



Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
DX 56208  
Victoria Square  
Tel +618 8226 9640  
Fax +618 8226 9688  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

**To the Presiding Member  
South Australian Murray-Darling Basin 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 accompanying financial report of the South Australian Murray-Darling Basin Natural Resources Management Board for the financial year ended 30 June 2018.

## **Opinion**

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Murray-Darling Basin Natural Resources Management Board as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act* 1987 and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member and the Regional Director, South Australian Murray-Darling Basin and the Chief Financial Officer of the Department for Environment and Water.

## **Basis for opinion**

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

The Regional Director is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial report**

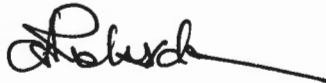
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Regional Director
- 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 regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

**Auditor-General**

28 November 2018

# **South Australian Murray-Darling Basin Natural Resources Management Board**

## **Financial Statements**

For the year ended 30 June 2018


**South Australian Murray-Darling Basin Natural Resources Management Board**  
**Certification of the Financial Statements**  
*for the year ended 30 June 2018*

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We certify that the attached general purpose financial statements for the South Australian Murray-Darling Basin Natural Resources Management Board:

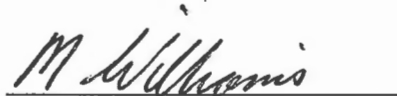
- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the South Australian Murray-Darling Basin Natural Resources Management Board
- present a true and fair view of the financial position of the Board as at 30 June 2018 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the South Australian Murray-Darling Basin Natural Resources Management Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.




Sharon Starick  
Presiding Member

22nd November 2018



Mike Williams  
Regional Director  
Natural Resources South Australian Murray-Darling Basin  
Department for Environment and Water

22nd November 2018



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

22 November 2018

**South Australian Murray-Darling Basin Natural Resources Management Board**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2018*

	Note	2018 \$'000	2017 \$'000
<b>Expenses</b>			
Board, group and committee	3	158	195
Supplies and services	4	15 555	15 467
Grants and subsidies	5	9 141	5 663
Depreciation	6	33	37
Net loss from the disposal of non-current assets	7	-	3
Other expenses	8	135	114
<b>Total expenses</b>		<b>25 022</b>	<b>21 479</b>
<b>Income</b>			
Regional NRM and Water Levies	9	14 028	13 866
Interest	10	100	49
Grants	11	11 287	8 229
Other income	12	389	302
<b>Total income</b>		<b>25 804</b>	<b>22 446</b>
<b>Net result</b>		<b>782</b>	<b>967</b>
<b>Total comprehensive result</b>		<b>782</b>	<b>967</b>

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

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**South Australian Murray-Darling Basin Natural Resources Management Board**  
**Statement of Financial Position**  
*as at 30 June 2018*

	Note	2018 \$'000	2017 \$'000
<b>Current assets</b>			
Cash and cash equivalents	13	5 396	4 395
Receivables	14	1 194	1 148
<b>Total current assets</b>		<b>6 590</b>	<b>5 543</b>
<b>Non-current assets</b>			
Property, plant and equipment	15	587	599
<b>Total non-current assets</b>		<b>587</b>	<b>599</b>
<b>Total assets</b>		<b>7 177</b>	<b>6 142</b>
<b>Current liabilities</b>			
Payables	16	896	643
<b>Total current liabilities</b>		<b>896</b>	<b>643</b>
<b>Total liabilities</b>		<b>896</b>	<b>643</b>
<b>Net assets</b>		<b>6 281</b>	<b>5 499</b>
<b>Equity</b>			
Retained earnings		6 281	5 499
<b>Total equity</b>		<b>6 281</b>	<b>5 499</b>

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

Unrecognised contractual commitments	17
Contingent assets and liabilities	18

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

**South Australian Murray-Darling Basin Natural Resources Management Board**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2018*

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	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2016	4 718	4 718
Error correction - Receivables	(186)	(186)
<b>Restated balance as 30 June 2016</b>	<b>4 532</b>	<b>4 532</b>
Net result for 2016-17	967	967
<b>Total comprehensive result for 2016-17</b>	<b>967</b>	<b>967</b>
<b>Balance at 30 June 2017</b>	<b>5 499</b>	<b>5 499</b>
Net result for 2017-18	782	782
<b>Total comprehensive result for 2017-18</b>	<b>782</b>	<b>782</b>
<b>Balance at 30 June 2018</b>	<b>6 281</b>	<b>6 281</b>

