

Coast Protection Board

Financial report
for the year ended
30 June 2019



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To the Presiding Member Coast Protection Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 31(2) of the *Coast Protection Act 1972*, I have audited the financial report of the Coast Protection Board for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Coast Protection Board as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with the 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 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, Coast Protection Board and the Chief Executive and 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 Coast Protection 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 Chief Executive and the Board for the financial report

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

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, but not for the purpose of expressing an opinion on the effectiveness of the Coast Protection Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- 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 Chief Executive and the Presiding Member, Coast Protection 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 'Andrew Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

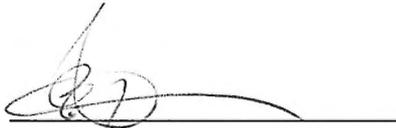
25 October 2019

Coast Protection Board
Certification of the Financial Statements
for the year ended 30 June 2019

We certify that the attached general purpose financial statements for the Coast Protection Board:

- comply with any 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 Board
- present a true and fair view of the financial position of the Coast Protection Board as at 30 June 2019 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Coast Protection 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.



Allan Holmes
Presiding Member
25 October 2019



John Schutz
Chief Executive
Department for Environment and
Water
25 October 2019



Shaun O'Brien
Chief Financial Officer
Department for Environment and
Water
25 October 2019

Coast Protection Board
Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Expenses			
Board member expenses	2.2	24	23
Supplies and services	3.1	182	306
Grants and subsidies	3.2	332	2 051
Other	3.3	10	11
Total expenses		548	2 391
Income			
Fees and charges	4.2	18	17
Total Income		18	17
Net cost of providing services		530	2 374
Revenues from / (payments to) SA Government:			
Revenues from SA Government	4.1	539	2 377
Total net revenues from SA Government		539	2 377
Net result		9	3
Total comprehensive result		9	3

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

Coast Protection Board
Statement of Financial Position
as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current			
Cash and cash equivalents	6.1	426	2 023
Receivables	6.2	2	5
Total current assets		428	2 028
Non-current assets			
Property, plant and equipment	5.1	5 130	5 130
Total non-current assets		5 130	5 130
Total assets		5 558	7 158
Current liabilities			
Payables	7.1	123	1 732
Total current liabilities		123	1 732
Total liabilities		123	1 732
Net assets		5 435	5 426
Equity			
Asset revaluation surplus		5 163	5 163
Retained earnings		272	263
Total equity		5 435	5 426

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

Coast Protection Board
Statement of Changes in Equity
for the year ended 30 June 2019

		Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2017	Note	5 163	845	6 008
Error correction - land	5.1	-	(585)	(585)
Restated balance at 1 July 2017		5 163	260	5 423
Net result for 2017-18		-	3	3
Total comprehensive result for 2017-18		-	3	3
Balance at 30 June 2018		5 163	263	5 426
Opening balance at 1 July 2018		5 163	263	5 426
Net result for 2018-19		-	9	9
Total comprehensive result for 2018-19		-	9	9
Balance at 30 June 2019		5 163	272	5 435

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

Coast Protection Board
Statement of Cash Flows
for the year ended 30 June 2019

		2019 (Outflows) Inflows \$'000	2018 (Outflows) Inflows \$'000
Cash flows from operating activities	Note		
Cash outflows			
Board member payments		(12)	(23)
Payments for supplies and services		(254)	(246)
Payments for grants and subsidies		(1 881)	(609)
Other payments		(10)	(11)
Cash used in operations		(2 157)	(889)
Cash inflows			
Fees and charges		21	22
Cash generated from operations		21	22
Cash flows from SA government			
Receipts from SA government		539	2 377
Cash generated from SA government		539	2 377
Net cash provided by / (used in) operating activities		(1 597)	1 510
Net increase / (decrease) in cash and cash equivalents		(1 597)	1 510
Cash and cash equivalents at the beginning of the reporting period		2 023	513
Cash and cash equivalents at the end of the reporting period	6.1	426	2 023

The accompanying notes form part of these financial statements.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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Coast Protection Board

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1. About the Coast Protection Board

The Coast Protection Board (the Board) is a reporting entity established pursuant to section 6 of the *Coast Protection Act 1972* (the Act).

