

Adelaide and Mount Lofty Ranges Natural Resources Management Board

Financial report
for the year ended
30 June 2018



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
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
Adelaide and Mount Lofty Ranges Natural Resources Management Board

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*, I have audited the accompanying financial report of the Adelaide and Mount Lofty Ranges Natural Resources Management Board for the financial year ended 30 June 2018.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide and Mount Lofty Ranges Natural Resources Management Board as at 30 June, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated 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 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, the Regional Director 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 Adelaide and Mount Lofty Ranges 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 have been met.

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

Responsibilities of the Regional Director and the board for the financial report

The Regional Director is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

The members of the board are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Regional Director
- 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 regarding, 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

22 November 2018

**Adelaide and Mount Lofty Ranges Natural Resources
Management Board**

Financial Statements

For the year ended 30 June 2018

Adelaide and Mount Lofty Ranges Natural Resources Management Board
Certification of the Financial Statements
for the year ended 30 June 2018

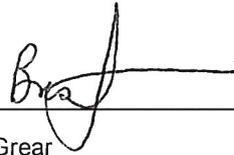
We certify that the attached general purpose financial statements for the Adelaide and Mount Lofty Ranges Natural Resources Management Board:

- 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 Adelaide and Mount Lofty Ranges Natural Resources Management Board
- present a true and fair view of the financial position of the Adelaide and Mount Lofty Ranges Natural Resources Management Board as at 30 June 2018 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Adelaide and Mount Lofty Ranges 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.



F Lewis
Presiding Member
14th November 2018



B Grear
Regional Director
14 November 2018



S O'Brien
Chief Financial Officer
Department for Environment and Water
14 November 2018

Adelaide and Mount Lofty Ranges Natural Resources Management Board
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Board and committee	3	93	81
Supplies and services	4	25 207	25 294
Grants and subsidies	5	8 374	9 878
Depreciation and amortisation	6	451	367
Other	7	163	65
Total expenses		34 288	35 685
Income			
Regional NRM and water levies	8	31 493	29 854
Interest	9	127	124
Grants	10	2 445	4 020
Other	11	196	161
Total Income		34 261	34 159
Net result		(27)	(1 526)
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus	14	-	2 014
Total other comprehensive income		-	2 014
Total comprehensive result		(27)	488

The net result and total comprehensive result are attributable to the SA Government as owner.

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Adelaide and Mount Lofty Ranges Natural Resources Management Board
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	12	9 985	10 681
Receivables	13	123	223
Total current assets		10 108	10 904
Non-current assets			
Property, plant and equipment	14	6 728	7 129
Total non-current assets		6 728	7 129
Total assets		16 836	18 033
Current liabilities			
Payables	15	1 589	2 759
Total current liabilities		1 589	2 759
Total liabilities		1 589	2 759
Net assets		15 247	15 274
Equity			
Retained earnings		10 276	10 303
Asset revaluation surplus		4 971	4 971
Total equity		15 247	15 274

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	16
Contingent assets and liabilities	17

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Adelaide and Mount Lofty Ranges Natural Resources Management Board
Statement of Changes in Equity
for the year ended 30 June 2018

	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2016	2 957	11 428	14 385
Opening balance as at 1 July 2016	2 957	11 428	14 385
Error correction - property, plant and equipment	-	401	401
Restated opening balance as at 1 July 2016	2 957	11 829	14 786
Net result for 2016-17	-	(1 526)	(1 526)
Gain/(loss) on revaluation of property, plant and equipment	2 014	-	2 014
Total comprehensive result for 2016-17	2 014	(1 526)	488
Balance at 30 June 2017	4 971	10 303	15 274
Net result for 2017-18	-	(27)	(27)
Total comprehensive result for 2017-18	-	(27)	(27)
Balance at 30 June 2018	4 971	10 276	15 247

All changes in equity are attributable to the SA Government as owner.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Adelaide and Mount Lofty Ranges Natural Resources Management Board
Statement of Cash Flows
for the year ended 30 June 2018