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

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



**South Australian Murray-Darling Basin Natural Resources Management Board**  
**Statement of Cash Flows**  
*for the year ended 30 June 2018*

		2018 (Outflows) Inflows \$'000	2017 (Outflows) Inflows \$'000
<b>Cash flows from operating activities</b>	<b>Note</b>		
<b>Cash outflows</b>			
Board, group and committee member payments		(158)	(195)
Payments for supplies and services		(15 405)	(16 035)
Payments of grants and subsidies		(9 035)	(5 663)
Other payments		(137)	(108)
<b>Cash used in operations</b>		<b>(24 735)</b>	<b>(22 001)</b>
<b>Cash inflows</b>			
Regional NRM levies and water levies received		13 990	13 234
Grants received		11 287	8 229
Interest received		96	59
Other receipts		384	302
<b>Cash generated from operations</b>		<b>25 757</b>	<b>21 824</b>
<b>Net cash provided by / (used in) operating activities</b>		<b>1 022</b>	<b>(177)</b>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(21)	(32)
<b>Cash used in investing activities</b>		<b>(21)</b>	<b>(32)</b>
<b>Cash inflows</b>			
Proceeds from the sale of property, plant and equipment		-	154
<b>Cash generated from investing activities</b>		<b>-</b>	<b>154</b>
<b>Net cash provided by / (used in) investing activities</b>		<b>(21)</b>	<b>122</b>
<b>Cash flows from financing activities</b>			
<b>Cash outflows</b>			
Repayment of working capital		(2 000)	-
<b>Cash used in financing activities</b>		<b>(2 000)</b>	<b>-</b>
<b>Cash inflows</b>			
Receipt of working capital		2 000	-
<b>Cash generated from financing activities</b>		<b>2 000</b>	<b>-</b>
<b>Net cash provided by / (used in) financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1 001</b>	<b>(55)</b>
Cash and cash equivalents at the beginning of the reporting period		4 395	4 450
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>13</b>	<b>5 396</b>	<b>4 395</b>

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

# **South Australian Murray-Darling Basin Natural Resources Management Board**

## ***Notes to and forming part of the financial statements***

### ***for the year ended 30 June 2018***

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## **1 Basis of financial statements**

### **1.1 Reporting entity**

The South Australian Murray-Darling Basin Natural Resources Management Board (the Board) was established pursuant to section 23(1) of the *Natural Resources Management Act 2004* (the NRM Act). The Board is a body corporate.

The Board operates under a Natural Resources Management Plan (NRM Plan) which was approved by the Minister for Environment and Water (the Minister) on 10 January 2014, for implementation on 1 July 2014. The NRM Plan contains a three-year Investment Plan which identifies strategies, management action targets and the Board's investment themes as detailed in note 4. The investment plan relevant to the 2017-18 financial year was adopted by the Minister on 6 April 2016.

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

#### NRM groups

The function of the NRM Groups is defined by section 52 of the NRM Act and the NRM Group Charter. Section 47(3)(b) of the NRM Act provides that the NRM Groups are subject to the direction of 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 Groups' 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, pursuant to sub-section 24(3) of the NRM Act, directed the Board to:

- use the Department for Environment and Water (DEW) to provide the Board's business support and NRM services to the region
- enter into an agreement for these services
- fund the services and projects set out in the agreement.

The Board entered into a three year Service Level Agreement (SLA) with DEW in 2016-17 which includes the delivery of support services to the Board to ensure it is able to meet its statutory requirements under the NRM Act and an annual work plan for the delivery of the Board's Business Plan. This agreement details the services, projects and funds to deliver the annual work plan. This SLA is reviewed and updated on an annual basis.

