

South East
Natural Resources Management Board

Financial report
for the year ended
30 June 2020



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To the Presiding Member South East Natural Resources Management Board

Opinion

I have audited the financial report of the South East 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 East 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 East 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 East 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 East 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 East Natural Resources Management Board

Financial Statements

For the year ended 30 June 2020

South East Natural Resources Management Board
Certification of Financial Statement
for the year ended 30 June 2020

We certify that the attached general purpose financial statements for the South East 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 East Natural Resources Management Board
- present a true and fair view of the financial position of the South East Natural Resources Management 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 East 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.



Kerry Degaris
Presiding Member
25 November 2020



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

South East 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	8 355	8 307
Commonwealth funding	2.2	2 046	1 755
Grants	2.3	10	110
Interest	2.4	17	44
Other income	2.5	391	536
Total Income		10 819	10 752
Expenses			
Board, group and committee	3.2	61	92
Supplies and services	4.1	9 779	10 022
Grants and subsidies	4.2	78	67
Depreciation	4.3	63	19
Borrowing costs	4.4	4	-
Other expenses	4.5	76	39
Total expenses		10 061	10 239
Net result		758	513
Total comprehensive result		758	513

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 East 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	3 072	2 061
Receivables	6.2	1 494	1 635
Inventories		35	41
Total current assets		4 601	3 737
Non-current assets			
Property, plant and equipment	5.1	264	38
Receivables	6.2	-	20
Total non-current assets		264	58
Total assets		4 865	3 795
Current liabilities			
Payables	7.1	489	415
Financial liabilities	7.2	50	-
Total current liabilities		539	415
Non-current liabilities			
Financial liabilities	7.2	188	-
Total non-current liabilities		188	-
Total liabilities		727	415
Net assets		4 138	3 380
Equity			
Retained earnings		4 138	3 380
Total equity		4 138	3 380

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

South East Natural Resources Management Board
Statement of Changes in Equity
for the year ended 30 June 2020

	Note	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018		2 867	2 867
Net result for 2018-19		513	513
Total comprehensive result for 2018-19		513	513
Balance at 30 June 2019		3 380	3 380
Net result for 2019-20		758	758
Total comprehensive result for 2019-20		758	758
Balance at 30 June 2020		4 138	4 138

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

South East 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 and water levies received		8 306	8 217
Commonwealth funding received		2 171	926
Grants received		10	110
Interest received		21	44
Other receipts		401	536
Cash generated from operating activities		10 909	9 833
Cash outflows			
Board, group and committee member payments		(61)	(92)
Payments for supplies and services		(9 682)	(9 841)
Payments of grants and subsidies		(65)	(89)
Interest paid		(4)	-
Other payments		(35)	(36)
Cash used in operating activities		(9 847)	(10 058)
Net cash provided by / (used in) operating activities		1 062	(225)
Cash flows from financing activities			
Cash outflows			
Repayment of leases		(51)	-
Cash used in financing activities		(51)	-
Net cash used in financing activities		(51)	-
Net increase / (decrease) in cash and cash equivalents		1 011	(225)
Cash and cash equivalents at the beginning of the period		2 061	2 286
Cash and cash equivalents at the end of the period	6.1	3 072	2 061

The accompanying notes form part of these financial statements.

South East Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

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South East Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1. About the South East Natural Resources Management Board

The South East Natural Resources Management Board (the Board) is a body corporate established pursuant to the *Natural Resources Management Act 2004* (the NRM Act).

The Board operates under a Natural Resources Management Plan (NRM Plan) which was approved by the Minister for Environment and Water (the Minister) on 31 May 2010. The NRM Plan contains a three year business plan, strategies and management action targets commencing 1 July 2010. The Board's Business Plan for 2019-20 to 2021-22 was approved by the Minister on 27 March 2019.

The Board's financial statements include all of 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 to the Limestone Coast Landscape Board.

NRM Groups

On the 10 April 2013, pursuant to section 45 of the NRM Act, the South East Natural Resources region was divided into two Group areas, the Upper South East area and the Lower South East area.

On the 10 April 2013, pursuant to section 46 of the NRM Act, the Upper South East Group and the Lower South East Group were established.