		2018 (Outflows) Inflows \$'000	2017 (Outflows) Inflows \$'000
Cash flows from operating activities	Note		
Cash outflows			
Payments for supplies and services		(25 954)	(24 971)
Payments of grants and subsidies		(8 769)	(10 224)
Payments to board, group and committee members		(93)	(76)
Other payments		(42)	(62)
Cash used in operations		<u>(34 858)</u>	<u>(35 333)</u>
Cash inflows			
NRM levies and other revenue received		34 204	35 892
Interest received		128	131
Cash generated from operations		<u>34 332</u>	<u>36 023</u>
Net cash provided by / (used in) operating activities		<u>(526)</u>	<u>690</u>
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(170)	(23)
Cash used in investing activities		<u>(170)</u>	<u>(23)</u>
Net cash provided by / (used in) investing activities		<u>(170)</u>	<u>(23)</u>
Net increase / (decrease) in cash and cash equivalents		<u>(696)</u>	<u>667</u>
Cash and cash equivalents at the beginning of the reporting period		10 681	10 014
Cash and cash equivalents at the end of the reporting period	12	<u>9 985</u>	<u>10 681</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Adelaide and Mount Lofty Ranges Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2018

1 Basis of financial statements

1.1 Reporting entity

The Board was established pursuant to section 23(1) of 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 Sustainability, Environment and Conservation in April 2016. Following the adoption of the Plan, and as required by the NRM Act, the Plan was referred to the Natural Resources Committee of Parliament.

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

On 16 April 2012, the Minister for Sustainability, Environment and Conservation, pursuant to sub-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 three year Service Level Agreement (SLA) during 2016-17 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.

In accordance with 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 will be assigned to the Board under the NRM Act
- the payment for staff salaries will be recharged to the Board under a Fee for Service Arrangement.

During 2018, the government announced it is introducing new legislation to replace the current NRM Act. The current NRM arrangements are expected to remain largely unchanged for the 2018-19 financial year.

1.2 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987* (PFAA).

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Board has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Board is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Board for the period ending 30 June 2018.

Adelaide and Mount Lofty Ranges Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1 Basis of financial statements (continued)

1.3 Basis of preparation

The financial statements have been prepared based on a 12 month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the notes associated with the item measured on a different basis.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out in the notes.

1.4 Taxation

The Board is not subject to Income Tax. The Board is liable for Fringe Benefits Tax (FBT) and Emergency Services Levy (ESL).

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.

2 Objectives and activities

The Board serves the Government and the people of South Australia by achieving excellence in the provision of Natural Resources Management.

2.1 Board 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
- any other functions assigned to the Board by the Minister by or under this or any other Act.

Adelaide and Mount Lofty Ranges Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

2 Objectives and activities (continued)

2.2 Board Activities

The Board's work program is based on the required action for the region, as outlined in the Board's Strategic Plan. In line with the Board's Strategic Plan, strategic actions to be undertaken by the Board are presented under the key drivers of change for the region, identified as:

- climate change (for example, ecosystem adaption and primary production adaptation)
- land management and change (for example, land management, water management (including stormwater) and coast and marine management)
- economic impacts (for example, sustainable industries and water reuse)
- knowledge and capacity (for example, support volunteers and sustainability centres, increase knowledge and capacity of natural resources managers, school education)
- planning and improvement (for example, regional and subregional planning, water allocation planning, monitoring and evaluation, reporting and improvement).

The disaggregated disclosures schedules present expenses and income information attributable to each of the activities as reflected in the Board's NRM plan for the year ended 30 June 2018 and 30 June 2017.

Disaggregated Disclosures – Expenses and Income

	Land Management and Change		Climate Change		Economic Impacts	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Expenses						
Board and committee	61	49	1	1	4	5
Supplies and services	17 685	17 620	242	378	742	970
Grants and subsidies	5 203	6 321	169	534	228	487
Depreciation and amortisation	285	228	6	2	16	23
Other	104	39	1	1	5	4
Total expenses	23 338	24 257	419	916	995	1 489
Income						
Regional NRM and Water Levies	21 331	20 315	379	209	770	1 270
Interest	86	85	2	1	3	5
Grants	1 731	2 674	24	689	221	149
Other	170	143	14	6	1	1
Total income	23 318	23 217	419	905	995	1 425
Net result	(20)	(1 040)	-	(11)	-	(64)

Adelaide and Mount Lofty Ranges Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

