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To the Presiding Member South Eastern Water Conservation and Drainage Board

Opinion

I have audited the financial report of the South Eastern Water Conservation and Drainage Board (the Board) for the financial year ended 30 June 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Eastern Water Conservation and Drainage Board as at 30 June 2023, its financial performance and its cash flows for the year then ended in accordance with relevant 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 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Presiding Member, Manager, Drainage Operations and the Finance and Business Officer.

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 South Eastern Water Conservation and Drainage 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 (including Independence Standards)* have been met.

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

Responsibilities of the Manager, Drainage Operations and the Board for the financial report

The Manager, Drainage Operations is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant 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.

In preparing the financial report, the Manager, Drainage Operations is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Manager, Drainage Operations is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The Board is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 23(2) of the *South Eastern Water Conservation and Drainage Act 1992*, I have audited the financial report of South Eastern Water Conservation and Drainage Board for the financial year ended 30 June 2023.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager, Drainage Operations
- conclude on the appropriateness of the Manager, Drainage Operations' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- 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 Presiding Member and Manager, Drainage Operations 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.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

08 September 2023

SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the:

- financial statements of the South Eastern Water Conservation and Drainage Board:
 - are in accordance with the accounts and records of the Board;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Board at the end of the financial year and the result of its operation and cash flows for the financial year.
- internal controls employed by the South Eastern Water Conservation and Drainage Board for the financial year over its financial reporting and its preparation of financial statements have been effective.



David Williamson
Manager, Drainage Operations
24 / 8 / 2023



Kylie Grosser
Finance and Business Officer
24 / 8 / 2023



Brett McLaren
Presiding Member
24 / 8 / 2023

SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

<u>Income</u>	Note	2023 \$'000	2022 \$'000
Intra-government transfers	2.1	2,660	2,595
Fees, charges and other income	2.2	85	92
Resources received free of charge	2.3	-	195
Total income		2,745	2,882
<u>Expenses</u>			
Board member expenses	3.3	22	22
Supplies and services	4.1	1,881	1,785
Depreciation	4.2	3,870	3,887
Borrowing costs	4.3	1	1
Other expenses	4.4	54	19
Total expenses		5,828	5,714
Net result		(3,083)	(2,832)
Total comprehensive result		(3,083)	(2,832)

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

The accompanying notes form part of these financial statements.

SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
<u>Current assets</u>			
Cash and cash equivalents	6.1	884	740
Receivables	6.2	23	38
Inventories	5.4	29	64
Total current assets		936	842
<u>Non-current assets</u>			
Property, plant, equipment and infrastructure	5.1	120,560	123,722
Total non-current assets		120,560	123,722
Total assets		121,496	124,564
<u>Current liabilities</u>			
Payables	7.1	105	63
Financial liabilities	7.2	53	59
Total current liabilities		158	122
<u>Non-current liabilities</u>			
Financial liabilities	7.2	33	54
Total current liabilities		33	54
Total liabilities		191	176
Net assets		121,305	124,388
<u>Equity</u>			
Retained earnings		76,663	79,746
Asset revaluation surplus	8.1	44,642	44,642
Total equity		121,305	124,388

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

The accompanying notes form part of these financial statements.

SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2021		44,642	82,578	127,220
Net result for 2021-22		-	(2,832)	(2,832)
Total comprehensive result for 2021-22		-	(2,832)	(2,832)
Balance at 30 June 2022		44,642	79,746	124,388
Net result for 2022-23		-	(3,083)	(3,083)
Total comprehensive result for 2022-23		-	(3,083)	(3,083)
Balance at 30 June 2023		44,642	76,663	121,305

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

The accompanying notes form part of these financial statements.

SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
<u>Cash flows from operating activities</u>			
<i>Cash Inflows</i>			
Intra-government transfers		2,660	2,595
Fees, charges and receipts		110	95
GST recovered from the ATO		153	105
Cash generated from operations		2,923	2,795
<i>Cash Outflows</i>			
Board member payments		(23)	(23)
Payments for supplies and services		(1,967)	(1,946)
Other payments		(18)	(18)
Interest paid		(1)	(1)
Cash used in operations		(2,009)	(1,988)
 Net cash provided by operating activities	 8.2	 914	 807
<u>Cash flows from investing activities</u>			
Cash Outflows			
Purchase of property, plant, equipment and infrastructure	5.3	(714)	(573)
Cash used in investing activities		(714)	(573)
 Net cash used in investing activities		 (714)	 (573)
<u>Cash flows from financing activities</u>			
Cash Outflows			
Repayment of principal portion of lease liabilities		(56)	(59)
Cash used in financing activities		(56)	(59)
 Net cash used in financing activities		 (56)	 (59)
 Net increase/(decrease) in cash and cash equivalents		 144	 175
Cash and cash equivalents at beginning of the period		740	565
 Cash and cash equivalents at the end of the period	 6.1	 884	 740

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1 About the South Eastern Water Conservation and Drainage Board

The South Eastern Water Conservation and Drainage Board (the Board) is a body corporate established in 1992 pursuant to the South Eastern Water Conservation and Drainage Act 1992.

The Board does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all the controlled activities of the Board.

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.

For the purpose of preparing the financial statements the Board is a not-for-profit entity. 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.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities are recoverable from, or payable to, the ATO are classified as operating 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.

Where assets and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Board has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

1.2 Objective

The objective of the Board is to manage and conserve the quality and flow of water in the South East of South Australia by maintaining drainage reserves (including issuing of occupational licences to adjoining landowners for grazing purposes), effectively managing flooding, redirecting water to areas of greatest need and reducing salinity.

1.3 Significant transactions with government related entities

Significant transactions with the SA Government entities are identifiable throughout this financial report. In addition:

- 100% of lease payments relate to cars supplied by South Australian Government Financing Authority, through their agent LeasePlan Australia Limited. See note 5.2 for further information.
- The Board does not directly employ any staff, but is assigned with staff resources by the Department for Environment and Water (DEW) through a service level agreement. This is recorded as a fee for service expense in note 4.1.

2 Income

2.1 Intra-government transfers	2023 \$'000	2022 \$'000
Intra-government transfers	<u>2,660</u>	<u>2,595</u>
Total intra-government transfers	<u>2,660</u>	<u>2,595</u>

Intra-government transfers are recognised as income on receipt. Intra-government transfers relates to appropriation received by DEW.

Total funding of \$2.138m (2022: \$2.086m) was for operational activities and \$0.522m (2022: \$0.509m) was for capital projects.

2.2 Fees, charges and other income	2023 \$'000	2022 \$'000
Licence revenues	31	23
Other fees and charges	<u>54</u>	<u>69</u>
Total fees, charges and other income	<u>85</u>	<u>92</u>

The South Eastern Water Conservation and Drainage Board charges regulatory fees for the issuing of occupational licences under the South Eastern Water Conservation and Drainage Act 1992, to allow the grazing of stock on drainage reserves . The Act sets out the basis for the regulatory fees and provides that the Board may use fees collected for its purposes.

Fees, charges and other income is recognised when fees are received.

2.3 Resources received free of charge	2023 \$'000	2022 \$'000
Assets received free of charge	<u>-</u>	<u>195</u>
Total resources received free of charge	<u>-</u>	<u>195</u>

Resources received free of charge

On 30 June 2022, the Department for Water and Environment transferred \$194,858 of plant and equipment to the Board, free of charge, which included a tractor, mantis sprayer and a monitoring station.

3 Board, Committees and Employees

The Board does not have any staff, but is assigned staff resources by the Department for Environment and Water (DEW).

DEW staff are not considered key management personnel of the Board.

3.1 Key management personnel

Key management personnel of the Board comprise the Minister for Environment and Water and Board members.

Total compensation for key management personnel was \$13,000 in 2022-23 and \$16,000 in 2021-22.

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*.

Compensation	2023 \$'000	2022 \$'000
Salaries and other short term employee benefits	12	15
Post employment benefits	1	1
Total Compensation	13	16

Transactions with key management personnel and other related parties

No related party transactions to disclose.

