

Kangaroo Island
Natural Resources Management Board

Financial report
for the year ended
30 June 2018



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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 2018.

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, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, the Regional Director and the Chief Financial Officer of the Department for Environment and Water.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the 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 Director and the Board for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Regional Director
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'A. Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

28 November 2018

Kangaroo Island Natural Resource Management Board

Financial Statements

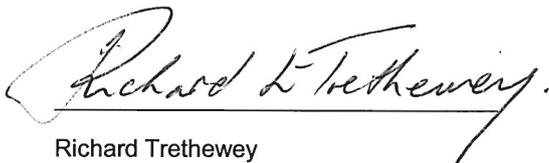
For the year ended 30 June 2018

Kangaroo Island Natural Resource Management Board
Certification of the Financial Statements
for the year ended 30 June 2018

We certify that the attached general purpose financial statements for the 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 2018 and the results of its operations and cash flows for the financial year.

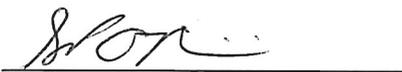
We certify that the internal controls employed by the Kangaroo Island Natural Resource Management Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Richard Trethewey
Presiding Member
19 November 2018



Damian Miley
Regional Director
19 November 2018



Shaun O'Brien
Chief Financial Officer
Department for Environment and Water
19 November 2018

Kangaroo Island Natural Resource Management Board
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Board, committee and related expenses	3	72	62
Supplies and services	4	2 611	3 094
Grants and subsidies	5	41	25
Depreciation	6	29	13
Other expenses	7	41	40
Total expenses		2 794	3 234
Income			
Regional NRM Levies	8	385	176
Interest	9	15	20
Grants	10	2 291	2 360
Other income	11	206	252
Total income		2 897	2 808
Net result		103	(426)
Total comprehensive result		103	(426)

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.

Kangaroo Island Natural Resource Management Board
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	12	781	611
Receivables	13	30	230
Total current assets		<u>811</u>	<u>841</u>
Non-current assets			
Property, plant and equipment	14	122	96
Total non-current assets		<u>122</u>	<u>96</u>
Total assets		<u>933</u>	<u>937</u>
Current liabilities			
Payables	15	179	286
Total current liabilities		<u>179</u>	<u>286</u>
Total liabilities		<u>179</u>	<u>286</u>
Net assets		<u>754</u>	<u>651</u>
Equity			
Retained earnings		754	651
Total equity		<u>754</u>	<u>651</u>

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

Unrecognised contractual commitments	16
Contingent assets and liabilities	17

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

Kangaroo Island Natural Resource Management Board
Statement of Changes in Equity
for the year ended 30 June 2018

	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2016	1 007	1 007
Net result for 2016-17	(426)	(426)
Total comprehensive result for 2016-17	(426)	(426)
Balance at 30 June 2017	581	581
Error correction - property, plant and equipment	70	70
Restated balance at 30 June 2017	651	651
Net result for 2017-18	103	103
Total comprehensive result for 2017-18	103	103
Balance at 30 June 2018	754	754

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.

Kangaroo Island Natural Resource Management Board
Statement of Cash Flows
for the year ended 30 June 2018

		2018 (Outflows) Inflows \$'000	2017 (Outflows) Inflows \$'000
Cash flows from operating activities	Note		
Cash outflows			
Supplies and services		(2 727)	(3 002)
Grants and subsidies		(41)	(25)
Board, group and committee member payments		(63)	(62)
Other payments		(41)	(40)
Cash used in operations		<u>(2 872)</u>	<u>(3 129)</u>
Cash inflows			
Grants, levies and other receipts		3 082	2 570
Interest received		15	21
Cash generated from operations		<u>3 097</u>	<u>2 591</u>
Net cash provided by / (used in) operating activities		<u>225</u>	<u>(538)</u>
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(55)	-
Cash used in investing activities		<u>(55)</u>	<u>-</u>
Net cash provided by / (used in) investing activities		<u>(55)</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		<u>170</u>	<u>(538)</u>
Cash and cash equivalents at the beginning of the reporting period		611	1 149
Cash and cash equivalents at the end of the reporting period	12	<u>781</u>	<u>611</u>

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

Kangaroo Island Natural Resource Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2018

1 Basis of financial statements

1.1 Reporting entity

The 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 2017-18 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.

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

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1 Basis of financial statements (continued)

1.2 Statement of compliance

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

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

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

1.3 Basis of preparation

The financial statements have been prepared based on a 12 month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the 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 even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out in the notes.

1.4 Taxation

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

DEW prepares a Business Activity Statement on behalf of the Board under the grouping provisions of the Goods and Services Tax (GST) legislation. Under these provisions, DEW is liable for the payments and entitled to the receipts associated with GST.

Kangaroo Island Natural Resource Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2018

2 Objectives and activities

2.1 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.

