

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Audit Office of South Australia

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
ABN 53 327 061 410
enquiries@audit.sa.gov.au
www.audit.sa.gov.au

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 2025.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Board as at 30 June 2025, 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 2025
- a Statement of Financial Position as at 30 June 2025
- a Statement of Changes in Equity for the year ended 30 June 2025
- a Statement of Cash Flows for the year ended 30 June 2025
- 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 the 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 the Board for the financial year ended 30 June 2025.

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
Deputy Auditor-General

29 September 2025

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
25 / 9 / 2025



Kylie Grosser
Finance and Business Officer
25 / 09 / 2025



Brett McLaren
Presiding Member
25 / 09 / 2025

SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 \$'000	2024 \$'000
<u>Income</u>			
Intra-government transfers	3.1	2,775	2,726
Fees and charges	3.2	55	46
Resources received free of charge	3.3	127	241
Other income	3.4	7	1,042
Total income		2,964	4,055
<u>Expenses</u>			
Board member expenses	4.1	23	18
Supplies and services	4.2	2,411	2,153
Depreciation	5.6	3,944	3,784
Borrowing costs	4.4	6	3
Other expenses	4.5	1,964	107
Total expenses		8,348	6,065
Net result		(5,384)	(2,010)
<u>Other comprehensive income</u>			
Changes in asset revaluation surplus		47,045	24,273
Total other comprehensive income		47,045	24,273
Total comprehensive result		41,661	22,263

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 2025

	Note	2025 \$'000	2024 \$'000
<u>Current assets</u>			
Cash and cash equivalents	5.2	392	1,303
Receivables	5.3	77	55
Inventories	5.4	52	26
Total current assets		521	1,384
<u>Non-current assets</u>			
Property, plant, equipment and infrastructure	5.6	187,475	145,035
Total non-current assets		187,475	145,035
Total assets		187,996	146,419
<u>Current liabilities</u>			
Payables	6.2	118	120
Other financial liabilities	6.3	-	43
Total current liabilities		118	163
<u>Non-current liabilities</u>			
Other financial liabilities	6.3	-	39
Total non-current liabilities		-	39
Total liabilities		118	202
Net assets		187,878	146,217
<u>Equity</u>			
Retained earnings		71,918	77,302
Asset revaluation surplus		115,960	68,915
Total equity		187,878	146,217

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 2025

		Asset Revaluation Surplus	Retained Earnings	Total
	Note	\$'000	\$'000	\$'000
Balance at 30 June 2023		44,642	76,663	121,305
Prior period correction	5.6	-	2,649	2,649
Restated Balance at 30 June 2023		44,642	79,312	123,954
Net result for 2023-24		-	(2,010)	(2,010)
Change in asset revaluation surplus		24,273	-	24,273
Total comprehensive result from 2023-24		24,273	(2,010)	22,263
Balance at 30 June 2024		68,915	77,302	146,217
Net result for 2024-25		-	(5,384)	(5,384)
Change in asset revaluation surplus		47,045	-	47,045
Total comprehensive result from 2024-25		47,045	(5,384)	41,661
Balance at 30 June 2025		115,960	71,918	187,878

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 2025

	Note	2025 \$'000	2024 \$'000
<u>Cash flows from operating activities</u>			
<i>Cash Inflows</i>			
Intra-government transfers		2,775	2,726
Fees, charges and other income		50	1,060
GST recovered		189	161
<i>Cash Outflows</i>			
Board member payments		(23)	(19)
Payments for supplies and services		(2,591)	(2,300)
Other payments		(27)	(19)
Interest paid		(6)	(3)
Net cash from/(used in) operating activities	7.2	367	1,606
<u>Cash flows from investing activities</u>			
<i>Cash Outflows</i>			
Purchase of property, plant, equipment and infrastructure	5.6	(1,196)	(1,126)
Net cash from/(used in) investing activities		(1,196)	(1,126)
<u>Cash flows from financing activities</u>			
<i>Cash Outflows</i>			
Repayment of principal portion of lease liabilities		(82)	(61)
Net cash from/(used in) financing activities		(82)	(61)
Net increase/(decrease) in cash and cash equivalents		(911)	419
Cash and cash equivalents at beginning of the period		1,303	884
Cash and cash equivalents at the end of the period	5.2	392	1,303

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.

All amounts in the financial statements and accompanying notes are rounded to the nearest thousand dollars (\$'000).

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.

Assets that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets. Liabilities that are due to be settled within 12 months after the end of the reporting period or for which the department has no right to defer the settlement for at least 12 months after the end of the reporting period are classified as current liabilities. All other assets and liabilities are classified as non-current.

