

Kangaroo Island Natural Resources Management Board

Financial report
for the year ended
30 June 2019



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 Kangaroo Island 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 Kangaroo Island Natural Resources Management 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 Kangaroo Island Natural Resources Management 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 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 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, the Regional NRM Manager 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 Kangaroo Island 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 NRM Manager and the board for the financial report

The Regional NRM Manager 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

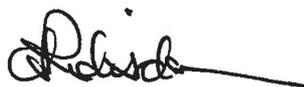
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Regional NRM Manager
- 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 'A Richardson', with a long horizontal stroke extending to the right.

Andrew Richardson

Auditor-General

26 November 2019

Kangaroo Island Natural Resource Management Board

Financial Statements

For the year ended 30 June 2019

Kangaroo Island Natural Resource Management Board
Certification of the Financial Statements
for the year ended 30 June 2019

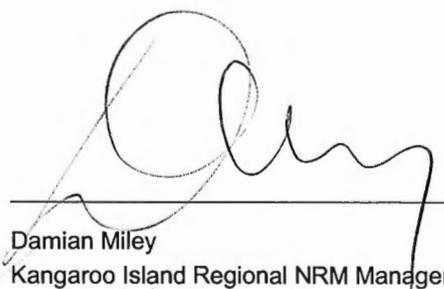
We certify that the attached general purpose financial statements for the Kangaroo Island Natural Resource Management Board:

- 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 Kangaroo Island Natural Resource Management Board
- present a true and fair view of the financial position of the Kangaroo Island Natural Resource Management 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 Kangaroo Island Natural Resource 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.



Andrew Heinrich
Presiding Member
16 November 2019



Damian Miley
Kangaroo Island Regional NRM Manager
16 November 2019



Shaun O'Brien
Chief Financial Officer
Department for Environment and Water
16 November 2019

Kangaroo Island Natural Resource Management Board
Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Expenses			
Board committee and related expenses	2.2	46	72
Supplies and services	3.1	2 749	2 611
Grants and subsidies	3.2	11	41
Depreciation	3.3	35	29
Other expenses	3.4	42	41
Total expenses		2 883	2 794
Income			
Regional NRM Levies	4.1	395	385
Commonwealth funding	4.2	1 658	1 158
Grants	4.3	1 198	1 133
Interest	4.4	15	15
Other income	4.5	147	206
Total income		3 413	2 897
Net result		530	103
Total comprehensive result		530	103

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

Kangaroo Island Natural Resource Management Board
Statement of Financial Position
as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	6.1	838	781
Receivables	6.2	539	30
Total current assets		<u>1 377</u>	<u>811</u>
Non-current assets			
Property, plant and equipment	5.1	130	122
Total non-current assets		<u>130</u>	<u>122</u>
Total assets		<u>1 507</u>	<u>933</u>
Current liabilities			
Payables	7.1	223	179
Total current liabilities		<u>223</u>	<u>179</u>
Total liabilities		<u>223</u>	<u>179</u>
Net assets		<u>1 284</u>	<u>754</u>
Equity			
Retained earnings		1 284	754
Total equity		<u>1 284</u>	<u>754</u>

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

Kangaroo Island Natural Resource Management Board
Statement of Changes in Equity
for the year ended 30 June 2019

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2017	581	581
Net result for 2017-18	103	103
Total comprehensive result for 2017-18	103	103
Balance at 30 June 2018	684	684
Error correction - property, plant and equipment	70	70
Restated balance at 30 June 2018	754	754
Net result for 2018-19	530	530
Total comprehensive result for 2018-19	530	530
Balance at 30 June 2019	1 284	1 284

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

Kangaroo Island Natural Resource Management 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			
Supplies and services		(2 705)	(2 727)
Grants and subsidies		(11)	(41)
Board, group and committee member payments		(46)	(63)
Other payments		(42)	(41)
Cash used in operating activities		(2 804)	(2 872)
Cash inflows			
Grants, levies and other receipts		1 752	1 924
Commonwealth funding received		1 137	1 158
Interest received		15	15
Cash generated from operating activities		2 904	3 097
Net cash provided by operating activities		100	225
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(43)	(55)
Cash used in investing activities		(43)	(55)
Net cash (used in) investing activities		(43)	(55)
Net increase in cash and cash equivalents		57	170
Cash and cash equivalents at the beginning of the reporting period		781	611
Cash and cash equivalents at the end of the reporting period	6.1	838	781

The accompanying notes form part of these financial statements.