2.2 Goals and Activities

In achieving its objectives, the Board provides a range of services that are classified into eight Activities. In the Regional NRM plan approved by the Minister in May 2017, these Activities are reallocated amongst five goals. The outline below describes how the goals relate to the Activities of the Board.

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. Distinctiveness is comprised of the activities of Building Sustainable Futures, Repel the Invaders, Oceans of Blue, Island Refuge and Governance and Support.

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. Healthy Resilient Environment is comprised of the activities of Building Sustainable Futures, Repel the Invaders, Oceans of Blue, Building Knowledge, Island Refuge and Governance and Support.

Goal 3 – Thriving Community

This goal involves ensuring that the Kangaroo Island community enjoys a high level of well-being, is resilient and connected. Thriving Community is comprised of the activities of Governance and Support, Building Sustainable Futures, Repel the Invaders, Oceans of Blue and Building Knowledge.

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. Vibrant Economy is comprised of the activities of Building Sustainable Futures, Repel the Invaders, Oceans of Blue, Building Knowledge and Governance and Support.

Kangaroo Island Natural Resource Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2018

2 Objectives and activities

2.2 Goals and Activities (continued)

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. Governance and Local Knowledge is comprised of the activities of Governance and Support, Building Knowledge, Building Sustainable Futures, Repel the Invaders and Oceans of Blue.

The Activities of the Board are described below:

Governance and support

Addressing organisational goals to become a credible, efficient and effective organisation that is responsive to the community:

- identify and manage major risk to the short and long-term success of the Board
- build and maintain a work environment that is conducive to high organisational performance and growth
- develop and communicate the strategic directions of the Board
- minimise the organisation's ecological footprint.

Building sustainable futures

Integrating priority on-ground actions for a range of natural resource assets to provide multiple benefits to ameliorate fundamental water quality and quantity, salinity, soil health, sustainable production and biodiversity issues:

- assist landholders to undertake best practise catchment land management activities to improve native vegetation condition and connectivity and improve the quality of terrigenous run-off
- target critical sources of nutrient and sediment run-off for on-ground activities.

Repel the invaders

Addressing critical priorities for managing pests, diseases and problem animals threatening primary production and biodiversity:

- implement biosecurity strategy to prevent the introduction of new pests and diseases and respond to new incursions
- implement existing pest plant and animal management strategies for high risk species.

Oceans of Blue

Addressing important issues of coastal and marine biodiversity, resource use and land based activity impacts:

- monitor marine-based indicators to determine condition of marine environment and effectiveness of on-ground actions within priority catchments
- undertake on-ground activities to restore seagrass meadows
- develop and implement marine pest surveillance and eradication program
- assist with the management of marine parks surrounding Kangaroo Island.

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

2 Objectives and activities

2.2 Goals and Activities (continued)

Island refuge

Addressing the crucial biodiversity and management issues of sustainable habitats and the recovery of threatened species:

- implement the 'KI Threatened Plant Species' recovery plan and threat abatement plan
- increase resilience in the landscape by maintaining and protecting native vegetation
- implement the 'Glossy Black-cockatoo' recovery plan and threat abatement plan.

Building knowledge

Provide better data on resource condition, evaluation of actions and management of information to inform management actions, policy and investment decisions:

- develop and implement resource condition monitoring programs
- implement the Monitoring, Evaluation, Reporting, Improvement (MERI) framework as part of adaptive management.

Within each of the above Activities, there is a community element, which involves work in partnership with government, business and the community to build knowledge, tools and policy frameworks to inform and improve decision making, influence behaviour throughout the community to conserve, protect and sustainably manage the regions natural resources.

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

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

2 Objectives and activities

2.2 Goals and Activities (continued)

Disaggregated Disclosures – Expenses and Income

	Governance and Support		Building Sustainable Futures		Repel the Invaders		Oceans of Blue	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses								
Board, committee and related expenses	72	62	-	-	-	-	-	-
Supplies and services	1 368	1 191	759	817	362	706	57	52
Grants and subsidies	-	-	41	25	-	-	-	-
Depreciation	29	13	-	-	-	-	-	-
Other expenses	41	40	-	-	-	-	-	-
Total expenses	1 510	1 306	800	842	362	706	57	52
Income								
Regional NRM Levies	385	176	-	-	-	-	-	-
Interest	15	20	-	-	-	-	-	-
Grants	1 176	1 136	611	596	442	334	52	52
Other income	26	8	127	59	-	2	-	-
Total income	1 602	1 340	738	655	442	336	52	52
Net result	92	34	(62)	(187)	80	(370)	(5)	-

