

Kangaroo Island Landscape Board

Financial report
for the year ended
30 June 2021

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Presiding Member Kangaroo Island Landscape Board

Opinion

I have audited the financial report of Kangaroo Island Landscape Board (the Board) for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Board as at 30 June 2021, their financial performance and their cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member and the General Manager.

Basis for opinion

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

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

Responsibilities of the General Manager and Presiding Member for the financial report

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

In preparing the financial report, the General Manager 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 assessment indicates that it is not appropriate.

The Board is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 38(2) of the *Landscape South Australia Act 2019*, I have audited the financial report of the Board for the financial year ended 30 June 2021.

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

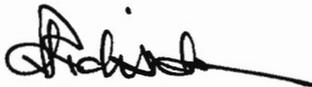
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

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

- conclude on the appropriateness of the General Manager'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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an 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.

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

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



Andrew Richardson

Auditor-General

29 November 2021

Kangaroo Island Landscape Board

Financial Statements

For the year ended 30 June 2021

Kangaroo Island Landscape Board
Certification of the Financial Statements
for the year ended 30 June 2021

We certify that the:

- financial statements for the Kangaroo Island Landscape Board (the Board):
 - are in accordance with the accounts and records of the Board;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Board at the end of the financial year and the result of its operation and cash flows for the financial year.
- internal controls employed by the Board for the financial year over its financial reporting and its preparation of financial statements have been effective.



Andrew Heinrich
Presiding Member
25 November 2021



Will Durack
General Manager
Kangaroo Island Landscape Board
25 November 2021

Kangaroo Island Landscape Board
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000
Income		
Landscape Levies	2.1	402
Intra-government transfers	2.2	1 200
Commonwealth-sourced grants and funding	2.3	3 112
Grant revenues	2.4	704
Interest revenues		1
Other income	2.5	<u>229</u>
Total income		<u>5 648</u>
Expenses		
Employee benefits expenses	3.3	2 234
Supplies and services	4.1	2 100
Grants and subsidies	4.2	119
Depreciation	5.1	165
Borrowing Costs		5
Other expenses	4.3	<u>47</u>
Total expenses		<u>4 670</u>
Net result		<u>978</u>
Total comprehensive result		<u><u>978</u></u>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

Kangaroo Island Landscape Board
Statement of Financial Position
as at 30 June 2021

	Note	2021 \$'000
Current assets		
Cash and cash equivalents	6.1	3 772
Receivables	6.2	<u>1 449</u>
Total current assets		<u>5 221</u>
Non-current assets		
Property plant equipment	5.1	<u>461</u>
Total non-current assets		<u>461</u>
Total assets		<u>5 682</u>
Current liabilities		
Payables	7.1	253
Contract liabilities	2.4	1 826
Financial liabilities	7.2	169
Employee benefits	3.4	249
Provisions	7.3	<u>4</u>
Total current liabilities		<u>2 501</u>
Non-current liabilities		
Payables	7.1	24
Financial liabilities	7.2	214
Employee benefits	3.4	256
Provisions	7.3	<u>9</u>
Total non-current liabilities		<u>503</u>
Total liabilities		<u>3 004</u>
Net assets		<u><u>2 678</u></u>
Equity		
Retained earnings		<u>2 678</u>
Total equity		<u><u>2 678</u></u>

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

Kangaroo Island Landscape Board
Statement of Changes in Equity
for the year ended 30 June 2021

	Note	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2020		-	-
Net result for 2020-21		978	978
Total comprehensive result for 2020-21		978	978
Net assets received from an administrative restructure	1.3	1 700	1 700
Balance at 30 June 2021		2 678	2 678

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

Kangaroo Island Landscape Board
Statement of Cash flows
for the year ended 30 June 2021