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.

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.
- 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 4.2.
- Total funding of \$2.227m (2024: \$2.191m) for operational activities and \$0.548m (2024: \$0.535m) for capital projects was received from DEW.

2 Board and Committees

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.

2.1 Key management personnel

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

Total compensation for key management personnel was \$13,000 in 2024-25 and \$10,000 in 2023-24.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Climate, 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	2025 \$'000	2024 \$'000
Salaries and other short term employee benefits	12	9
Post employment benefits	1	1
Total Compensation	13	10

Transactions with key management personnel and other related parties

Apart from the remuneration for key management personnel, the Board does not have material transactions with key management personnel, their close family members and/or their controlled or jointly controlled entities.

2.2 Board and committee members

Members during the 2024-25 financial year were:

South Eastern Water Conservation and Drainage Board

BN McLaren (Presiding Member)

JJ Mullins (term ended 12/8/2024)

M Hanneman (resigned 24/4/2025)

S Klose

LA Rasenberg

J Fetherstonhaugh (term ended 17/4/2025)

P Ross

J Feast (appointed 13/08/2024)

A Thamm (reappointed 31/10/2024)

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

BN McLaren (Chair Person)

S Klose

A Thamm

J Fetherstonhaugh (term ended 17/04/2025)

Board and committee remuneration

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

	2025 No. of members	2024 No. of members
\$1 – \$19,999	9	10
Total number of members	9	10

The total remuneration received or receivable by members was \$13,000. (2024: \$10,000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and related fringe benefits tax.

3 Income

3.1 Intra-government transfers	2025 \$'000	2024 \$'000
Intra-government transfers	2,775	2,726
Total intra-government transfers	2,775	2,726

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

Total funding of \$2.227m (2024: \$2.191m) was for operational activities and \$0.548m (2024: \$0.535m) was for capital projects.

3.2 Fees and charges	2025 \$'000	2024 \$'000
Licence revenues	50	18
Other fees and charges	5	28
Total fees and charges	55	46

The 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 and charges are recognised when fees are received.

3.3 Resources received free of charge	2025 \$'000	2024 \$'000
Assets received free of charge	80	241
Services received free of charge - other entities	47	-
Total resources received free of charge	127	241

Assets received free of charge

The Department for Environment and Water transferred plant, equipment and fencing to the Board, free of charge.

Services received free of charge - other entities

The Board receives audit services free of charge from the Audit Office of South Australia.

3.4 Other income	2025 \$'000	2024 \$'000
Debt recovery	-	727
Insurance recovery	7	163
Recovery from DEW	-	152
Total other income	7	1,042

4 Expenses

4.1 Board member expenses	2025	2024
	\$'000	\$'000
Board and committee fees	12	9
Board member on costs - superannuation	1	1
Board member on costs - payroll tax	1	1
Board member costs - reimbursement of costs	9	7
Total Board member expenses	23	18

4.2 Supplies and services	2025	2024
	\$'000	\$'000
Fee for service - DEW ⁽ⁱ⁾	1,216	1,142
Information technology and communications	34	43
Consultants	151	58
Contractors	264	316
Operation and maintenance works	214	120
General administration and consumables	437	380
Other expenses	95	94
Total supplies and services	2,411	2,153

(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.

4.3 Expenditure - SA business and non-SA business

The following table includes all expenditure in relation to contracts above \$55,000 (GST inclusive) resulting from a procurement as defined in TI 18 – Procurement. Arrangements between public authorities and arrangements with other governments are not included.

Expenditure is inclusive of non-recoverable GST.

	2025	Proportion SA and non-SA businesses
	\$'000	
Total expenditure with South Australian businesses	569	70%
Total expenditure with non-South Australian businesses	241	30%
	810	100%

Classification as SA business or non-SA business is generally based on circumstances as at the time of entering into a contract. For contracts entered into prior to 20 February 2023, where sufficient evidence of an assessment made under previous procurement requirements is known to the Board, this was used to determine classification. For contracts where such evidence of prior assessment is not available and for all other contracts, classification is based on the definition of an SA business provided in TI 18.

TI 18 defines a business as being South Australian where it operates in South Australia and more than 50% of the workforce delivering the contract resulting from the procurement on behalf of the business are South Australian residents.

The disclosure for expenditure with SA businesses reflects the total spent on contracts within the TI 18 definition and in some instances includes the cost of goods sourced from outside South Australia.

In many cases, the determination has been made on the basis of representations made by suppliers at a point in time which has not been subject to independent verification.