	Island Refuge		Building Knowledge		Total	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Board, committee and related expenses	-	-	-	-	72	62
Supplies and services	65	282	-	46	2 611	3 094
Grants and subsidies	-	-	-	-	41	25
Depreciation	-	-	-	-	29	13
Other expenses	-	-	-	-	41	40
Total expenses	65	282	-	46	2 794	3 234
Income						
Regional NRM Levies	-	-	-	-	385	176
Interest	-	-	-	-	15	20
Grants	-	222	10	20	2 291	2 360
Other income	53	183	-	-	206	252
Total income	53	405	10	20	2 897	2 808
Net result	(12)	123	10	(26)	103	(426)

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

2 Objectives and activities

2.2 Goals and Activities (continued)

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

3 Remuneration of board and committee members

Members during the 2017-18 financial year were:

NRM Board

R E Trethewey (Presiding member)

P I Clements

A J S Florance (appointed 14 April 2018)

S J Hourez (retired 13 April 2018)

P D Rismiller

J M Stanton

K Stove

C J B Taylor

D W Welford

C L Wickham

Biosecurity Advisory Committee

R E Trethewey (Chair)

V A Bolwell

D S Connell

P K Davis

R V Glatz

B Overton (appointed 1 July 2017)

P D Rismiller

M W Veitch

Finance and Audit Committee

S J Hourez (retired 13 April 2018)

K Stove

C J B Taylor (appointed 23 March 2018)

R E Trethewey

C L Wickham

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

	2018	2017
\$0 - \$9 999	15	15
\$20 000 - \$29 999	1	1
Total number of board and committee members	16	16

Remuneration of members reflects all costs of performing Board and Committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits, and any FBT paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$57 000 (2017: \$51 000).

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 \$15 000 (2017: \$11 000).

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

4 Supplies and services

	2018	2017
	\$'000	\$'000
Fee for service - Board funded DEW salaries	1 669	1 779
Fee for service	270	502
Fee for service - Corporate services fee	178	182
Accommodation and property management	118	111
Motor vehicles	81	68
General administration	58	42
Fee for service - Shared Services SA fee	53	70
Minor works, maintenance and equipment	48	119
Travel and accommodation	36	60
Information technology and communication expenses	30	29
Contracted staff development	5	18
Transport	1	3
Other supplies and services	64	111
Total supplies and services	2 611	3 094

Operating leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

5 Grants and subsidies

	2018	2017
	\$'000	\$'000
Recurrent grants	41	25
Total grants provided	41	25

The Board provided financial assistance to State Government agencies and private bodies during the year. Funds are paid by way of grants and all recipients are required to comply with conditions relevant to each grant. The details of amounts provided, organisations receiving grants and the purpose for each grant are shown in the annual report, as required 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 2018

6 Depreciation

	2018 \$'000	2017 \$'000
Depreciation		
Plant and equipment	29	13
Total depreciation	<u>29</u>	<u>13</u>

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.

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)
Computing equipment	6
Plant and equipment	5-10

Revision in 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.

7 Other expenses

	2018 \$'000	2017 \$'000
Audit fees paid/payable to the Auditor-General's Department	41	40
Total other expenses	<u>41</u>	<u>40</u>

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

8 Regional NRM levies

	2018 \$'000	2017 \$'000
Regional NRM Levy collected through Councils	385	176
Total regional NRM Levies	<u>385</u>	<u>176</u>

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 2018

9 Interest revenues

	2018	2017
	\$'000	\$'000
Interest revenues from entities within the SA Government	15	20
Total interest revenues	15	20

10 Grant revenues

	2018	2017
	\$'000	\$'000
Commonwealth funding		
Biodiversity funding	-	222
Department of the Environment and Energy	208	20
Total Commonwealth funding	208	242
Grant revenues from SA Government		
State Government recurrent funding	1 113	1 058
National Landcare Program received through DEW*	950	987
State Government Grants	20	73
Total grant revenues from SA Government	2 083	2 118
Total grant revenues	2 291	2 360

*** National Landcare Program funding consists of the following components**

	2018	2017
	\$'000	\$'000
Catchment to Coast 3	360	360
Protecting Kangaroo Island from Invasive Species	224	224
Kangaroo Island Farming into the Future	200	200
Too Good to Spoil, Too Precious to Lose: Biosecurity to Biodiversity	52	52
Too Good to Spoil, Too Precious to Lose: Biosecurity for Primary Production	114	114
Kangaroo Island Goat Eradication	-	37
Total National Landcare Program funding	950	987

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.

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

10 Grant revenues (continued)

Contributions that have conditions of expenditure still to be met as at reporting date were \$0.164 million (2017: \$0.01 million). These contributions relate to other Commonwealth funded programs and excludes carryovers from previous financial years.

National Landcare Program received through DEW

On 2 June 2015, the Board entered into an agreement with the State, for the continued implementation of the National Landcare Program.