	Note	2021 \$'000
Cash flows from operating activities		
<i>Cash inflows</i>		
Landscape and water levies		402
Intra-government transfers		1 200
Commonwealth funding received		2 653
Grants		2 550
Interest received		1
Other receipts		<u>222</u>
Cash generated from operations		<u>7 028</u>
<i>Cash outflows</i>		
Employee benefits payments		(2 163)
Supplies and services		(2 124)
Grants and subsidies		(119)
Interest paid		(5)
Other payments		<u>(43)</u>
Cash used in operations		<u>(4 454)</u>
Net cash provided by operating activities		<u>2 574</u>
Cash flows from financing activities		
<i>Cash inflows</i>		
Cash received from restructuring activities		<u>1 337</u>
Cash generated from financing activities		<u>1 337</u>
<i>Cash outflows</i>		
Repayment of leases		<u>(139)</u>
Cash used in financing activities		<u>(139)</u>
Net cash provided (used in) financing activities		<u>1 198</u>
Net increase / (decrease) in cash and cash equivalents		<u>3 772</u>
Cash at the beginning of the period		-
Cash at the end of the period	6.1	<u><u>3 772</u></u>

The accompanying notes form part of these financial statements.

Kangaroo Island Landscape Board

Notes to and forming part of the financial statements

for the year ended 30 June 2021

1. About the Kangaroo Island Landscape Board

The Kangaroo Island Landscape Board (the Board) was established 1 July 2020 as an independent not for profit statutory authority pursuant to the *Landscape South Australia Act 2019* (The Landscape Act).

The Board adopted the management plan of the former Kangaroo Island NRMB as its interim plan, while it developed a new 5-year Landscape Plan. The Board operates under a Business Plan which aligns to the Landscape Plan for implementation on 1 July 2020. The Business Plan identifies the boards expected revenue and investment in priorities for management of landscapes in the region as detailed in note 1.2.

The Board's financial statements include the use of income, expenses, assets and liabilities controlled or incurred by the Board in its own right.

The Board entered into a Service Level Agreement (SLA) with the Department for Environment and Water (DEW) during 2020-21 for the delivery of corporate support services to the Board to ensure it is able to meet its Governance and financial management statutory requirements in delivering its business.

The financial statements and accompanying notes include all the controlled activities of the Board. As this is the first year of operations, there are no comparative figures provided.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- Section 23 of the *Public Finance and Audit Act 1987*
- Treasurer's instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*
- Relevant Australian Accounting Standards with reduced disclosure requirements

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

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

The Board is not subject to income tax. It is liable for fringe benefits tax, goods and services tax & payroll tax.

DEW prepares a Business Activity Statement on behalf of the Board under the grouping provisions of the Goods and Services Tax (GST) legislation. Under these provisions, DEW is liable for the payments and entitled to the receipts associated with GST. Therefore the Board's net GST receivable/payable is recorded in DEW's Statement of Financial Position. GST cashflows applicable to the Board are recorded in DEW's Statement of Cash Flows. Significant accounting policies are set out below and throughout the notes.

Kangaroo Island Landscape Board
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.2. Objectives and programs

Board's objectives

The functions of the Board under section 25(1) of the Landscape Act include to:

- a) Undertake and promote the management of natural resources within its region
- b) Prepare a regional landscape plan and water allocation plans, landscapes affecting activities control policies and water affecting activities control policies, and
- c) Promote public awareness and understanding of the importance of integrated and sustainable natural resources management within its region

Board programs

The Kangaroo Island Business Plan 2020-21 sets out the Boards investment in five priorities:

Distinctiveness

- This goal involves ensuring that Kangaroo Island's unique qualities and character are protected and enhanced for the enjoyment and benefit of the community, visitors and for future generations

Healthy, Resilient Environment

- This goal involves ensuring that Kangaroo Island ecosystems are healthy and resilient, biodiversity loss is minimised and ecosystems continue to deliver life-supporting services

Thriving Community

- This goal involves ensuring that the Kangaroo Island community enjoys a high level of well-being, is resilient and connected

Vibrant Economy

- This goal involves ensuring that Kangaroo Island prospers with a vibrant economy that is based on sustainably managed natural resources, primary production and industry that underpins its brand values

Governance and Local Knowledge

- This goal involves ensuring that the Kangaroo island community uses an adaptive governance approach, learning and making decisions together, valuing all knowledge types and sharing information freely

The Board invests in and delivers a suite of programs across the region to achieve the priorities and focus areas.