In accordance with notice published in the Government Gazette on 21 June 2012, all Board staff were transferred from employment under the NRM Act to the *Public Sector Act 2009*. This was effective from 1 July 2012 at which date staff were brought into the administrative unit of DEW. As a consequence:

- DEW assumed responsibility for the staff previously employed under the NRM Act by the Board
- all staff are now employed by the Chief Executive, DEW under the *Public Sector Act 2009*
- DEW is responsible for the management, supervision, liability, Work Health and Safety and human resources management of the staff that will undertake services under the SLA
- staff undertaking services on behalf of the Board are assigned to the Board under the NRM Act
- the payment for staff salaries is recharged to the Board under a Fee for Service Arrangement.

During 2018, the government announced it is introducing new legislation to replace the current NRM Act. The current NRM arrangements are expected to remain largely unchanged for the 2018-19 financial year.

**South Australian Murray-Darling Basin Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
**for the year ended 30 June 2018**

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**1 Basis of financial statements (continued)**

**1.2 Statement of compliance**

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

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Board has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Board is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Board for the period ending 30 June 2018.

**1.3 Basis of preparation**

The financial statements have been prepared based on a 12 month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

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

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out in the notes.

**1.4 Taxation**

The Board is not subject to Income Tax. The Board is liable for Fringe Benefits Tax (FBT) and Emergency Services Levy (ESL).

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.

**South Australian Murray-Darling Basin Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
**for the year ended 30 June 2018**

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## **2 Objectives and activities**

### **2.1 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.

### **2.2 Activities**

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

#### ***Environment and Conservation***

The purpose of the Environment and Conservation program in the SAMDB is to protect and enhance the natural environment by both delivering landscape protection and restoration actions and also building capacity for land managers to take action on landscape restoration. The program also contributes to the science that underpins informed decision making and prioritization in delivering conservation objectives across the region and finally the program contributes to community engagement and education programs in landscape restoration so the natural landscapes are valued by future generations.

#### ***Parks and Sustainable Landscapes***

The purpose of this program is to inspire and motivate to greater natural resource management (NRM) action across the landscape, regardless of tenure.

The region is noted for its horticulture and has a history of innovation and world standard water use techniques. The Board continues to successfully deliver the Australian Government funding On-Farm Irrigation Efficiency Program to irrigators which enable them to modernise their existing infrastructure, gaining maximum productivity while reducing the amount of water required.

The Board works with and assists farmers, commodity and industry groups to support improving farming business and improved land, water and biodiversity management. The Board's statutory obligation to undertake pest plant and animal control activities is contained within the Parks and Sustainable Landscapes program.

**South Australian Murray-Darling Basin Natural Resources Management Board**  
***Notes to and forming part of the financial statements***  
***for the year ended 30 June 2018***

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**2 Objectives and activities**

**2.2 Activities (continued)**

***Community Engagement***

The Community Engagement program recognises the significant role that the community play in NRM outcomes and assists the Board to receive information from the community and provide information to the community, industry and governments. The program has a strong focus on raising the awareness of the communities within the region and then engaging those people by building their understanding and involvement in the natural resources management projects implemented.

The program also has a specific focus on engaging the Region's Aboriginal populations in training and employment programs, protecting Aboriginal heritage and building cultural awareness across the Region. This program aims to ensure the continued use, support and reinvigoration of traditional knowledge to underpin natural resource outcomes.

***Planning and Evaluation***

The Planning and Evaluation Program supports the Board's development and performance evaluation of the Regional NRM Plan, water allocation planning, NRM regional evaluation, funding and program performance. It is responsible for regional information and reporting systems.

Planning, monitoring, evaluation, reporting and improvement activities are fundamental to NRM. Planning and evaluation ensures continuous learning, enhanced understanding, demonstrates accountability and improves actions taken to achieve NRM outcomes. Monitoring the condition of natural resources and the effectiveness of the NRM Plan through accurate, cost-effective and timely performance data is key to improving the performance of the Board's programs.

Water resource assessment and water allocation planning are key elements of the program and are a statutory obligation of the Board.

The disaggregated disclosures schedules present expenses and income information attributable to each of the activities for the years ended 30 June 2018 and 30 June 2017.

