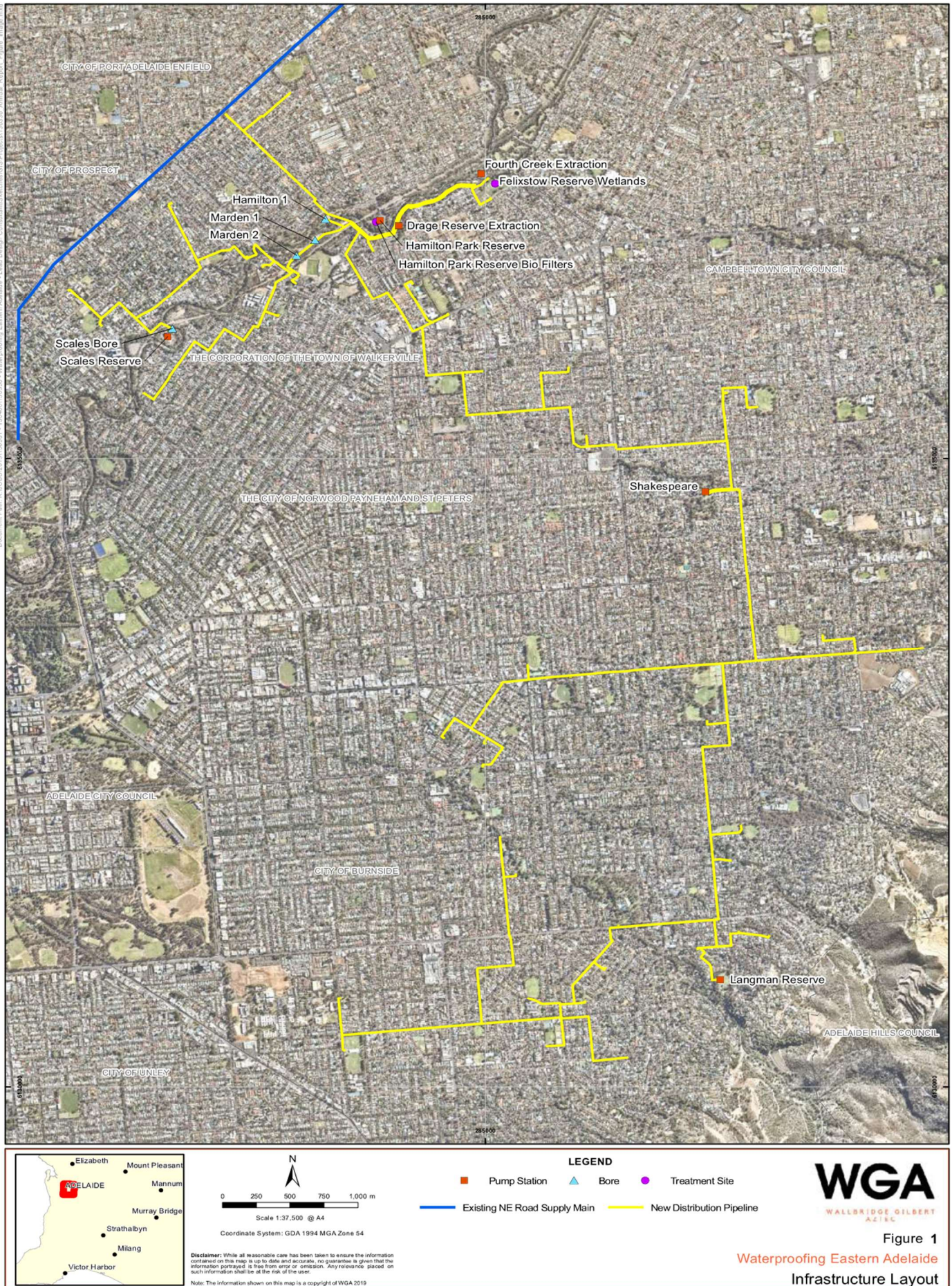




Photo: Felixstow Wetlands

ERA Water Regional Subsidiary

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022

*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 2022

Contents	Page
1. Certification of Financial Statements	2
2. Primary Financial Statements:	
- Statement of Comprehensive Income	3
- Statement of Financial Position	4
- Statement of Changes in Equity	5
- Statement of Cash Flows	6
3. Notes to the Financial Statements	8
4. Certificates of Audit Independence	
- Certification of Audit Independence	19
- Statement by Auditor	20
5. Audit Report	24

ERA Water Regional Subsidiary

General Purpose Financial Statements for the year ended 30 June 2022

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 2022 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.