The table on the following page presents expenses and income attributable to each priority.

Kangaroo Island Landscape Board
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.2. Objectives and programs (continued)

Expenses and income by program

For the year ended 30 June 2021

	Distinctiveness	Healthy, Resilient Environment	Thriving Community	Vibrant Economy	Governance and Local Knowledge	Total
	2021	2021	2021	2021	2021	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Landscape Levies	20	181	60	121	20	402
Intra-government transfers	51	137	240	86	686	1 200
Commonwealth funding	217	1 430	484	594	387	3 112
Grants	39	388	81	155	41	704
Interest	-	1	-	-	-	1
Other income	5	144	69	6	5	229
Total income	332	2 281	934	962	1 139	5 648
Expenses						
Employee benefit expense	158	874	357	374	471	2 234
Supplies and services	132	854	367	383	364	2 100
Grants and subsidies	10	45	23	10	31	119
Depreciation	8	43	36	13	65	165
Borrowing costs	-	2	1	-	2	5
Other expenses	2	2	10	2	31	47
Total expenses	310	1 820	794	782	964	4 670
Net result	22	461	140	180	175	978

Kangaroo Island Landscape Board
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.3. Net assets received from an Administrative Restructure

Under the *Public Sector (Reorganisation of Public Sector Operations – Department for Environment and Water) Notice 2020*:

- On 25 June 2020, by notice of the Premier in the SA Government Gazette, 29 (22.8 FTE) employees transferred from DEW to the Board pursuant to section 9 (1) of the *Public Sector Act 2009* (the PS Act), to take effect from 1 July 2020.
- On 1 April 2021, by notice of the Premier in the SA Government Gazette, a further 3 (3.0 FTE) employees transferred from DEW to the Regional Landscape Boards pursuant to section 9 (1) of the *Public Sector Act 2009* (the PS Act), to take effect from 12 April 2021.

Transferred in

The following assets and liabilities were transferred to the Board as part of their staffing transfer:

	\$'000
Current assets	
Cash and cash equivalents	500
Receivables	<u>1</u>
Total assets	<u>501</u>
Current liabilities	
Payables	49
Employee benefits	451
Provisions	<u>34</u>
Total liabilities	<u>534</u>
Total net assets/(liabilities) transferred	<u><u>(33)</u></u>

Net liabilities transferred to the Board because of the administrative restructure are the carrying amount of those assets and liabilities in DEW's Statement of Financial Position immediately prior to transfer. The net liabilities transferred were treated as a contribution by the government as owner.

Kangaroo Island Landscape Board
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.3. Net assets received from an Administrative Restructure (continued)

Additionally, on 1 July 2020, the *Natural Resources Management Act 2004* (NRM Act) was repealed, and the Kangaroo Island Natural Resources Management Board (NRM Board) was abolished. By notice in the Government Gazette on 25 June 2020, the property, assets, rights and liabilities of the NRM Board, with effect from 1 July 2020, were vested in or attached to the Board.

Transferred in

The following assets and liabilities were transferred from the NRM Board:

	\$'000
Current assets	
Cash and cash equivalents	837
Receivables	1 001
Property plant and equipment	<u>340</u>
Total assets	<u>2 178</u>
Current liabilities	
Payables	211
Financial liabilities	<u>234</u>
Total liabilities	<u>445</u>
Total net assets transferred	<u><u>1 733</u></u>

Net assets assumed by the Board because of the administrative restructure are the carrying amount of those assets in the NRM Board's Statement of Financial Position immediately prior to the transfer. The net assets transferred were treated as a contribution by the government as owner.

