

South Australian Murray-Darling Basin Natural Resources Management Board

Financial report
for the year ended
30 June 2020



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Presiding Member South Australian Murray-Darling Basin Natural Resources Management Board

Opinion

I have audited the financial report of the South Australian Murray-Darling Basin Natural Resources Management Board (the Board) for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Murray-Darling Basin Natural Resources Management Board as at 30 June 2020, its financial performance and its 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 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member and the Chief Financial Officer of the Department for Environment and Water.

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 South Australian Murray-Darling Basin Natural Resources Management Board. 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 Board for the financial report

The Board 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 1987* and Australian Accounting Standards, and for such internal control as deemed necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

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 37(2) of the *Natural Resources Management Act 2004* (repealed 1 July 2020), I have audited the financial report of the South Australian Murray-Darling Basin Natural Resources Management Board for the financial year ended 30 June 2020.

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 South Australian Murray-Darling Basin Natural Resources Management Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- 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 Board 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.

A handwritten signature in black ink, appearing to read 'Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

27 November 2020

**South Australian Murray-Darling Basin Natural
Resources Management Board**

Financial Statements

For the year ended 30 June 2020

South Australian Murray-Darling Basin Natural Resources Management Board
Certification of the Financial Statements
for the year ended 30 June 2020

We certify that the attached general purpose financial statements for the South Australian Murray-Darling Basin Natural Resources Management Board:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the South Australian Murray-Darling Basin Natural Resources Management Board
- present a true and fair view of the financial position of the Board as at 30 June 2020 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the South Australian Murray-Darling Basin Natural Resources Management Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Dianne Davidson
Presiding Member
25 November 2020



Shaun O'Brien
Chief Financial Officer
Department for Environment and Water
25 November 2020

South Australian Murray-Darling Basin Natural Resources Management Board
Statement of Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Regional NRM and Water Levies	2.1	14 639	14 373
Commonwealth funding	2.2	3 427	7 865
Grants	2.3	142	369
Interest	2.4	39	108
Other income	2.5	299	471
Total income		18 546	23 186
Expenses			
Board, group and committee	3.2	79	112
Supplies and services	4.1	14 064	15 059
Grants and subsidies	4.2	1 875	5 883
Depreciation and amortisation	4.3	560	39
Borrowing costs	4.4	19	-
Other expenses	4.5	203	637
Total expenses		16 800	21 730
Net result		1 746	1 456
Total comprehensive result		1 746	1 456

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

South Australian Murray-Darling Basin Natural Resources Management Board
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	6.1	7 867	6 182
Receivables	6.2	1 517	1 827
Total current assets		9 384	8 009
Non-current assets			
Property, plant and equipment	5.1	1 649	529
Intangible assets	5.4	12	14
Total non-current assets		1 661	543
Total assets		11 045	8 552
Current liabilities			
Payables	7.1	436	815
Financial liabilities	7.2	518	-
Total current liabilities		954	815
Non-current liabilities			
Financial liabilities	7.2	608	-
Total non-current liabilities		608	-
Total liabilities		1 562	815
Net assets		9 483	7 737
Equity			
Retained earnings		9 483	7 737
Total equity		9 483	7 737

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

South Australian Murray-Darling Basin Natural Resources Management Board
Statement of Changes in Equity
for the year ended 30 June 2020

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018	<u>6 281</u>	<u>6 281</u>
Net result for 2018-19	1 456	1 456
Total comprehensive result for 2018-19	<u>1 456</u>	<u>1 456</u>
Balance at 30 June 2019	<u>7 737</u>	<u>7 737</u>
Net result for 2019-20	1 746	1 746
Total comprehensive result for 2019-20	<u>1 746</u>	<u>1 746</u>
Balance at 30 June 2020	<u>9 483</u>	<u>9 483</u>

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

South Australian Murray-Darling Basin Natural Resources Management Board
Statement of Cash Flows
for the year ended 30 June 2020