Terry Sutcliffe
Acting General Manager



Jeff Tate
Chairperson

Date: 15 SEPTEMBER 2022

ERA Water Regional Subsidiary

Statement of Comprehensive Income for the year ended 30 June 2022

\$	Notes	2022	2021
Income			
User Charges	2a	731,967	613,297
Investment Income	2b	15,996	14,574
Reimbursements	2c	-	28,916
Other Income	2d	-	4
Total Income		747,963	656,791
Expenses			
Employee Costs	3a	103,544	103,381
Materials, Contracts & Other Expenses	3b	489,142	710,979
Depreciation, Amortisation & Impairment	3c	468,775	462,482
Finance Costs	3d	329,031	361,553
Total Expenses		1,390,492	1,638,395
Operating Surplus / (Deficit)		(642,529)	(981,605)
Amounts Received Specifically for New or Upgraded Assets		-	-
Net Surplus / (Deficit)		(642,529)	(981,605)
Total Comprehensive Income		(642,529)	(981,605)

ERA Water Regional Subsidiary

Statement of Financial Position for the year ended 30 June 2022

\$	Notes	2022	2021
ASSETS			
Current Assets			
Cash and Cash Equivalents	4a	175,282	106,205
Trade & Other Receivables	4b	59,649	65,497
Prepayments		8,227	7,874
Subtotal		243,158	179,576
Total Current Assets		243,158	179,576
Non-Current Assets			
Other Non-Current Assets	5	20,141,187	20,573,300
Total Non-Current Assets		20,141,187	20,573,300
TOTAL ASSETS		20,384,345	20,752,876
LIABILITIES			
Current Liabilities			
Trade & Other Payables	6a	173,918	150,764
Provisions	6c	577	1,231
Subtotal		174,495	151,995
Total Current Liabilities		174,495	151,995
Non-Current Liabilities			
Borrowings	6b	15,300,000	15,048,502
Total Non-Current Liabilities		15,300,000	15,048,502
TOTAL LIABILITIES		15,474,495	15,200,497
Net Assets		4,909,850	5,552,379
EQUITY			
Accumulated Surplus		4,909,850	5,552,379
Total Council Equity		4,909,850	5,552,379

ERA Water Regional Subsidiary

Statement of Changes in Equity for the year ended 30 June 2022

\$	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
Balance at the end of previous reporting period		5,552,379	-	-	5,552,379
Restated Opening Balance		5,552,379	-	-	5,552,379
a. Net Surplus / (Deficit) for Year		(642,529)	-	-	(642,529)
b. Other Comprehensive Income		-	-	-	-
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		(642,529)	-	-	(642,529)
c. Transfers between Reserves		-	-	-	-
Balance at the end of period		4,909,850	-	-	4,909,850

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
2021					
Balance at the end of previous reporting period		6,533,983	-	-	6,533,983
Restated Opening Balance		6,533,983	-	-	6,533,983
a. Net Surplus / (Deficit) for Year		(981,605)	-	-	(981,605)
b. Other Comprehensive Income		-	-	-	-
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		(981,605)	-	-	(981,605)
c. Transfers between Reserves		-	-	-	-
Balance at the end of period		5,552,379	-	-	5,552,379

ERA Water Regional Subsidiary

Statement of Cash Flows

for the year ended 30 June 2022

\$	Notes	2022	2021
Cash Flows from Operating Activities			
Receipts			
User Charges		712,070	580,773
Investment Receipts		14,571	14,574
Reimbursements		2,225	28,916
Other Receipts		-	4
Payments			
Payments to Employees		(106,242)	(102,905)
Payments for Materials, Contracts & Other Expenses		(431,324)	(790,891)
Finance Payments		(329,031)	(364,902)
Net Cash provided by (or used in) Operating Activities		(137,731)	(634,431)
Cash Flows from Investing Activities			
Receipts			
Amounts Received Specifically for New/Upgraded Assets		-	-
Payments			
Expenditure on New/Upgraded Assets		(44,691)	(391,131)
Net Cash provided by (or used in) Investing Activities	7	(44,691)	(391,131)
Cash Flows from Financing Activities			
Receipts			
Proceeds from Borrowings		251,498	984,899
Net Cash provided by (or used in) Financing Activities		251,498	984,899
Net Increase (Decrease) in Cash Held		69,077	(40,663)
plus: Cash & Cash Equivalents at beginning of period	7	106,205	146,868
Cash & Cash Equivalents at end of period	7	175,282	106,205
Total Cash, Cash Equivalents & Investments		175,282	106,205