Kangaroo Island Landscape Board
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.4. Impact of COVID-19 pandemic on the Board

The COVID-19 pandemic impacted from March 2020. The Kangaroo Island Landscape Board managed flexible working arrangement for staff to work from home arrangements where feasible. The Board also ensured precautions were taken for staff and the public where sites and facilities remained open, adopting best practice advice to ensure personal safety at those sites.

A key impact to the board in 2020-21 was a reduction in capacity to complete various projects in the field. This related predominately to sustainable agricultural programs. The project deliverables have been extended into next financial year where possible.

1.5. Impact of the Kangaroo Island Bushfires on the Board

In December 2019, multiple fires burnt 212,000 ha, nearly half of Kangaroo Island.

The Board has received additional funding from the State Government, Commonwealth Government and private industry in 2020-21 to assist the recovering Kangaroo Island community, industry and environment.

2. Income

2.1. Landscape levies

	2021
	\$'000
Landscape Levy collected through Councils	402
Total Landscape Levies	402

The Board collects landscape levies under Part 5 of the *Landscape South Australia Act 2019*.

Landscape Levy collected through Councils and DEW

The Board declares contributions by councils under Section 66 of the Landscape Act for the relevant financial year by notice in the Board Annual Business Plan. The Landscape levy is then collected by constituent councils from ratepayers and is based on the value of rateable land. Revenue is recognised when the invoice is raised at the beginning of the levy period to which they relate. Councils may also seek to recover costs in accordance with the Landscape Act, incurred in the collection of the levy.

Kangaroo Island Landscape Board
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2.2. Intra-government transfers

	2021 \$'000
State Government recurrent funding	1 200
Total Intra-government transfers	1 200

DEW receives recurrent funding, which is administered through the Landscape Administration fund and provided to regional landscape Boards to support business operation and the administration of the Landscape Act. The funding is subsequently paid to regional landscape boards pursuant to subsection 90(4) of the Landscape Act.

Intra-government transfers are recognised as income when the Board obtains control of the asset which is on receipt.

2.3. Commonwealth sourced grants and funding

	2021 \$'000
Regional Land Partnerships Program*	2 880
Commonwealth grants	232
Total Commonwealth-sourced grants and funding	3 112

	2021 \$'000
* Regional Land Partnerships Program funding consists of the following components	
Bushfire Recovery Funding (BRF)	708
Core services (NLP)	465
Creating a Safe Haven for the Kangaroo Island Dunnart (NLP)	432
Recovering the Kangaroo Island Narrow Leaved Mallee Woodland (NLP)	410
Planning for the Future of the Kangaroo Island Dunnart (ERF)	400
Emergency Pest Mitigation (NLP)	250
Building Resilient Ag (NLP)	116
Building Native Oyster shellfish Reefs	99
Total Regional Land Partnership funding	2 880

The Board has determined that the Commonwealth funding included in the table above is accounted for under AASB 1058. Commonwealth funding is generally paid in arrears, subject to an approved declaration of claim by the Board. The Board has determined that it has an unconditional contractual right to receive a portion of the funding under AASB 9 when a claim is submitted, as it has satisfied the eligibility criteria and expects that the claim will be accepted. Accordingly, revenue and a receivable are recognised when the claim is submitted. When Commonwealth funding is paid in advance it is recognised on receipt.

Kangaroo Island Landscape Board
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2.4. Grant revenues

	2021
	\$'000
Income recognised under AASB 1058	
State Government recurrent funding	409
State Government Grants	281
Sundry grants	<u>14</u>
Total grant revenues	<u>704</u>

Grants recognised under AASB 1058

The Board has determined that the grant income included in the table above under AASB 1058 has been earned under arrangements that are either not enforceable and/or not linked to sufficiently specific performance obligations.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Board has an unconditional right to receive cash which usually coincides with receipt of cash.

