

South Australian Arid Lands 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 Acting Presiding Member South Australian Arid Lands 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 financial report of the South Australian Arid Lands 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 South Australian Arid Lands 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 issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Acting Presiding Member, the Regional NRM Manager South Australian Arid Lands 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 South Australian Arid Lands 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 issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Australian Arid Lands Natural Resource Management 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 about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

28 November 2019

**South Australian Arid Lands Natural Resources
Management Board**

Financial Statements

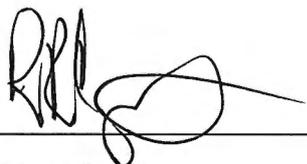
For the year ended 30 June 2019

South Australian Arid Lands Natural Resources Management Board
Certification of the Financial Statements
for the year ending 30 June 2019

We certify that the attached general purpose financial statements for the South Australian Arid Lands Natural Resources 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 South Australian Arid Lands Natural Resources Management Board
- present a true and fair view of the financial position of the South Australian Arid Lands Natural Resources 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 South Australian Arid Lands Natural Resources 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 Barratt
A / Presiding Member
26 November 2019



Jodie Gregg-Smith
Regional NRM Manager
South Australian Arid Lands
Department for Environment and Water
26 November 2019



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

South Australian Arid Lands Natural Resources Management Board
Statement of Comprehensive Income
for the year ending 30 June 2019

	Note	2019 \$'000	2018 \$'000
Expenses			
Board, group and committee	2.2	102	95
Supplies and services	3.1	4 403	4 313
Grants and subsidies	3.2	2	197
Depreciation	3.3	4	5
Other expenses	3.4	27	44
Total expenses		4 538	4 654
Income			
Regional NRM and Water Levies	4.1	2 151	2 238
Commonwealth funding	4.2	2 225	1 327
Grants	4.3	686	590
Interest	4.4	19	25
Other income	4.5	108	92
Total income		5 189	4 272
Net result		651	(382)
Total comprehensive result		651	(382)

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

South Australian Arid Lands Natural Resources Management Board
Statement of Financial Position
as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	6.1	1 165	940
Receivables	6.2	673	118
Total current assets		<u>1 838</u>	<u>1 058</u>
Non-current assets			
Property, plant and equipment	5.1	7	11
Total non-current assets		<u>7</u>	<u>11</u>
Total assets		<u>1 845</u>	<u>1 069</u>
Current liabilities			
Payables	7.1	306	181
Total current liabilities		<u>306</u>	<u>181</u>
Total liabilities		<u>306</u>	<u>181</u>
Net assets		<u>1 539</u>	<u>888</u>
Equity			
Retained earnings		1 539	888
Total equity		<u>1 539</u>	<u>888</u>

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

South Australian Arid Lands Natural Resources 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	1 270	1 270
Net result for 2017-18	(382)	(382)
Total comprehensive result for 2017-18	(382)	(382)
Balance at 30 June 2018	888	888
Net result for 2018-19	651	651
Total comprehensive result for 2018-19	651	651
Balance at 30 June 2019	1 539	1 539

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

South Australian Arid Lands Natural Resources Management Board
Statement of Cash Flows
for the year ended 30 June 2019

		2019	2018
		(Outflows)	(Outflows)
		Inflows	Inflows
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Board member payments		(102)	(95)
Payments for supplies and services		(4 253)	(4 420)
Payments of grants and subsidies		(27)	(178)
Other payments		(27)	(44)
Cash used in operating activities		<u>(4 409)</u>	<u>(4 737)</u>
Cash inflows			
Grant and levy receipts		2 862	2 985
Commonwealth funding received		1 647	1 327
Interest received		19	25
Other receipts		106	92
Cash generated from operating activities		<u>4 634</u>	<u>4 429</u>
Net cash provided by / (used in) operating activities		<u>225</u>	<u>(308)</u>
Net increase / (decrease) in cash and cash equivalents		<u>225</u>	<u>(308)</u>
Cash and cash equivalents at the beginning of the reporting period		940	1 248
Cash and cash equivalents at the end of the reporting period	6.1	<u>1 165</u>	<u>940</u>

The accompanying notes form part of these financial statements.

South Australian Arid Lands Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

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South Australian Arid Lands Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2019

About the South Australian Arid Lands Natural Resources Management Board

The South Australian Arid Lands Natural Resources Management Board (the Board) is a body corporate established pursuant to the Natural Resources Management Act 2004 (the NRM Act).

The Board operates under a Natural Resources Management Plan (NRM Plan) which was approved by the Minister for Environment and Water (the Minister) on 25 May 2010. The NRM Plan contains two volumes. Volume One is the ten year strategic plan and details the resource condition targets which provide the direction for the Board's programs and activities. Volume Two is the annual Business Plan which articulates the Board's forward planned revenue and expenditure for the following three financial years.

