

ANNUAL REPORT 2023-24



ERA WATER ANNUAL REPORT 2023-24

ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

We acknowledge the Kaurua people as the traditional custodians of this land and respect their spiritual relationship with their country. We recognise the many generations of stewardship the Kaurua people have provided to this land and respect that their cultural heritage and beliefs are as important today as they were for their ancestors.

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ATTACHMENT - General Purpose Financial Statements for the year ended 30 June 2024

INDEPENDENT CHAIRPERSON'S REPORT

The 2023-24 financial year enabled further consolidation and maturity for ERA Water's fourth full year of operation. An unseasonably long and dry spring (the driest on record) and summer led to ERA Water providing a record 316 ML (316,000,000 litres) of clean harvested stormwater to its Constituent Councils and external customers for irrigation purposes, reducing the demand on the River Murray and the state's reservoirs. The stormwater would otherwise have gone into Gulf St Vincent.

Projections about the impacts of climate change require that we take a long-term view in relation to water management. ERA Water is one component of a broader approach to managing water, providing fit for purpose irrigation water to our customers, in particular our Constituent Councils, to maintain green, usable and biodiversity spaces for their communities year in and year out, including under drought conditions.

We will continue to explore opportunities to further enhance the sustainable trajectory of ERA Water and maintain a focus on regularly monitoring and improving the strategic, financial, operational and environmental performance of ERA Water.

I take this opportunity to thank our three Constituent Councils as well as the other members of the Board, the Audit & Risk Committee, and our General Manager Andrew Aitken and principal contractor Mark Millington for their ongoing commitment and contribution to ERA Water.

JEFF TATE
ERA WATER INDEPENDENT CHAIRPERSON

GENERAL MANAGER'S REPORT

The capacity of the ERA Water MAR scheme, built up in recent years with significant volumes of water harvested and injected into the aquifer, has led to a plentiful supply of clean, harvested stormwater throughout a record dry 2023-24 irrigation season. Despite the volume of harvesting and injection being lower than last year, largely due to an unusually early start and late finish to the 2023-24 irrigation season, we still retained almost 600 ML of ERA water in the aquifer.

A significant project undertaken during the course of the year was the external revaluation of ERA Water's approximately \$20m worth of assets. This was an important milestone for the authority, resetting the baseline across its key asset classes as well as painting a clearer picture of the value and useful lives of its core infrastructure into the future.

Overall, 2023-24 was a year of further consolidation of ERA Water's MAR scheme and business performance. I thank the Constituent Councils, Board Members and Audit & Risk Committee Members for the unwavering support they have provided me in my time as General Manager and for their commitment to ERA Water. I remain incredibly optimistic and excited about ERA Water's future and look forward to seeing even greater success for the subsidiary in the years to come.

ANDREW AITKEN
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 harvested 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 & 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 that captures, treats and delivers harvested stormwater for irrigation purposes to the Constituent Councils and other customers. By doing so, it makes a significant contribution to the protection of Adelaide's environment and reduces the reliance of Adelaide upon water from the River Murray. 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 - 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. To this end, ERA Water is forecasting sales in excess of 300 ML next financial year.

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 has recently been reviewed, with proposed changes forwarded to Constituent Councils for their consideration in July 2024.

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

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

GOVERNANCE

BOARD OF MANAGEMENT

ERA Water is governed by a Board of Management comprising an Independent Chairperson and a representative from each Constituent Council. The Board held six (6) ordinary meetings and one (1) special meeting during the 2023-24 financial year. The Chairperson and Board Member attendance for all meetings at which time they each held office are outlined below.

Member

Independent Chairperson	Mr Jeff Tate	6 of 7 meetings
City of Burnside	Mr Chris Cowley (CEO)	6 of 7 meetings
City of Norwood, Payneham and St Peters	Cr Grant Piggott	6 of 7 meetings
Corporation of the Town of Walkerville	Cr Anthony Vanstone	7 of 7 meetings

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

20 July 2022

21 September 2023

16 November 2023

25 January 2024

28 March 2024

23 May 2024

A Special Meeting of the Board was held on the following date:

26 June 2024

CONFIDENTIALITY

During the 2023-24 financial year, the Board considered reports of a confidential nature for seven (7) separate agenda items at five (5) of its 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

Section	Description	No. times used
90(3)(d)	commercial information of a confidential nature (not being a trade secret) the disclosure of which— (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and	
90(3)(k)	(ii) would, on balance, be contrary to the public interest; tenders for the supply of goods, the provision of services or the carrying out of works.	1
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)	commercial information of a confidential nature (not being a trade secret) the disclosure of which— (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and (ii) would, on balance, be contrary to the public interest; as the information discussed includes details regarding possible supply and pricing required to be confidential under any subsequent contract.	5

FREEDOM OF INFORMATION

No requests were received under the *Freedom of Information Act_1991* during the 2023-24 financial year.

