

Dog Fence Board

Financial report
for the year ended
30 June 2018



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To the Chair Dog Fence Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 35 of the *Dog Fence Act 1946*, I have audited the financial report of the Dog Fence 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 Dog Fence Board as at 30 June 2018, 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 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 Chair, Dog Fence Board and the Executive Officer.

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 Dog Fence 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 Dog Fence Board for the financial report

The Dog Fence Board 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.

Auditor's responsibilities for the audit of the financial report

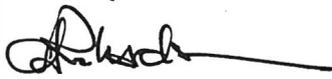
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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 Dog Fence 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 Dog Fence 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 'A. Richardson', with a long horizontal line extending to the right.

Andrew Richardson

Auditor-General

27 September 2018

Dog Fence Board
Certification of Financial Statements
for the year ended 30 June 2018

We certify that the attached general purpose financial statements for the Dog Fence Board:

- comply with any relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and any relevant Australian Accounting Standards
- are in accordance with the accounts and records of the Dog Fence Board
- present a true and fair view of the financial position of the Dog Fence Board as at 30 June 2018 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Dog Fence 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.



Carolyn Ireland
Chair
27 September 2018



Michael Balharry
Executive Officer
17 September 2018

Dog Fence Board

Financial Statements

For the year ended 30 June 2018

Dog Fence Board
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Staffing costs	3	219	218
Fence maintenance		285	290
Hire of motor vehicles		30	26
Supplies and services	5	51	40
Subsidies	6	822	818
Depreciation	7	3	3
Auditor's remuneration		18	18
Revaluation of assets	12	2	-
Total expenses		1 430	1 413
Income			
Rates, levies and penalties	8	570	538
SA Government subsidies	8	552	523
Commonwealth revenue	9	150	50
Interest revenues		6	7
Total income		1 278	1 118
Net result		(152)	(295)
Other comprehensive income			
Changes in property, plant and equipment asset revaluation surplus	12	40	-
Total comprehensive income		40	-
Total comprehensive result		(112)	(295)

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.

Dog Fence Board
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents		164	224
Receivables		3	1
Inventories	10	138	214
Total current assets		305	439
Non-current assets			
Property, plant and equipment	12	93	58
Total non-current assets		93	58
Total assets		398	497
Current liabilities			
Payables	13	32	19
Total current liabilities		32	19
Total liabilities		32	19
Net assets		366	478
Equity			
Retained earnings		316	468
Asset revaluation surplus		50	10
Total equity		366	478

Total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	14
Contingent assets and liabilities	15

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

Dog Fence Board
Statement of Changes in Equity
for the year ended 30 June 2018

	Retained earnings	Asset revaluation surplus	Total equity
	\$'000	\$'000	\$'000
Balance at 30 June 2016	763	10	773
Net result for 2016-17	(295)	-	(295)
Total comprehensive result for 2016-17	(295)	-	(295)
Balance at 30 June 2017	468	10	478
Net result for 2017-18	(152)	-	(152)
Gain on revaluation of buildings 2017-18	-	40	40
Total comprehensive result for 2017-18	(152)	40	(112)
Balance at 30 June 2018	316	50	366

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.

Dog Fence 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		
Cash outflows		
Subsidies paid	(822)	(818)
Payments for staffing expenses	(206)	(218)
Fence maintenance	(209)	(6)
Hire of motor vehicles	(30)	(24)
Payments for supplies and services	(51)	(40)
Auditor's remuneration	(18)	(18)
Cash used in operations	<u>(1 336)</u>	<u>(1 124)</u>
Cash inflows		
Interest received	6	7
Rates and levies received	568	538
SA Government subsidies	552	523
Commonwealth receipts	150	50
Cash generated from operations	<u>1 276</u>	<u>1 118</u>
Net cash provided by / (used in) operating activities	<u>(60)</u>	<u>(6)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(60)</u>	<u>(6)</u>
Cash and cash equivalents at the beginning of the reporting period	224	230
Cash and cash equivalents at the end of the reporting period	<u>164</u>	<u>224</u>

All cash flows are attributable to the SA Government as owner.

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

Dog Fence 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 Dog Fence Board (the Board) is a body corporate of the state of South Australia, established pursuant to the *Dog Fence Act 1946*. The financial statements and accompanying notes include all the controlled activities of the Board.