		2020	2019
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Regional NRM levies and water levies received		14 497	14 248
Commonwealth funding received		3 909	7 384
Grants received		142	369
Interest received		48	107
Other receipts		299	471
Cash generated from operating activities		18 895	22 579
Cash outflows			
Board, group and committee member payments		(79)	(112)
Payments for supplies and services		(14 451)	(15 027)
Payments of grants and subsidies		(1 907)	(5 996)
Interest paid		(19)	-
Other payments		(201)	(643)
Cash used in operating activities		(16 657)	(21 778)
Net cash provided by operating activities		2 238	801
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(49)	-
Purchase of intangible assets		-	(15)
Cash used in investing activities		(49)	(15)
Net cash used in investing activities		(49)	(15)
Cash flows from financing activities			
Cash inflows			
Receipt of working capital		-	1 000
Cash generated from financing activities		-	1 000
Cash outflows			
Repayment of working capital		-	(1 000)
Repayment of leases		(504)	-
Cash used in financing activities		(504)	(1 000)
Net cash provided by / (used in) financing activities		(504)	-
Net increase in cash and cash equivalents		1 685	786
Cash and cash equivalents at the beginning of the reporting period		6 182	5 396
Cash and cash equivalents at the end of the reporting period	6.1	7 867	6 182

The accompanying notes form part of these financial statements.

South Australian Murray-Darling Basin Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS

1.	About the South Australian Murray-Darling Basin Natural Resources Management Board	9
1.1.	Basis of preparation.....	10
1.2.	Objectives and programs.....	11
1.3.	Impact of COVID-19 pandemic on the Board.....	13
2.	Income	14
2.1.	Regional NRM and Water Levies	14
2.2.	Commonwealth funding.....	14
2.3.	Grant revenues	15
2.4.	Interest.....	15
2.5.	Other income	15
3.	Board, committees and employees	16
3.1.	Key management personnel.....	16
3.2.	Board and committee members.....	16
4.	Expenses	18
4.1.	Supplies and services.....	18
4.2.	Grants and subsidies.....	18
4.3.	Depreciation and amortisation.....	19
4.4.	Borrowing costs	19
4.5.	Other expenses	19
5.	Non-financial assets	20
5.1.	Property, plant and equipment by asset class.....	20
5.2.	Property, plant and equipment owned by the Board	21
5.3.	Property, plant and equipment leased by the Board	21
5.4.	Intangible assets.....	22
6.	Financial assets	22
6.1.	Cash and cash equivalents.....	22
6.2.	Receivables	23
7.	Liabilities	24
7.1.	Payables	24
7.2.	Financial liabilities.....	24
8.	Changes in accounting policy	25
8.1.	AASB 16 Leases.....	25
8.2.	Presentation of Financial Statements.....	27
9.	Outlook	27
9.1.	Unrecognised contractual commitments	27

South Australian Murray-Darling Basin Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

9.2.	Contingent assets and contingent liabilities.....	28
9.3.	COVID-19 pandemic outlook for the Board	28
9.4.	Events after the reporting period	28
10.	Measurement and risk.....	28
10.1.	Fair value	28
10.2.	Financial instruments.....	29

South Australian Murray-Darling Basin Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1. About the South Australian Murray-Darling Basin Natural Resources Management Board

The South Australian Murray-Darling Basin Natural Resources Management Board (the Board) was established pursuant to section 23(1) of the *Natural Resources Management Act 2004* (the NRM Act). The Board is a body corporate.

The Board operates under a Natural Resources Management Plan (NRM Plan) which was approved by the Minister for Environment and Water (the Minister) on 10 January 2014, for implementation on 1 July 2014. The NRM Plan contains a three-year Investment Plan which identifies strategies, management action targets and the Board's investment themes as detailed in note 1.2. The investment plan relevant to the 2019-20 financial year was adopted by the Minister on 6 April 2016.

The financial statements include all the controlled activities of the Board.

On 1 July 2020, the NRM Act was repealed and the Board was abolished. By notice in the Government Gazette on 25 June 2020, the property, assets, rights and liabilities of the Board, with effect from 1 July 2020, are vested or attached in accordance with the following:

- a) any property, assets, rights or liabilities that fall within the functions and responsibilities of the Hills and Fleurieu Landscape Board are vested or attached to the Hills and Fleurieu Landscape Board;
- b) any property, assets, rights or liabilities that fall within the functions and responsibilities of the Northern and Yorke Landscape Board are vested or attached to the Northern and Yorke Landscape Board;
- c) any other property, assets, rights or liabilities that do not fall within the ambit of paragraph (a) or (b) are vested in or attached to the Murraylands and Riverland Landscape Board.