4.4 Borrowing costs	2025	2024
	\$'000	\$'000
Interest expense on lease liabilities	6	3
Total borrowing costs	6	3

The Board does not capitalise borrowing costs.

4.5 Other expenses	2025	2024
	\$'000	\$'000
Audit fees	27	20
Asset write offs	1,937	87
Total other expenses	1,964	107

Other expenses include the fair value of resources received free of charge, which is \$26,800 (2024: \$19,800) for audit services received from the Audit Office of South Australia for work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Audit Office of South Australia.

5 Assets

5.1 Financial assets	2025 Carrying amount \$'000	2024 Carrying amount \$'000
Financial assets measured at amortised cost		
Cash and cash equivalents	392	1,303
Total financial assets	392	1,303

5.2 Cash and cash equivalents	2025 \$'000	2024 \$'000
Deposits with the Treasurer (deposit accounts)	392	1,303
Total deposits with the Treasurer (deposit accounts)	392	1,303

Deposits with the Treasurer

Deposit accounts are established under section 21 of the *Public Finance and Audit Act 1987*. Deposit accounts must be used in accordance with their approved purpose.

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

5.3 Receivables	2025 \$'000	2024 \$'000
Current statutory receivables		
GST receivable	77	55
Total current receivables	77	55

All receivables are non-interest bearing. They are held with the objective of collecting the contractual cash flows.

Statutory receivables

Statutory receivables do not arise from contracts with customers. They are related to taxes and equivalents as well as statutory fees and charges. Statutory receivables are recognised and measured similarly to contractual receivables. Statutory receivables are not financial assets.

The net amount of GST receivable is included as a part of statutory receivables.

No impairment loss was recognised in relation to statutory receivables.

5.4 Inventories	2025 \$'000	2024 \$'000
Current - held for distribution at no or nominal amount		
Materials at cost	52	26
Total current inventories held for distribution at no or nominal amount	52	26
Total inventories	52	26

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.

5.5 Useful life and depreciation of non-financial assets

Useful life

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

Class of Asset	Useful life (years)
Plant and equipment	5-20
Buildings	10-40
Drainage channels/access roads and tracks	5-80
Drainage structures	1-100
Fences and gates	14-50
Right-of-use vehicles	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.

Depreciation and amortisation expenses are presented in the reconciliation table in note 5.6.

5.6 Property, plant, equipment and infrastructure by asset class

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.

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

Reconciliation 2024-25

	Land and Buildings	Plant and Equipment held & used	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	9,121	697	9,120	31,584	94,031	406	76	145,035
Acquisitions	-	29	51	-	956	160	-	1,196
Assets received free of charge	-	49	31	-	-	-	-	80
Disposals / Write offs	-	-	-	-	(1,937)	-	-	(1,937)
Transfers between asset classes	-	-	-	-	252	(252)	-	-
Revaluation increment/(decrement)	-	-	753	6,771	39,521	-	-	47,045
Depreciation expense	(14)	(114)	(309)	(852)	(2,579)	-	(76)	(3,944)
Carrying amount at the end of the period	9,107	661	9,646	37,503	130,244	314	-	187,475

Reconciliation 2023-24

	Land and Buildings	Plant and Equipment held & used	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	415	504	7,733	35,200	76,122	501	85	120,560
Correction of prior period error*	8,708	-	-	(9,610)	3,551	-	-	2,649
Restated carrying amount at the beginning of the period	9,123	504	7,733	25,590	79,673	501	85	123,209
Acquisitions	-	87	247	-	668	124	57	1,183
Assets received free of charge	12	189	-	-	40	-	-	241
Disposals / Write offs	-	-	-	-	(87)	-	-	(87)
Transfers between asset classes	-	-	-	-	219	(219)	-	-
Revaluation increment/(decrement)	-	-	1,451	6,830	15,992	-	-	24,273
Depreciation expense	(14)	(83)	(311)	(836)	(2,474)	-	(66)	(3,784)
Carrying amount at the end of the period	9,121	697	9,120	31,584	94,031	406	76	145,035

	Land and Buildings	Plant and Equipment held & used	Fences and Gates	Drainage Channels	Drainage Structures	Capital works in progress	Right of Use Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount	9,336	2,999	20,406	87,928	307,587	314	-	428,570
Accumulated Depreciation	(229)	(2,338)	(10,760)	(50,425)	(177,343)	-	-	(241,095)
Carrying amount	9,107	661	9,646	37,503	130,244	314	-	187,475

All non-current assets not held for sale with a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

* In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, a prior period error was identified and corrected in the current reporting period. It was determined that parcels of Crown Land controlled by the Board and some drainage structures and channels had not been previously recognised in the financial statements. A drainage channel had also been previously measured incorrectly.