The Business Plan for the period 2016/17 to 2018/19 was approved by the Minister on 6 April 2016.

The Board's financial statements include all the controlled activities of the Board.

NRM Groups

The Board has established six NRM Groups to operate within its region. The function of the NRM Groups is defined by the NRM Act (section 52) and the NRM Group Charter. The Act provides that the NRM Groups are subject to the direction of the Board (section 47). In accordance with a direction issued by the Board and the NRM Groups' Charter the NRM Groups do not have the power to enter into contracts or procure goods or services in their own right. The Board has ensured that proper accounts have been kept of the NRM Group's activities and the related financial information has been incorporated in the accounts and financial statements of the Board for financial reporting purposes.

The Board's financial statements include the figures for the NRM Groups being: Gawler Ranges, Kingoonya, Marla-Oodnadatta, Marree-Innaminka, North East Pastoral and North Flinders. Due to their materiality they are not separately disclosed.

Direction by the Minister

On 16 April 2012, the Minister, 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 in 2016-17 which includes 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 now 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 will undertake services under the Service Level Agreement SLA
- staff undertaking services on behalf of the Board are assigned to the Board under the NRM Act
- the payment for staff salaries is 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 remain 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.

South Australian Arid Lands Natural Resources 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 objectives

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 or any other Act
- to resolve any issues that may arise between the NRM groups that are relevant to the management of natural resources within its region
- 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.

South Australian Arid Lands Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.2. Objectives and programs (continued)

Board programs

In achieving its objectives the Board provides a range of services classified into the following programs:

Lifestyles – People who have the capacity, commitment and connections to manage natural resources

The purpose of the Lifestyles program is to support people to have the capacity, connection and commitment to manage natural resources.

Livelihoods – Diverse industries that innovate, adapt and support local economies within ecologically sustainable limits

The purpose of the Livelihoods program is to support the regions diverse industries, to innovate and adapt to existing and emerging threats and opportunities. It includes knowledge sharing, training and on ground action.

Landscapes – Functioning, healthy environment with connected ecosystems that are understood, valued and protected

The purpose of the Landscapes program is to support capacity building and on ground delivery of threat abatement and ecological restoration programs that support functioning, healthy ecosystems that are understood, valued and protected.

The table below presents expenses and income attributable to each program.

Disaggregated Disclosures – Expenses and Income

	Lifestyles Program		Livelihoods Program		Landscapes Program		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses								
Board, group and committee	52	50	34	30	16	15	102	95
Supplies and services	948	1 174	1 192	1 727	2 263	1 412	4 403	4 313
Grants and subsidies	-	34	2	70	-	93	2	197
Depreciation	-	-	-	-	4	5	4	5
Other expenses	7	11	5	15	15	18	27	44
Total expenses	1 007	1 269	1 233	1 842	2 298	1 543	4 538	4 654
Income								
Regional NRM and Water Levies	826	637	562	718	763	883	2 151	2 238
Commonwealth funding	226	351	195	434	1 804	542	2 225	1 327
Grants	140	140	484	388	62	62	686	590
Interest	5	6	9	12	5	7	19	25
Other income	37	16	37	44	34	32	108	92
Total income	1 234	1 150	1 287	1 596	2 668	1 526	5 189	4 272
Net result	227	(119)	54	(246)	370	(17)	651	(382)

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

South Australian Arid Lands Natural Resources 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, the Regional Director and the other members of the Board who have responsibility for the strategic direction and management of the Board.

The total compensation for the Board's key management personnel was \$142 000 in 2018-19 and \$133 000 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.

No transactions with key management personnel or related parties occurred during 2018-19.

2.2. Board and committee members

Members of the South Australian Arid Lands Natural Resources Management Board during the 2018-19 financial year were:

J M Crommelin (Presiding Member)	L S Nutt (retired February 2019)
R R Barratt	M L Pridham (retired April 2019)
G M Coulthard	M R Sutton*
J D Ferguson	M H Tyler
C Hollingsworth (retired February 2019)	E M Litchfield (appointed April 2019)

Members of groups and committees during the 2018-19 financial year were:

Kingoonya NRM Group

T B Law (appointed July 2018)
J L Barry
D Hunter
J G Barry
J A Richards (retired May 2019)
C Taylor (Chair, appointed October 2018)
T A Williams* (retired February 2019)

Northern Flinders NRM Group

B L Bevan (Chair, retired February 2019)
C M Blackmore (retired February 2019)
I C Ferguson (Chair, appointed February 2019)
L J Nicholls
N C Purnell-Webb (appointed July 2018)
N C Warnest (appointed July 2018)
R J Wilton