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

The NRM Group's function included the active involvement in the development and implementation of the Board's regional NRM Plan at the local level and the provision of advice to 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.

In August 2018, the Groups were placed into recess and did not have any Group members or financial activity throughout the 2019-20 financial year. The Board has ensured that proper accounts have been kept of the NRM Group's activities and the related financial information, prior to being placed into recess, 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 for Environment and Water, 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 East Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1. About the South East 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 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; and
- relevant Australian Accounting Standards with reduced disclosure requirements.

For the 2019-20 financial statements the Board 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 East 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.

Board programs

In achieving its objectives the Board has defined a series of strategies to manage the region's natural resources, these strategies have been divided into themes of activity which are:

Maintain water quality and availability

Activities in this area include enhancing community understanding of the value of water resources, techniques for improving water use efficiency and water policy

Minimise impacts of pest plants and animals

Activities in this area include assisting landholders and the community to identify declared species, techniques for control/eradication of pest plants and animals

Maintain the health of soils and land

Activities in this area include enhancing the capacity of landholders, industries and community in valuing healthy soil, soil management techniques and working with agricultural industries to adapt to land management practices for climate change

Conserve native vegetation, wetlands and coastal habitats

Activities in this area include both levy and externally funded programs, including projects designed to engage community and landholders to support native and threatened species recovery, wetland restoration and revegetation techniques and enhancing resilience to a changing climate.

The disaggregated disclosures schedules present expenses and income information attributable to each of the activities for the years ended 30 June 2020 and 30 June 2019.

South East 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)

Disaggregated Disclosures - Expenses and Income

	Maintain water quality and availability		Minimise impacts of pest plants and animals		Maintain the health of soils and land		Conserve native vegetation, wetlands and coastal habitats		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Income										
Regional NRM and										
Water Levies	3 477	3 457	2 543	2 528	407	405	1 928	1 917	8 355	8 307
Commonwealth funding	107	255	79	200	347	133	1 513	1 167	2 046	1 755
Grants	-	10	10	100	-	-	-	-	10	110
Interest	7	18	5	14	1	2	4	10	17	44
Other income	1	92	390	437	-	2	-	5	391	536
Total income	3 592	3 832	3 027	3 279	755	542	3 445	3 099	10 819	10 752
Expenses										
Board, group and committee	25	6	19	61	3	9	14	16	61	92
Supplies and services	4 070	711	2 976	6 577	477	1 042	2 256	1 692	9 779	10 022
Grants and subsidies	-	-	-	22	73	4	5	41	78	67
Depreciation	16	1	37	14	2	2	8	2	63	19
Borrowing costs	-	-	4	-	-	-	-	-	4	-
Other expenses	31	3	24	25	3	4	18	7	76	39
Total expenses	4 142	721	3 060	6 699	558	1 061	2 301	1 758	10 061	10 239
Net result	(550)	3 111	(33)	(3 420)	197	(519)	1 144	1 341	758	513

The Board has determined that assets and liabilities cannot be reliably attributed to individual activities.

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.

The key impacts to the Board in 2019-20 were:

- Cancellation of staff in-person attendance at meetings, training and conferences
- Delay of non-critical field work
- Cancellation or postponement of public-facing events

South East 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
Regional NRM Levy collected through Councils	4 579	4 459
Water Levies collected through DEW	3 776	3 848
Total regional NRM and Water Levies	8 355	8 307

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 controls 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		
Regional Land Partnerships Program*	2 046	1 755
Total Commonwealth funding	2 046	1 755

	2020	2019
	\$'000	\$'000
* Regional Land Partnerships Program funding consists of the following components		
Regional Agricultural Landcare Facilitator	135	133
Adaptive Agriculture for Variable Climates and Markets	200	200
Core Services	257	255
RLP Bushfire Recovery	90	-
Communities Helping Cockies	688	541
Our Coorong Our Coast	676	626
Total Regional Land Partnership funding	2 046	1 755

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 East 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
Grants from SA Government	-	100
Sundry Grants	10	10
Total grant revenues	10	110

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	17	44
Total interest revenues	17	44

2.5. Other income

	2020	2019
	\$'000	\$'000
Sale of goods	385	428
Other revenue	6	108
Total other income	391	536

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, flora and fauna. All revenue from the sale of goods is revenue from contracts with customers. This revenue is recognised upon the delivery of the service to the customer, which is in arrears, therefore no contract liability is recognised.