2 Objectives and activities

2.2 Board Activities (continued)

	Knowledge and Capacity		Planning and Improvement		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Expenses						
Board and committee	19	18	8	8	93	81
Supplies and services	3 940	3 706	2 598	2 620	25 207	25 294
Grants and subsidies	2 714	2 521	60	15	8 374	9 878
Depreciation and amortisation	101	80	43	34	451	367
Other	37	14	16	7	163	65
Total expenses	6 811	6 339	2 725	2 684	34 288	35 685
Income						
Regional NRM and Water Levies	6 472	5 679	2 541	2 381	31 493	29 854
Interest	26	23	10	10	127	124
Grants	298	338	171	170	2 445	4 020
Other	10	9	1	2	196	161
Total income	6 806	6 049	2 723	2 563	34 261	34 159
Net result	(5)	(290)	(2)	(121)	(27)	(1 526)

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

Adelaide and Mount Lofty Ranges Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

3 Remuneration of board and committee members

Members during 2017-18 financial year were:

The Board

C B Daniels (Presiding member, resigned 30 June 2018)
 B R Bramley (resigned 1 December 2017)
 R S Johnstone
 A E B Kentish
 R K Lewis
 A M Searle (concluded 13 April 2018)
 R L Siddall
 J A Meakins (appointed 4 September 2017)
 A J Sumner (appointed 4 September 2017)
 A J Cusack (appointed 14 April 2018)
 V J Russell (appointed 14 April 2018)

Committees

Barossa WAPAC *

M Alexander (Chair)
 L P Deans
 M R Grossman
 P Henschke
 A Kassebaum
 H Mizow
 A Moroney
 N Robins
 W A Seeliger

Central Adelaide WAPAC

D A McCormack (Chair)
 G A Charlton
 B Curtis (deceased November 2017)
 G Ingleton
 B L Linke
 M Marini
 B Williams

Northern Adelaide Plains WAPAC *

N Pezzaniti (Chair)
 D Cavallaro
 L V Dang
 M Lewis
 N Mecozzi
 B Robertson (appointment terminated 28 June 2018)
 P Tsiros
 F Nguyen (appointed 28 June 2018)

Audit, Finance and Risk Committee

A M Searle (Chair) (appointed 14 April 2018)
 T N Johnston (appointed 23 November 2017)
 K E Jarrett (appointed 23 November 2017)
 J R Goode (appointed 23 November 2017)

* These members were not remunerated during 2017-18.

	2018	2017
\$0 - \$9 999	37	31
\$30 000 - \$39 999	1	1
Total number of members	38	32

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 \$82 000 (2017: \$74 000).

Adelaide and Mount Lofty Ranges Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

3 Remuneration of board and committee members (continued)

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members. These expenses, in addition to payroll tax expense amount to \$11 000 (2017: \$7 000).

4 Supplies and services

	2018	2017
	\$'000	\$'000
Fee for service - Board funded DEW salaries	9 871	9 033
Fee for service	6 877	8 230
Fee for service - Water planning management to DEW	2 120	2 069
Fee for service - Corporate services fee to DEW	1 824	1 925
Fee for service - Patawalonga Lakes to DEW	1 000	976
Accommodation and property management	888	611
Minor works, maintenance and equipment	377	435
General administration	348	283
Fee for service - Shared Services SA fee	320	312
Vehicles	316	326
Information technology and communication	229	171
Reimbursement of NRM levy collection fees	213	213
Temporary staff	136	101
Contracted staff training development	120	174
Travel and accommodation	43	31
Transport	33	32
Other supplies and services	492	372
Total supplies and services	25 207	25 294

Operating Leases

Operating lease payments are recorded under 'Accommodation and property management' expenses in the Supplies and Services table. They are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Adelaide and Mount Lofty Ranges Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

5 Grants and subsidies

	2018	2017
	\$'000	\$'000
Grants and subsidies paid to entities within the SA Government		
Adelaide Living Beaches	2 721	2 655
Recurrent grants	202	420
Total grants and subsidies paid to entities within the SA Government	<u>2 923</u>	<u>3 075</u>
Grants and subsidies paid to entities external to the SA Government		
Local Government	2 343	2 662
Other entities	3 108	4 141
Grants and subsidies paid to entities external to the SA Government	<u>5 451</u>	<u>6 803</u>
Total grants and subsidies	<u><u>8 374</u></u>	<u><u>9 878</u></u>

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. The details of amounts provided, organisations receiving grants and the purpose for each grant are shown in the annual report, as required under section 42 of the NRM Act.

