

South East Natural Resources Management Board

Financial report
for the year ended
30 June 2019



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To the Presiding Member South East 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 East 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 East 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
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, the Regional NRM Manager and the Chief Financial Officer of the Department for Environment and Water.

Basis for opinion

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

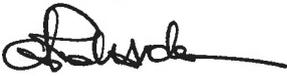
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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

Andrew Richardson

Auditor-General

28 November 2019

South East Natural Resources Management Board

Financial Statements

For the year ended 30 June 2019

South East Natural Resources Management Board
Certification of Financial Statement
for the year ended 30 June 2019

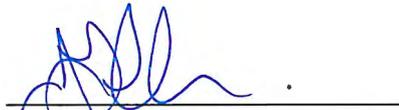
We certify that the attached general purpose financial statements for the South East Natural Resources Management Board:

- 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 Board
- present a true and fair view of the financial position of the 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 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.



Kerry DeGaris
Presiding Member
27 November 2019



Tim Collins
Regional NRM Manager
South East
Department for Environment and Water
27 November 2019



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

South East Natural Resources Management Board
Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Expenses			
Board, group and committee	2.2	92	80
Supplies and services	3.1	10 022	9 996
Grants and subsidies	3.2	67	337
Depreciation	3.3	19	25
Other expenses	3.4	39	15
Total expenses		10 239	10 453
Income			
Regional NRM and Water Levies	4.1	8 307	8 283
Commonwealth funding	4.2	1 755	1 871
Grants	4.3	110	72
Interest	4.4	44	46
Other income	4.5	536	289
Total Income		10 752	10 561
Net result		513	108
Total comprehensive result		513	108

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 East 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	2 061	2 286
Receivables	6.2	1 635	728
Inventories		41	39
Total current assets		3 737	3 053
Non-current assets:			
Property, plant and equipment	5.1	38	57
Receivables	6.2	20	30
Total non-current assets		58	87
Total assets		3 795	3 140
Current liabilities			
Payables	7.1	415	273
Total current liabilities		415	273
Total liabilities		415	273
Net assets		3 380	2 867
Equity			
Retained earnings		3 380	2 867
Total equity		3 380	2 867

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

South East Natural Resources Management Board
Statement of Changes in Equity
for the year ended 30 June 2019

	Note	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2017		2 759	2 759
Net result for 2017-18		108	108
Total comprehensive result for 2017-18		108	108
Balance at 30 June 2018		2 867	2 867
Net result for 2018-19		513	513
Total comprehensive result for 2018-19		513	513
Balance at 30 June 2019		3 380	3 380

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

South East 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, group and committee member payments		(92)	(80)
Payments for supplies and services		(9 841)	(10 000)
Payments of grants and subsidies		(89)	(337)
Other payments		(36)	(41)
Cash used in operating activities		<u>(10 058)</u>	<u>(10 458)</u>
Cash inflows			
Regional NRM and water levies received		8 217	8 088
Commonwealth funding received		926	1 871
Grants received		110	72
Interest received		44	47
Other receipts		536	289
Cash generated from operating activities		<u>9 833</u>	<u>10 367</u>
Net cash provided by / (used in) operating activities		<u>(225)</u>	<u>(91)</u>
Net increase / (decrease) in cash and cash equivalents		<u>(225)</u>	<u>(91)</u>
Cash and cash equivalents at the beginning of the period		2 286	2 377
Cash and cash equivalents at the end of the period	6.1	<u><u>2 061</u></u>	<u><u>2 286</u></u>

The accompanying notes form part of these financial statements.

South East 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 East Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1. About the South East Natural Resources Management Board

The South East 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 31 May 2010. The NRM Plan contains a three year business plan, strategies and management action targets commencing 1 July 2010. The Board's Business Plan for 2016-17 to 2018-19 was approved by the Minister on 6 April 2016.

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

NRM Groups

On the 10 April 2013, pursuant to section 45 of the NRM Act, the South East Natural Resources region was divided into two Group areas, the Upper South East area and the Lower South East area.

On the 10 April 2013, pursuant to section 46 of the NRM Act, the Upper South East Group and the Lower South East Group were established and the group's functions remain unchanged.

The function of the NRM Groups is defined by the NRM Act, (section 52) and the NRM Group Charter. The NRM Act provides that the NRM Groups are subject to the direction of the Board (section 47(3)(b)).