South East 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 for Environment and Water, the Presiding Member, other members of the Board and the Natural Resources Management (NRM) Manager.

Total compensation of the Board's key management personnel was \$177 000 in 2019-20 and \$129 000 in 2018-19.

The compensation disclosed in this note excludes salaries and other benefit of 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*.

No transactions with key management personnel or related parties have occurred during 2019-20.

3.2. Remuneration of Board and committee members

Members of the South East Natural Resources Management Board during the financial year were:

F C Rasheed (Presiding Member, retired October 2019)
D J Agnew (ceased February 2020)
M H Bleby (retired August 2019)
R H Campbell (ceased February 2020)
F S Coleman (ceased February 2020)
K A DeGaris (Presiding Member, ceased June 2020)
G J Gates (ceased February 2020)
K A Gilkes (ceased February 2020)
D Nicholls (Deputy Member, ceased February 2020)

Members of groups and committees during the financial year were:

Aboriginal Focus Group

R H Campbell (Co-Chair)
B E Hammond (Co-Chair)
M A Bonney (Proxy)
V Brennan
W C Casey
F H Clarke
A S Clarke
P Clarke
D Nicholls
G Owen
K Reilly
S J Smith
C Wanganeen (Proxy)
P M Watson)

Box Flat Dingo Control Committee

J Arthur
B J Bateman
G J Gates (ceased February 2020)
D Hayward
B Page*
N K Pfeiffer
R J Vickery (ceased October 2019)
R Pudney
P Gillen *
H Miller (appointed March 2020)
D K Hartman

Governance, Finance and Audit Committee

M H Bleby (retired August 2019)
K A Gilkes (ceased February 2020)
F C Rasheed (retired October 2019)
D J Agnew (ceased February 2020)
K A DeGaris (appointed October 2019)
F S Coleman (ceased February 2020)

* In accordance with the Department of the Premier and Cabinet's Circular Number PC016 Remuneration for Government Appointment Part Time Boards and Committees, government employees did not receive any remuneration for board/committee duties during the financial year.

South East Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.2 Remuneration of Board and committee members (continued)

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

	2020	2019
\$0 - \$19 999	29	29
\$20 000 - \$39 999	1	1
Total number of members	30	30

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

Remuneration of members reflects all costs of performing Board/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 \$40 000 (2019: \$54 000).

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 \$21 000 (2019: \$38 000).

4. Expenses

4.1. Supplies and services

	2020	2019
	\$'000	\$'000
Fee for service - Board funded DEW salaries	3 454	3 853
Fee for service - Water planning management	2 435	2 376
Fee for service	1 934	1 647
Fee for service - Corporate fee	754	885
Motor vehicles expense	320	345
General administration	206	235
Accommodation	214	226
Cost of goods sold	95	93
Contracted staff training and development	55	65
Travel and accommodation	55	65
Minor works, maintenance and equipment	90	61
Information technology and communication charges	59	39
Transport	4	7
Other supplies and services	104	125
Total supplies and services	9 779	10 022

4.2. Grants and subsidies

	2020	2019
	\$'000	\$'000
Grants and subsidies	78	67
Total grants and subsidies	78	67

The Board provided financial assistance to local government, State Government agencies 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 East Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.3. Depreciation

	2020	2019
	\$'000	\$'000
Plant and equipment	3	15
Buildings	4	4
Right-of-use buildings	56	-
Total depreciation	63	19

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.

Review of accounting estimates

Assets' residual values, useful lives and depreciation 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, which is a change in accounting estimate.

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)
Plant and Equipment	10
Buildings	20
Right-of-use buildings	2-7

4.4. Borrowing costs

	2020	2019
	\$'000	\$'000
Interest expense on lease liabilities	4	-
Total Borrowing costs	4	-

4.5. Other expenses

	2020	2019
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department	36	36
Bad and doubtful debts	41	3
Other	(1)	-
Total other expenses	76	39

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5. Non-financial assets

5.1. Property, plant and equipment by asset class

	2020	2019
	\$'000	\$'000
Plant and equipment		
Plant and equipment at cost (deemed fair value)	248	248
Accumulated depreciation	(244)	(241)
Total plant and equipment	4	7
Buildings		
Buildings at cost (deemed fair value)	87	87
Accumulated depreciation	(60)	(56)
Total buildings	27	31
Right-of-use buildings		
Right-of-use buildings at cost	289	-
Accumulated depreciation	(56)	-
Total right-of-use buildings	233	-
Total property, plant and equipment	264	38

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 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 of property, plant and equipment as at 30 June 2020.