3.2 Board and committee members

Members during the 2022-23 financial year were:

South Eastern Water Conservation and Drainage Board

BN McLaren (Presiding Member)

JJ Mullins

M Hanneman

M Bleby

LA Rasenberg

J Fetherstonhaugh

M Thamm

J Holyman

South Eastern Water Conservation and Drainage Board - Governance and Finance Sub-Committee

J Fetherstonhaugh (Chair person)

JJ Mullins

BN McLaren

M Bleby

Board and committee remuneration

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

	2023 No. of members	2022 No. of members
\$0 – \$19 999	8	8
Total number of members	8	8

The total remuneration received or receivable by members was \$13,000. (2022: \$16,000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and related fringe benefits tax.

3.3 Board member expenses	2023	2022
	\$'000	\$'000
Board and committee fees	12	15
Board member on costs - superannuation	1	1
Board member on costs - payroll tax	1	1
Board member costs - reimbursement of costs	8	5
Total Board member expenses	<u>22</u>	<u>22</u>

4 Expenses

4.1 Supplies and Services	2023	2022
	\$'000	\$'000
Fee for service - DEW ⁽ⁱ⁾	926	952
Information technology and communications	57	93
Consultants	83	-
Contractors	173	238
Operation and maintenance works	183	111
General administration and consumables	373	296
Other expenses	86	95
Total supplies and services	<u>1,881</u>	<u>1,785</u>

(i) DEW provides financial support services, staffing, human resources and work health, safety and injury management services to the Board pursuant to a service level agreement.

Consultants

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

	2023		2022	
	Number	\$'000	Number	\$'000
Below \$10 000	-	-	-	-
Above \$10 000	3	83	-	-
Total	<u>3</u>	<u>83</u>	<u>-</u>	<u>-</u>

4.2 Depreciation	2023	2022
	\$'000	\$'000
Buildings	18	19
Plant and equipment	70	86
Fences and gates	310	307
Drainage channels	836	836
Drainage structures	2,580	2,580
Right-of-use vehicles	56	59
Total depreciation expense	<u>3,870</u>	<u>3,887</u>

All non-current assets with a limited useful life are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. Land is not depreciated.

Useful life

Depreciation is calculated on a straight-line basis. Property, plant and equipment depreciation is calculated over the estimated useful life as follows:

Class of Asset	Useful life (years)
Plant and equipment	5-10
Buildings	10-40
Drainage channels/access roads and tracks	5-80
Drainage structures	1-100
Fences and gates	14-50
Right-of-use plant and equipment	3-5

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 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.

4.3 Borrowing Costs	2023	2022
	\$'000	\$'000
Interest expense on lease liabilities	<u>1</u>	<u>1</u>
Total borrowing costs	<u>1</u>	<u>1</u>

The Board does not capitalise borrowing costs.

4.4 Other Expenses	2023	2022
	\$'000	\$'000
Audit fees ⁽ⁱ⁾	19	19
Loss on Disposal of Assets	<u>35</u>	<u>-</u>
Total other expenses	<u>54</u>	<u>19</u>

(i) Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$19,200 (2022: \$19,000). No other services were provided by the Auditor-General's Department.

5 Non-financial assets

Assets and infrastructure are maintained by the Board to provide an effective and efficient system for managing the surface water of the non-urban lands in the South East, by conserving, draining, altering the flow of or utilising that water in any manner.

5.1 Property, plant, equipment and infrastructure by asset class

Property, plant, equipment and infrastructure comprises tangible assets owned and right-of-use (leased) assets. The assets presented below do not meet the definition of investment property.

	2023	2022
	\$'000	\$'000
Land and buildings		
Land at cost	5	5
Buildings at cost	611	611
Accumulated depreciation	(201)	(183)
Total land and buildings	<u>415</u>	<u>433</u>
Plant and equipment		
Plant and equipment at cost	2,647	2,436
Accumulated depreciation	(2,143)	(2,073)
Total plant and equipment	<u>504</u>	<u>363</u>
Fences and gates		
Fences and gates at independent valuation	8,312	8,312
Fences and gates at cost	342	307
Accumulated depreciation	(921)	(611)
Total fences and gates	<u>7,733</u>	<u>8,008</u>
Drainage channels		
Drainage channels at independent valuation	37,708	37,708
Accumulated depreciation	(2,508)	(1,672)
Total drainage channels	<u>35,200</u>	<u>36,036</u>
Drainage structures		
Drainage structures at independent valuation	82,841	82,876
Drainage structures at cost	1,022	614
Accumulated depreciation	(7,741)	(5,161)
Total drainage structures	<u>76,122</u>	<u>78,329</u>
Capital works in progress		
Capital works in progress	501	441
Total capital works in progress	<u>501</u>	<u>441</u>
Total property, plant, equipment and infrastructure owned by the Board	<u>120,475</u>	<u>123,610</u>
Right-of-use vehicles		
Right-of-use vehicles at cost	219	219
Accumulated depreciation	(134)	(107)
Total right-of-use vehicles	<u>85</u>	<u>112</u>
Total property, plant, equipment and infrastructure leased by the Board	<u>85</u>	<u>112</u>
Total property, plant, equipment and infrastructure	<u><u>120,560</u></u>	<u><u>123,722</u></u>