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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Kangaroo Island Natural Resource Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1. About the Kangaroo Island Natural Resource Management Board

The Kangaroo Island Natural Resource Management Board (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 adopted by the Minister for Sustainability, Environment and Conservation in May 2017.

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

Direction by the Minister

On 16 April 2012, the Minister for Environment and Water, 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) with DEW during 2016-17 for 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 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 undertake services under the SLA
- staff undertaking services on behalf of the Board are assigned to the Board under the NRM Act
- the payment for staff salaries are recharged to the Board under a Fee for Service Arrangement.

On March 20, 2019 the government introduced new legislation - the Landscape South Australia Bill, to drive a significant and enduring reform agenda for natural resources management in South Australia. If enacted, this will replace the current *Natural Resource Management (NRM) Act*. The current NRM arrangements remained unchanged for the 2018-19 financial year. The impact of the proposed Landscapes SA legislation to the operations of the Board during 2019-20 remain unknown.

Kangaroo Island Natural Resource Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*
- relevant Australian Accounting Standards with reduced disclosure requirements.

For the 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.

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

Board's objectives

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

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

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

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.2. Objectives and programs (continued)

Goals and programs

In achieving its objectives, the Board provides a range of services that are classified into the following five goals in the Regional NRM plan approved by the Minister in May 2017.

Goal 1 – Distinctiveness

This goal involves ensuring that Kangaroo Island's unique qualities and character are protected and enhanced for the enjoyment and benefit of the community and visitors and for future generations

Goal 2 – Healthy Resilient Environment

This goal involves ensuring that Kangaroo Island's ecosystems are healthy and resilient, biodiversity loss is minimised and ecosystems continue to deliver life-supporting services

Goal 3 – Thriving Community

This goal involves ensuring that the Kangaroo Island community enjoys a high level of well-being, is resilient and connected

Goal 4 – Vibrant Economy

This goal involves ensuring that Kangaroo Island prospers with a vibrant economy that is based on sustainably managed natural resources, primary production and industry that underpins its brand value

Goal 5 – Governance and Local Knowledge

This goal involves ensuring that the Kangaroo Island community uses an adaptive governance approach, learning and making decisions together, valuing all knowledge types and sharing information freely.

The Board has determined that income, expenses, assets and liabilities cannot be reliably attributed to individual programs.

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2. Board, committees and employees

2.1. Key management personnel

Key management personnel of the Board include the Minister for Environment and Water, the Presiding Member, all other members of the Board and the Regional Director who have responsibility for the strategic direction and management of the Board.

The total compensation for the Board's key management personnel was \$135 000 in 2018-19 and \$120 000 in 2017-18.

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 the *Parliamentary Remuneration Act 1990*.

2.2. Board and committee members

Members during the 2018-19 financial year were:

NRM Board

R E Trethewey (Presiding member, retired February 2019)
P I Clements (resigned May 2019)
A J S Florance
C L Wickham (retired April 2019)
P D Rismiller (retired April 2019)
J M Stanton
K Stove (retired February 2019)
C J B Taylor
D W Welford

Biosecurity Advisory Committee

R E Trethewey (Chair, retired February 2019)
C J B Taylor (Chair, appointed April 2019)
V A Bolwell (resigned September 2018)
D S Connell
P K Davis
B M Overton
R V Glatz
M W Veitch
P D Rismiller

Finance and Audit Committee (disbanded 14 April 2019)

R E Trethewey (retired February 2019)
C L Wickham
C J B Taylor
K Stove (retired February 2019)

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

	2019	2018
\$0 - \$19 999	15	15
\$20 000 - \$29 999	-	1
Total number of members	15	16

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.2. Board and committee members (continued)

The total remuneration received or receivable by members was \$36 000 (2018: \$57 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits, and related fringe benefits tax.

For the purposes of this table, travel allowances 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 amount to \$10 000 (2018: \$15 000).