5.2. Property, plant and equipment owned by the Board

Reconciliation 2019-20

	Plant and equipment	Buildings	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	7	31	38
Depreciation	(3)	(4)	(7)
Carrying amount at 30 June 2020	4	27	31

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5.3. Property, plant and equipment leased by the Board

Property leased by the Board is recorded at cost. Net additions to leased property during 2019-20 were \$0.198 million (2019: \$nil).

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 three leases for depots utilised for storage of equipment, chemicals and baits with landlords external to the SA Government:

- the Grant District lease is for a period of one year commencing on 1 September 2019. The lease contains options for two 2-year lease extension options. The Board is reasonably certain that it will exercise both extension options
- the Tatiara District lease is for a period of twenty years commencing on 1 February 2007. There are no extension options for this lease in the current lease agreement
- the Naracoorte lease is for a period of one year commencing on 11 March 2020. The lease contains options for a 1-year lease extension. The Board is reasonably certain that it will exercise this extension option.

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6. Financial assets

6.1. Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Deposits with the Treasurer	3 072	2 061
Total cash and cash equivalents	3 072	2 061

Cash is measured at nominal amounts.

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

6.2. Receivables

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Trade receivables		
From government entities	1 416	1 554
From non-government entities	68	81
Accrued revenues	65	-
Less allowance for doubtful debts	(55)	(14)
Total trade receivables	1 494	1 621
Accrued interest	-	4
Prepayments	-	10
Total current receivables	1 494	1 635
<u>Non-current</u>		
Prepayments	-	20
Total non-current receivables	-	20
Total receivables	1 494	1 655

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally 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.

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6.2. Receivables (continued)

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	14	11
Increase/(decrease) in the allowance	41	3
Carrying amount at the end of the period	55	14

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

7. Liabilities

7.1. Payables

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Creditors	318	302
Accrued expenses	171	113
Total current payables	489	415
Total payables	489	415

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received.

7.2. Financial Liabilities

	2020	2019
	\$'000	\$'000
Current		
Lease liabilities	50	-
Total current financial liabilities	50	-
Non-current		
Lease liabilities	188	-
Total non-current financial liabilities	188	-
Total financial liabilities	238	-

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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 \$190 000 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 rate 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 1.53%.
- 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.

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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.

8.2. 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.

8.3. AASB 1058 Income of 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.

Impact on retained earnings

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

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8.4. 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 commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Expenditure commitments

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

	2020	2019
	\$'000	\$'000
Within one year	798	858
Later than one year but not later than five years	1 262	2 044
Total expenditure commitments	2 060	2 902

The Board's commitments are non-cancellable contracts relating to grant payments or services.

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
Within one year	-	51
Later than one year but not later than five years	-	82
Later than five years	-	57
Total operating lease commitments	-	190

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

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9.2. Contingent assets and 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 at this time.

9.3. COVID-19 pandemic outlook for the Board

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

- Staff to continue to work from home
- Amendments to project delivery to enable social distancing and online delivery wherever possible
- The value of these impacts 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 East Natural Resources Management Board was abolished.

The South East 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 Limestone Coast 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 tangible 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.

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

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

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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, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

Classification of financial instruments

The Board measures all financial instruments at amortised cost.

	2020	2020	2019
	Carrying amount	Contractual Maturities	Carrying amount
	\$'000	<u>Within 1 year</u>	\$'000
	\$'000	\$'000	\$'000
<u>Financial assets</u>			
Cash and cash equivalents			
Cash and cash equivalents	3 072	n/a	2 061
Financial assets at amortised cost			
Receivables	655	n/a	880
Total financial assets	3 727	-	2 941
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Payables	426	426	363
Total financial liabilities	426	426	363

The 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; AGD 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.

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2