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

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

Funding deeds between the Board and the Australian Government for the National Landcare Program Phase 2 (NLP2) are currently being negotiated.

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.

11 Other income

	2018	2017
	\$'000	\$'000
Sale of goods	94	60
Support services	58	191
Sponsorship	54	-
Other revenue	-	1
Total other income	206	252

12 Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	781	611
Total cash and cash equivalents	781	611

Cash is measured at nominal value.

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

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

13 Receivables

	2018 \$'000	2017 \$'000
Current		
Receivables	29	229
Accrued interest	1	1
Total current receivables	<u>30</u>	<u>230</u>
Total receivables	<u><u>30</u></u>	<u><u>230</u></u>

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Board will not be able to collect the debt.

14 Property, plant and equipment

	2018 \$'000	2017 \$'000
Plant and equipment		
Plant and equipment at cost (deemed fair value)	281	226
Accumulated depreciation	(159)	(130)
Total plant and equipment	<u>122</u>	<u>96</u>
Total property, plant and equipment	<u><u>122</u></u>	<u><u>96</u></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 purchase value, they are recorded at their fair value in the Statement of Financial Position.

All non-current tangible assets with a value equal to or in excess of \$10 000 are capitalised.

Revaluation

All 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 million and estimated useful life is greater than three years.

Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value.

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

14 Property, plant and equipment (continued)

Impairment

The Board holds its property, plant and equipment assets for their service potential (value in use).

All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be close to or greater than fair value.

The Board also expects for all other non-current tangible assets that any costs of disposal will be negligible and the recoverable amount to be close to or greater than fair value.

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

Error correction

An error correction of \$0.070 million has been disclosed in the Statement of Changes in Equity in respect of the 2016-17 financial year. The error correction has been retrospectively restated in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, and comprises a net increase to Property, Plant and Equipment and total equity. The error related to the incorrect recognition of costs associated with the production of seven Felixer Grooming Traps, which were incorrectly expensed. These costs have subsequently been capitalised in the 2016-17 balance.

Reconciliation of non-current assets

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

	Plant and equipment	Total
	\$'000	\$'000
Carrying amount at the beginning of the period	96	96
Acquisitions	55	55
Depreciation	(29)	(29)
Carrying amount at the end of the period	122	122

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

	Plant and equipment	Total
	\$'000	\$'000
Carrying amount at the beginning of the period	109	109
Depreciation	(13)	(13)
Carrying amount at the end of the period	96	96

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

15 Payables

	2018	2017
	\$'000	\$'000
Current		
Creditors	76	173
Accrued expenses	103	113
Total current payables	<u>179</u>	<u>286</u>
Total payables	<u><u>179</u></u>	<u><u>286</u></u>

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

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Board. Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

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

16 Unrecognised contractual commitments

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

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

Operating lease commitments

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

	2018	2017
	\$'000	\$'000
Within one year	-	90
Total operating lease commitments	<u>-</u>	<u>90</u>

Operating lease commitments comprise the following:

The Board's operating leases are for office accommodation. Office accommodation is leased from Berden Family Super Fund. The lease was non-cancellable with a remaining term of 12 months and a right of renewal.

Rent is payable in arrears. The Seedbank / Shed lease is from Caj Amadio. The lease had a remaining term of 1 month for the shed and 3 months for the seedbank facility, and was non-cancellable with a right of renewal for further 5 years. Leases are reviewed annually in line with CPI indexation.

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

16 Unrecognised contractual commitments (continued)

Expenditure commitments

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

	2018	2017
	\$'000	\$'000
Within one year	24	24
Total other commitments	24	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.

17 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.

18 Related party transactions

The Kangaroo Island Natural Resource Management Board is a body corporate and was established pursuant to the *Natural Resources Management Act 2004* and is wholly owned and controlled by the Crown.

Related parties of the Board include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Key management personnel

Key management personnel of the Board include the Minister for Environment and Water, the Presiding Member, 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 \$120 000 (2017: \$128 000). Salaries and other benefits the Minister receives are excluded from this total. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

19 Financial risk management / financial instruments

Financial risk management

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

The Board's exposure to financial risk (liquidity, credit and market) is insignificant based on past experience and current assessment of risk.

The Board is funded principally from 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.

Kangaroo Island Natural Resource Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2018

19 Financial risk management / financial instruments (continued)

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset/financial liability note.

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

Category of financial asset and financial liability	Note	2018 Carrying amount \$'000	2017 Carrying amount \$'000
Financial assets			
Cash and cash equivalents			
Cash and cash equivalents		781	611
Loans and receivables			
Receivables	(1)	30	230
Total financial assets		811	841
Financial liabilities			
Financial liabilities at cost			
Payables	(1)	138	246
Total financial liabilities		138	246

(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; AGD audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

20 Events after the reporting period

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

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

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