Grants recognised under AASB 15

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers under AASB 15. The existence of a sufficiently specific performance obligation, when it is satisfied and the amount of revenue to be allocated to each performance involves significant judgement. Revenue is recognised when the Board satisfies the performance obligation by providing the relevant services. The payments are normally received in advance or shortly after the relevant obligation is satisfied. Where payments are received in advance and performance obligations are still outstanding at 30 June 2021 a contract liability is recognised.

Contract Liability

	2021
	\$'000
Contract liabilities	<u>1 826</u>
Total contract liabilities	<u>1 826</u>

Contract liabilities relate to revenue received for replacement of Crown fencing adjoining private land and Landscape Priorities Fund grants received in advance from the State Government, for which revenue will be recognised as performance obligations are satisfied.

2.5. Other income

	2021
	\$'000
Sale of goods	183
Other revenue	<u>46</u>
Total other income	<u>229</u>

Other income includes revenue generated from the sales of goods such as native plants and associated equipment. The revenue is recognised upon the delivery of the service to the customer, which is in arrears, therefore no contract liability is recognised.

Kangaroo Island Landscape Board
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the Board includes the Minister for Environment and Water, the Presiding Member, members and the Regional Director who have responsibility for the strategic direction and management of the Board.

The total compensation for the Board's key management personnel was \$218 000 in 2020-21.

The compensation disclosed in this note excludes salaries and other benefits the Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account under section 6 of the *Parliamentary Remuneration Act 1990*.

Related party transactions

The Board is a body corporate and was established pursuant to the *Landscape South Australia Act 2019* and is wholly owned and controlled by the Crown.

Related parties of the Board include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Transactions with key management personnel and other related parties

No transactions with key management personnel or related parties have occurred throughout the 2020-21 financial year, other than those disclosed.

Kangaroo Island Landscape Board
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.2. Board and committee members

Members during the 2020-21 financial year were:

The Board

A Heinrich (Presiding Member)
J M Stanton (Retired Jun 2021)
G M Crowley
P K Davis
M R Pengilly
R L Willson
P D Rismiller

Board and committee remuneration

The number of members whose remuneration received or receivable falls within the following bands:

	2021
	\$'000
\$0 - \$19 999	6
\$20 000 - \$39 999	<u>1</u>
Total number of members	<u>7</u>

Remuneration of members reflects all costs of performing Board, Group and Committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits, and any FBT paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$47 000.

For the purpose of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members. These expenses, in addition to the payroll tax amount to \$12 000.

Kangaroo Island Landscape Board
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.3. Employee benefits expense

	2021 \$'000
Salaries and wages	1 702
Employment on-costs - superannuation	186
Annual leave	148
Employment on-costs - other	112
Targeted voluntary separation packages	66
Board and committee fees	43
Skills and experience retention leave	2
Other employee related expenses	1
Long service leave	(5)
Workers compensation	(21)
Total employee benefits expense	<u>2 234</u>

Employment on-costs - superannuation

The superannuation employment on-cost charge represents the Boards' contributions to superannuation plans in respect of current services of current employees.

Executive remuneration

There were no employees who received remuneration above the base executive remuneration level.

3.4. Employee benefits liability

	2021 \$'000
<u>Current</u>	
Annual leave	132
Accrued salaries and wages	83
Long service leave	33
Skills and experience retention leave	1
Total current employee benefits	<u>249</u>
<u>Non-current</u>	
Long service leave	256
Total non-current employee benefits	<u>256</u>
Total employee benefits liability	<u>505</u>

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Kangaroo Island Landscape Board
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.4. Employee benefits liability (continued)

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 9.1.