STAFFING STRUCTURE

Andrew Aitken occupied the role of General Manager for the entire financial year.

No additional staff were employed during the year.

SUPPORT FROM CONSTITUENT COUNCILS

The Town of Walkerville provided ERA Water with Board and Audit & Risk Committee secretarial and executive support functions and services during the 2023-24 financial year as well as meeting rooms for Board meetings and workshops and Audit & Risk Committee Meetings.

The City of Burnside contributed the premises some administrative support for the preparation of Board and Audit & Risk Committee agendas.

The City of Norwood, Payneham & St Peters provided office accommodation as well as some IT and financial/bookkeeping support.

FINANCIAL AND OPERATIONAL MATTERS

2023-24 BUDGET

The 2023-24 Budget was approved by the Constituent Councils, and subsequently adopted 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 & RISK COMMITTEE

The ERA Water Audit & Risk Committee held six (6) meetings in the 2023-24 financial year. The work of the Committee over the past financial year has included:

- reviewing ERA Water's year to date management accounts and preliminary end of financial year financial statements
- reviewing the external asset revaluation proposals and ultimately the final asset revaluation that was subsequently adopted by the Board in June 2024
- reviewing 2023-24 budget reviews
- reviewing the draft 2024-25 ERA Water Budget
- providing recommendations on relevant policy, governance and finance related matters
- reviewing the risk register.

Regular Meetings of the Audit & Risk Committee were held on the following dates:

2 August 2023

13 September 2023

8 November 2023

17 January 2024

20 March 2024

12 June 2024

Meeting attendance by the Independent Chairperson and Committee Members was as follows:

Member		
Independent Chairperson (Corporation of the Town of Walkerville nominee)	Mr Michael Parkinson	6 of 6 meetings
Independent Committee Member (City of Norwood, Payneham & St Peters)	Ms Sandra Di Blasio	6 of 6 meetings
Committee Member (City of Burnside nominee)	Cr Harvey Jones	5 of 6 meetings

FINANCIAL STATEMENTS

The Audited Financial Statements for the year ending the 30 June 2024 are provided as an attachment to the Annual Report and show an Operating Deficit of \$611,161 (2022-23 \$658,658) and Total Council Equity of \$8,525,740 (2022-23 \$4,851,192).

Total income was \$1,153,886 (2022-23 \$961,455) and total expenses \$1,765,047 (2022-23 \$1,620,113).

FINANCIAL MANAGEMENT SUPPORT

BRM Advisory and VRM Accounting continued to provide financial management support to the Board and General Manager, with in-kind support provided by the City of Norwood, Payneham & St Peters.

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.