3. Expenses

3.1. Supplies and services

	2019	2018
	\$'000	\$'000
Fee for service - Board funded DEW salaries	1 592	1 669
Fee for service	435	270
Fee for service - Corporate services fee	308	178
Accommodation and property management	111	118
Motor vehicles	62	81
Fee for service - Shared Services SA fee	54	53
Minor works, maintenance and equipment	44	48
Information technology and communication expenses	28	30
General administration	27	58
Travel and accommodation	25	36
Contracted staff development	5	5
Transport	1	1
Other supplies and services	57	64
Total supplies and services	2 749	2 611

Operating leases payments

Operating lease payments (less any lease incentives) are recognised on a straight-line basis over the lease term.

3.2. Grants and subsidies

	2019	2018
	\$'000	\$'000
Recurrent grants	11	41
Total grants provided	11	41

The Board provided financial assistance to 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 by 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.

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3.3. Depreciation

	2019 \$'000	2018 \$'000
Depreciation		
Plant and equipment	35	29
Total depreciation	35	29

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

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

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)
Plant and equipment	5-10

3.4. Other expenses

	2019 \$'000	2018 \$'000
Audit fees paid/payable to the Auditor-General's Department	42	41
Total other expenses	42	41

No other services were provided by the Auditor-General's Department.

4. Income

4.1. Regional NRM levies

	2019 \$'000	2018 \$'000
Regional NRM Levy collected through Councils	395	385
Total regional NRM Levies	395	385

The Regional NRM Levy is collected by the Kangaroo Island Council and contributes towards the costs of the Board performing its functions under the NRM Act. It is a fixed charge of the same amount on all rateable land, based on section 95 of the NRM Act. Councils can seek to recover any outgoing costs associated with the collection of the Levy. Levies are recognised as revenue when the Board obtains control of the funding.

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4.2. Commonwealth funding

	2019	2018
	\$'000	\$'000
Commonwealth funding		
Regional Land Partnerships Program*	1 329	-
Department of Agriculture and Water Resources	300	-
Department of the Environment and Energy	29	208
National Landcare Program received through DEW**	-	950
Total Commonwealth funding	1 658	1 158

	2019	2018
	\$'000	\$'000
* Regional Land Partnerships Program funding consists of the following components		
Core services	476	-
Recovering the Kangaroo Island Narrow Leaved Mallee Woodland	427	-
Creating a Safe Haven for the Kangaroo Island Dunnart	211	-
Future Proofing Agriculture on Kangaroo Island	130	-
Planning for the Future of the Kangaroo Island Dunnart	85	-
Total Regional Land Partnership funding	1 329	-

	2019	2018
	\$'000	\$'000
** National Landcare Program funding consists of the following components		
Catchment to Coast 3	-	360
Protecting Kangaroo Island from Invasive Species	-	224
Kangaroo Island Farming into the Future	-	200
Too Good to Spoil, Too Precious to Lose: Biosecurity for Primary Production	-	114
Too Good to Spoil, Too Precious to Lose: Biosecurity to Biodiversity	-	52
Total National Landcare Program funding	-	950

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.

Contributions that have conditions of expenditure still to be met as at reporting date were \$0 (2018: \$163 000). These exclude carryovers from previous financial years.

The National Landcare Program (Phase 1) was funded by the Australian Government over four years from 2014-15 to 2017-18. Commonwealth funding was provided to ensure that on-ground works on important national environmental issues continued with the help of local communities.

From 1 July 2018, the Australian Government has commenced the Regional Land Partnership (National Landcare Program Phase 2). The funding will support vital on-ground environment and agricultural projects that offer benefits to the environment, farms and communities.

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4.3. Grant revenues

	2019	2018
	\$'000	\$'000
Grant revenues from SA Government		
State Government recurrent funding	1 143	1 113
State Government Grants	55	20
Total grant revenues from SA Government	<u>1 198</u>	<u>1 133</u>
Total grant revenues	<u><u>1 198</u></u>	<u><u>1 133</u></u>

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.

Contributions that have conditions of expenditure still to be met as at reporting date were \$1 500 (2018: \$1 400). These exclude carryovers from previous financial years.