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

6 Depreciation and amortisation

	2018	2017
	\$'000	\$'000
Depreciation		
Infrastructure	419	330
Plant and equipment	30	34
Furniture & furnishings	2	3
Total depreciation	<u>451</u>	<u>367</u>
Total depreciation and amortisation	<u><u>451</u></u>	<u><u>367</u></u>

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. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Adelaide and Mount Lofty Ranges Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

6 Depreciation and amortisation (continued)

Useful life

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

Class of asset	Useful life (years)
Infrastructure	6-50
Plant and equipment	5-40
Furniture and fittings	3-10

Revision 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.

7 Other expenses

	2018	2017
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department	50	50
Bad and doubtful debts	(7)	14
Donated assets	117	-
Property, plant and equipment write offs	3	1
Total other expenses	163	65

The donated asset expenditure relates to expenses incurred for the Gawler Office fit-out. These assets have been transferred to Department for Environment and Water (DEW) for nil consideration.

Adelaide and Mount Lofty Ranges Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

8 Regional NRM and Water Levies

	2018	2017
	\$'000	\$'000
Regional NRM Levy collected through Councils	28 978	27 337
Water Levy and Penalties collected through DEW	1 315	1 317
Western Mt Lofty Ranges Water Licence - SA Water	1 200	1 200
Total Regional NRM and Water Levies	31 493	29 854

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

The Regional NRM Levy is collected by constituent councils from ratepayers and is based on the value of rateable land. Councils can seek to recover any outgoing costs associated with the collection of the Levy.

Contributions from constituent councils collected from ratepayers are recognised as income following determination of the share of each council by the Minister and publication of those amounts in the Government Gazette. Contributions are required to be paid on a quarterly basis to the Board. Levies are recognised to be paid on a quarterly basis to the Board. Levies are recognised as revenue when the Board becomes entitled to the Levy.

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 has gained control of the funds, or obtains the right to receive funds.

Pursuant to section 146 of the NRM Act, a water licence was issued to SA Water in June 2013 for the taking of 143 000 000kl of surface water in the Western Mt Lofty Ranges surface water area. A fixed charge of \$1.200 million was approved by the Minister for Sustainability, Environment and Conservation, and is payable by the licence holder to the Board on an annual basis.

9 Interest revenues

	2018	2017
	\$'000	\$'000
Interest revenues from entities within the SA Government	126	122
Interest revenues from Local Council	1	2
Total interest revenues	127	124

Adelaide and Mount Lofty Ranges Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

10 Grant revenues

	2018 \$'000	2017 \$'000
Commonwealth Clean Energy Future: Biodiversity Fund		
Creating Resilient Landscapes	-	1 230
Samphire Coast Icon Project	-	690
Total Biodiversity funding	-	1 920
Other Commonwealth revenues		
Gawler Buffer Northern Adelaide Urban Forest	-	17
Willunga Creek Riparian Urban Forest	-	30
Total Commonwealth revenues (including Biodiversity Funding)	-	1 967
Grant revenues from SA Government		
National Landcare Program received through DEW *	1 730	1 705
SA Water	-	23
Other State Government funding	608	148
Total grant revenues from SA Government	2 338	1 876
Other grant revenues		
Sundry grants	107	177
Total other grant revenues	107	177
Total grant revenues	2 445	4 020
* National Landcare Program funding consists of the following components:		
Delivering a Sustainable Rural Environment in the Adelaide and Mt Lofty Ranges Region	1 068	1 068
Delivering Sustainable Rural Production in the Adelaide and Mt Lofty Ranges Region	341	316
Monitoring, Evaluation and Reporting	171	171
Regional Landcare Facilitator for the Adelaide and Mt Lofty Ranges Region	150	150
Total National Landcare funding	1 730	1 705

Commonwealth and grant contributions received

Contributions are recognised as an asset and income when the Board obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

Adelaide and Mount Lofty Ranges Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

10 Grants revenues (continued)

Contributions which have conditions of expenditure still to be met as at reporting date were \$0.087 million (2017: \$0.070 million). These contributions relate to the following projects:

- Securing Low Flows – transfer from DEW Major Projects

Commonwealth revenue has terms and conditions that specify how and when the funding must be expended. Revenue was recognised upon receipt of funds as the probability of repayment to the Commonwealth Government is unlikely.