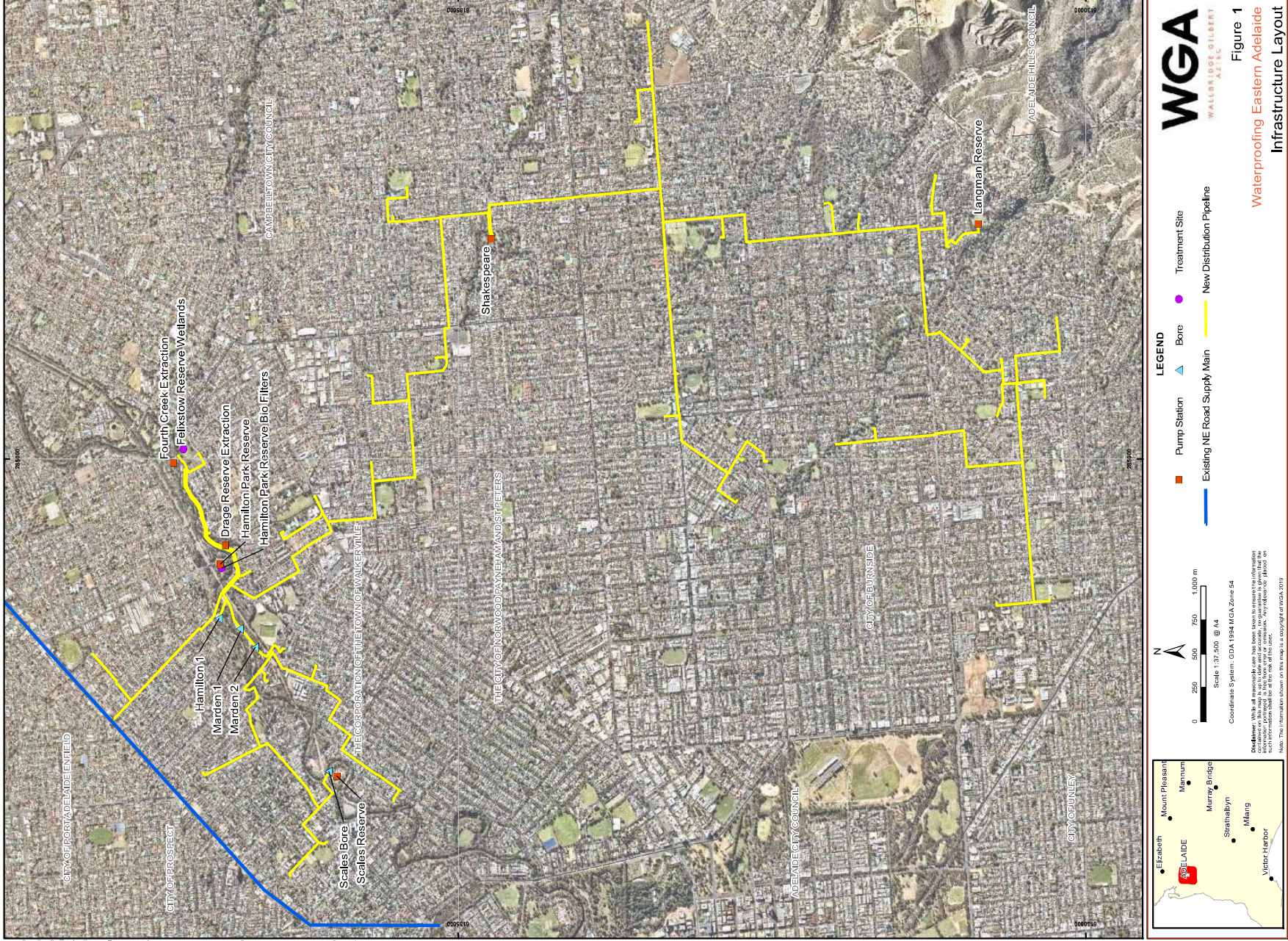
The EPA Licence is to discharge stormwater to underground aquifers. There are a number of conditions attached to the licence including specifying criteria for water quality that have to be monitored on a continuous basis and have to be met to enable water to be injected into the aquifer. It is also requires ERA Water to have a Managed Aquifer Recharge Risk Management Monitoring Plan (MARRMMP) which details among other things the sampling and testing regime for water quality monitoring and reporting requirements regarding injection and extraction data as well as annual reporting requirements. The MARRMMP submitted for 2023-24 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 current authorised annual volumetric limit of 500ML (whichever is the lesser).

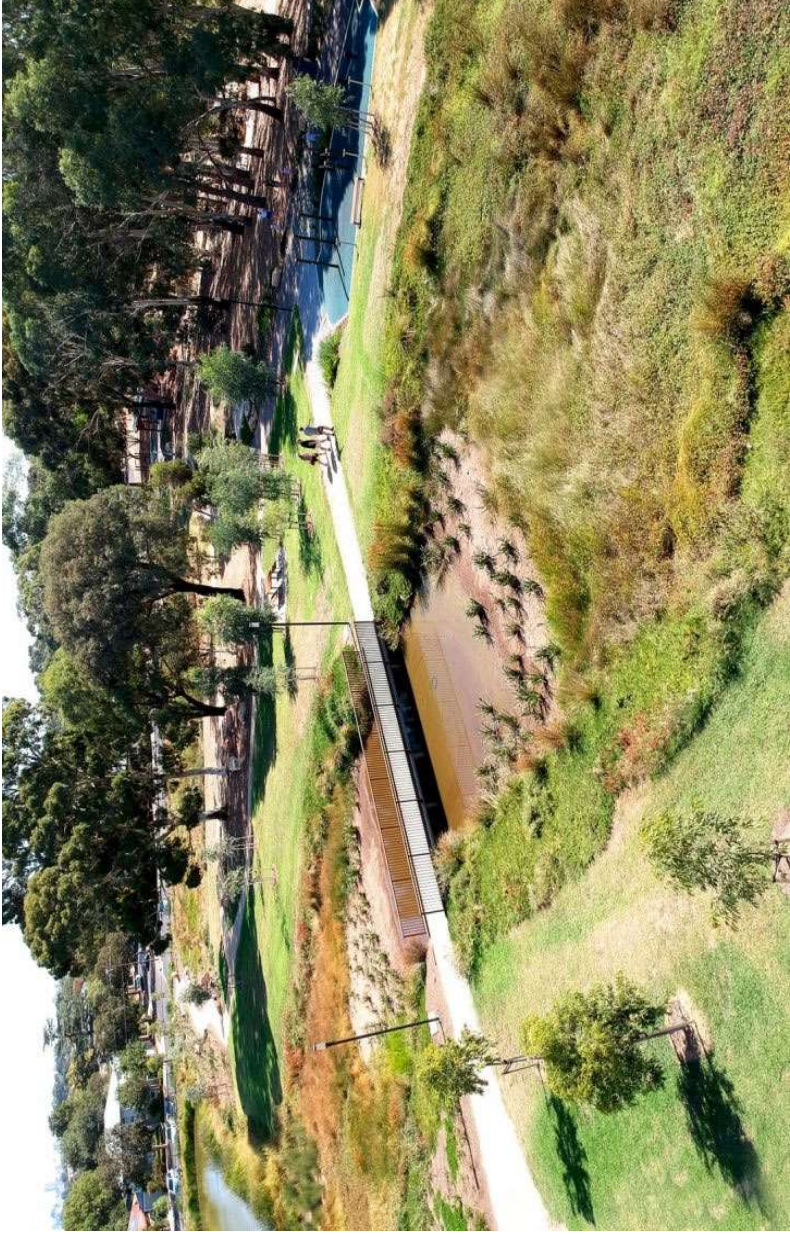
The permits from the Green Adelaide Landscape Board are for Water Affecting Activity and enabled ERA Water to construct infrastructure on Third and Fourth Creeks to enable water to be harvested to inject into the aquifer. The permits were issued with a number of conditions primarily to ensure there are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