NRM groups

The function of the NRM Groups is defined by section 52 of the NRM Act and the NRM Group Charter. Section 47(3)(b) of the NRM Act provides that the NRM Groups are subject to the direction of the Board.

In accordance with a direction issued by the Board and the NRM Groups' Charter the NRM Groups do not have the power to enter into contracts or procure goods or services in their own right. The Board has ensured that proper accounts have been kept of the NRM Groups' activities and the related financial information has been incorporated in the accounts and financial statements of the Board for financial reporting purposes. Group financial information is not disclosed due to their immateriality.

Direction by the Minister

On 16 April 2012, the Minister, pursuant to section 24(3) of the NRM Act, directed the Board to:

- use the Department for Environment and Water (DEW) to provide the Board's business support and NRM services to the region
- enter into an agreement for these services
- fund the services and projects set out in the agreement.

The Board entered into a Service Level Agreement (SLA) with DEW in 2019-20 which includes the delivery of support services to the Board to ensure it is able to meet its statutory requirements under the NRM Act and an annual work plan for the delivery of the Board's Business Plan. This agreement details the services, projects and funds to deliver the annual work plan. This SLA is reviewed and updated on an annual basis.

South Australian Murray-Darling Basin Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1. About the South Australian Murray-Darling Basin Natural Resources Management Board (continued)

In accordance with a notice published in the Government Gazette on 21 June 2012, all Board staff were transferred from employment under the NRM Act to the *Public Sector Act 2009*. This was effective from 1 July 2012 at which date staff were brought into the administrative unit of DEW. As a consequence:

- DEW assumed responsibility for the staff previously employed under the NRM Act by the Board
- all staff are now employed by the Chief Executive, DEW under the *Public Sector Act 2009*
- DEW is responsible for the management, supervision, liability, Work Health and Safety and human resources management of the staff that will undertake services under the SLA
- staff undertaking services on behalf of the Board are assigned to the Board under the NRM Act
- the payment for staff salaries is recharged to the Board under a Fee for Service Arrangement.

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.

For the 2019-20 financial statements the Board has adopted *AASB 15 – Revenue from Contracts with Customers*, *AASB 16 – Leases* and *AASB 1058 – Income of Not-for-Profit Entities*. Further information is provided in note 8.

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.

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 cash flows applicable to the Board are recorded in DEW's Statement of Cash Flows.

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.

South Australian Murray-Darling Basin Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2. Objectives and programs

Board's objectives

The objectives of the Board as defined in the NRM Act are:

- to undertake an active role with respect to the management of natural resources within its region
- to prepare a regional NRM plan in accordance with the NRM Act, to implement the plan and to keep the plan under review to ensure the objects of the NRM Act are being achieved
- to promote public awareness and understanding of the importance of integrated and sustainable natural resources management within its region, to undertake or support educational activities with respect to natural resources management, and to provide mechanisms to increase the capacity of people to implement programs or to take other steps to improve the management of natural resources
- to provide advice with respect to the assessment of various activities or proposals referred to the Board under the NRM Act or any other Act
- to resolve any issues that may arise between the NRM groups that are relevant to the management of natural resources within its region
- at the request of the Minister or the NRM Council, or of its own initiative, to provide advice on any matter relevant to the condition of natural resources within its region, or on the management of those resources, to conduct any inquiry or audit, or to provide any other advice or report that may be appropriate in the circumstances
- any other functions assigned to the Board by the Minister by or under the NRM Act or any other Act.

South Australian Murray-Darling Basin Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1.2. Objectives and programs (continued)

Board programs

In achieving its objectives the Board provides a range of services classified into the following programs:

Environment and Conservation

The purpose of the Environment and Conservation program in the SAMDB region is to protect and enhance the natural environment by both delivering landscape protection and restoration actions and also building capacity for land managers to take action on landscape restoration. The program also contributes to the science that underpins informed decision making and prioritization in delivering conservation objectives across the region and finally the program contributes to community engagement and education programs in landscape restoration so the natural landscapes are valued by future generations.

Sustainable Landscapes

The purpose of this program is to inspire and motivate to greater natural resource management action across the landscape, regardless of tenure.

The region is noted for its horticulture and has a history of innovation and world standard water use techniques. The Board continues to successfully deliver the Australian Government funding of the On-Farm Irrigation Efficiency Program to irrigators which enable them to modernise their existing infrastructure, gaining maximum productivity while reducing the amount of water required.