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 provisions of the *Public Finance and Audit Act 1987*
- relevant Australian Accounting Standards with reduced disclosure requirements.

For the 2018-19 financial statements the Board adopted *AASB 9 – Financial Instruments* and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. 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.

The Department for Environment and Water (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.

1.2. Objectives and programs

The Board was established under the Act to manage, maintain, develop and improve coast facilities that are vested in, or are under the care, control and management of the Board.

The major objectives of the Board are to:

- Protect, conserve and, where necessary, restore the beaches and coast of the State. The Board is concerned with understanding and mitigating coastal hazards, and conserving the biodiversity and integrity of the coast
- Responsibility for assets of the Board – the Board owns parcels of coastal land, purchased to further its duties under the Act
- Advice and research:
 - a) The advisory role is a primary method to protect, conserve and restore the coast
 - b) Research is directed towards understanding coastal ecosystem functioning, dynamics and processes in SA, and identifying and examining significant coastal protection and restoration issues.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.2. Objectives and programs (continued)

Financial arrangements

The financial activities of the Board are administered through the Coast Protection Fund (the Fund) in accordance with the Act. The Fund is a non-interest bearing Deposit Account pursuant to section 21(1) of the *Public Finance and Audit Act 1987*. The Fund's sources of revenue consist of revenue from SA Government together with income derived from development application fees and charges.

The Board has no employees. The functions and activities required by the Act are performed by employees of DEW. These services are provided on a fee for service basis and are recognised in these financial statements.

In achieving its objectives the Board conducts its services through a single activity, Coast and Marine Conservation. The purpose of this activity is to ensure the conservation, protection and ongoing sustainable productivity of South Australia's coastal, estuarine and marine environments.

2. Board, committees and employees

2.1. Key management personnel

Key management personnel of the Board include the Minister for Environment and Water and the Board members.

Total compensation of key management personnel was \$22 000 (2018: \$21 000).

The compensation disclosed in this note excludes salaries and other benefits the Minister for Environment and Water 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 occurred during 2018-19.

2.2. Board and committee members

Members the 2019 financial year were:

A N Holmes (Presiding Member)
K Galpin (appointed September 2018) *
P S J Coleman (retired May 2019)
A M Collins *
A Crisp (retired December 2018)
P A Hesp
T Radan (retired September 2018)

* In accordance with the Premier and Cabinet's Circular No 016, government employees did not receive any remuneration for board duties during the financial year.

Board and committee remuneration

The number of members whose remuneration received or receivable falls within the following bands:	2019	2018
	\$'000	\$'000
\$0 - \$19 999	7	8
Total number of members	7	8

The total remuneration received or receivable by members was \$22 000 (2018: \$21 000). Remuneration of members includes sitting fees, super contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

For the purposes of this table, board member on-costs have not been included as remuneration as they do not form part of remuneration received or receivable by the members.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3. Expenses

3.1. Supplies and services

	2019	2018
	\$'000	\$'000
Minor works, maintenance and equipment	58	90
DEW corporate services	47	61
Fee for service	17	1
Travel and accommodation	17	17
Contractors	12	22
Contribution to Waverider Buoy maintenance	10	10
Aerial photography and survey	10	5
Donations/Sponsorships	9	7
Accommodation and property management expenses	1	2
Transportation	1	1
West Beach harbour management	-	88
General administration	-	1
Vehicle	-	1
Total supplies and services	182	306

3.2. Grants and subsidies

	2019	2018
	\$'000	\$'000
Local government ⁽ⁱ⁾	332	2 046
Other	-	5
Total grants and subsidies	332	2 051

⁽ⁱ⁾ Local government

Kingston District Council	150	600
Port Adelaide Enfield Council	75	-
Port Augusta City Council	30	60
The District Council of Robe	25	-
City of Whyalla	20	20
Wattle Range Council	20	15
The District Council of Streaky Bay	8	-
Alexandrina Council	4	-
City of Charles Sturt	-	1 250
City of Onkaparinga	-	50
City of Victor Harbor	-	30
Yorke Peninsula Council	-	11
Copper Coast District Council	-	10
Total local government grants and subsidies	332	2 046

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

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3.3. Other expenses

	2019	2018
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department	10	11
Total other expenses	10	11

4. Income

4.1. Revenues from SA Government

	2019	2018
	\$'000	\$'000
Revenues from SA Government		
Grants from SA Government	539	2 377
Total revenues from SA Government	539	2 377
Net revenues from SA Government	539	2 377

Grants from SA Government for program funding are recognised as revenue when the Board obtains control over the funding. Control over Grants from SA Government is normally obtained upon receipt.