DISTRIBUTION NETWORK FOR ERA WATER SCHEME



WGA
 WALLBRIDGE GILBERT
 AZI TEC

Figure 1
 Waterproofing Eastern Adelaide
 Infrastructure Layout



ERA Water Regional Subsidiary

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

*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 2024

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ERA Water Regional Subsidiary

General Purpose Financial Statements
for the year ended 30 June 2024

Certification of Financial Statements

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

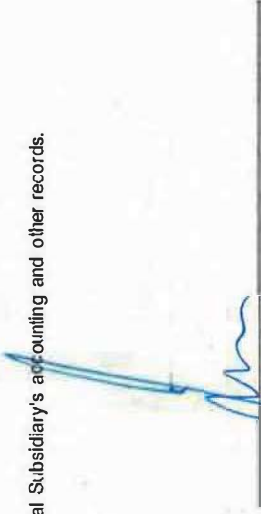
In our opinion:

- 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 2024 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.



Andrew Allken
General Manager

Date: 11 SEPTEMBER 2024



Jeif Tate
Independent Chairperson

19/9/2024

ERA Water Regional Subsidiary

Statement of Comprehensive Income for the year ended 30 June 2024

\$	Notes	2024	2023
Income			
User Charges	2a	1,129,854	883,232
Investment Income	2b	24,032	34,004
Other Income	2c	-	44,218
Total Income		1,153,886	961,455
Expenses			
Employee Costs	3a	115,617	117,121
Materials, Contracts & Other Expenses	3b	640,187	589,309
Depreciation, Amortisation & Impairment	3c	415,533	470,210
Finance Costs	3d	593,710	443,473
Total Expenses		1,765,047	1,620,113
Operating Surplus / (Deficit)		(611,161)	(658,658)
Asset Disposal & Fair Value Adjustments	4	(12,623)	-
Amounts Received Specifically for New or Upgraded Assets		-	-
Net Surplus / (Deficit)		(623,784)	(658,658)
Other Comprehensive Income			
Changes in Revaluation Surplus - I, PP&E	8a	2,498,332	-
Total Other Comprehensive Income		2,498,332	-
Total Comprehensive Income		1,874,548	(658,658)

ERA Water Regional Subsidiary

Statement of Financial Position

for the year ended 30 June 2024

\$	Notes	2024	2023
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	88,752	4,284
Trade & Other Receivables	5b	41,528	82,525
Prepayments		8,624	1,662
Subtotal		138,904	88,471
Total Current Assets		138,904	88,471
Non-Current Assets			
Other Non-Current Assets	6	21,809,602	19,686,494
Total Non-Current Assets		21,809,602	19,686,494
TOTAL ASSETS		21,948,506	19,774,965
LIABILITIES			
Current Liabilities			
Trade & Other Payables	7a	214,976	205,191
Provisions	7c	12,668	2,501
Subtotal		227,644	207,692
Total Current Liabilities		227,644	207,692
Non-Current Liabilities			
Borrowings	7b	13,195,122	14,716,081
Total Non-Current Liabilities		13,195,122	14,716,081
TOTAL LIABILITIES		13,422,766	14,923,773
Net Assets		8,525,740	4,851,192
EQUITY			
Accumulated Surplus		3,627,408	4,251,192
Asset Revaluation Reserves	8a	2,498,332	-
Capital Contributed - Constituent Councils		2,400,000	600,000
Total Council Equity		8,525,740	4,851,192