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Significant Accounting Policies	8
2	Income	11
3	Expenses	11
	Current Assets	
4a	Cash & Cash Equivalents	12
4b	Trade & Other Receivables	12
	Non-Current Assets	
5	Other Non-Current Assets	13
	Liabilities	
6a	Trade & Other Payables	14
6b	Borrowings	14
7	Reconciliation to Statement of Cashflows	14
8	Financial Instruments	15
9	Uniform Presentation of Finances	17
10	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	17
11	Events After the Balance Sheet Date	17
12	Expenditure Commitments	18
13	Related Party Transactions	18

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies

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 FY2022 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 into the future. 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.

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

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.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

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.

5.6 Connection Costs

In previous reporting periods, expenditure relating to direct connections to a number of reserves was expensed on the basis that the infrastructure for the most part sits on customer land. Despite connection infrastructure sitting on customer land, ERA Water has certain responsibilities in relation to the future upkeep, maintenance and renewal of connection infrastructure. Accordingly, there is an

argument that costs which were expensed in previous reporting periods should have been capitalised.

During FY2023, ERA Water will undertake a review of previously expensed connection costs to determine if they meet the definition of an asset and to consider whether or not they should be retrospectively capitalised.

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

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

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. Significant uncertainty exists in the estimation of the future restoration and/or closure costs and accordingly, no provisions for such costs have been made at this time.

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 reviewed 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 and have found none requiring adoption. ERA Water has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Local Government entities.

Effective for NFP annual reporting periods beginning on or after 1 January 2023

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and associated standards (amended by AASB 2020-6)
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates (amended by AASB 2021-6)

Effective for NFP annual reporting periods beginning on or after 1 January 2025

- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amended by AASB 2015-10, AASB 2017-5 and AASB 2021-7)

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 2022

Note 2. Income

\$	Notes	2022	2021
(a). User Charges			
Water Sales including annual supply charges		731,967	613,297
Total User Charges		731,967	613,297
(b). Investment Income			
Interest Income		77	5
LGFA distribution		15,919	14,569
Total Investment Income		15,996	14,574
(c). Reimbursements			
Reserve connection costs reimbursed		-	28,916
Total Reimbursements		-	28,916
(d). Other Income			
Insurance Claim		-	4
Total Other Income		-	4
Note 3. Expenses			
(a). Employee Costs			
Salaries and Wages		93,574	95,478
Movement in Leave Provision		(654)	476
Superannuation		10,624	7,427
Total Operating Employee Costs		103,544	103,381
(b). Materials, Contracts and Other Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		6,363	6,200
Electricity		102,981	90,789
Insurance		40,524	40,955
Maintenance and Repairs		224,885	334,822
Professional Services		72,546	64,011
Connection Costs		-	54,171
Other		41,843	120,032
Total Materials, Contracts and Other Expenses		489,142	710,979
(c). Depreciation, Amortisation and Impairment			
Depreciation		468,775	462,482
Total Depreciation, Amortisation and Impairment		468,775	462,482
(d). Finance Costs			
Interest Expense		329,031	361,553
Total Finance Costs		329,031	361,553

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

\$	Notes	2022	2021
Note 4. Current Assets			
(a). Cash & Cash Equivalents			
Cash at Bank		145,129	92,048
LGFA Council Deposits - 24HR Mthly		30,153	14,157
Total Cash & Cash Equivalents		175,282	106,205
(b). Trade & Other Receivables			
Trade debtors		43,116	25,666
GST Receivable		16,533	39,831
Total Trade & Other Receivables		59,649	65,497