The Board works with and assists farmers, commodity and industry groups to support improving farming business and improved land, water and biodiversity management. The Board's statutory obligation to undertake pest, plant and animal control activities is contained within the Parks and Sustainable Landscapes program.

Community Engagement

The Community Engagement program recognises the significant role that the community play in NRM outcomes and assists the Board to receive information from the community and provide information to the community, industry and governments. The program has a strong focus on raising the awareness of the communities within the region and then engaging those people by building their understanding and involvement in the natural resources management projects implemented.

The program also has a specific focus on engaging the region's Aboriginal populations in training and employment programs, protecting Aboriginal heritage and building cultural awareness across the region. This program aims to ensure the continued use, support and reinvigoration of traditional knowledge to underpin natural resource outcomes.

Planning and Evaluation

The Planning and Evaluation program supports the Board's development and performance evaluation of the Regional NRM Plan, water allocation planning, NRM regional evaluation, funding and program performance. It is responsible for regional information and reporting systems.

Planning, monitoring, evaluation, reporting and improvement activities are fundamental to NRM. Planning and evaluation ensures continuous learning, enhanced understanding, demonstrates accountability and improves actions taken to achieve NRM outcomes. Monitoring the condition of natural resources and the effectiveness of the NRM Plan through accurate, cost-effective and timely performance data is key to improving the performance of the Board's programs.

Water resource assessment and water allocation planning are key elements of the program and are a statutory obligation of the Board.

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

South Australian Murray-Darling Basin Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2. Objectives and programs (continued)

Expenses and income by program

	Environment and Conservation		Sustainable Landscapes		Community Engagement		Planning and Evaluation		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Income										
Regional NRM & Water Levies	2 043	2 006	5 083	4 991	3 820	3 751	3 693	3 625	14 639	14 373
Commonwealth funding	1 686	1 893	908	5 164	606	603	227	205	3 427	7 865
Grant	78	129	8	66	35	2	21	172	142	369
Interest	5	15	13	40	11	27	10	26	39	108
Other income	19	145	239	282	19	18	22	26	299	471
Total income	3 831	4 188	6 251	10 543	4 491	4 401	3 973	4 054	18 546	23 186
Expenses										
Board, group and committee expenses	14	22	38	46	14	22	13	22	79	112
Supplies and services	3 892	4 565	4 820	5 265	2 045	2 155	3 307	3 074	14 064	15 059
Grants and subsidies	151	176	528	4 639	1 177	1 029	19	39	1 875	5 883
Depreciation	149	5	212	34	76	-	123	-	560	39
Borrowing costs	5	-	6	-	3	-	5	-	19	-
Other expenses	15	10	158	605	17	12	13	10	203	637
Total expenses	4 226	4 778	5 762	10 589	3 332	3 218	3 480	3 145	16 800	21 730
Net result	(395)	(590)	489	(46)	1 159	1 183	493	909	1 746	1 456

The Board has determined that assets and liabilities cannot be readily attributed to individual programs.

1.3. Impact of COVID-19 pandemic on the Board

The COVID-19 pandemic impacted from March 2020. DEW on behalf of the NRM Board managed the move of a significant number of staff to work from home arrangements where feasible. DEW 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.

South Australian Murray-Darling Basin Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2. Income

2.1. Regional NRM and Water Levies

	2020	2019
	\$'000	\$'000
Water Levies collected through DEW	8 718	8 606
Regional NRM Levy collected through Councils	5 921	5 767
Total Regional NRM and Water Levies	14 639	14 373

Under the NRM Act the Board receives two forms of levies, being the Regional NRM levy and the NRM Water levy.

Regional NRM levy collected through Councils

The Minister declares contributions by councils under section 92 of the NRM Act 2004 for the relevant financial year by notice in the Government Gazette. The Regional NRM levy is then collected by constituent councils from ratepayers and is based on the value of rateable land. The Regional NRM levies are recognised as revenue when the Board obtains control over the assets comprising these receipts which is the beginning of the levy period to which they relate. Councils may also seek to recover any outgoing costs associated with the collection of the levy.

Water Levies collected through DEW

The water-based levy is collected by DEW from licensed water users. This levy is based on water allocated and water used. This income is recorded as revenue when the Board receives the funds from DEW.