The NRM Group's function includes the active involvement in the development and implementation of the Board's regional NRM Plan at the local level and the provision of advice to the Board.

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. Group financial information is not disclosed due to their immateriality.

Direction by the Minister

On 16 April 2012, the Minister for Environment and Water, pursuant to 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 a 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 will undertake services under the SLA

South East Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1. About the South East Natural Resources Management Board (continued)

- 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 remains unknown.

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*; and
- 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.

South East 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

Board's 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.

Board programs

In achieving its objectives the Board has defined a series of strategies to manage the region's natural resources, these strategies have been divided into themes of activity which are:

Healthy and productive natural systems

Activities in this area include both levy and externally funded programs, including protecting fauna, wetland restoration, a community grants program and land and water compliance.

Informed and engaged communities

Activities in this area include communications strategy, environmental education, engaging Aboriginal communities and NRM community group support.

Resilient industries operating within best NRM practice

Activities in this area include the healthy soils project, water extension, landcare support, water allocation plan development and water policy.

Strategic direction, leadership and partnerships

Activities in this area include regional and state planning and the Blue Lake management committee.

The disaggregated disclosures schedules present expenses and income information attributable to each of the activities for the years ended 30 June 2019 and 30 June 2018.

South East 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)

Disaggregated Disclosures - Expenses and Income

	Healthy and Productive Natural Systems		Informed and Engaged Communities		Resilient Industries operating within Best NRM Practice		Strategic Direction, Leadership and Partnerships		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses										
Board, group and committee	-	8	60	48	13	4	19	20	92	80
Supplies and services	1 692	1 166	1 051	1 941	6 565	6 373	714	516	10 022	9 996
Grants and subsidies	41	49	4	238	22	-	-	50	67	337
Depreciation	3	-	2	-	13	25	1	-	19	25
Other expenses	6	2	4	3	26	9	3	1	39	15
Total expenses	1 742	1 225	1 121	2 230	6 639	6 411	737	587	10 239	10 453
Income										
Regional NRM and Water Levies	1 403	970	913	1 769	5 390	5 080	601	464	8 307	8 283
Commonwealth funding	1 167	750	133	730	200	204	255	187	1 755	1 871
Grants	-	-	-	14	100	48	10	10	110	72
Interest	7	5	5	9	29	28	3	4	44	46
Other income	4	-	4	3	445	283	83	3	536	289
Total income	2 581	1 725	1 055	2 525	6 164	5 643	952	668	10 752	10 561
Net result	839	500	(66)	295	(475)	(768)	215	81	513	108

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

South East 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 comprise the Minister for Environment and Water, the Presiding Member, other members of the Board and the Regional Manager.

Total compensation of the Board's key management personnel was \$129 000 in 2018-19 and \$124 000 in 2017-18.

The compensation disclosed in this note excludes salaries and other benefits of the Minister 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 of the *Parliamentary Remuneration Act 1990*.

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

2.2. Remuneration of board and committee members

Members of the South East Natural Resources Management Board during the financial year were:

F C Rasheed (Presiding Member)
D J Agnew
M H Bleby
R H Campbell
F S Coleman
K A DeGaris
G J Gates
K A Gilkes
N J Hunt (retired April 2019)

Members of groups and committees during the financial year were:

Aboriginal Focus Group

R H Campbell (Co-Chair)
B E Hammond (Co-Chair)
M A Bonney (Proxy)
V Brennan
W C Casey (appointed November 2018)
F H Clarke
A S Clarke (appointed November 2018)
P Clarke
D Nicholls
G Owen
K Reilly (appointed May 2019)
S J Smith
C Wanganeen (Proxy)
P M Watson
E Owens (resigned November 2018)
C T Trevorrow (resigned November 2018)

Box Flat Dingo Control Committee

J Arthur
B J Bateman
G J Gates
D Hayward
B Page*
N K Pfeiffer
R J Vickery

Governance, Finance and Audit Committee

D J Agnew
M H Bleby
K A Gilkes
N J Hunt
F C Rasheed

* 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.

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

2.2. Remuneration of board and committee members (continued)

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

	2019	2018
\$0 - \$19 999	29	41
\$20 000 - \$39 999	1	-
Total number of members	30	41

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 \$54 000 (2018: \$45 000).