1.2 Statement of compliance

The financial statements of the Board 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 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.

1.3 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*.

The financial statements have been prepared based on a 12 month operating cycle and are 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 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 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 Payroll Tax, Fringe Benefits Tax (FBT), and Goods and Services Tax (GST). GST collections and payments are carried out by the Department of Primary Industries and Regions (PIRSA) on behalf of the Board. GST in relation to the Board is reported in the PIRSA Controlled Financial Statements.

Dog Fence Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1 Basis of financial statements (continued)

1.5 Cash

Cash in the Statement of Financial Position comprises deposits at call with the Department of Treasury and Finance (DTF).

Cash is measured at nominal value.

2 Objectives of the Dog Fence Board

The Board was established pursuant to the *Dog Fence Act 1946* (the Act), on 17 June 1947. The primary purpose of the Board is to provide for the establishment and maintenance of particular dog proof fences in South Australia, in order to prevent the entry of wild dogs into pastoral areas, and for incidental purposes.

3 Staffing costs

	2018	2017
	\$'000	\$'000
Staffing costs ⁽¹⁾	214	210
Board fees and related on-costs	5	8
Total staffing costs	219	218

⁽¹⁾ The Board has 2.4 FTE (2017: 2.4) staff allocated from PIRSA to assist with the operations and administration of the Board.

Key management personnel

Key management personnel of the Board include the Minister, the Chair and the four members who have responsibility for the strategic direction and management of the Board.

Total compensation for the Board's key management personnel was \$4 013 (2017: \$6 178). 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 DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

Dog Fence Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

4 Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the financial year (other than a direct out-of-pocket reimbursement) are listed below in the following summary table:

	2018	2017
The number of members whose remuneration received or receivable falls within the following bands:		
\$0 - \$9,999	5	5
Total number of members	5	5

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$4 013 (2017: \$6 178).

Amounts paid to superannuation plan for board/committee members was nil (2017: \$25).

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

Members of the Board during the 2017-18 financial year were:

Dog Fence Board

C Ireland (Chair)
 K J Fargher
 J P Lawrie
 J H MacLachlan
 C Treloar

5 Supplies and services

	2018	2017
	\$'000	\$'000
Staff travel and accommodation	18	20
Office accommodation costs	17	6
Insurance	5	5
Telecommunications and data access charges	1	3
Office supplies	1	1
Courier, freight and postage	2	2
Other	7	3
Total supplies and services	51	40

Dog Fence Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

6 Subsidies

	2018	2017
	\$'000	\$'000
Local boards	744	743
Private fence owners	78	75
Total subsidies	822	818

7 Depreciation

	2018	2017
	\$'000	\$'000
Plant and equipment	1	1
Buildings	2	2
Total depreciation	3	3

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. Depreciation is applied to tangible assets such as property, plant and equipment.

Land is not depreciated.

Useful life

Depreciation is calculated on a straight line basis either over the estimated useful life of the asset, where this can be reasonably determined, or a class rate taken from the table below:

Class of asset	Useful life (years)
Buildings	20 – 70
Plant and equipment	3 – 20

Fence maintenance

As per section 21 of the Act, the Board may carry out work for the construction, alteration or replacement of the fence. Maintenance expenses are recognised when incurred.

Revision of accounting estimates

Assets' residual values and useful lives are reviewed and adjusted if appropriate, on an annual basis.

Dog Fence Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

8 Rates, levies and penalties

	2018	2017
	\$'000	\$'000
Rates and penalties collected/collectable by Dog Fence Board	327	311
Levy collected by South Australian Sheep Advisory Group	226	219
Levies collected from occupiers of land outside of the dog fence	17	8
Total rates, levies and penalties	570	538
SA Government \$1 for \$1 subsidy	552	523

The Board receives funding via annual rates charged to occupiers of property whose land is south of the dog fence, and whose land is more than 10 square kilometres in size. As per section 25 of the Act, the rate in 2017-18 was \$1.28 per square kilometre (2017: \$1.24). The minimum charge was \$106.50 (2017: \$103.00).

The proportion of rates for 2017-18 amounting to \$226 000 (2017: \$219 000) which had been collected from the Local Government area included in the rating area on 11 September 1998, were collected by the South Australian Sheep Advisory Group via a sheep transaction levy.

The collection of the sheep transaction levy by the South Australian Sheep Advisory Group is supported by the South Australian Government Gazette dated 12 June 2008.