2.2. Commonwealth funding

	2020	2019
	\$'000	\$'000
Commonwealth funding		
Commonwealth On-farm Further Irrigation Efficiency Program	129	4 452
Regional Land Partnerships Program*	2 182	2 284
Riverland Indigenous Rangers	578	570
On-farm Irrigation Efficiency Program Round 4	-	102
Other Commonwealth funding	538	457
Total Commonwealth funding	3 427	7 865

	2020	2019
	\$'000	\$'000
* Regional Land Partnerships Program funding consists of the following components		
Restoring Ramsar Wetlands	675	690
Farm Soils and Vegetation Management	420	469
Restoring the Iron-grass Natural Temperate Grasslands	440	465
Core services	308	304
Threatened Mallee Birds	200	220
Regional Agriculture Landcare Facilitator	139	136
Total Regional Land Partnership funding	2 182	2 284

Assets arising from Commonwealth funding in scope of AASB 1058 are recognised at their fair value when an asset is received. Commonwealth funding is paid in arrears, subject to an approved declaration of claim. 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.

South Australian Murray-Darling Basin Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2.3. Grant revenues

	2020	2019
	\$'000	\$'000
Grant revenues from SA Government		
State Government grants	113	276
Total grant revenues from SA Government	113	276
Other grant revenues		
Sundry grants	29	93
Total other grant revenues	29	93
Total grants revenue	142	369

Income from grants without sufficiently specific performance obligations is recognised when the entity obtains control over the assets. This is when the cash is received.

2.4. Interest

	2020	2019
	\$'000	\$'000
Interest	39	108
Total interest revenues	39	108

2.5. Other income

	2020	2019
	\$'000	\$'000
Support services income	14	205
Sale of goods	213	201
Property rental and related income	72	63
Other revenue	-	2
Total other income	299	471

Other income includes revenue generated through the contracting of animal and plant control services conducted on Crown or private land and the sale of goods such as fox baits. All revenue from the sale of goods and property rental and related income is revenue from contracts with customers. This revenue is recognised upon delivery of the service to the customer, which is in arrears, therefore no contract liability is recognised.

South Australian Murray-Darling Basin Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2020

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the Board comprise the Minister, the Presiding Member, other members of the Board and the Regional Director.

Total compensation for key management personnel was \$174 000 in 2019-20 and \$148 000 in 2018-19.

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 (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

Related party transactions

The Board is a body corporate and was established pursuant to the *Natural Resources Management Act 2004* 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.

No transactions with key management personnel or related parties have occurred throughout the 2019-20 financial year, other than those disclosed.

3.2. Board and committee members

Members of the South Australian Murray-Darling Natural Resources Management Board during the 2019-20 financial year were:

D M Davidson (Presiding Member, re-appointed February 2020)
G Small (resigned July 2019)
D K Mildren (resigned July 2019)
P J Duggin (ceased February 2020)
E A Frankel (ceased February 2020)
L E Jaensch (ceased February 2020)
O F Love (ceased February 2020)

Members of groups and committees during the 2019-20 financial year were:

Mallee and Coorong NRM Group

R B Wickes (Chair, re-appointed March 2020)
S Evans
A W Hansen
D H Hayward
C Shaw
Y J Smith (appointed December 2019)
A Biele

Rangelands NRM Group

R G Perry (Chair) (re-appointed February 2020)
V G W Breeding (re-appointed February 2020)
T D Preston
R J Dittrich (Re-appointed March 2020)
H J Hodge (appointed August 2019)
L E Stockman (appointed August 2019)

South Australian Murray-Darling Basin Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.2. Board and committee members (continued)

Ranges to River NRM Group

S E Mann
P N Reilly
W H C Jacobs (re-appointed February 2020)
M A Rebbeck
T A Bradman (Expires March 2020)

Finance and Risk Committee

L E Jaensch (ceased February 2020)
D K Mildren (Chair resigned July 2019)
D M Davidson
E A Frankel (ceased February 2020)
P Duggin (appointed Chair August 2019-ceased February 2020)

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

	2020	2019
\$0 - \$19 999	24	31
\$20 000 - \$39 999	1	1
Total number of board, group and committee members	25	32

The total remuneration received or receivable by members was \$52 000 (2019: \$74 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits, and related fringe benefits tax.