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 5. Non-Current Assets

\$	as at 30/6/2021			Asset Movements during the Reporting Period				as at 30/6/2022		
	Cost	Acc. Dep'n	Written Down Value	Asset Additions		Cost	Acc. Dep'n	Written Down Value		
				New / Upgrade	Depreciation					
Civil Assets	13,350,188	554,374	12,795,814	1,831	220,365	13,352,019	774,739	12,577,280		
Electronic Assets	1,316,245	112,060	1,204,185	-	43,378	1,316,245	155,438	1,160,807		
Instrumentation & Control Assets	273,039	40,209	232,830	31,921	19,073	304,960	59,282	245,678		
Mechanical Assets	2,272,180	292,030	1,980,150	2,910	113,621	2,275,090	405,651	1,869,439		
Sunk Construction Costs	4,346,233	160,397	4,185,836	-	62,089	4,346,233	222,486	4,123,748		
Information Technology	1,454	414	1,040	-	291	1,454	705	748		
Water Treatment Equipment	199,170	25,725	173,445	-	9,958	199,170	35,683	163,487		
Total Infrastructure, Property, Plant & Equipment	21,758,509	1,185,209	20,573,300	36,662	468,775	21,795,171	1,653,984	20,141,187		
Comparatives	21,367,378	722,725	20,644,653	391,131	462,482	21,758,509	1,185,209	20,573,300		

Disclosure Note:

During FY2023, ERA Water will be undertaking its first review of the fair value of its asset base and accordingly next year we would expect all asset classes will be revalued. As referenced in Note 1 (5.6), ERA Water will also be undertaking a review of historical connection costs which were previously expensed to determine if some of these costs meet the definition of an asset and accordingly, whether or not they should be retrospectively reclassified as an asset.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 6. Liabilities

\$	Notes	2022		2021	
		Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
Trade and Other Payables		78,137	-	39,463	-
Accrued Expenses - Finance Costs		87,662	-	89,086	-
Accrued Expenses - Other		6,325	-	18,377	-
Accrued Expenses - Employment liabilities		1,794	-	3,838	-
Total Trade and Other Payables		173,918	-	150,764	-

(b). Borrowings

Loans		-	15,300,000	-	15,048,502
Total Borrowings		-	15,300,000	-	15,048,502

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

	2022	2021
LGFA Cash Advance Debenture Facility	15,300,000	15,300,000
Undrawn balance	-	251,498

ERA's Maturity Date on current CAD facilities held is as follows:

Deal	Settlement	End Date
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 has agreed to a recapitalisation proposal which has resulted in an equity injection of \$600,000 from Constituent Councils in FY2023 to ensure that ERA Water has sufficient capital to meet its future obligations, at least for a further 12 months.

(c). Provisions

Employee Entitlements	577	-	1,231	-
Total Provisions	577	-	1,231	-

Note 7. Reconciliation to Statement of Cash Flows

\$	2022	2021
----	------	------

(a). Reconciliation of Cash

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

Total Cash & Equivalent Assets	175,282	106,205
Balances per Statement of Cash Flows	175,282	106,205

(b). Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Surplus/(Deficit)	(642,529)	(981,604)
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	468,775	462,482
Net increase (decrease) in unpaid employee benefits	(653)	476
Non cash asset acquisitions	8,026	-
	(166,381)	(518,646)
Add (Less): Changes in Net Current Assets		
Net (Increase)/Decrease in Receivables	5,848	(32,524)
Net (Increase)/Decrease in Prepayments	(352)	6,454
Net Increase/(Decrease) in Trade & Other Payables	23,154	(89,715)
Net Cash provided by (or used in) operations	(137,731)	(634,431)

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 8. Financial Instruments

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.

Rates:

All deposits are at call earning rates of 1.05% as at 30 June 2022.

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost.

Terms & Conditions:

Unsecured, and do not bear interest. At the balance date, ERA Water is not materially exposed to any individual debtor.

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 ERA Water.

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 and conditions

Interest is charged at a range of both fixed and variable rates ranging from 1.66% to 2.8%

Carrying Amount:

Approximates fair value.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2022

Note 8. Financial Instruments

\$	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2022					
Financial Assets					
Cash & Equivalents	175,282	-	-	175,282	175,282
Receivables	59,649	-	-	59,649	59,649
Total Financial Assets	234,931	-	-	234,931	234,931
Financial Liabilities					
Trade and other payables	172,124	-	-	172,124	172,124
Non-Current Borrowings	-	-	15,300,000	15,300,000	15,300,000
Total Financial Liabilities	172,124	-	15,300,000	15,472,124	15,472,124