4.2. Fees and charges

	2019	2018
	\$'000	\$'000
Fees, levies and licences	18	17
Total fees and charges	18	17

Revenues from fees and charges are derived primarily from fees for development applications which are recognised on an accrual basis.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5. Non-financial assets

5.1. Property, plant and equipment

	2019 \$'000	2018 \$'000
Land		
Land at fair value	5 130	5 130
Total land	5 130	5 130
Total property, plant and equipment	5 130	5 130

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.

Error correction

An error correction of \$0.585 million has been disclosed in the Statement of Changes in Equity and has been retrospectively restated as at 1 July 2017 in accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*. The error correction was due to a transfer of land previously dedicated from the Board to DEW, following dedication of Tennyson Dunes Conservation Reserve in 2013-14. This resulted in a net decrease of \$0.585 million to retained earnings and adjustments to the carrying values of land.

6. Financial assets

6.1. Cash and cash equivalents

	2019 \$'000	2018 \$'000
Deposits with the Treasurer	426	2 023
Total cash and cash equivalents	426	2 023

Deposits with the Treasurer are non-interest bearing.

6.2. Receivables

	2019 \$'000	2018 \$'000
Current		
Trade receivables		
From non-government entities	-	5
Total trade receivables	-	5
Accrued revenue	2	-
Total current receivables	2	5
Total receivables	2	5

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

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

7. Liabilities

7.1. Payables

	2019	2018
	\$'000	\$'000
<u>Current</u>		
Creditors	101	1 721
Accrued expenses	22	11
Total current payables	123	1 732
Total payables	123	1 732

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

8. Changes in accounting policy

8.1. Treasurer's Instructions (Accounting Policy Statement)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the Public Finance and Audit Act 1987. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- removal of the additional requirement to report transactions with the SA Government
- increasing the bands from \$10,000 to \$20,000 for board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

8.2. AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

9. Outlook

9.1. Unrecognised contractual commitments

The Board had no unrecognised contractual commitments at 30 June 2019.

9.2. Contingent assets and liabilities

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

9.3. Events after the reporting period

There are no known events after balance date that affect these general purpose financial statements in a material manner.

10. Measurement and risk

10.1. Fair value

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

Initial recognition

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

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

Revaluation

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.

Every six years, the Board revalues its land via an independent Certified Practising Valuer. 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.

Assets disclosed at independent valuation

Independent desktop valuations were performed as at 1 July 2014 by F. Taormina - B App Sc (Val), AAPI, Certified Practising Valuer from Valcorp Australia Pty Limited. The fair value of land was based on recent market transactions for similar land in the area taking into account zoning and restricted use.

Controlled land

Land assets comprise various coastal lands dedicated to the care and control of the Board and in general have restrictions on their use, for example zoning restrictions may preclude any form of development on the land. The independent valuers have taken the restrictions on use into account in determining the value of land.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.2. Financial instruments

Financial risk management

Risk management is managed by the DEW's corporate services section and DEW's 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 risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Liquidity risk

The Board is funded principally from revenues from the SA Government. The Board and DEW work with the Department of Treasury and Finance to determine the cash flows associated with the Board's government-approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

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 applicable until 30 June 2018 under AASB 139 Financial Instruments: Recognition and Measurement

The carrying amounts are detailed below of each of the following categories of financial assets and liabilities:

- Loan and receivables
- Financial liabilities measured at cost.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.2. Financial instruments (continued)

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

The board measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2019 Carrying amount \$'000	2018 Carrying amount \$'000
<u>Financial assets</u>			
Cash and cash equivalents			
Cash and cash equivalents		426	2 023
Financial assets at amortised cost			
Receivables	(1)	2	5
Total financial assets		428	2 028
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Payables	(1)	111	1 721
Total financial liabilities		111	1 721

Receivables and payables

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