For the purposes of this table, travel allowances, other out-of-pocket expenses paid to members and board member on-costs have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by members, or are not directly received by board members. These expenses amount to \$27 000 (2019: \$37 000).

South Australian Murray-Darling Basin Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4. Expenses

4.1. Supplies and services

	2020	2019
	\$'000	\$'000
Fee for service - Board funded DEW salaries	6 306	6 591
Fee for service - Water planning management (DEW)	2 340	2 283
Fee for service - third party contractors	2 004	2 227
Fee for service - Corporate fee (DEW)	1 664	1 722
Accommodation	328	888
Motor vehicles	357	411
Minor works, maintenance and equipment	237	266
Information technology and communication charges	192	158
General administration	116	149
Travel and accommodation	52	65
Contracted staff training and development	39	61
Temporary staff	217	50
Monitoring fees	27	7
Transport	6	7
Other supplies and services	179	174
Total supplies and services	14 064	15 059

4.2. Grants and subsidies

	2020	2019
	\$'000	\$'000
Grants and subsidies provided to entities within SA Government		
Grants and subsidies paid to entities within the SA Government	120	-
Total grants and subsidies - SA Government	120	-
Grants and subsidies paid to entities external to the SA Government		
Landholders	292	4 473
Local Government and community groups	633	603
Other	830	807
Total grants and subsidies - non SA Government	1 755	5 883
Total grants and subsidies	1 875	5 883

The Board provided funding to local government, state government agencies, community groups and 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.

South Australian Murray-Darling Basin Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.3. Depreciation and amortisation

	2020	2019
	\$'000	\$'000
Buildings	9	11
Infrastructure	1	-
Plant and equipment	25	24
Vehicles	3	3
Intangible assets	2	1
Right-of-use buildings	520	-
Total depreciation and amortisation	560	39

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

Review of accounting estimates

Assets' residual values, useful lives and depreciation / amortisation methods are reviewed and adjusted if appropriate, on an annual basis. Changes in the expected useful 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.

Useful life

Depreciation/amortisation 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)
Infrastructure	40
Buildings	19-60
Plant and equipment	4-20
Vehicles	5-12
Right-of-use buildings	3-10
Intangible assets	10

4.4. Borrowing costs

	2020	2019
	\$'000	\$'000
Interest expense on lease liabilities	19	-
Total Borrowing Costs	19	-

4.5. Other expenses

	2020	2019
	\$'000	\$'000
Unexpended grants returned	154	570
Audit fees paid/payable to the Auditor-General's Department	46	45
Assets transferred for nil consideration	-	20
Bad and doubtful debts	2	(3)
Other	1	5
Total other expenses	203	637

South Australian Murray-Darling Basin Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5. Non-financial assets

5.1. Property, plant and equipment by asset class

	2020	2019
	\$'000	\$'000
Land		
Land at cost (deemed fair value)	54	54
Total land	54	54
Buildings		
Buildings at cost (deemed fair value)	375	375
Accumulated depreciation	(85)	(76)
Total buildings	290	299
Infrastructure		
Infrastructure at cost (deemed fair value)	16	16
Accumulated depreciation	(4)	(3)
Total infrastructure	12	13
Plant and equipment		
Plant and equipment at cost (deemed fair value)	415	411
Accumulated depreciation	(267)	(254)
Total plant and equipment	148	157
Vehicles		
Vehicles at cost (deemed fair value)	191	158
Accumulated depreciation	(155)	(152)
Total vehicles	36	6
Right-of-use buildings		
Right-of-use buildings (at cost)	1 629	-
Accumulated depreciation	(520)	-
Total right-of-use buildings	1 109	-
Total property, plant and equipment	1 649	529

South Australian Murray-Darling Basin Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.2. Property, plant and equipment owned by the Board

Property, plant and equipment 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 10.1.

Impairment

There were no indications of impairment for property, plant and equipment owned by the Board at 30 June 2020.

Reconciliation of non-current assets

The following table shows the movement of non-current assets owned by the Board during 2019-20:

	Land	Buildings	Infrastructure	Plant and equipment	Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	54	299	13	157	6	529
Acquisitions	-	-	-	16	33	49
Depreciation	-	(9)	(1)	(25)	(3)	(38)
Carrying amount at 30 June 2020	54	290	12	148	36	540

5.3. Property, plant and equipment leased by the Board

Property, plant and equipment leased by the Board is recorded at cost. Net additions to leased property during 2019-20 were \$1.109 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 3.1.