4. Expenses

4.1. Supplies and services

	2021
	\$'000
Fee for service	673
Fee for service - Corporate services fee to DEW	474
Other supplies and services	294
Minor works, maintenance and equipment	249
Motor vehicles	83
Fee for service - Board funded DEW salaries	139
Fee for service - Shared Services SA fee	59
Information technology and communication expenses	43
Accommodation and property management	28
Travel and accommodation	26
General administration	24
Contracted staff development	8
Total supplies and services	<u>2 100</u>

4.2. Grants and subsidies

	2021
	\$'000
Recurrent grants	<u>119</u>
Total grants and subsidies	<u>119</u>

The Board provided financial assistance to private bodies during the year. Funds are paid by way of grants and all recipients are required to comply with conditions relevant to each grant.

For contributions payable, the contribution will be recognised as a liability and expense when the Board has a present obligation to pay the contribution and the expense recognition criteria are met.

Kangaroo Island Landscape Board
Notes to and forming part of the financial statements
for the year ended 30 June 2021

4.3. Other expenses

	2021
	\$'000
Audit fees paid/payable to the Auditor-General's Department	<u>47</u>
Total other expenses	<u>47</u>

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

Kangaroo Island Landscape Board
Notes to and forming part of the financial statements
for the year ended 30 June 2021

5. Non-financial assets

Property, plant and equipment comprises tangible assets owned by the Board and right-of-use leased assets.

5.1. Property, plant and equipment owned by the Board

Property, plant and equipment owned by the Board with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the Board is recorded at fair value. Detail about the Board's approach to fair value is set out in note 9.2.

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

Reconciliation 2020-21

	Computing equipment \$'000	Plant and equipment \$'000	Capital work in progress \$'000	ROU buildings \$'000	ROU vehicles \$'000	Total \$'000
Carrying amount at the beginning of the period	-	-	-	-	-	-
Acquisitions	-	-	-	-	289	289
Acquisition through administrative restructuring	-	61	48	230	-	339
Depreciation	-	(25)	-	(77)	(63)	(165)
Disposals	-	-	-	-	(2)	(2)
Carrying amount at the end of the period	<u>-</u>	<u>36</u>	<u>48</u>	<u>153</u>	<u>224</u>	<u>461</u>
Gross carrying amount						
Gross carrying amount	30	265	48	307	282	932
Accumulated depreciation	<u>(30)</u>	<u>(229)</u>	<u>-</u>	<u>(154)</u>	<u>(58)</u>	<u>(471)</u>
Carrying amount at the end of the period	<u>-</u>	<u>36</u>	<u>48</u>	<u>153</u>	<u>224</u>	<u>461</u>

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

Kangaroo Island Landscape Board
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5.1. Property, plant and equipment owned by the Board (continued)

Useful life

Depreciation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Plant and equipment	5
Right-of-use vehicles	3-5
Right-of-use buildings	5

Impairment

Property, plant and equipment owned by the Board has not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity.

There were no indications of impairment of property, plant and equipment as at 30 June 2021.

5.2. Property, plant and equipment leased by the Board

Right-of-use assets for property, plant and equipment leased by the Board as lessee are measured at cost. Additions to leased property during 2020-21 were \$0.289 million.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.1.

The Board has two leases held directly between the Board and landlords, one for office accommodation in Kingscote and the other is for the Nursery and Seedbank facility, operations includes propagation and sales of seedlings and plants. Rent is payable in arrears for both leases. The Office accommodation is leased from Berden Family Super Fund and is in place up to 30 June 2023 and the Nursery facility is leased from Cajetan and Giannina Amadio in place up to 30 June 2023. Lease payments are reviewed annually in line with CPI indexation.

The Board has 14 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No variable lease payments are provided for in the lease agreements and no options exist to renew the leases at the end of their term.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. The Board's maturity analysis of its lease liabilities is disclosed in note 9.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in notes 4.3 and 5.1. Cash outflows related to leases are disclosed in the Statement of Cash Flows.

