

Native Vegetation Fund

Financial report
for the year ended
30 June 2018



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To the Presiding Member Native Vegetation Council

As required by section 22(2) of the *Native Vegetation Act 1991*, I have audited the financial report of the Native Vegetation Fund 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 Native Vegetation Fund 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 Presiding Member of the Native Vegetation Council and the Chief Executive and Chief Financial Officer of the Department for Environment and Water.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Native Vegetation Fund. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Chief Executive and the Native Vegetation Council for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and 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 Native Vegetation Council 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 Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the Chief Executive and the Presiding Member, Native Vegetation Council about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

31 October 2018

Native Vegetation Fund

Financial Statements

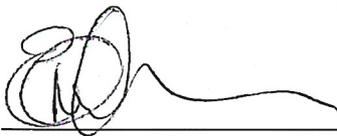
For the year ended 30 June 2018

Native Vegetation Fund
Certification of the Financial Statements
for the year ended 30 June 2018

We certify that the attached general purpose financial statements for the Native Vegetation Fund:

- 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 Native Vegetation Fund
- present a true and fair view of the financial position of the Native Vegetation Fund 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 Native Vegetation Fund for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Emily Jenke
Presiding Member
Native Vegetation Council

26 October 2018



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

26 October 2018



John Schutz
Chief Executive
Department for Environment and Water

26 October 2018

Native Vegetation Fund
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Supplies and services	4	234	196
Grants and subsidies	5	1 655	1 873
Other expenses	6	660	10
Total expenses		<u>2 549</u>	<u>2 079</u>
Income			
Fees and charges	7	2 063	2 533
Interest	8	85	67
Other income	9	-	37
Total income		<u>2 148</u>	<u>2 637</u>
Net benefit from / (cost of) providing services		<u>(401)</u>	<u>558</u>
Revenues from / (payments to) SA Government			
Revenues from SA Government	10	1 138	1 108
Total net revenues from SA Government		<u>1 138</u>	<u>1 108</u>
Net result		<u>737</u>	<u>1 666</u>
Total comprehensive result		<u><u>737</u></u>	<u><u>1 666</u></u>

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

The above statement should be read in conjunction with the accompanying notes.

Native Vegetation Fund
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	11	6 280	4 844
Receivables	12	286	1 038
Total current assets		6 566	5 882
Non-current assets			
Property, plant and equipment	13	-	-
Total non-current assets		-	-
Total assets		6 566	5 882
Current liabilities			
Payables	14	55	108
Total current liabilities		55	108
Total liabilities		55	108
Net assets		6 511	5 774
Equity			
Retained earnings		6 511	5 774
Total equity		6 511	5 774

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

Unrecognised contractual commitments	15
Contingent assets and liabilities	16

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

Native Vegetation Fund
Statement of Changes in Equity
for the year ended 30 June 2018

	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2016	4 108	4 108
Net result for 2016-17	1 666	1 666
Total comprehensive result for 2016-17	1 666	1 666
Balance at 30 June 2017	5 774	5 774
Net result for 2017-18	737	737
Total comprehensive result for 2017-18	737	737
Balance at 30 June 2018	6 511	6 511

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

The above statement should be read in conjunction with the accompanying notes.

Native Vegetation Fund
Statement of Cash Flows
for the year ended 30 June 2018

		2018	2017
		(Outflows)	(Outflows)
		Inflows	Inflows
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Payments for supplies and services		(223)	(219)
Payments of grants and subsidies		(1 719)	(1 812)
Other payments		(10)	(9)
Cash used in operations		(1 952)	(2 040)
Cash inflows			
Fees and charges		2 816	1 822
Interest received		84	67
Other receipts		-	37
Cash generated from operations		2 900	1 926
Cash flows from SA government			
Receipts from SA government		1 138	1 108
Cash generated from SA government		1 138	1 108
Net cash provided by / (used in) operating activities		2 086	994
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(650)	-
Cash used in investing activities		(650)	-
Net cash provided by / (used in) investing activities		(650)	-
Net increase / (decrease) in cash and cash equivalents		1 436	994
Cash and cash equivalents at the beginning of the period		4 844	3 850
Cash and cash equivalents at the end of the period	11	6 280	4 844

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

Native Vegetation Fund
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 financial activities of the Native Vegetation Fund (the Fund) are primarily conducted through an interest bearing deposit account established pursuant to section 8 of the *Public Finance and Audit Act 1987* and held with the Department of Treasury and Finance (DTF). The Fund's sources of revenue include:

- money appropriated by Parliament for the purposes of the Fund
- fees payable in respect of applications to the Council to clear native vegetation
- expiation fees and penalties recovered in respect of offences against the Act
- interest from investment of the Fund.

1.2 Statement of compliance

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

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 Fund has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Fund 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 Fund 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 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.