Additionally, under section 31 of the Act, the Treasurer pays the Board a subsidy at the rate of \$1 for every dollar of the rates and contributions by councils declared by the Board for each financial year.

9 Commonwealth revenue

	2018	2017
	\$'000	\$'000
Commonwealth revenue ⁽¹⁾	150	50
Total Commonwealth revenue	150	50

⁽¹⁾ Funds were provided from the Commonwealth (through PIRSA) during the year for the upgrade of the Dog Fence in drought affected areas.

10 Inventories

	2018	2017
	\$'000	\$'000
Current inventories ⁽¹⁾		
Raw materials and stores ⁽²⁾	132	208
Publications	6	6
Total inventories	138	214

⁽¹⁾ At the lower of cost and realisable value

⁽²⁾ Consists of fencing materials for the establishment and maintenance of dog proof fences, managed by the Board.

Dog Fence Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

11 Non-current assets

Revaluation

The land and buildings of the Board were independently reviewed to fair value, by Liquid Pacific Pty Ltd, as at 30 June 2018. This was performed as part of the five year revaluation cycle undertaken by PIRSA.

12 Property, plant and equipment

	2018 \$'000	2017 \$'000
Land and buildings		
Land at fair value	1	3
Buildings at fair value	84	54
Accumulated depreciation	-	(8)
Total land and buildings	<u>85</u>	<u>49</u>
Plant and equipment		
Plant and equipment at cost (deemed fair value)	25	24
Accumulated depreciation	(17)	(15)
Total plant and equipment	<u>8</u>	<u>9</u>
Total property, plant and equipment	<u>93</u>	<u>58</u>

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 less 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 restructuring of administrative arrangements then assets are recognised at book value, that is the amount recorded by the transferor public authority immediately prior to the restructure.

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

Dog Fence Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

12 Property, plant and equipment (continued)

Valuation of land and buildings

The valuation of land and buildings was performed by Liquid Pacific Pty Ltd, an independent valuer, as at 30 June 2018. The valuer arrived at the fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Land, buildings and improvements and plant and equipment acquired since the last formal revaluation are deemed to be at fair value.

Carrying amount of plant and equipment

The carrying amount of plant and equipment assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Impairment

All non-current assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

There were no indications of impairment for 2017-18.

Reconciliation of non-current assets

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

	Land	Buildings	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning period	3	46	9	58
Revaluation increment/(decrement)	(2)	40	-	38
Depreciation	-	(2)	(1)	(3)
Carrying amount at the end of the period	1	84	8	93

13 Payables

	2018	2017
	\$'000	\$'000
Audit fee payable to the Auditor-General's Department	18	18
Trade creditors	1	1
Other payables	13	-
Total payables	32	19

Annual Leave, long service leave and skills and experience retention leave liabilities are recognised within PIRSA as the board does not directly employ staff.

Dog Fence Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

14 Unrecognised contractual commitments

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

	2018 \$'000	2017 \$'000
Operating lease commitments		
Within one year	4	21
Later than one year but not longer than five years	-	4
Total operating lease contractual commitments	<u>4</u>	<u>25</u>

The Board has a lease on a motor vehicle that ends in September 2018. The motor vehicle is leased from South Australian Government Financing Authority (SAFA) through their agent LeasePlan and is non-cancellable. The lease is paid monthly.

15 Contingent assets and liabilities

The Board has no known contingent assets or contingent liabilities.

16 Related party transactions

The Dog Fence Board is a body corporate established pursuant to the *Dog Fence Act 1946* and is a wholly owned and controlled entity of 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.

There were no transactions with related parties except for transactions with other South Australian government entities. Major transactions with other South Australian government entities in 2017-18 were:

- Receipts from SA Government subsidies of \$552 000
- Payments to PIRSA for staffing costs of \$214 000

17 Financial risk management / financial instruments

The Board has cash, non-interest bearing assets (receivables) and liabilities (payables). The Board's exposure to market risk and cash flow interest risk is minimal.

The Board has no significant concentration of credit risk. The Board has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

In relation to liquidity/funding risk, the continued existence of the Board in its present form, is dependent on the funding provisions of the Act.

Dog Fence Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

18 Events after the reporting period

There were no events after the reporting period for 30 June 2018 requiring disclosure.