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6. Financial assets

6.1. Cash and cash equivalents

	2021
	\$'000
Deposits with the Treasurer	3 772
Total cash and cash equivalents	3 772

Deposits at call and with the Treasurer earn a floating interest rate, based on daily bank deposit rates.

Cash is measured at nominal amounts.

6.2. Receivables

	2021
	\$'000
<u>Current</u>	
Receivables	
Debtors	1 354
Accrued revenues	95
Total receivables	1 449

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

The Board has assessed debtors and determined that non government debtors comprise a small number of low balances, which are current and collectable. No provision for doubtful debts has been made.

Kangaroo Island Landscape Board
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7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1. Payables

	2021
	\$'000
Current	
Trade payables	124
Accrued expenses	74
Employment on-costs	<u>55</u>
Total current payables	<u>253</u>
Non-current	
Employment on-costs	<u>24</u>
Total non-current payables	<u>24</u>
Total payables	<u><u>277</u></u>

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

Employment on-costs

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

The Board contributes to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board and externally managed superannuation schemes.

As a result of an actuarial assessment performed by the DTF, the proportion of long service leave taken as leave was 42%. The average factor for the calculation of employer superannuation cost on-costs was 10.1%. These rates are used in the employment on-cost calculation.

Kangaroo Island Landscape Board
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7.2. Financial liabilities

	2021
	\$'000
Current	
Lease liabilities	169
Total current financial liabilities	<u>169</u>
Non-current	
Lease liabilities	214
Total non-current financial liabilities	<u>214</u>
Total financial liabilities	<u><u>383</u></u>

The Board measures financial liabilities at amortised cost.

All material cash outflows are reflected in the lease liabilities disclosed above.

7.3. Provisions

	2021
	\$'000
Current	
Provision for workers compensation	4
Total current provisions	<u>4</u>
Non-current	
Provision for workers compensation	9
Total non-current provisions	<u>9</u>
Total provisions	<u><u>13</u></u>
<i>Movement in provisions</i>	
Carrying amount at the beginning of the period	-
Provisions recognised as a result of restructure activities	34
Decrease in provisions recognised	<u>(21)</u>
Carrying amount at the end of the period	<u><u>13</u></u>

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Board is responsible for the payment of workers compensation claims.

Kangaroo Island Landscape Board
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8. Outlook

8.1. Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual sources and are disclosed at their nominal value.

Expenditure commitments

The Board's expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2021 \$'000
No later than one year	668
Total other commitments	668

The Board's commitments relate to non-cancellable contracts at the reporting date which have not been recognised in the Statement of Comprehensive Income and Statement of Financial Position.

8.2. Contingent assets and liabilities

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

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

9. Measurement and risk

9.1. Long service leave liability – measurement

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth bonds was 1.25%.

The actuarial assessment performed by DTF applied a salary inflation rate of 2.5% for long service leave liability. The salary inflation rate for annual leave and skills, experience and retention leave liability remained was 2.0%.

The unconditional portion of the long service leave provision is classified as current as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

Kangaroo Island Landscape Board
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9.2. Fair value

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

Revaluation

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

All non-current tangible assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

The Board does not hold any assets that meet this criteria.

9.3. Financial instruments

Financial risk management

Risk management is managed by the Board's corporate services section. The Board risk management policies are in accordance with the *SA Government Risk Management Guide* and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Board's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Categorisation of financial instruments

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

Kangaroo Island Landscape Board
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9.3. Financial instruments (continued)

Classification of financial instruments

Financial assets and financial liabilities are measured at amortised cost.

Category of financial asset and financial liability	Note	2021	2021 Contractual Maturities		
		Carrying amount \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents					
Cash and cash equivalents	6.1	3 772	n/a	n/a	n/a
Financial assets at amortised cost					
Receivables	6.2	1 349	1 349	-	-
Total financial assets		5 121	1 349	-	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables	7.1	151	151	-	-
Lease liabilities	7.2	383	169	214	-
Total financial liabilities		534	320	214	-

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