Commonwealth projects span six financial years, with a significant amount of funding provided in advance, with funds being drawn down as expenditure is incurred. All conditions of expenditure outlined in the grant agreements have been met.

National Landcare Program received through DEW

On 20 May 2015, the Board entered into an agreement with the State, for the continued implementation of the National Landcare Program.

The goal of the National Landcare Program is an environment that is healthy, better protected, well managed, resilient and provides essential ecosystem services in a changing climate.

This funding spans the period 1 January 2015 to 30 June 2018 and covers two broad areas: Sustainable Environment and Agriculture.

Funding deeds between the NRM Board and the Australian Government for the National Landcare Program Phase 2 are currently being negotiated.

11 Other income

	2018	2017
	\$'000	\$'000
Support services	169	145
Sale of goods and services	9	5
Sponsorships	4	-
Other revenue	14	11
Total other income	196	161

Other income includes revenue generated through the contracting of animal and plant control services conducted on Crown or private land as well as Partner Funding of major projects such as stormwater retention facilities and sale of merchandise such as fox baits. All income relates to the operating activities of the Board. Other income is recognised when the service has been performed.

Adelaide and Mount Lofty Ranges Natural Resources Management Board
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12 Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	9 983	10 677
Cash on hand and imprest accounts	2	4
Total cash and cash equivalents	9 985	10 681

Cash is measured at nominal amounts.

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

13 Receivables

	2018	2017
	\$'000	\$'000
Current		
Receivables	119	196
Less allowance for doubtful debts	(7)	(14)
	112	182
Accrued interest	11	12
Prepayments	-	29
Total current receivables	123	223
Total receivables	123	223

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (that is, calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the period	14	-
Increase/(decrease) in the allowance	(7)	14
Carrying amount at the end of the period	7	14

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing. Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Board will not be able to collect the debt.

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14 Property, plant and equipment

	2018	2017
	\$'000	\$'000
Infrastructure		
Infrastructure at fair value	9 707	9 707
Infrastructure at cost (deemed fair value)	53	-
Accumulated depreciation	(3 054)	(2 635)
Total infrastructure	6 706	7 072
Plant and equipment		
Plant and equipment at cost (deemed fair value)	334	334
Accumulated depreciation	(312)	(282)
Total plant and equipment	22	52
Furniture and fittings		
Furniture and fittings at cost (deemed fair value)	-	26
Accumulated depreciation	-	(21)
Total furniture and fittings	-	5
Total property, plant and equipment	6 728	7 129

Acquisition and 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. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

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, that is the amount recorded by the transfer public authority immediately prior to the restructure.

All non-current tangible assets with a value of \$10 000 or greater are capitalised.

Revaluation

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.

The Board revalues its infrastructure assets via a Certified Practising Valuer or internal estimates based on indices or recent transactions. A valuation appraisal by a Certified Practising Valuer is performed at least every 6 years. The last revaluation of assets was performed by Valcorp Australia Pty Ltd on 30 June 2017.

If at any time, management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

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14 Property, plant and equipment (continued)

Carrying amount of plant and equipment, computing equipment and furniture and fittings

All items of plant and equipment, computing equipment and furniture and fittings had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than 3 years, and have not been revalued in accordance with Accounting Policy Framework III *Asset Accounting Framework (APF III)*. The carrying value of these items are deemed to approximate fair value.

Impairment

There were no indications of impairment of property, plant and equipment as at 30 June 2018.

Error correction

An error correction of \$0.401 million has been disclosed in the Statement of Changes in Equity in respect of the 2015-16 financial year. The error correction has been retrospectively restated in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and comprises a net increase to infrastructure assets and total equity. The error related to the identification of fourteen hydrometric water monitoring stations listed as infrastructure assets that are controlled by the Board. These assets were only recognised for the first time during this reporting period as a result of a DEW-wide review of infrastructure assets.