ERA Water Regional Subsidiary

Statement of Changes in Equity for the year ended 30 June 2024

\$	Notes	Accumulated Surplus	Asset		Capital Contributed	Other Reserves	Total Equity
			Revaluation Reserve	Contributed			
2024							
		4,251,192	-	600,000	-	-	4,851,192
		4,251,192	-	600,000	-	-	4,851,192
		-	-	1,800,000	-	-	1,800,000
		(623,784)	-	-	-	-	(623,784)
	8a	-	2,498,332	-	-	-	2,498,332
		-	2,498,332	-	-	-	2,498,332
		(623,784)	2,498,332	-	-	-	1,874,548
		-	-	-	-	-	-
		3,627,408	2,498,332	2,400,000	-	-	8,525,740

c. Transfers between Reserves
Balance at the end of period

\$	Notes	Accumulated Surplus	Asset		Capital Contributed	Other Reserves	Total Equity
			Revaluation Reserve	Contributed			
2023							
		4,909,850	-	-	-	-	4,909,850
		4,909,850	-	-	-	-	4,909,850
		-	-	600,000	-	-	600,000
		(658,658)	-	-	-	-	(658,658)
		-	-	-	-	-	-
		-	-	-	-	-	-
		(658,658)	-	-	-	-	(658,658)
		-	-	-	-	-	-
		4,251,192	-	600,000	-	-	4,851,192

c. Transfers between Reserves
Balance at the end of period

ERA Water Regional Subsidiary

Statement of Cash Flows for the year ended 30 June 2024

\$	Notes	2024	2023
Cash Flows from Operating Activities			
<u>Receipts</u>			
User Charges		1,170,852	860,379
Investment Receipts		24,032	33,983
Reimbursements		-	-
Other Receipts		-	44,217
<u>Payments</u>			
Payments to Employees		(105,450)	(115,197)
Payments for Materials, Contracts & Other Expenses		(637,365)	(586,987)
Finance Payments		(593,710)	(407,957)
Net Cash provided by (or used in) Operating Activities	9	(141,641)	(171,562)
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		(52,931)	(15,517)
<u>Payments</u>			
Expenditure on New/Upgraded Assets		(52,931)	(15,517)
Net Cash provided by (or used in) Investing Activities			
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Borrowings		-	-
Contributions from Constituent Councils		1,800,000	600,000
<u>Payments</u>			
Repayments of Borrowings		(1,520,960)	(583,919)
Net Cash provided by (or used in) Financing Activities		279,040	16,081
Net Increase (Decrease) in Cash Held		84,468	(170,998)
plus: Cash & Cash Equivalents at beginning of period	9	4,284	175,282
Cash & Cash Equivalents at end of period	9	88,752	4,284
Total Cash, Cash Equivalents & Investments	9	88,752	4,284

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2024

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ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2024

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 FY2024 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 Constituent 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 10.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 1. Summary of Significant Accounting Policies (continued)

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.

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 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of the value of a number of asset classes including land and infrastructure. Further detail of these uncertainties and of existing valuations, methods and valuers are provided below.

The Board sought an independent valuation to be applied as at 1st July 2023, of ERA Water. The Board recognises that the ERA has unique infrastructure. The Board sought the advice from Tonkin Consulting Pty Ltd, who provided replacement cost valuation based on the actual construction contract costs, including some 'owner's costs' which would be incurred in the event of a replacement being necessary. In accordance with Account Standard (AASB)13 Fair Value Measurement the valuation was undertaken as at 1 July 2023 and recorded as a level 3 restricted asset valuation. The next Valuation is scheduled to be undertaken in 2028/2029. Fair value level 3 valuations of buildings, infrastructure and other assets - There is no known market for these assets and they are valued at depreciated current replacement cost.

The method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar entities of an industry construction guides where these are more appropriate. The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the straight line depreciation method adopted by the Authority. The method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual prices for materials and labour, and the possibility of changes in development of more efficient construction techniques.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount (which is higher of the present value of future cash inflows or value in use).

5.6 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.

5.7 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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

Note 1. Summary of Significant Accounting Policies (continued)

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. 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".

12 GST Implications

In accordance with IJG 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.

13 New accounting standards and IJG 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 annual reporting periods beginning on or after 1 January 2024:

- AASB 2020-1: Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 1. Summary of Significant Accounting Policies (continued)

- AASB 2022-5: *Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback.*
- AASB 2022-10: *Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.*

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 of Joint Venture* (amended by AASB 2015-10, AASB 2017-5 and AASB 2021-7).