The Board has four property leases for office accommodation with landlords external to the SA Government:

- the Murray Bridge lease is for a period of five years which commenced on 1 September 2017, there are no extension options for this lease contained in the current agreement
- the Berri lease is for a period of one year which commenced on 1 April 2019. The lease contains options for two 1-year lease extension options. The Board is reasonably certain that it will exercise one of the extension options
- the Karoonda lease is for a period of 5 years which commenced on 1 April 2019. The lease contains an option for renewal of 5 years commencing on the fifth anniversary of the commencement date of the lease
- the Strathalbyn lease is for a period of 2 years which commenced on 1 October 2019. The lease contains a right of renewal for a further two, 2-year leases, however the Board will not be exercising this right due to boundary changes associated with the *Landscape Act 2019*.

South Australian Murray-Darling Basin Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.4. Intangible assets

	2020	2019
	\$'000	\$'000
Externally acquired intangible assets		
Computer software	14	15
Accumulated amortisation	(2)	(1)
Total externally acquired intangible assets	12	14
Total intangible assets	12	14

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The acquisition of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

Intangible asset movement reconciliation schedule

	Externally acquired Computer software	Total
	\$'000	\$'000
Carrying amount at 1 July 2019	14	14
Amortisation	(2)	(2)
Carrying amount at 30 June 2020	12	12

6. Financial assets

6.1. Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Deposits with the Treasurer	7 867	6 182
Total cash and cash equivalents	7 867	6 182

Cash is measured at nominal amounts.

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

South Australian Murray-Darling Basin Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6.2. Receivables

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Trade receivables		
From government entities	1 420	1 311
From non-government entities	72	38
Less allowance for doubtful debts	(17)	(15)
Total trade receivables	1 475	1 334
Accrued revenues	-	483
Accrued interest	1	10
Prepayments	41	-
Total current receivables	42	493
Total receivables	1 517	1 827

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 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.

Impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. The Board uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors which comprise a large number of small balances.

Movements in the allowance for doubtful debts (impairment loss)

	2020	2019
	\$'000	\$'000
Carrying amount at the beginning of the period	15	42
Increase in the allowance	2	(27)
Carrying amount at the end of the period	17	15

Refer to note 10.2 for details regarding credit and methodology for determining impairment.

South Australian Murray-Darling Basin Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

7. Liabilities

7.1. Payables

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Trade payables	158	630
Accrued expenses	278	185
Total current payables	436	815
Total payables	436	815

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.

7.2. Financial liabilities

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Lease liabilities	518	-
Total current financial liabilities	518	-
<u>Non-current</u>		
Lease liabilities	608	-
Total non-current financial liabilities	608	-
Total financial liabilities	1 126	-

South Australian Murray-Darling Basin Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2020

8. Changes in accounting policy

8.1. AASB 16 Leases

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. *AASB 16 Leases* replaces *AASB 117 Leases* and related interpretations.

The adoption of *AASB 16 Leases* from 1 July 2019 resulted in adjustments to the amounts recognised from a lessee perspective in the financial statements:

- *AASB 117 Leases* only required the recognition of an asset and lease liability in relation to finance leases. *AASB 16 Leases* applies a comprehensive model to all leases. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position
- *AASB 117 Leases* resulted in operating lease payments being recognised as an expense under Supplies and Services. *AASB 16 Leases* largely replaces this with depreciation expenses that represents the use of the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

Impact on retained earnings

The total impact on the Board's retained earnings as at 1 July 2019 was \$ nil.

The board disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$1.471 million under AASB 117.

Accommodation services provided by the Department of Planning, Transport and Infrastructure (DPTI) under Memoranda of Administrative Arrangement (MoAA) are issued in accordance with Government-wide accommodation policies and are provided to the Board by way of a Service Level Agreement with DEW. These MoAA do not meet the definition of lease set out in AASB 16.