These land holdings have now been brought to account in accordance with AASB 116 Property, Plant and Equipment, at capital values determined by the Valuer-General, which are deemed to approximate fair value. The drainage structures and channels have now been brought to account in accordance with AASB 116 Property, Plant and Equipment, at values determined by an independent valuer, which are deemed to approximate fair value.

The land has a capital value of \$8,707,660, the drainage structures a fair value of \$3,550,692 and the drainage channels a fair value of \$183,306. Additionally, one drainage channel was incorrectly measured which resulted in a reduction in value of \$9,793,037; these have been recognised as a correction of prior period balances. The error has been corrected by restating comparative figures and adjusting the opening balances of retained earnings as at 1 July 2023.

5.7 Property, plant and equipment owned by the Board

Property, plant and equipment owned 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 by the Board is recorded at fair value. Detail about the Board's approach to fair value is set out in note 10.1.

Revaluation and impairment

Revaluation of property, plant and equipment is undertaken on a regular cycle is revalued at least every six years. 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.

Property, plant and equipment owned by the Board are non-cash generating assets that are specialised in nature and held for continual use of their service capacity. These assets are not tested for impairment as they are regularly revalued to fair value.

6 Liabilities

6.1 Financial liabilities

	2025 Carrying amount \$'000	2024 Carrying amount \$'000
Financial liabilities measured at amortised cost		
Contractual payables	115	95
Lease liabilities	-	82
Total financial liabilities	115	177

6.2 Payables

	2025 \$'000	2024 \$'000
Current		
Contractual payables	115	95
Statutory payables	3	25
Total current payables	118	120
Total payables	118	120

Payables and accrued expenses are recognised for all amounts owing but unpaid. All payables are non-interest bearing.

Contractual payables

Contractual payables are normally settled within 15 days from the date the invoice is first received.

Statutory payables

Statutory payables do not arise from contracts. Statutory payables include government taxes and equivalents as well as statutory fees and charges.

6.3 Other financial liabilities

	2025 \$'000	2024 \$'000
Current		
Lease liabilities	-	43
Total current other financial liabilities	-	43
Non-current		
Lease liabilities	-	39
Total non-current other financial liabilities	-	39
Total other financial liabilities	-	82

Financial liabilities are measured at amortised cost.

7 Other Disclosures

7.1 Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of property, plant, equipment and infrastructure to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

7.2 Cash flow

	2025 \$'000	2024 \$'000
<u>Reconciliation of net cash provided by operating activities to net result:</u>		
Net cash provided by/(used in) operating activities	367	1,606
<u>Add/less non-cash items:</u>		
Depreciation expense of non-current assets	(3,944)	(3,784)
Loss on disposal of non-current assets	(1,937)	(87)
Assets received free of charge	80	241
<u>Movement in assets and liabilities:</u>		
Increase/(decrease) in receivables	22	32
Increase/(decrease) in inventories	26	(3)
(Increase)/decrease in payables	2	(15)
Net result	<u>(5,384)</u>	<u>(2,010)</u>

Total cash outflows for leases was \$88,000 (2024: \$64,000)

8 Changes in accounting policy

The Board has assessed that the Australian Accounting Standards and Interpretations that first applied in 2024-25 did not have a material impact on the Board's financial statements.

9 Outlook

9.1 Unrecognised Commitments

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

	2025 \$'000	2024 \$'000
Contractual commitments to acquire property, plant and equipment		
Within one year	-	444
Later than one year but not longer than five years	-	-
Later than five years	-	-
Total Capital Commitments	<u>-</u>	<u>444</u>

9.2 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 does not have any contingent assets or liabilities.

9.3 Impacts of standards not yet effective

The Board has assessed the impact of new and changed Australian Accounting Standards and Interpretations not yet effective. No Australian Accounting Standards have been early adopted.

9.4 Events after the reporting period

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

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

Where assets are acquired at significantly less than fair value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at significantly less than fair 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, other than right-of-use assets, are subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by the Finance and Governance Officer and Finance and Governance committee each year.

For property, plant and equipment subsequently measured at fair value, a revaluation of assets or a group of assets is only performed on assets that:

- has a cost greater than \$1.5 million at the time of acquisition, and/or
- has an estimated useful life greater than three years.

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 2024 and 2025, 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.