The authority has assessed the impact of new and changed Australian Accounting Standards and Interpretations not yet effective and concluded that they will not have a material impact on the financial statements.

14 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.

15 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 2024

Note 2. Income

	Notes	
\$	2024	2023
(a). User Charges		
Water Sales including annual supply charges	1,129,854	883,232
Total User Charges	1,129,854	883,232
(b). Investment Income		
Interest Income	183	202
LGFA distribution	23,849	33,802
Total Investment Income	24,032	34,004
(c). Other Income		
Insurance Claim	-	44,219
Total Other Income	-	44,219

Note 3. Expenses

(a). Employee Costs		
Salaries and Wages	95,000	103,069
Movement in Leave Provision	10,167	1,924
Superannuation	10,450	12,128
Total Operating Employee Costs	115,617	117,121
(b). Materials, Contracts and Other Expenses		
Auditor's Remuneration	-	6,825
- Auditing the Financial Reports	177,990	143,871
Electricity	55,800	51,730
Insurance	266,089	197,088
Maintenance and Repairs	63,354	136,044
Professional Services	76,954	53,751
Other	640,187	589,309
Total Materials, Contracts and Other Expenses	1,220,314	1,172,618
(c). Depreciation, Amortisation and Impairment		
Depreciation	415,533	470,210
Total Depreciation, Amortisation and Impairment	415,533	470,210
(d). Finance Costs		
Interest Expense	593,710	443,473
Total Finance Costs	593,710	443,473

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 4. Asset Disposal & Fair Value Adjustments

\$ '000	Notes	2024	2023
Infrastructure, Property, Plant & Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		-	-
Less: Carrying Amount of Assets Sold		(12,623)	-
Gain (Loss) on Disposal		(12,623)	-
Net Gain (Loss) on Disposal or Revaluation of Assets			
		(12,623)	-

Note 5. Current Assets

(a). Cash & Cash Equivalents

Cash at Bank	88,716	2,341
Local Government Finance Authority	36	1,943
Total Cash & Cash Equivalents	88,752	4,284

(b). Trade & Other Receivables

Trade debtors	31,688	41,485
GST Receivable	9,840	41,040
Subtotal	41,528	82,525
Total Trade & Other Receivables	41,528	82,525

Note 6. Non-Current Assets

	as at 30/6/2023			Asset Movements during the Reporting Period					as at 30/6/2024			
	Cost	Acc. Dep'n	Written Down Value	Asset Additions		Depreciation	WDV of Asset Disposals	Revaluation Increments to Equity (ARR) (Note 9)	Fair Value	Cost	Acc. Dep'n	Written Down Value
New / Upgrade				Renewals								
\$												
System Infrastructure Assets	21,810,688	2,124,194	19,686,494	33,380	19,551	415,533	(12,623)	2,498,332	24,241,010	52,931	2,484,339	21,809,602
Total Infrastructure, Property, Plant & Equipment	21,810,688	2,124,194	19,686,494	33,380	19,551	665,335	(12,623)	2,498,332	24,241,010	52,931	2,484,339	21,809,602
Comparatives	21,795,171	1,653,984	20,141,187	15,517	-	470,210	-	-	-	21,810,688	2,124,194	19,686,494

5.1 Valuation of infrastructure, property, plant and equipment

During FY2024, ERA Water undertook its first review of the fair value of its asset base and accordingly assets were revalued.

Date of Valuation: 1-Jul-23
Valuer: Tonkin

Depreciated Replacement Cost - comprised by gross replacement cost (based on estimated unit costs for which a substitute asset with similar service potential, physical characteristics, dimensions, depth and environmental parameters could be constructed) and accumulated depreciation (estimated total and remaining useful lives informed by the condition assessment of the asset, and the planned asset management strategy applicable to the asset).

Basis of valuation:

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2024

Note 7. Liabilities

\$	Notes	2024		2023	
		Current	Non Current	Current	Non Current
(a). Trade and Other Payables					
	Trade and Other Payables	66,100	-	32,123	-
	Accrued Expenses - Finance Costs	145,906	-	123,178	-
	Accrued Expenses - Other	-	-	18,662	-
	Accrued Expenses - Employment liabilities	2,970	-	31,228	-
	Total Trade and Other Payables	214,976	-	205,190	-
(b). Borrowings					
	Loans	-	13,195,122	-	14,716,081
	Total Borrowings	-	13,195,122	-	14,716,081

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

LGFA Cash Advance Debenture Facility			
Undrawn balance			
		2024	2023
		13,195,122	14,716,081
		13,195,122	14,716,081

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 \$1,800,000 from Constituent Councils to ensure that ERA Water has sufficient capital to meet its future liabilities, at least for a further 12 months.