Accounting policies on transition

AASB 16 sets out accounting policies on transition in its transitional provisions. The Treasurer's Instructions (Accounting Policy Statements) requires certain choices in those transitional provisions to be taken. The Board has adopted the following accounting policies:

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 July 2019. Comparatives have not been restated.
- at 1 July 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under AASB 117 and related interpretations.
- the initial measurement of lease liability was the present value of the remaining leases payments discounted using the relevant incremental borrowing published by the Department of Treasury and Finance rate as at 1 July 2019 based on the SA Government's cost of borrowing. The average weighted incremental borrowing rate for this purpose was 1.49%.
- the initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments and lease incentive liabilities.
- the initial measurement of lease liabilities and right-of-use assets excludes all leases that ended by 30 June 2020

South Australian Murray-Darling Basin Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2020

8.1 AASB 16 Leases (continued)

Ongoing accounting policies

The Treasurer's Instructions (Accounting Policy Statements) specify required accounting policies for public authorities in applying AASB 16. These requirements are reflected in the Board's accounting policies as follows:

- AASB 16 is not applied to leases of intangible assets.
- right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of \$15 000 or less, nor short-term leases, being those with a lease term of 12 months or less.
- the Board, in the capacity of a lessee, does not include non-lease components in lease amounts.
- right-of-use assets are not measured at fair value on initial recognition for leases that have significantly below-market terms and conditions principally to enable the public authority to further its objectives.
- right-of-use assets are subsequently measured applying a cost model.

Significant accounting policies relate to the application of AASB 16 are disclosed under relevant notes and are referenced at note 5.3.

AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes *AASB 111 Construction contracts*, *AASB 118 Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

Impact on retained earnings

The total impact on the Board's retained earnings as at 1 July 2019 was \$ nil.

AASB 1058 Income for Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in *AASB 1004 Contributions*, *AASB 118 Revenue* and *AASB 111 Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

Accounting policies on transition

The total impact on the Board's retained earnings as at 1 July 2019 was \$ nil.

South Australian Murray-Darling Basin Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2020

8.2 Presentation of Financial Statements

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the Board. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

9. Outlook

9.1. Unrecognised contractual commitments

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

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO). If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2020	2019
	\$'000	\$'000
No later than one year	-	551
Later than one year but not later than five years	-	920
Total operating lease commitments	-	1 471

Operating lease commitments are provided for the comparative year only as AASB 16 Leases does not distinguish between operating and finance leases for the lessee.

Expenditure commitments

	2020	2019
	\$'000	\$'000
No later than one year	720	1 417
Later than one year but not later than five years	218	207
Total other commitments	938	1 624

South Australian Murray-Darling Basin Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2020

9.2. Contingent assets and contingent liabilities

Contingent assets and 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.

9.3. COVID-19 pandemic outlook for the Board

The COVID-19 pandemic will continue to impact on the forward commitments transferred to the Murraylands and Riverland Landscape Board in 2020-21. The key expected impacts are:

- Delays to works projects
- Staff continue to work from home

The value of which cannot be reliably measured.

9.4. Events after the reporting period

On 1 July 2020, the *Natural Resources Management Act 2004* was repealed, and the South Australian Murray-Darling Basin Natural Resources Management Board was abolished.

The South Australian Murray-Darling Natural Resources Management Board has ceased operations, and the management of land, water, pest, plants and animals, and biodiversity across the region is now managed by the Murraylands and Riverland Landscape Board, the Hills and Fleurieu Landscape Board and the Northern and Yorke Landscape Board.

10. Measurement and risk

10.1. 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 million and estimated useful life is greater than three years.

As the Board does not hold any assets that meet this criteria, assets have not been revalued.

South Australian Murray-Darling Basin Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

10.2. Financial instruments

Financial risk management

Risk management is managed by the Board's corporate services section and Board risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Board's exposure to financial risk (liquidity, credit and market) 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 and financial liability are disclosed in the respective financial asset / financial liability note.

Classification of financial instruments

The Board measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2020	2019	2020 Contractual maturities		
		Carrying amount \$'000	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	7 867	6 182	n/a	n/a	n/a
Financial assets at amortised cost						
Receivables	6.2	1 153	1 056	n/a	n/a	n/a
Total financial assets		9 020	7 238	-	-	-
Financial liabilities						
Financial liabilities at amortised cost						
Payables	7.1	349	742	349	-	-
Lease liabilities	7.2	1 126	-	518	608	-
Total financial liabilities		1 475	742	867	608	-

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, etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at amortised cost.