For the purposes of this table, travel allowances, other out-of-pocket expenses paid to members and board member on-costs have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by members, or are not directly received by board members. These expenses amount to \$38 000 (2018: \$35 000).

3. Expenses

3.1. Supplies and services

	2019	2018
	\$'000	\$'000
Fee for service - Board funded DEW salaries	3 853	4 130
Fee for service - Water planning management	2 376	2 319
Fee for service	1 647	1 117
Fee for service - Corporate fee	885	835
Motor vehicles expense	345	353
General administration	235	306
Accommodation and property management	226	257
Cost of goods sold	93	76
Contracted staff training and development	65	85
Travel and accommodation	65	77
Minor works, maintenance and equipment	61	56
Information technology	39	115
Transport	7	8
Contractors	-	27
Other supplies and services	125	235
Total supplies and services	10 022	9 996

Operating leases

Operating lease payments are recorded under 'Accommodation and property management' expenses in the Supplies and Services table. They 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.

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

3.2. Grants and subsidies

	2019	2018
	\$'000	\$'000
Grants and subsidies	67	337
Total grants and subsidies	67	337

The Board provided financial assistance to local government, 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.

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.

All contributions paid by the Board have been contributions with unconditional stipulations attached.

The details of amounts provided, organisations receiving grants and the purpose for each grant shown in the annual report as required by section 42 of the NRM Act.

3.3. Depreciation

	2019	2018
	\$'000	\$'000
Plant and equipment	15	21
Buildings	4	4
Total depreciation	19	25

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/amortisation 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	10
Buildings	20

South East 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	36	38
Bad and doubtful debts	3	(23)
Total other expenses	39	15

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

4. Income

4.1. Regional NRM and water levies

	2019	2018
	\$'000	\$'000
Regional NRM Levy collected through Councils	4 459	4 388
Water Levy and Penalties collected through DEW *	3 848	3 895
Total regional NRM and Water Levies	8 307	8 283

* From 2018/19 water penalties, previously distributed to the Board, will no longer be transferred. Instead, these will be retained within the NRM Fund and may be applied by the Minister as permitted under the Act. In 2018, Penalties collected through DEW and transferred to the Board totalled \$7 000

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

Income from Regional NRM and Water Levies comprise water levies collected by DEW and land based levies collected by local councils. In accordance with the provisions of section 101 of the NRM Act, the Board received water based levies from water licence holders in the Lower Limestone Coast, Padthaway, Tatiara and Tintinara Coonalpyn prescribed wells areas and the Morambro Creek prescribed watercourses and surface water area. This income is recorded as revenue when the Board has gained control of the funds, or obtains the right to receive the funds.

South East 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	2018
	\$'000	\$'000
<u>Commonwealth funding</u>		
Regional Land Partnerships Program*	1 755	-
National Landcare Program received through DEW**	-	1 871
	<hr/>	<hr/>
Total Commonwealth funding	1 755	1 871
	<hr/> <hr/>	<hr/> <hr/>

	2019	2018
	\$'000	\$'000
* Regional Land Partnerships Program funding consists of the following components		
Regional Agricultural Landcare Facilitator	133	-
Adaptive Agriculture for Variable Climates and Markets	200	-
Core Services	255	-
Communities Helping Cockies	541	-
Our Coorong Our Coast	626	-
	<hr/>	<hr/>
Total Regional Land Partnership funding	1 755	-
	<hr/>	<hr/>

	2019	2018
	\$'000	\$'000
** National Landcare Program funding consists of the following components		
Herbivore Threat Abatement	-	220
Restoring Under-represented Ecological Communities	-	263
Coordinate NRM Incentives - Bucks for Bush	-	418
Land Management Advice	-	204
Recovering Habitats for Threatened Species	-	267
Defeating the Weed Menace	-	100
Regional Landcare Facilitator	-	212
Program Management	-	187
	<hr/>	<hr/>
Total National Landcare Program funding	-	1 871
	<hr/>	<hr/>

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 (that is, the amount can be reliably measured and the flow of resources is probable).

Contributions which have conditions still to be met as at reporting date were \$0 (2018: \$97 000).

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

From 1 July 2018, the Australian Government has commenced the Regional Land Partnership (National Landcare Program Phase 2).

South East 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
Other SA Government	100	53
Sundry Grants	10	19
Total grant revenues	110	72

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 (that is, the amount can be reliably measured and the flow of resources is probable).