(c). Provisions

Employee Entitlements	12,668	-	2,501	-
Total Provisions	12,668	-	2,501	-

Note 8. Reserves

\$ '000	1/7/2023		30/6/20124	
	Increments (Decrements)	Transfers	Impairments	
(a). Asset Revaluation Reserve				
Infrastructure	-	2,498,332	-	2,498,332
Total Asset Revaluation Reserve	-	2,498,332	-	2,498,332
Comparatives	-	-	-	-

PURPOSES OF RESERVES

Asset Revaluation Reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 9. Reconciliation to Statement of Cash Flows

\$	2024	2023
(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 as follows:		
Total Cash & Equivalent Assets	88,752	4,284
Balances per Statement of Cash Flows	88,752	4,284
(b). Reconciliation of Change in Net Assets to Cash from Investing Activities		
Net Surplus/(Deficit)	(623,784)	(658,658)
Non-Cash Items in Income Statements		
Fair Value Adjustments	12,623	-
Depreciation, Amortisation & Impairment	415,533	470,210
Net increase (decrease) in unpaid employee benefits	10,168	1,924
	(185,461)	(186,523)
Add (Less): Changes in Net Current Assets		
Net (Increase)/Decrease in Receivables	40,997	(22,876)
Net (Increase)/Decrease in Other Current Assets	(6,962)	6,565
Net Increase/(Decrease) in Trade & Other Payables	9,785	31,273
Net Cash provided by (or used in) operations	(141,641)	(171,562)

Notes to and forming part of the Financial Statements
for the year ended 30 June 2024

Note 10. 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 between 4.30% and 4.55% as at 30 June 2024 (1.05% and 4.3% as at 30 June 2023).

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 2.9% to 6.15% as at 30 June 2024 (1.66% to 6.05% as at 30 June 2023)

Carrying Amount:

Approximates fair value.

ERA Water Regional Subsidiary

Notes to and forming part of the Financial Statements for the year ended 30 June 2024

Note 10. Financial Instruments

\$	Due		Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	< 1 year	> 1 year & ≤ 5 years				
2024						
Financial Assets						
Cash & Equivalents	88,752	-	-	-	88,752	88,752
Receivables	41,528	-	-	-	41,528	41,528
Total Financial Assets	130,280	-	-	-	130,280	130,280
Financial Liabilities						
Trade and other payables	214,976	-	-	-	214,976	214,976
Non-Current Borrowings	-	-	13,195,122	-	13,195,122	13,195,122
Total Financial Liabilities	214,976	-	13,195,122	-	13,410,098	13,410,098
2023						
Financial Assets						
Cash & Equivalents	4,284	-	-	-	4,284	4,284
Receivables	82,525	-	-	-	82,525	82,525
Total Financial Assets	86,809	-	-	-	86,809	86,809
Financial Liabilities						
Payables	205,191	-	-	-	205,191	205,191
Non-Current Borrowings	-	-	14,716,081	-	14,716,081	14,716,081
Total Financial Liabilities	205,191	-	14,716,081	-	14,921,272	15,472,124

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

Other Variable Rates	30 June 2023		30 June 2022	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
	4.41%	13,195,122	3.49%	14,716,081
		13,195,122		14,716,081

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 2024

Note 11. Uniform Presentation of Finances

\$	2024	2023
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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		
User Charges	1,129,854	883,232
Investment Income	24,032	34,004
Other Income	-	44,218
	<u>1,153,886</u>	<u>961,454</u>
Expenses		
Employee Costs	115,617	117,121
Materials, Contracts & Other Expenses	640,187	589,309
Depreciation, Amortisation & Impairment	415,533	470,210
Finance Costs	593,710	443,473
	<u>1,765,047</u>	<u>1,620,113</u>
Operating Surplus / (Deficit)	(611,161)	(658,659)
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(19,551)	-
Add back Depreciation, Amortisation and Impairment	415,533	470,210
Proceeds from Sale of Replaced Assets	-	-
Subtotal	395,982	470,219
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	(33,380)	(15,517)
Amounts Received Specifically for New and Upgraded Assets	-	-
Proceeds from Sale of Surplus Assets	-	-
Subtotal	(33,380)	(15,517)
Net Lending / (Borrowing) for Financial Year	(248,560)	(203,965)

Note 12. 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 13. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2024, 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 27 September 2024.