\$	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2021					
Financial Assets					
Cash & Equivalents	106,205	-	-	106,205	106,205
Receivables	65,497	-	-	65,497	65,497
Total Financial Assets	171,702	-	-	171,702	171,702
Financial Liabilities					
Payables	144,261	-	-	144,261	144,261
Non-Current Borrowings	-	-	15,048,502	15,048,502	15,048,502
Total Financial Liabilities	144,261	-	15,048,502	15,192,763	15,192,763

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

	30 June 2022		30 June 2021	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Other Variable Rates	2.46%	15,300,000	2.42%	15,048,502
		<u>15,300,000</u>		<u>15,048,502</u>

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 2022

Note 9. Uniform Presentation of Finances

\$	2022	2021
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.		
Income	747,963	656,791
less Expenses	<u>(1,390,492)</u>	<u>(1,638,395)</u>
Operating Surplus / (Deficit)	(642,529)	(981,605)
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	-	-
Add back Depreciation, Amortisation and Impairment	468,775	462,482
Proceeds from Sale of Replaced Assets	<u>-</u>	<u>-</u>
Subtotal	468,775	462,482
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(44,691)	(391,131)
Amounts Received Specifically for New and Upgraded Assets	-	-
Proceeds from Sale of Surplus Assets	<u>-</u>	<u>-</u>
Subtotal	(44,691)	(391,131)
Net Lending / (Borrowing) for Financial Year	(218,445)	(910,254)

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 2022, 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 15 September 2022.

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 2022

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 3rd party contractors for business as usual operations and maintenance services.

Note 13. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

During financial year 2022, the Key Management Personnel of the Authority include Terry Sutcliffe, Wally Iasiello and the members of the ERA Water Board.

Members of the ERA Water Board:

- Jeff Tate (Chairperson)
- John Minney (Councillor - City of Norwood, Payneham and St Peters)
- MaryLou Bishop (Councillor - Corporation of the Town of Walkerville)
- Chris Cowley (CEO - City of Burnside)

General Manager(s):

- Wally Iasiello (former General Manager whose employment ceased on 31 January 2022).
- Terry Sutcliffe (current Acting General Manager)

In all, six persons were paid a total of \$115,544 of remuneration for services provided to ERA Water.

Key Management Personnel Remuneration	2022
Salaries, allowances & other short term benefits	115,554
Post-employment benefits	-
Long-term benefits	-
Termination benefits	-
TOTAL	115,554

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 single 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 a location to hold ERA Water board meetings.

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 are no invoices that remain payable by related parties outside of ordinary trading terms.

\$	Sale of Water	outstanding from Related Parties	Description of Services Provided
Related Party			
Town of Walkerville	53,286	3,152	Water sales
City of Norwood, Payneham and St Peters	227,805	5,214	Water sales
City of Burnside	397,450	15,045	Water sales
Total	678,541	23,411	



ERA WATER REGIONAL SUBSIDIARY

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2022**

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 2022, 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*.

Michael Parkinson
ERA Water Audit Committee Chairperson

Date: 23 AUGUST 2022

Terry Sutcliffe
Acting General Manager

Date: 23 AUGUST 2022

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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 (including Independence Standards), Part 4A, 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 1st day of September 2022,
at 214 Melbourne Street, North Adelaide, South Australia 5006



ERA WATER REGIONAL SUBSIDIARY

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2022**

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 2022, 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*.

.....
Chris Cowley
**CHIEF EXECUTIVE OFFICER
CITY OF BURNSIDE**

Date: 18 August 2022


ERA WATER REGIONAL SUBSIDIARY

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2022**

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 2022, 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*.



Mario Barone PSM
CHIEF EXECUTIVE OFFICER
CITY OF NORWOOD PAYNEHAM & ST PETERS

Date: 22. 08. 2022.



ERA WATER REGIONAL SUBSIDIARY

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2022**

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 2022, 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*.

A handwritten signature in black ink, appearing to read 'Scott Reardon', is positioned above a dotted line.

.....
Scott Reardon
**CHIEF EXECUTIVE OFFICER
TOWN OF WALKERVILLE**

Date: 18 August 2022

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North Adelaide SA 5006

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Dean Newbery
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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 2022, 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 2022, 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.

Emphasis of Matter

We draw attention to Note 1 regarding the Going Concern and Economic Dependency disclosure given the Authority's reliance on Constituent Council's ongoing financial support to ensure the Authority can meet its expected financial obligations. Our opinion is not modified in respect of this matter.

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 19th day of September 2022,
at 214 Melbourne Street, North Adelaide, South Australia 5006