10.1 Fair value (Cont.)

Fair value classification - non-financial assets at 30 June 2025**Level 3
\$'000****Recurring fair value measurements**

Fences and Gates	9,646
Drainage Channels	37,503
Drainage Structures	130,244
Land and Buildings	9,107
Plant and Equipment held & used	661
Total recurring fair value measurements	187,161

Fair value classification - non-financial assets at 30 June 2024**Level 3
\$'000****Recurring fair value measurements**

Fences and Gates	9,120
Drainage Channels	31,584
Drainage Structures	94,031
Land and Buildings	9,121
Plant and Equipment held & used	697
Total recurring fair value measurements	144,553

Fences and gates, drainage channels & structures

A valuation over fences and gates, drainage channels and drainage structures was performed as at 30 June 2025 by a Certified Practising Valuer from Tonkins Consulting.

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.

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.

Land vested to the Board

During a review of assets, it was identified that land comprising approximately 7,462 hectares, which had previously been transferred to the Board by the Crown free of charge, had not been recognised in the financial statements in prior periods.

As a result, a restatement of opening balances as at 1 July 2023 has been made to recognise this Crown Land as an asset. The land has been valued at \$8.7 million, based on the capital value provided by the Valuer-General. This value has been deemed to approximate fair value due to the absence of an active market for similar land types and the nature of the Valuer-General's methodology.

It is important to note that the capital value assigned does not take into account certain use, legal or statutory restrictions that apply to the land. These restrictions may limit the Board's ability to utilise, develop, or dispose of the land and therefore the capital value may not represent the recoverable or market-realised value of the asset.

The prior period financial statements have been restated accordingly to reflect the recognition of this asset in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

OFFICIAL

Reconciliation of level 3 recurring fair value measurements as at 30 June 2025

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	9,121	697	9,120	31,584	94,031	144,553
Acquisitions	-	29	51	-	956	1,036
Assets received free of charge	-	49	31	-	-	80
Disposals / Write offs	-	-	-	-	(1,937)	(1,937)
Transfer between asset classes	-	-	-	-	252	252
Revaluation increment/(decrement)	-	-	753	6,771	39,521	47,045
Gains/(Losses) for the period recognised in net result						
Depreciation	(14)	(114)	(309)	(852)	(2,579)	(3,868)
Total gains/(losses) recognised in net result	(14)	(36)	526	5,919	36,213	42,608
Carrying amount at the end of the period	9,107	661	9,646	37,503	130,244	187,161

Reconciliation of level 3 recurring fair value measurements as at 30 June 2024

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	415	504	7,733	35,200	76,122	119,974
Correction of prior period error	8,708	-	-	(9,610)	3,551	2,649
Restated opening balance at the beginning of the period	9,123	504	7,733	25,590	79,673	122,623
Acquisitions	-	87	247	-	668	1,002
Assets received free of charge	12	189	-	-	40	241
Transfer between asset classes	-	-	-	-	(87)	(87)
Disposals / Write offs	-	-	-	-	219	219
Revaluation increment/(decrement)	-	-	1,451	6,830	15,992	24,273
Gains/(Losses) for the period recognised in net result						
Depreciation	(14)	(83)	(311)	(836)	(2,474)	(3,718)
Total gains/(losses) recognised in net result	(2)	193	1,387	5,994	14,358	21,930
Carrying amount at the end of the period	9,121	697	9,120	31,584	94,031	144,553

10.2 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. 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**

	2025 Carrying amount / Fair value \$'000	2025 Contractual maturities* Within 1 Year \$'000	1-5 Years \$'000	More than 5 years \$'000
Financial assets				
Cash and equivalent				
Cash and cash equivalents	392	n/a	n/a	n/a
Loans and receivables				
Contractual receivables**	-	n/a	n/a	n/a
Total financial assets	392	-	-	-
Financial liabilities				
Financial liabilities at cost:				
Contractual payables	115	115	-	-
Lease liabilities	-	-	-	-
Total financial liabilities	115	115	-	-

Category of financial asset and financial liabilities

	2024 Carrying amount / Fair value \$'000	2024 Contractual maturities* Within 1 Year \$'000	1-5 Years \$'000	More than 5 years \$'000
Financial assets				
Cash and equivalent				
Cash and cash equivalents	1,303	n/a	n/a	n/a
Loans and receivables				
Contractual receivables**	-	n/a	n/a	n/a
Total financial assets	1,303	-	-	-
Financial liabilities				
Financial liabilities at cost:				
Contractual payables	95	95	-	-
Lease liabilities	82	43	39	-
Total financial liabilities	177	138	39	-

* 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.

** Contractual receivables do not include prepayments as these are not financial instruments.