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 2024

Note 14. 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 15. Related Party Transactions

Key Management Personnel

Transactions with Key Management Personnel

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

- Jeff Tate (Chairperson)
 - Grant Piggott (Councillor - City of Norwood, Payneham and St Peters)
 - Anthony Vanstone (Councillor - Corporation of the Town of Walkerville)
 - Chris Cowley (CEO - City of Burnside)
- General Manager
-Andrew Aitken

In all, five persons are paid a total of \$118,367 of remuneration for services provided to ERA Water.

Key Management Personal Remuneration	2024	2023
Salaries, allowances & other short term benefits	\$ 118,367	\$ 125,892
Post-employment benefits	-	-
Long-term benefits	-	-
Termination benefits	-	-
TOTAL	\$ 118,367.00	\$ 125,892

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 and 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.

Related Party	Sale of Water	Outstanding from Related Parties	Description of Services Provided
Town of Walkerville	\$ 86,615.87	\$ 6,078.31	Water Sales
City of Norwood, Payneham and St Peters	\$ 242,969.66	\$ 5,639.20	Water Sales
City of Burnside	\$ 419,350.81	\$ 6,823.40	Water Sales
TOTAL	\$ 748,936.34	\$ 18,540.91	

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT

To the members of ERA Water

Opinion

We have audited the accompanying financial report of ERA Water (the Authority), which comprises the statements of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the General Manager and the Chairperson.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Authority as at 30 June 2024, and its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Authority in accordance with 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 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 for the Financial Report

The Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as the Authority determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibility 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 misstatements, 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 an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of this financial report.

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

- Identify and assess the risk 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, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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 Authority's ability 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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor
Partner

Date: 27 September 2024

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROLS

To the members of ERA Water

Independent Assurance Report on the Internal Controls of ERA Water

Opinion

We have audited the compliance of ERA Water (the Authority) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Authority to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2023 to 30 June 2024 have been conducted properly and in accordance with the law.

In our opinion, the Authority has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to internal controls established by the Authority in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Authority have been conducted properly and in accordance with law for the period 1 July 2023 to 30 June 2024.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Authority has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2023 to 30 June 2024. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

Responsibility for Internal Controls

The Authority is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applied Auditing Standard ASQC 1 *Quality Control for Firms that Performs Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Authority's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Authority to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, based on our procedures.

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Galpins Trading Pty Ltd
ABN: 89 656 702 886

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under Professional Standards Legislation

Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Authority has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2023 to 30 June 2024. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

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.

Limitations of controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitation of use

This report has been prepared for the members of the Authority in accordance with Section 129 of the *Local Government Act 1999* in relation to the internal controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Authority, or for any purpose other than that for which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor
Partner

Date: 27 September 2024



ERA WATER REGIONAL SUBSIDIARY

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2024**

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 2024, the Subsidiary's Auditor, Galpins, 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 blue ink signature of Michael Parkinson, written in a cursive style.

Michael Parkinson
ERA Water Audit & Risk Committee
Chairperson

Date: 8 August 2024

A blue ink signature of Andrew Aitken, written in a cursive style.

Andrew Aitken
ERA Water
General Manager

Date: 8 August 2024



ERA WATER REGIONAL SUBSIDIARY

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2024**

CERTIFICATION OF AUDITOR INDEPENDENCE

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

A handwritten signature in blue ink, appearing to read "A. MacDonald", written over a dotted line.

Andrew MacDonald PSM
CHIEF EXECUTIVE OFFICER
CORPORATION OF THE TOWN OF WALKERVILLE

Date: 8 August 2024.



ERA WATER REGIONAL SUBSIDIARY

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2024**

CERTIFICATION OF AUDITOR INDEPENDENCE

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

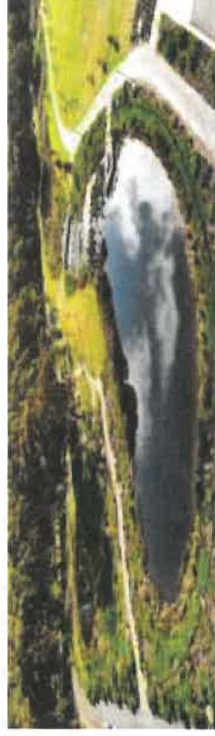
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.....

Mario Barone PSM

**CHIEF EXECUTIVE OFFICER
CITY OF NORWOOD PAYNEHAM & ST PETERS**

Date: 08.08.2024.



ERA WATER REGIONAL SUBSIDIARY

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2024**

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 2024, the Subsidiary's Auditor, Galpins, 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 "Chris Cowley".

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

Date: 8 August 2024

ERA WATER

GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2024

Statement by Auditor

I confirm that, for the audit of the financial statements of ERA Water for the year ended 30 June 2024, 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*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA, Registered Company Auditor
Partner

Date: 27 September 2024

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