**South Australian Murray-Darling Basin Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
for the year ended 30 June 2018

**2 Objectives and activities**

**2.2 Activities (continued)**

**Disaggregated Disclosures – Expenses and Income**

	Environment and Conservation		Parks and Sustainable Landscapes		Community Engagement		Planning and Evaluation		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Expenses</b>										
Board, group and committee expenses	32	36	33	36	61	84	32	39	158	195
Supplies and services	3 387	3 291	6 259	6 094	2 575	2 561	3 334	3 521	15 555	15 467
Grants and subsidies	175	406	7 084	3 366	1 822	1 870	60	21	9 141	5 663
Depreciation	5	5	28	32	-	-	-	-	33	37
Net loss from disposal of non-current assets	-	-	-	3	-	-	-	-	-	3
Other expenses	11	75	100	13	13	13	11	13	135	114
<b>Total expenses</b>	<b>3 610</b>	<b>3 813</b>	<b>13 504</b>	<b>9 544</b>	<b>4 471</b>	<b>4 528</b>	<b>3 437</b>	<b>3 594</b>	<b>25 022</b>	<b>21 479</b>
<b>Income</b>										
Regional NRM & Water Levies	1 438	1 121	5 337	5 320	3 723	3 826	3 530	3 599	14 028	13 866
Interest	9	4	52	19	20	13	19	13	100	49
Grant	1 622	1 581	7 344	4 355	1 685	1 793	636	500	11 287	8 229
Other income	31	18	311	245	18	19	29	20	389	302
<b>Total income</b>	<b>3 100</b>	<b>2 724</b>	<b>13 044</b>	<b>9 939</b>	<b>5 446</b>	<b>5 651</b>	<b>4 214</b>	<b>4 132</b>	<b>25 804</b>	<b>22 446</b>
<b>Net result</b>	<b>(510)</b>	<b>(1 089)</b>	<b>(460)</b>	<b>395</b>	<b>975</b>	<b>1 123</b>	<b>777</b>	<b>538</b>	<b>782</b>	<b>967</b>

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

**South Australian Murray-Darling Basin Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**3 Remuneration of board, group and committee members**

Members of the South Australian Murray-Darling Natural Resources Management Board during the 2017-18 financial year were:

S R Starick (Presiding Member)  
K L Blenkiron (retired 13 April 2018)  
A L Chabrel (appointed 11 December 2017)  
P J Duggin  
E A Frankel (appointed 11 December 2017)  
L E Jaensch (appointed 14 April 2018)  
O F Love  
D K Mildren  
R L Ralph  
G Small

Members of groups and committees during the 2017-18 financial year were:

**Mallee and Coorong NRM Group**

R B Wickes (Chair)  
S Evans  
A S Hansen  
D H Hayward  
T P Morgan  
J J Roberts  
F J Turner (retired 31 January 2018)  
C Shaw (appointed 28 June 2018)

**Ranges to River NRM Group**

S E Mann (Chair, appointed 10 October 2017)  
T A Bradman  
S W Coombe (appointed 10 October 2017)  
W H C Jacobs  
A Randell (retired 27 July 2017)  
M A Rebbeck  
P N Reilly (appointed 10 October 2017)  
M C Schneider

**Rangelands NRM Group**

J M Oates (Chair, retired 30 July 2017)  
J V Gebhardt (Acting Chair)  
V G W Breeding  
A J Connell  
R J Dittrich (appointed 14 March 2018)  
R G Perry  
L K Schneider (retired 31 January 2018)  
I L Warnes (retired 20 October 2017)

**Riverland NRM Group**

A Read (Chair, retired 27 November 2017)  
M G Arnold (retired 31 January 2018)  
B W Hewett (retired 31 January 2018)  
E A Lescheid (retired 31 January 2018)  
A P Meissner (retired 31 January 2018)  
W A Piltz  
T M Ter Bogt

**South Australian Murray-Darling Basin Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**3 Remuneration of board, group and committee members (continued)**

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

	2018	2017
\$0 - \$9 999	40	35
\$10 000 - \$19 999	-	2
\$40 000 - \$49 999	1	-
\$70 000 - \$79 999	-	1
<b>Total number of board, group and committee members</b>	<b>41</b>	<b>38</b>

Remuneration of members reflects all costs of performing board, group and committee member duties including sitting fees, superannuation contributions and salary sacrifice benefits. The total remuneration received or receivable by members was \$101 000 (2017: \$125 000).