5.2 Property, plant and equipment leased by the Board

Right-of-use assets for property, plant and equipment leased by the Board as lessee are measured at cost.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets.

The Board has 10 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No variable lease payments are provided for in the lease agreements and no options exist to renew the leases at the end of their term.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. The Board's maturity analysis of its lease liabilities is disclosed in note 11.2. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4.2 and 4.3 respectively. Cash outflows related to leases are disclosed in note 8.2

Impairment

Property, plant and equipment leased by the Board has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

5.3 Reconciliation of movements in carrying amount of property, plant and equipment

Property, plant and equipment owned and leased by the Board with a value equal to or in excess of \$10,000 is capitalised, otherwise it is expensed. Property, plant and equipment owned and leased by the Board is recorded at fair value. Detail about the Board's approach to fair value is set out in note 11.1.

Reconciliation 2022-23

	Land and Buildings	Plant and Equipment	Fences and Gates	Drainage Channels	Drainage Structures	Capital works in progress	Right of Use Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	433	363	8,008	36,036	78,329	441	112	123,722
Acquisitions	-	200	35	-	308	171	29	743
Disposals / Write offs	-	-	-	-	(35)	-	-	(35)
Transfers between asset classes	-	11	-	-	100	(111)	-	-
Depreciation expense	(18)	(70)	(310)	(836)	(2,580)	-	(56)	(3,870)
Carrying amount at the end of the period	415	504	7,733	35,200	76,122	501	85	120,560

Reconciliation 2021-22

	Land and Buildings	Plant and Equipment	Fences and Gates	Drainage Channels	Drainage Structures	Capital works in progress	Right of Use Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	452	206	8,157	36,872	80,909	74	74	126,744
Acquisitions	-	31	158	-	-	384	136	709
Assets received free of charge	-	195	-	-	-	-	-	195
Disposals / Write offs	-	-	-	-	-	-	(39)	(39)
Transfers between asset classes	-	17	-	-	-	(17)	-	-
Depreciation expense	(19)	(86)	(307)	(836)	(2,580)	-	(59)	(3,887)
Carrying amount at the end of the period	433	363	8,008	36,036	78,329	441	112	123,722

5.4 Inventories	2023	2022
	\$'000	\$'000
Current - held for distribution at no or nominal amount		
Materials at cost	<u>29</u>	<u>64</u>
Total current inventories held for distribution at no or nominal amount	<u>29</u>	<u>64</u>
Total inventories	<u><u>29</u></u>	<u><u>64</u></u>

Inventories held for distribution at no or nominal consideration are measured at cost and adjusted when applicable for any loss of service potential.

Cost is measured on the basis of the first-in, first-out method.

6 Financial assets

6.1 Cash and cash equivalents	2023	2022
	\$'000	\$'000
Deposits with the Treasurer (Special deposit accounts)	<u>884</u>	<u>740</u>
Total cash and cash equivalents	<u><u>884</u></u>	<u><u>740</u></u>

Deposits with the Treasurer

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose.

The Board does not earn interest on its deposits with the Treasurer.

6.2 Receivables	2023	2022
	\$'000	\$'000
Current		
GST input tax recoverable	<u>23</u>	<u>38</u>
Total current receivables	<u><u>23</u></u>	<u><u>38</u></u>

7 Liabilities

7.1 Payables	2023	2022
	\$'000	\$'000
Current		
Accrued expenses	105	63
Total current payables	105	63
Total Payables	105	63

Payables and accrued expenses are recognised for all amounts owing but unpaid. Contractual 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.