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1 Basis of financial statements (continued)

1.4 Taxation

The Fund is not subject to Income Tax. The Fund is liable for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

The Department for Environment and Water (DEW) prepares a Business Activity Statement on behalf of the Fund under the grouping provisions of the GST legislation. Under these provisions, DEW is liable for the payments and entitled to the receipts associated with GST. Therefore the Fund's net GST receivable/payable is recorded in DEW's Statement of Financial Position. GST cash flows applicable to the Fund are recorded in DEW's Statement of Cash Flows.

2 Objectives and activities

2.1 Objectives

The Fund is established under section 21 of the *Native Vegetation Act 1991* (the Act). The major purpose of the Fund is to provide funds to be applied for research, preservation, enhancement and management of native vegetation in South Australia and encouraging the re-establishment of native vegetation on land from which it has been previously cleared.

The Native Vegetation Council (the Council) is responsible for the administration of the Fund in accordance with the Act.

In accordance with the provisions of the Act, the Council has delegated certain functions to officers within DEW, who provide technical and administrative support including the use of certain plant and equipment, office accommodation and various administrative services. These services are provided by DEW at no charge to the Council and have not been recognised in the financial statements of the Fund as it is impractical to determine the value of these services.

2.2 Activities

In achieving its objectives, the Fund conducts all of its activities through the one program - to provide funds to be applied for research, preservation, enhancement and management of native vegetation in South Australia and encouraging the re-establishment of native vegetation on land from which it has been previously cleared.

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

3 Remuneration of council and committee members

Members during 2017-18 financial year were:

Native Vegetation Council

E C Jenke (Presiding Member)
M D G Adcock (retired 15 June 2018) *
R M Chown (retired 13 September 2017)
J L Keynes
P A Morgan (deputy)
K L Muller (deputy)
J H Neal (appointed 14 September 2017)
P A Paton
M C Roche
N P P Sommerville

Native Vegetation Assessment Panel

R M Chown (retired 13 September 2017)
J L Keynes
M C Roche
J H Neal (appointed 14 September 2017)

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

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

	2018	2017
\$nil - \$9 999	8	7
\$10 000 - \$19 999	1	-
\$20 000 - \$29 999	1	-
\$40 000 - \$49 999	-	1
Total number of members	10	8

Remuneration of members reflects all costs of performing board 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 \$52 000 (2017: \$63 000) and has not been recognised in these financial statements. The remuneration of members is provided by DEW.

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.

4 Supplies and services

	2018	2017
	\$'000	\$'000
Contractors	147	32
Fee for service	36	61
Minor works	34	48
Accommodation and property	11	12
General administration	3	40
Travel and accommodation	3	3
Total supplies and services	234	196

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

5 Grants and subsidies

	2018	2017
	\$'000	\$'000
Research grants	626	561
Contribution to DEW Investigations and Compliance Unit	196	196
Contribution to the Native Vegetation Council Secretariat for Biodiversity Assessment Function	166	205
Contribution to DEW for Manager Native Vegetation Management Unit	138	136
Contribution to the Native Vegetation Council Secretariat for NVC Administrative Support	121	174
Contribution to DEW for Coordinator, Governance and Administration	109	111
Contribution to DEW for Change Detection Program	106	101
Contribution to the Native Vegetation Council for Council Operating Costs	90	90
Contribution to DEW for Coordinator, Assessment and Stakeholder Liaison	61	125
Contribution to DEW for Operating Costs NVMU	42	60
Contribution to the Native Vegetation Council Secretariat for contract positions - NV Incentives Program Management	-	110
Payment of Heritage Agreement Grant Schemes	-	4
Total grants and subsidies	1 655	1 873

For contributions payable, the contribution will be recognised as a liability and expense when the entity has a present obligation to pay the contribution and the expense recognition criteria are met. All contributions paid by the Fund have been contributions with unconditional stipulations attached.

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

6 Other expenses

	2018	2017
	\$'000	\$'000
Assets transferred for nil consideration *	650	-
Audit fees paid/payable to the Auditor-General's Department	10	10
Total other expenses	660	10

* During the current year, assets to the value of \$650 000 were transferred to the Crown. Refer note 13 for further information.

7 Revenues from fees and charges

	2018	2017
	\$'000	\$'000
Significant environmental benefits *	1 843	2 520
Fees, fines and penalties	220	13
Total revenues from fees and charges	2 063	2 533

* The owner of land on which native vegetation is growing or is situated, may apply for consent to clear the vegetation under section 28 of the Act. In consenting to the clearance of native vegetation under section 29 of the Act, the Council may attach a condition requiring the applicant to make a payment into the Fund of an amount considered by the Council to be sufficient to achieve a significant environmental benefit. The monies paid into the Fund must as far as practicable, be used to establish or regenerate native vegetation on land that is within the same region of the state as the cleared land and that has been selected by the Council for that purpose having regard to the Regional Biodiversity Plans approved by the Minister for that region.

Revenues from fees and charges are recognised on an accrual basis.