For the purposes of this table, travel allowances, other out-of-pocket expenses paid to members, and employment on-costs have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members, or form other costs of employment. These expenses amount to \$57 000 (2017: \$70 000).

**4 Supplies and services**

	2018 \$'000	2017 \$'000
Fee for service - Board funded DEW salaries	7 317	6 878
Fee for service - Water planning management (DEW)	2 227	2 173
Fee for service - third party contractors	1 961	2 444
Fee for service - Corporate fee (DEW)	1 650	1 532
Accommodation and property management	873	850
Motor vehicles	433	450
Minor works, maintenance and equipment	269	229
Information technology and communication	193	213
General administration	174	178
Contracted staff training and development	87	105
Travel and accommodation	73	78
Temporary staff	29	82
Monitoring fees	11	31
Transport	10	9
Other supplies and services	248	215
<b>Total supplies and services</b>	<b>15 555</b>	<b>15 467</b>

**Operating Leases**

Operating lease payments 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 Australian Murray-Darling Basin Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**5 Grants and subsidies**

	2018 \$'000	2017 \$'000
<b>Grants and subsidies provided to entities within SA Government</b>		
Grants and subsidies paid to entities within the SA Government	-	1
<b>Total grants and subsidies - SA Government</b>	<b>-</b>	<b>1</b>
 <b>Grants and subsidies paid to entities external to the SA Government</b>		
Landholders	6 778	3 385
Local Government and community groups	1 409	1 265
Other	954	1 012
<b>Total grants and subsidies - non SA Government</b>	<b>9 141</b>	<b>5 662</b>
 <b>Total grants and subsidies</b>	<b>9 141</b>	<b>5 663</b>

The Board provided financial assistance to local government, state government agencies, community groups 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. The details of amounts provided, organisations receiving grants and the purpose for each grant are shown in the Annual Report, as required by section 42 of the NRM Act.

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.

**South Australian Murray-Darling Basin Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**6 Depreciation**

	2018	2017
	\$'000	\$'000
Buildings	11	9
Plant and equipment	18	16
Vehicles	4	12
<b>Total depreciation</b>	<b>33</b>	<b>37</b>

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.

Land is not depreciated.

**Useful life**

Depreciation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Infrastructure	40
Buildings	19-60
Plant and equipment	4-20
Vehicles	5-12

**Revision 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.

**South Australian Murray-Darling Basin Natural Resources Management Board**  
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**7 Net gain / (loss) from disposal of non-current assets**

	2018 \$'000	2017 \$'000
<b>Land</b>		
Proceeds from disposal	-	73
Less net book value of assets disposed	-	(60)
<b>Net gain / (loss) from disposal of land</b>	<b>-</b>	<b>13</b>
<b>Buildings</b>		
Proceeds from disposal	-	81
Less net book value of assets disposed	-	(97)
<b>Net gain / (loss) from disposal of buildings</b>	<b>-</b>	<b>(16)</b>
<b>Total assets</b>		
Proceeds from disposal	-	154
Less net book value of assets disposed	-	(157)
<b>Total (loss) from disposal of non-current assets</b>	<b>-</b>	<b>(3)</b>

**8 Other expenses**

	2018 \$'000	2017 \$'000
Unexpended grants returned	75	61
Audit fees paid/payable to the Auditor-General's Department	47	44
Bad and doubtful debts	(2)	6
Other	15	3
<b>Total other expenses</b>	<b>135</b>	<b>114</b>

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

**South Australian Murray-Darling Basin Natural Resources Management Board**  
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**9 Regional NRM and Water Levies**

	2018	2017
	\$'000	\$'000
Water Levy and penalties collected through DEW *	8 354	8 232
Regional NRM Levy collected through Councils	5 674	5 634
<b>Total Regional NRM and Water Levies</b>	<b>14 028</b>	<b>13 866</b>

\* Penalties collected through DEW totalled \$181 000 (2017: \$130 000).

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

The Regional NRM Levy is collected by constituent councils from ratepayers and is based on the value of rateable land. Councils can seek to recover any outgoing costs associated with the collection of the levy.