Generally, the Board has obtained control or the right to receive for:

- contributions with unconditional stipulations – this will be when the agreement becomes enforceable; that is the earlier of when the receiving entity has formally been advised that the contribution (for example, grant application) has been approved; agreement/contract is executed; and/or the contribution is received
- contributions with conditional stipulations – that will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

4.4. Interest

	2019	2018
	\$'000	\$'000
Interest	44	46
Total interest revenues	44	46

4.5. Other revenue

	2019	2018
	\$'000	\$'000
Contract sales	428	281
Other revenue	108	8
Total other revenue	536	289

South East Natural Resources Management Board
Notes to and forming part of the financial statements
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5. Non-financial assets

5.1. Property, plant and equipment

	2019	2018
	\$'000	\$'000
Plant and equipment		
Plant and equipment at cost (deemed fair value)	248	248
Accumulated depreciation	(241)	(226)
Total plant and equipment	<u>7</u>	<u>22</u>
Buildings		
Buildings at cost (deemed fair value)	87	87
Accumulated depreciation	(56)	(52)
Total buildings	<u>31</u>	<u>35</u>
Total property, plant and equipment	<u><u>38</u></u>	<u><u>57</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	Buildings	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	22	35	57
Depreciation	(15)	(4)	(19)
Carrying amount at 30 June 2019	<u>7</u>	<u>31</u>	<u>38</u>

6. Financial assets

6.1. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Deposits with the Treasurer	2 061	2 286
Total cash and cash equivalents	<u><u>2 061</u></u>	<u><u>2 286</u></u>

Cash is measured at nominal amounts.

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

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6.2. Receivables

	2019	2018
	\$'000	\$'000
<u>Current</u>		
Trade receivables		
From government entities	1	18
From non-government entities	1 634	698
Less allowance for doubtful debts	(14)	(11)
Total trade receivables	1 621	705
Accrued interest	4	4
Prepayments	10	19
Total current receivables	1 635	728
<u>Non-current</u>		
Prepayments	20	30
Total non-current receivables	20	30
Total receivables	1 655	758

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. 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, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Impairment of receivables

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	11	37
Increase/(decrease) in the allowance	3	(26)
Carrying amount at the end of the period	14	11

Refer to notes 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>		
Creditors	302	142
Accrued expenses	113	131
Total current payables	415	273
Total payables	415	273

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.

8. Changes in accounting policy

8.1. Treasurer's Instructions (Accounting Policy Statement)

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.

South East Natural Resources Management Board

Notes to and forming part of the financial statements

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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 material effect on the recognition, measurement or classification of financial assets and liabilities.

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' model. The following financial assets of the Board are subject to AASB 9's new expected credit loss model:

- trade receivables from provision of services

This model generally results in earlier recognition of credit losses than the previous one.

Trade receivables

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. No increase in the loss allowance has been recognised in line with the assessment of trade receivables, as the current provision reflects the non-government aged debtors.

There are no additional impairment provisions for State, Territory, or Commonwealth Government receivables due to the government's high quality credit risk.

Trade and other receivables that were classified as loans and receivables under AASB 139 are now classified at amortised cost as they meet the appropriate criteria under AASB 9.

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9. Outlook

9.1. Unrecognised contractual commitments

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

Operating lease commitments

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

	2019	2018
	\$'000	\$'000
Within one year	51	35
Later than one year but not later than five years	82	84
Later than five years	57	74
Total operating lease commitments	190	193

The Board's operating leases are for storage facilities. The leases are non-cancellable. Rental is payable monthly with reviews indexed annually, alternating between market value and CPI indexation. Options exist to renew the lease at the end of the current terms.

Expenditure commitments

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

	2019	2018
	\$'000	\$'000
Not later than one year	69	97
Total other commitments	69	97

The Board's commitments are non-cancellable contracts relating to grant 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 any contingent assets or liabilities at this time.

9.3. Events after the reporting period

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

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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 tangible 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.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the 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 any assets that meet the revaluation 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.

South East Natural Resources Management Board
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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.

	2019	2018
	Carrying amount \$'000	Carrying amount \$'000
<u>Financial assets</u>		
Cash and cash equivalents		
Cash and cash equivalents	2 061	2 286
Financial assets at amortised cost		
Receivables	880	137
Total financial assets	2 941	2 423
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Payables	363	217
Total financial liabilities	363	217

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; 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 amortised cost.

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2