7.2 Financial liabilities	2023	2022
	\$'000	\$'000
Current		
Lease liabilities	53	59
Total current financial liabilities	53	59
Non-current		
Lease liabilities	33	54
Total non-current financial liabilities	33	54
Total financial liabilities	86	113

Financial liabilities are measured at amortised cost.

8 Other Disclosures

8.1 Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of fences and gates, drainage channels and drainage structures to the extent that they reverse all previous increments. Relevant amounts are transferred to retained earnings when an asset is derecognised.

8.2 Cash flow

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

Total cash outflows for leases was \$57,172 (2022: \$59,384)

	2023	2022
	\$'000	\$'000
Reconciliation of net result to cash flows from operating activities		
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	884	740
Balance as per Statement of Cash Flows	884	740
Reconciliation of net cash provided by operating activities to net result:		
Net cash provided by (used in) operating activities	914	807
Add/less non-cash items:		
Depreciation expense of non-current assets	(3,870)	(3,887)
Loss on disposal of non-current assets	(35)	-
Non-current assets received free of charge	-	195
Movement in assets and liabilities:		
Increase (decrease) in receivables	(15)	13
Increase (decrease) in inventories	(35)	26
(Increase) decrease in payables	(42)	14
Net result	(3,083)	(2,832)

9 Changes in accounting policy

The Board has assessed that the Australian Accounting Standards and Interpretations that first applied in 2022-23 did not have a material impact on the Board's financial statements.

10 Outlook

10.1 Unrecognised Commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual sources and are disclosed at their nominal value and inclusive of non-recoverable GST.

	2023 \$'000	2022 \$'000
Contractual commitments to acquire property, plant and equipment		
Within one year	180	62
Later than one year but not longer than five years	-	-
Later than five years	-	-
Total Capital Commitments	<u>180</u>	<u>62</u>

10.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The Board is not aware of the existence of any contingent assets or contingent liabilities.

10.3 Events after the reporting period

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

11 Measurement and risk

11.1 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 costs involved with the acquisition.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

Revaluation

Property, plant and equipment, other than right-of-use assets, are subsequently measured at fair value after allowing for accumulated depreciation.

An assessment of fair value is reviewed by the Finance and Governance Officer and Finance and Governance committee each year.

All 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 3 years.

Revaluation is undertaken on a regular cycle as detailed below. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Fair value hierarchy

The Board classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- Level 1 - traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 - not traded in an active market and derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 - not traded in an active market and are derived from unobservable inputs.

The Board's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

During 2022 and 2023, the Board had no valuations categorised into level 1 or level 2; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

Fair value classification - non-financial assets at 30 June 2023	Level 3 \$'000
<u>Recurring fair value measurements</u>	
Fences and Gates	7,733
Drainage Channels	35,200
Drainage Structures	76,122
Land and Buildings	415
Plant and Equipment	504
Total recurring fair value measurements	119,974

Fair value classification - non-financial assets at 30 June 2022	Level 3 \$'000
<u>Recurring fair value measurements</u>	
Fences and Gates	8,008
Drainage Channels	36,036
Drainage Structures	78,329
Land and Buildings	433
Plant and Equipment	363
Total recurring fair value measurements	123,169

Fences and gates, drainage channels & structures

An independent valuation of fences and gates, drainage channels and drainage structure was performed by a Certified Practising Valuer from Tonkins Consulting, as at 30 June 2020.

The valuer used depreciated replacement cost for fences and gates, drainage channels and drainage structures, due to there not being an active market. The depreciated replacement cost considered the need for ongoing provision of government services, specialised nature and restricted use of the assets, their size, condition and location.

Land and buildings

Fair value of land has been determined using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land such as size and location.

The fair value of buildings was determined using current replacement cost, due to there not being an active market. The current replacement cost considered the need for ongoing provision of government services, specialised nature and restricted use of the assets, their size, condition and location.

Land vested to the Board for drainage purposes is not recognised in the Statement of Financial Position.

Plant and equipment

All items of plant and equipment owned by the Board that had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life that less than three years have not been revalued. The carrying value of these items is deemed to approximate fair value.