Contributions from constituent councils collected from ratepayers are recognised as income following determination of the share of each council by the Minister and publication of those amounts in the Government Gazette. Contributions are required to be paid on a quarterly basis to the Board. Levies are recognised as revenue when the Board obtains control of the funding.

The water based levy is collected by DEW which it collects from licensed water users. This levy is based on water allocated and water used. This income is recorded as revenue when the Board has gained control of the funds, or obtains the right to receive the funds.

**10 Interest revenues**

	2018	2017
	\$'000	\$'000
Interest	100	49
<b>Total interest revenues</b>	<b>100</b>	<b>49</b>

**South Australian Murray-Darling Basin Natural Resources Management Board**  
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**11 Grant revenues**

	2018 \$'000	2017 \$'000
<b>Commonwealth funding</b>		
Commonwealth On-farm Further Irrigation Efficiency Program	5 832	1 750
On-farm Irrigation Efficiency Program Round 3	508	1 302
Working on Country	563	553
Biodiversity Fund	-	177
On-farm Irrigation Efficiency Program Round 2	-	129
Private Irrigation Infrastructure Round 2	-	113
On-farm Irrigation Efficiency Program Round 4	52	96
Other Commonwealth funding	252	56
<b>Total Commonwealth funding</b>	<b>7 207</b>	<b>4 176</b>
<b>Grant revenues from SA Government</b>		
National Landcare Program received through DEW	3 713	3 658
Department for Environment and Water	-	12
Other State Government funding	302	337
<b>Total grant revenues from SA Government</b>	<b>4 015</b>	<b>4 007</b>
<b>Other grant revenues</b>		
Sundry grants	65	46
<b>Total other grant revenues</b>	<b>65</b>	<b>46</b>
<b>Total grants revenue</b>	<b>11 287</b>	<b>8 229</b>

*Grants received*

Grants received predominantly represent contributions from Commonwealth Government and State Government agencies toward various activities of the Board.

Grants are recognised as an asset and income when the Board obtains control of the grants or obtains the right to receive the grants and the income recognition criteria are met.

*Commonwealth funding – Caring for Our Country/National Landcare Program*

On 13 September 2013, the Board entered into an agreement with the State, for the continued implementation of the Caring for Our Country program. This funding spans five financial years - 1 July 2013 to 30 June 2018, and covers two broad areas: Sustainable Environment and Agriculture.

The goal of Caring for Our Country is an environment that is healthy, better protected, well managed, resilient and provides essential ecosystem services in a changing climate. Caring for Our Country has six National Priority Areas for Investment.

Under the Agreement to reflect the intent of the Commonwealth, the State and the Board work together as partners with the community and other stakeholders, in natural resource management for the Region. Pursuant to that commitment the Commonwealth agreed to fund programs undertaken by the Board.

During 2014-15 the Caring for Our Country funding stream ceased and was replaced by the National Landcare Program (NLP). On 2 June 2015, the Board entered into an agreement for the implementation of the NLP, which continues the work commenced under the Caring for our Country program. This funding spans the period 1 January 2015 to 30 June 2018.

**South Australian Murray-Darling Basin Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
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**11 Grant revenues (continued)**

Funding deeds between the NRM Board and the Australian Government for the National Landcare Program Phase 2 (NLP2) are currently being negotiated.

*Restrictions on Contributions*

Contributions which have conditions of expenditure still to be met as at reporting date were \$1.590 million (2017: \$2.918 million). These contributions relate to the following projects:

- 20 Million Trees Program
- Effects of Netting enclosures
- On-Farms Irrigation Efficiency Round 4
- On-Farms Irrigation Efficiency Round 3
- Commonwealth On-Farm Further Irrigation Efficiency Program
- National Landcare Program
- Wetlands & Floodplains OSG (& Birds SA)
- Rewilding Bookmark
- Citizen Science Bat Project
- Chowilla Indigenous Partnership
- Reintroduction of Mallee Emu-wren to SA

This Commonwealth revenue was recognised upon receipt of funds as the probability of repayment to the Commonwealth Government is unlikely.

Conditions that have not been met at reporting date are for works and reporting to be carried out over multiple years.