Marree-Innaminka NRM Group

R P Ogilvy (Chair, retired December 2018)
A Ah Chee
V T N Fuschtei (retired September 2018)
J Barnes
A Nankivell
G C Rieck
F Warren
M Mayfield (appointed July 2018)

Marla-Oodnadatta NRM Group

J R Williams* (Chair)
J M Kowald
F Lumb
A Taysom
C M Thomas
G D Warren (appointed July 2018)
C J Williams (appointed July 2018)
C Lennon (appointed July 2018)

South Australian Arid Lands Natural Resources 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)

Gawler Ranges NRM

K Greenfield (Chair)
L G Koch
A J Dermer (appointed July 2018)
J K Drennan (retired February 2019)
J W Venables (retired February 2019)
A Oswald (appointed July 2018)
A J Michael (appointed July 2018)
S D Michael (appointed July 2018)
D Sharp (appointed July 2018)

North East Pastoral NRM Group

R J Williams (Chair)
T C Coulthard
B W Crawford
K B Tschirner (appointed July 2018)
N S Rasheed
D Sawers (appointed July 2018)
S Treloar

Governance and Finance committee

R R Barratt (Chair)
J Brook
M Tyler (retired April 2019)
J Ferguson (appointed February 2019)

Water Advisory committee

L Brake (Chair)
J Brook
M Tyler
A West*
N Power*
J Gregg-Smith*
D Leek*
A Smith* (appointed November 2018)

* In accordance with the Department of the Premier and Cabinet's Circular Number PC016 *Remuneration for Government Appointment Part Time Boards and Committees*, government employees did not receive any remuneration for board/committee duties during the financial year.

Board and committee remuneration

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

	2019	2018
\$0 - \$19 999	63	53
Total number of members	63	53

Remuneration of members reflects all costs of performing board/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 \$62 000 (2018: \$58 000).

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members, and employment on-costs have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members, or form other costs of employment. These expenses amount to \$40 000 (2018: \$37 000).

South Australian Arid Lands Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3. Expenses

3.1. Supplies and services

	2019	2018
	\$'000	\$'000
Fee for service - Board funded DEW salaries	1 932	2 243
Fee for service	1 279	920
Fee for service - Corporate fee	387	457
Travel and accommodation	175	171
Minor works, maintenance and equipment	153	60
Vehicles and aircraft	115	100
Accommodation and property management	76	70
General administration	55	81
Information technology and communication	39	30
Staff development	34	43
Transport	6	10
Consultants	-	17
Other supplies and services	152	111
Total supplies and services	4 403	4 313

Operating leases payments

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

Consultants

The number and dollar amount of consultancies paid/payable (included in supplies and services expenses) fell within the following bands:

	2019	2019	2018	2018
	\$'000	Number	\$'000	Number
Above \$10 000	-	-	17	1
Total paid or payable to consultants	-	-	17	1

3.2. Grants and subsidies

	2019	2018
	\$'000	\$'000
Pest management	-	123
Community grant	-	68
Sundry grants	2	6
Total grants and subsidies	2	197

South Australian Arid Lands Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3.3. Depreciation

	2019	2018
	\$'000	\$'000
Plant and equipment	3	3
Vehicles	-	1
Furniture	1	1
Total depreciation	4	5

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 depreciation 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
Furniture and furnishings	10

South Australian Arid Lands Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3.4. Other expenses

	2019	2018
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department	27	44
Total other expenses	27	44

4. Income

4.1. Regional NRM and water levies

	2019	2018
	\$'000	\$'000
Water levies collected through DEW	1 736	1 736
Regional NRM levies collected through Councils and DEW	415	502
Total Regional NRM and Water Levies	2 151	2 238

Under the NRM Act the Board receives two forms of levies, being the Regional NRM levy and the NRM Water levy.

The Board collects Land NRM Levies through District Councils at Roxby Downs and Coober Pedy and through DEW (for areas outside of council boundaries). Water Levies are received through DEW towards the costs of the Board performing its functions under the NRM Act.

This income is recognised as an asset and income when the Board obtains control of the contribution, or obtains the right to receive the funds.