Reconciliation of level 3 recurring fair value measurements as at 30 June 2023

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

	Land and Buildings \$'000	Plant and Equipment \$'000	Fences and Gates \$'000	Drainage Channels \$'000	Drainage Structures \$'000	Total \$'000
Opening balance at the beginning of the period	433	363	8,008	36,036	78,329	123,169
Acquisitions	-	200	35	-	308	543
Transfer between asset classes	-	11	-	-	100	111
Disposals / Write offs	-	-	-	-	(35)	(35)
Gains/(Losses) for the period recognised in net result						
Depreciation	(18)	(70)	(310)	(836)	(2,580)	(3,814)
Total gains/(losses) recognised in net result	(18)	141	(275)	(836)	(2,207)	(3,195)
Carrying amount at the end of the period	415	504	7,733	35,200	76,122	119,974

Reconciliation of level 3 recurring fair value measurements as at 30 June 2022

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

	Land and Buildings \$'000	Plant and Equipment \$'000	Fences and Gates \$'000	Drainage Channels \$'000	Drainage Structures \$'000	Total \$'000
Opening balance at the beginning of the period	452	206	8,157	36,872	80,909	126,596
Acquisitions	-	31	158	-	-	189
Assets received free of charge	-	195	-	-	-	195
Transfer between asset classes	-	17	-	-	-	17
Gains/(Losses) for the period recognised in net result						
Depreciation	(19)	(86)	(307)	(836)	(2,580)	(3,828)
Total gains/(losses) recognised in net result	(19)	157	(149)	(836)	(2,580)	(3,427)
Carrying amount at the end of the period	433	363	8,008	36,036	78,329	123,169

11.2 Financial Instruments

Financial risk management

Risk management is managed by the Board's Drainage Operations section. Board risk management policies are in accordance with the SA Government Risk Management Guide and the principles established in the Australian Standard Risk Management Principles and Guidelines.

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

Liquidity risk

The Board is funded principally from appropriation by the SA Government received via the Department for Environment and Water (refer to note 2.1). The Board works with the Department of Treasury and Finance 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 expected cash flows.

Credit Risk

The Board has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

No collateral is held as security and no credit enhancements relate to financial assets held by the Board.

Cash and debt investments

The Board considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

Market risk

The Board does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging. The Board does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the government's risk management strategy articulated in TI 23 Management of Foreign Currency Exposures.

There have been no changes in risk exposure since the last reporting period

Categorisation of financial instruments

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

Classification of Financial Instruments

The Board measures all financial instruments at amortised cost.

Maturity analysis of financial instruments

Category of financial asset and financial liabilities	2023 Carrying amount / Fair value \$'000	2023 Contractual maturities*		
		Within 1 Year \$'000	1-5 Years \$'000	More than 5 years \$'000
Financial assets				
Cash and equivalent				
Cash and cash equivalents	884	n/a	n/a	n/a
Loans and receivables				
Receivables**	-	n/a	n/a	n/a
Total financial assets	884	-	-	-
Financial liabilities				
Financial liabilities at cost:				
Payables**	81	81	-	-
Lease liabilities	86	53	33	-
Total financial liabilities	167	134	33	-

Category of financial asset and financial liabilities	2022 Carrying amount / Fair value \$'000	2022 Contractual maturities*		
		Within 1 Year \$'000	1-5 Years \$'000	More than 5 years \$'000
Financial assets				
Cash and equivalent				
Cash and cash equivalents	740	n/a	n/a	n/a
Loans and receivables				
Receivables**	-	n/a	n/a	n/a
Total financial assets	740	-	-	-
Financial liabilities				
Financial liabilities at cost:				
Payables**	42	42	-	-
Lease liabilities	113	59	54	-
Total financial liabilities	155	101	54	-

* Maturities analysis is presented using the undiscounted cash flows and therefore may not total to equal the carrying amount/fair value of the financial instrument.

** Total amounts disclosed here exclude statutory amounts. Receivables do not include prepayments as these are not financial instruments.

Statutory receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and equivalents, fees and charges and Auditor-General's Department audit fees. This is in addition to employee related payables, such as payroll tax, Fringe Benefits Tax, Pay As You Go Withholding and ReturnToWorkSA levies. In government, certain rights to receive or pay cash may not be contractual but have their source in legislation and therefore, in these situations, the disclosure requirements of AASB 7 will not apply. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.