**12 Other income**

	2018	2017
	\$'000	\$'000
Sale of goods	264	184
Property rental and related income	68	71
Support services income	57	47
<b>Total other income</b>	<b>389</b>	<b>302</b>

Other income includes revenue generated through the contracting of animal and plant control services conducted on Crown or private land. All income relates to the operating activities of the Board. Other income is recognised when the service has been performed.

**13 Cash and cash equivalents**

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	5 396	4 395
<b>Total cash and cash equivalents</b>	<b>5 396</b>	<b>4 395</b>

Cash is measured at nominal amounts.

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

During 2017-18 the Board accessed a drawdown of \$2 million cash from the Department of Treasury and Finance (DTF) for the purposes of ensuring it had adequate working capital to meet its obligations in the first half of the year. This was in the form of an interest free loan that was paid back to DTF in two instalments during April 2018 and May 2018.

**South Australian Murray-Darling Basin Natural Resources Management Board**  
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**14 Receivables**

	2018 \$'000	2017 \$'000
<b>Current</b>		
Receivables	1 227	1 183
Less allowance for doubtful debts	(42)	(43)
	1 185	1 140
Accrued interest	9	5
Prepayments	-	3
<b>Total current receivables</b>	<b>1 194</b>	<b>1 148</b>
 <b>Total receivables</b>	 <b>1 194</b>	 <b>1 148</b>

**Movement in the allowance for doubtful debts**

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (that is, calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired. An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

**Movements in the allowance for doubtful debts (impairment loss)**

	2018 \$'000	2017 \$'000
Carrying amount at the beginning of the period	43	38
Increase/(decrease) in the allowance	(1)	5
<b>Carrying amount at the end of the period</b>	<b>42</b>	<b>43</b>

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables and prepayments are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Board will not be able to collect the debt.

**South Australian Murray-Darling Basin Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**15 Property, plant and equipment**

	2018 \$'000	2017 \$'000
<b>Land</b>		
Land at cost (deemed fair value)	54	54
<b>Total land</b>	<b>54</b>	<b>54</b>
<b>Buildings</b>		
Buildings at cost (deemed fair value)	408	408
Accumulated depreciation	(78)	(67)
<b>Total buildings</b>	<b>330</b>	<b>341</b>
<b>Infrastructure</b>		
Infrastructure at cost (deemed fair value)	16	16
Accumulated depreciation	(3)	(3)
<b>Total infrastructure</b>	<b>13</b>	<b>13</b>
<b>Plant and equipment</b>		
Plant and equipment at cost (deemed fair value)	411	369
Accumulated depreciation	(230)	(214)
<b>Total plant and equipment</b>	<b>181</b>	<b>155</b>
<b>Vehicles</b>		
Vehicles at cost (deemed fair value)	158	158
Accumulated depreciation	(149)	(145)
<b>Total vehicles</b>	<b>9</b>	<b>13</b>
<b>Capital works in progress</b>		
Capital works in progress at cost	-	23
<b>Total capital works in progress</b>	<b>-</b>	<b>23</b>
<b>Total property, plant and equipment</b>	<b>587</b>	<b>599</b>

**Acquisition and recognition**

Non-current assets are recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

All non-current tangible assets with a value of \$10 000 or greater are capitalised.

**Revaluation**

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 million and estimated useful life is greater than three years.

As the Board does not hold any assets that meet this criteria, assets have not been revalued.

**Impairment**

The Board holds its property, plant and equipment for their service potential (value in use):

There were no indications of impairment of property, plant and equipment as at 30 June 2018.