South Australian Arid Lands Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4.2. Commonwealth funding

	2019 \$'000	2018 \$'000
Commonwealth funding		
Regional Land Partnerships Program*	2 207	-
National Landcare Program received through DEW**	-	1 327
Other Commonwealth funding	18	-
Total Commonwealth funding	2 225	1 327

	2019 \$'000	2018 \$'000
* Regional Land Partnerships Program funding consists of the following components		
Bounceback and Beyond – landscape scale protection for threatened semi-arid species and their habitat	790	-
Coongie Wetland Wonders – maintaining the values and improving the ecological function of the Coongie Lakes Ramsar	656	-
Core services	488	-
Landscapes Legacies – leadership in soil conservation practice across the pastoral zone of South Australia	243	-
Grazing Best Management Practice – Industry-led performance benchmarking for improved sustainability and profitability in the South Australian Pastoral zone	30	-
Total Regional Land Partnership funding	2 207	-

	2019 \$'000	2018 \$'000
** National Landcare Program funding consists of the following components		
On-ground action for maintaining ecosystem services	-	467
Capacity building for maintaining ecosystem services	-	462
Sustainable agriculture	-	398
Total National Landcare Program funding	-	1 327

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.

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 Partnerships (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.

South Australian Arid Lands Natural Resources 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	332	332
Other State Government funding	284	188
Total grant revenues from SA Government	<u>616</u>	<u>520</u>
Other grant revenues		
Sundry grants	70	70
Total other grant revenues	<u>70</u>	<u>70</u>
Total grants revenue	<u><u>686</u></u>	<u><u>590</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.

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 revenues

	2019	2018
	\$'000	\$'000
Interest	19	25
Total interest revenues	<u>19</u>	<u>25</u>

4.5. Other income

	2019	2018
	\$'000	\$'000
Support Services	59	40
Sale of goods	19	33
Other revenue	30	19
Total other income	<u>108</u>	<u>92</u>

South Australian Arid Lands Natural Resources Management Board
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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)	119	119
Accumulated depreciation	(113)	(110)
Total plant and equipment	<u>6</u>	<u>9</u>
Furniture		
Furniture at cost (deemed fair value)	15	15
Accumulated depreciation	(14)	(13)
Total furniture	<u>1</u>	<u>2</u>
Vehicles		
Vehicles at cost (deemed fair value)	-	11
Accumulated depreciation	-	(11)
Total vehicles	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u><u>7</u></u>	<u><u>11</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	Furniture \$'000	Vehicles \$'000	Total \$'000
Carrying amount at 1 July 2018	9	2	-	11
Depreciation	(3)	(1)	-	(4)
Carrying amount at 30 June 2019	<u><u>6</u></u>	<u><u>1</u></u>	<u><u>-</u></u>	<u><u>7</u></u>

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6. Financial assets

6.1. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Deposits with the Treasurer	1 165	940
Total cash and cash equivalents	1 165	940

Cash is measured at nominal amounts.

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>		
Trade receivables		
From non-government entities	31	32
From government entities	62	84
Total trade receivables	93	116
Accrued revenue	578	-
Accrued interest	2	2
Total current receivables	580	2
Total receivables	673	118

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 and prepayments are non-interest bearing.

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

Impairment of receivables

Refer to note 8.2 and 10.2 for details regarding credit risk and the methodology for determining impairment.

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7. Liabilities

7.1. Payables

	2019	2018
	\$'000	\$'000
<u>Current</u>		
Trade payables	228	93
Accrued expenses	78	88
Total current payables	306	181
Total payables	306	181

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

8. Changes in accounting policy

8.1. Treasurer's Instructions (Accounting Policy 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.

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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.

As part of the adoption of AASB 9, the Board adopted consequential amendments to other accounting standards and the Treasurer's Instructions (Accounting Policy Statements) arising from the issue of AASB 9 as follows:

- AASB 7 Financial Instruments: Disclosures requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the Treasurer's Instructions (Accounting Policy Statements), AASB 9 Financial Instruments was adopted without restating comparative information for classification and measurement requirements. All adjustments relating to classification and measurement are recognised in retained earnings at 1 July 2018.

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

9. Outlook

9.1. Unrecognised contractual commitments

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

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

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
Not later than one year	-	58
Total expenditure commitments	-	58

The Board's commitments are non-cancellable contracts relating to grants payments or services.

9.2. Contingent assets and liabilities

Contingent assets and 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 the existence of any contingent assets or liabilities.

South Australian Arid Lands Natural Resources Management Board
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9.2. 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.

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 Chief Finance Officer and audit committee each year.

Non-current tangible assets are valued at fair value and revaluation of non-current assets 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 this 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*.

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

Liquidity risk

The Board is funded principally from Regional NRM and water 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.

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10.2. Financial instruments (continued)

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	Note	2019 Carrying amount \$'000	2018 Carrying amount \$'000
<u>Financial assets</u>			
Cash and cash equivalents			
Cash and cash equivalents		1 165	940
Financial assets at amortised cost			
Receivables	(1)	638	118
Total financial assets		1 803	1 058
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Payables	(1)	261	125
Total financial liabilities		261	125

(1) 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.