Property, plant and equipment movement reconciliation

The following table shows the movement of non-current assets during 2017-18:

	Infrastructure	Plant and equipment	Furniture and fittings	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	7 072	52	5	-	7 129
Acquisitions	-	-	-	170	170
Disposals - transfers for nil consideration	(26)	-	(91)	-	(117)
Assets written off	-	-	(3)	-	(3)
Transfers to/(from) capital works in progress	79	-	91	(170)	-
Depreciation	(419)	(30)	(2)	-	(451)
Carrying amount at the end of the period	6 706	22	-	-	6 728

The Board has transferred assets purchased for the Gawler Office fit-out during the financial year to Department for Environment and Water (DEW) for nil consideration.

Property, plant and equipment movement reconciliation

The following table shows the movement of non-current assets during 2016-17:

	Infrastructure	Plant and equipment	Furniture and fittings	Computing equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	5 388	63	8	1	5 460
Acquisitions	-	23	-	-	23
Assets written off	-	-	-	(1)	(1)
Depreciation	(330)	(34)	(3)	-	(367)
Net revaluation (decrements)/increments	2 014	-	-	-	2 014
Carrying amount at the end of the period	7 072	52	5	-	7 129

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15 Payables

	2018	2017
	\$'000	\$'000
Current		
Creditors	1 311	2 488
Accrued expenses	278	271
Total current payables	<u>1 589</u>	<u>2 759</u>
Total payables	<u><u>1 589</u></u>	<u><u>2 759</u></u>

Payables include creditors, accrued expenses, and Board member remuneration on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Board.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or the date the invoice is first received.

16 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:

	2018	2017
	\$'000	\$'000
No later than one year	76	101
Later than one year but not later than five years	69	11
Total operating lease commitments	<u><u>145</u></u>	<u><u>112</u></u>

Operating lease commitments comprise the following:

- 5 Aldinga Road Willunga
- 33 Onkaparinga Valley Road, Woodside.

The property leases are non-cancellable. Rental is payable monthly with reviews indexed annually, in line with CPI indexation. Options exist to renew the lease at the end of the current term. Lease options exist to renew or cancel the lease at the end of the current term.

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16 Unrecognised contractual commitments (continued)

Expenditure commitments

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

	2018	2017
	\$'000	\$'000
No later than one year	7 114	7 516
Later than one year but not later than five years	18 391	19 160
Later than five years	29 504	32 682
Total other commitments	55 009	59 358

Contracts have been entered into for various projects including wetlands, trash racks, flood studies, project officers and grants for Adelaide Living Beaches, Patawalonga Lakes, pollution prevention and research and development. The value of these projects is not reflected in the Statement of Comprehensive Income and Statement of Financial Position.

17 Contingent assets and contingent liabilities

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

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

18 Related party transactions

The Adelaide and Mount Lofty Ranges Natural Resources Management 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.

Key management personnel

Key management personnel of the Board include the Minister for Environment and Water, the Presiding Member, the Regional Director and the other members of the Board who have responsibility for the strategic direction and management of the Board. The total compensation for the Board's key management personnel was \$193 000 (2017: \$182 000). Salaries and other benefits the Minister receives are excluded from this total. 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 the *Parliamentary Remuneration Act 1990*.

Adelaide and Mount Lofty Ranges Natural Resources Management Board
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19 Financial risk management / 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 insignificant based on past experience and current assessment of risk.

The Board is funded principally from NRM Levy funds collected through DEW and Councils, and Commonwealth grants.

There have been no changes in risk exposure since the last reporting period.

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.

The carrying amounts of each of the following categories of financial assets and financial liabilities: receivables and payables measured at cost.

		2018	2017
		Carrying amount	Carrying amount
Category of financial asset and financial liability	Note	\$'000	\$'000
Financial assets			
Cash and cash equivalents			
Cash and cash equivalents		9 985	10 681
Loans and receivables			
Receivables	(1), (2)	123	194
Total financial assets		10 108	10 875
Financial liabilities			
Financial liabilities at cost			
Payables	(1)	1 539	2 710
Total financial liabilities		1 539	2 710

(1) 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, that is they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 13 as prepaid supplies and services in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

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21 Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2018 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2018.

Note disclosure is made about events between 30 June 2018 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2018 and which may have a material impact on the results of subsequent years.

There were no events occurring after the end of the reporting period that have material financial implications on these financial statements.