State Government recurrent funding

Recurrent grant funding is provided to the Board via the NRM Fund, to deliver core operational and governance requirements, in accordance with the NRM Act and the Board's Business Plan.

4.4. Interest

	2019	2018
	\$'000	\$'000
Interest revenues from entities within the SA Government	15	15
Total interest revenues	<u>15</u>	<u>15</u>

4.5. Other income

	2019	2018
	\$'000	\$'000
Sale of goods	71	94
Sponsorship	46	54
Support services	25	58
Other revenue	5	-
Total other income	<u>147</u>	<u>206</u>

Kangaroo Island Natural Resource Management 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
Plant and equipment		
Plant and equipment at cost (deemed fair value)	281	281
Accumulated depreciation	(194)	(159)
Total plant and equipment	<u>87</u>	<u>122</u>
Capital works in progress		
Capital works in progress at cost	43	-
Total capital works in progress	<u>43</u>	<u>-</u>
Total property, plant and equipment	<u><u>130</u></u>	<u><u>122</u></u>

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed.

Property, plant and equipment is recorded at fair value. Detail about the Board's approach to fair value is set out in note 10.1.

Impairment

There were no indications of impairment of property, plant and equipment as at 30 June 2019.

Reconciliation 2018-19

	Plant and equipment \$'000	Capital work in progress \$'000	Total \$'000
Carrying amount at 1 July 2018	122	-	122
Acquisitions	-	43	43
Depreciation	(35)	-	(35)
Carrying amount at 30 June 2019	<u>87</u>	<u>43</u>	<u>130</u>

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

6. Financial assets

6.1. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Deposits with the Treasurer	838	781
Total cash and cash equivalents	838	781

Cash is measured at nominal value.

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

6.2. Receivables

	2019	2018
	\$'000	\$'000
<u>Current</u>		
Receivables from non-government entities	17	29
Accrued revenues	522	1
Total current receivables	539	30
Total receivables	539	30

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.

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

7. Liabilities

7.1. Payables

	2019	2018
	\$'000	\$'000
<u>Current</u>		
Trade payables	137	76
Accrued expenses	86	103
Total current payables	223	179
Total payables	223	179

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.

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

8. Changes in accounting policy

8.1. Treasurer's Instructions (Accounting Policy Statements)

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 employee and board member reporting.

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

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective.

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.

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
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9. Outlook

9.1. Unrecognised contractual commitments

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

Operating lease commitments

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

	2019	2018
	\$'000	\$'000
Within one year	27	-
Later than one year but not later than five years	81	-
Total operating lease commitments	108	-

Operating lease commitments comprise the following:

The Board's operating lease is for the Nursery and seedbank operation which includes propagation and sales of seedlings and plants. Rent is payable in arrears. The Nursery/ facility is leased from Caj Amadio. The lease has a remaining term of 48 month for the seedbank facility, and is non-cancellable with a right of renewal for further 5 years. Leases are reviewed annually in line with CPI indexation.

Expenditure commitments

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

	2019	2018
	\$'000	\$'000
Within one year	-	24
Total other commitments	-	24

Commitments under non-cancellable contracts are for grant payments or services at the reporting date which have not been recognised in the Statement of Comprehensive Income and Statement of Financial Position.

9.2. Contingent assets and 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.

9.3. Events after the reporting period

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

Kangaroo Island Natural Resource Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2019

10. Measurement and risk

10.1. Fair value

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

Initial recognition

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

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

Revaluation

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by the Regional Director and audit committee each year.

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

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

10.2. Financial instruments

Financial risk management

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

Liquidity risk

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 Regional NRM levies and contributions from Commonwealth government and State government agencies toward various activities of the Board.

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.

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10. Measurement and risk

10.2. Financial instruments (continued)

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.

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	2019 Carrying amount \$'000	2018 Carrying amount \$'000
<u>Financial assets</u>		
Cash and cash equivalents		
Cash and cash equivalents	838	781
Financial assets at amortised cost		
Receivables	539	30
Total financial assets	1 377	811
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Payables	173	138
Total financial liabilities	173	138

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (for example, Commonwealth, State and Local Government taxes, fees and charges; 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, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at amortised cost.