**South Australian Murray-Darling Basin Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
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**15 Property, plant and equipment (continued)**

**Reconciliation of non-current assets**

The following table shows the movement of non-current assets during 2017-18:

	Land	Buildings	Infrastructure	Plant and equipment	Vehicles	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	54	341	13	155	13	23	599
Acquisitions	-	-	-	14	-	7	21
Depreciation	-	(11)	-	(18)	(4)	-	(33)
Transfers to/(from) capital works in progress	-	-	-	30	-	(30)	-
<b>Carrying amount at the end of the period</b>	<b>54</b>	<b>330</b>	<b>13</b>	<b>181</b>	<b>9</b>	<b>-</b>	<b>587</b>

**Reconciliation of non-current assets**

The following table shows the movement of non-current assets during 2016-17:

	Land	Buildings	Infrastructure	Plant and equipment	Vehicles	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	54	350	13	125	25	37	604
Acquisitions	-	-	-	-	-	32	32
Depreciation	-	(9)	-	(16)	(12)	-	(37)
Transfers to/(from) capital works in progress	-	-	-	46	-	(46)	-
<b>Carrying amount at the end of the period</b>	<b>54</b>	<b>341</b>	<b>13</b>	<b>155</b>	<b>13</b>	<b>23</b>	<b>599</b>

**16 Payables**

	2018 \$'000	2017 \$'000
<b>Current</b>		
Creditors	624	454
Accrued expenses	272	189
<b>Total current payables</b>	<b>896</b>	<b>643</b>
<b>Total payables</b>	<b>896</b>	<b>643</b>

**Interest rate and credit risk**

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid.

**South Australian Murray-Darling Basin Natural Resources Management Board**  
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*for the year ended 30 June 2018*

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**17 Unrecognised contractual commitments**

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

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

**Operating lease commitments**

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

	2018 \$'000	2017 \$'000
No later than one year	556	616
Later than one year but not later than five years	1 285	1 684
Later than five years	-	72
<b>Total operating lease commitments</b>	<b>1 841</b>	<b>2 372</b>

The Board's operating leases are for office accommodation and 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 term.

**Expenditure commitments**

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

	2018 \$'000	2017 \$'000
No later than one year	868	3 720
Later than one year but not later than five years	14	58
<b>Total other commitments</b>	<b>882</b>	<b>3 778</b>

**18 Contingent assets and contingent 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.

Commonwealth agreements for Irrigation Efficiency Programs stipulate that project generated income such as interest must be paid to the funder unless otherwise directed in writing. The Board is in negotiations with the Commonwealth Department of Agriculture and Water Resources to retain a component of the interest earned (\$164 000 as at 30 June 2018) to apply to project costs.

# **South Australian Murray-Darling Basin Natural Resources Management Board**

## **Notes to and forming part of the financial statements**

*for the year ended 30 June 2018*

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### **19 Related party transactions**

The South Australian Murray-Darling Basin Natural Resources Management Board is a body corporate and was established pursuant to the *Natural Resources Management Act 2004* and is wholly owned and controlled by the Crown.

Related parties of the Board include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

During 2017-18 the Board paid grants the following entities, in relation to the Board's Connecting Community Grant and Small Farm Knowledge grants:

- WoTL Ltd (\$55 000)
- Murray Plains Farmers Inc (\$3 420)

In each case, a member of the Board was either the Executive Office/ Company Secretary (WoTL Ltd) or a Committee Member (Murray Plains Farmers) of the entity.

### **Key management personnel**

Key management personnel of the Board comprise the Minister, the Presiding Member and other members of the Board and the Regional Director. The compensation of the Board's key management personnel was \$204 000 (2017: \$207 000). Salaries and other benefits the Minister receives are excluded from this total. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

### **20 Financial risk management / financial instruments**

#### **20.1 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.

#### **20.2 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.

#### **20.3 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 Australian Murray-Darling Basin Natural Resources Management Board**  
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**20 Financial risk management / financial instruments (continued)**

The carrying amounts of each of the following categories of financial assets and liabilities: receivables and payables measured at cost are detailed below.

		<b>2018</b>	<b>2017</b>
		<b>Carrying amount</b>	<b>Carrying amount</b>
<b>Category of financial asset and financial liability</b>	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Financial assets</u></b>			
<b>Cash and cash equivalents</b>			
Cash and cash equivalents		5 396	4 395
<b>Loans and receivables</b>			
Receivables	(1)	222	258
<b>Total financial assets</b>		<b>5 618</b>	<b>4 653</b>
<b><u>Financial liabilities</u></b>			
<b>Financial liabilities at cost</b>			
Payables	(1)	819	568
<b>Total financial liabilities</b>		<b>819</b>	<b>568</b>

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

**21 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.