8 Interest revenues

	2018	2017
	\$'000	\$'000
Interest from entities within the SA Government	85	67
Total interest revenues	85	67

9 Other income

	2018	2017
	\$'000	\$'000
Refund of unspent grant funds	-	37
Total other income	-	37

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

10 Revenues from / (payments to) SA Government

	2018	2017
	\$'000	\$'000
Revenues from SA Government		
Grants from SA Government	1 138	1 108
Total revenues from SA Government	<u>1 138</u>	<u>1 108</u>
Net revenues from SA Government	<u>1 138</u>	<u>1 108</u>

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

11 Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	6 280	4 844
Total cash and cash equivalents	<u>6 280</u>	<u>4 844</u>

Cash is measured at nominal value.

The Fund invests surplus funds with the Treasurer. Interest is earned on the average monthly balance at rates based on the DTF 90 day average overnight cash interest rate and interest is paid at the end of each quarter.

12 Receivables

	2018	2017
	\$'000	\$'000
Current		
Receivables	279	1 032
Accrued interest	7	6
Total current receivables	<u>286</u>	<u>1 038</u>
Total receivables	<u>286</u>	<u>1 038</u>

Interest rate and credit risk

Receivables arise from fees and penalties and compensation payments in respect to offences against the Act. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables are non-interest bearing. Collectability of receivables is reviewed on an ongoing basis.

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

13 Property, plant and equipment

	2018	2017
	\$'000	\$'000
Land		
Land at fair value	-	-
Total land	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u><u>-</u></u>	<u><u>-</u></u>

Movement reconciliation of property, plant and equipment

2018	Land
	\$'000
Carrying amount at the start of the period	-
Acquisitions	650
Assets transferred for nil consideration	<u>(650)</u>
Carrying amount at the end of the period	<u><u>-</u></u>

During the year land adjacent to Charleston Conservation Park was purchased through the Native Vegetation Fund. The land parcel was subsequently transferred to the Crown, followed by its reversion to unalienated Crown land, pursuant to the *Crown Lands Management Act 2009*. Crown Land is under the care and control of the Minister for Environment and Water and reported in the DEW Administered financial statements.

14 Payables

	2018	2017
	\$'000	\$'000
Current		
Creditors	45	98
Accrued expenses	<u>10</u>	<u>10</u>
Total current payables	<u><u>55</u></u>	<u><u>108</u></u>
Total payables	<u><u>55</u></u>	<u><u>108</u></u>

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received.

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

15 Unrecognised contractual commitments

The Fund has no unrecognised contractual commitments as at 30 June 2018.

16 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.

As at the reporting date, criminal proceedings have commenced against several landowners who have been alleged to have breached the Act. Civil proceedings had also commenced against landowners who have been convicted of breaching the Act.

The potential amount of fines and/or damages to be received should the proceedings be successful are not quantifiable and as such no estimate of the potential financial effect can be made. There is also the potential for costs to be awarded against the Council for any unsuccessful prosecutions.

17 Restrictions on contributions received

The Council is restricted on its use of monies in the Fund according to the provisions of the Act. Section 21(6) of the Act specifies that the Council must as far as practicable, use monies paid into the Fund to achieve a significant environmental benefit to offset the approved clearance of native vegetation. Expiation fees, penalties handed down by the Magistrates Court, financial benefits (as determined by the Environment, Resources and Development Court (ERD)) gained from illegal clearance and exemplary damages (as determined by the ERD Court), must be spent within the same region of the State as the land cleared.

Fines, penalties and charges of significant environmental benefit are to be utilised in the following areas:

	2018	2017
	\$'000	\$'000
Mount Lofty Ranges Greater Basin	1 751	1 303
SA Murray Darling Basin	1 422	1 117
Northern & Yorke Agricultural District	944	895
SA Arid Lands	746	231
South East	321	291
Alinytjara Wilurara	299	296
Kangaroo Island	273	271
Eyre Peninsula	246	249
Total restrictions on contributions received	6 002	4 653

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

18 Related party transactions

The Native Vegetation Fund was established pursuant to the *Native Vegetation Act 1991* and is wholly owned and controlled by the Crown. The Council is responsible for the administration of the Fund.

Related parties of the Council 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 Council include the Minister for Environment and Water. The compensation of the Council's key management personnel was \$52 000 (2017: \$63 000). Salaries and other benefits the Minister for Environment and Water 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 of the *Parliamentary Remuneration Act 1990*.

19 Financial risk management / financial instruments

Financial risk management

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

The Fund's exposure to financial risk (liquidity, credit and market) is low due to the nature of the financial instruments held.

Liquidity risk

The Fund is funded principally by grants from the SA Government. The Fund works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

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.

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

19 Financial risk management / financial instruments (continued)

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		6 280	4 844
Loans and receivables			
Receivables	(1)	286	1 038
Total financial assets		6 566	5 882
Financial liabilities			
Financial liabilities at cost			
Payables	(1)	45	98
Total financial liabilities		45	98

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (for example, Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

20 Events after the reporting period

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