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## To the Presiding Member South East Natural Resources Management Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 37(2) of the *Natural Resources Management Act 2004*, I have audited the accompanying financial report of the South East 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 East 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, the Regional Director and the Chief Financial Officer of the Department for Environment and Water.

## Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the South East Natural Resources Management Board. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

## **Responsibilities of the Regional 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**

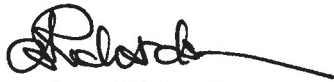
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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

Andrew Richardson

**Auditor-General**

29 November 2018

# **South East Natural Resources Management Board**

## **Financial Statements**

For the year ended 30 June 2018

**South East Natural Resources Management Board**  
**Certification of the Financial Statements**  
*for the year ended 30 June 2018*

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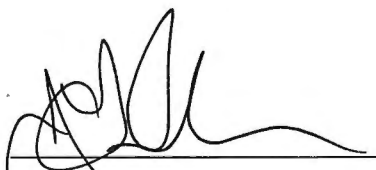
We certify that the attached general purpose financial statements for the South East Natural Resources Management Board:

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

We certify that the internal controls employed by the Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Fiona Rasheed  
Presiding Member  
26 November 2018



Tim Collins  
Regional Director  
South East  
Department for Environment and Water  
26 November 2018



Shaun O'Brien  
Chief Financial Officer  
Department for Environment and Water  
26 November 2018

**South East Natural Resources Management Board**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2018*

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	Note	2018 \$'000	2017 \$'000
<b>Expenses</b>			
Board, group and committee	3	80	103
Supplies and services	4	9 996	9 984
Grants and subsidies	5	337	687
Depreciation	6	25	25
Other expenses	7	15	60
<b>Total expenses</b>		<b>10 453</b>	<b>10 859</b>
<b>Income</b>			
Regional NRM and Water Levies	8	8 283	8 141
Interest	9	46	51
Grants	10	1 943	2 406
Other income	11	289	473
<b>Total Income</b>		<b>10 561</b>	<b>11 071</b>
<b>Net result</b>		<b>108</b>	<b>212</b>
<b>Total comprehensive result</b>		<b>108</b>	<b>212</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 East 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	12	2 286	2 377
Receivables	13	728	499
Inventories		39	57
<b>Total current assets</b>		<b>3 053</b>	<b>2 933</b>
<b>Non-current assets:</b>			
Property, plant and equipment	14	57	82
Receivables	13	30	40
<b>Total non-current assets</b>		<b>87</b>	<b>122</b>
<b>Total assets</b>		<b>3 140</b>	<b>3 055</b>
<b>Current liabilities</b>			
Payables	15	273	296
<b>Total current liabilities</b>		<b>273</b>	<b>296</b>
<b>Total liabilities</b>		<b>273</b>	<b>296</b>
<b>Net assets</b>		<b>2 867</b>	<b>2 759</b>
<b>Equity</b>			
Retained earnings		2 867	2 759
<b>Total equity</b>		<b>2 867</b>	<b>2 759</b>

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

Unrecognised contractual commitments	16
Contingent assets and liabilities	17

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

**South East Natural Resources Management Board**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2018*

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	Note	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2016		2 902	2 902
Error correction - Receivables		(355)	(355)
<b>Restated balance at 30 June 2016</b>		<b>2 547</b>	<b>2 547</b>
Net result for 2016-17		212	212
<b>Total comprehensive result for 2016-17</b>		<b>212</b>	<b>212</b>
<b>Balance at 30 June 2017</b>		<b>2 759</b>	<b>2 759</b>
Net result for 2017-18		108	108
<b>Total comprehensive result for 2017-18</b>		<b>108</b>	<b>108</b>
<b>Balance at 30 June 2018</b>		<b>2 867</b>	<b>2 867</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 East Natural Resources Management Board**  
**Statement of Cash Flows**  
*for the year ended 30 June 2018*

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		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		(80)	(103)
Payments for supplies and services		(10 000)	(10 128)
Payments of grants and subsidies		(337)	(687)
Other payments		(41)	(39)
<b>Cash used in operations</b>		<b>(10 458)</b>	<b>(10 957)</b>
<b>Cash inflows</b>			
Regional NRM and water levies received		8 088	7 943
Grants received		1 943	2 406
Interest received		47	53
Other receipts		289	473
<b>Cash generated from operations</b>		<b>10 367</b>	<b>10 875</b>
<b>Net cash provided by / (used in) operating activities</b>		<b>(91)</b>	<b>(82)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(91)</b>	<b>(82)</b>
Cash and cash equivalents at the beginning of the period		2 377	2 459
<b>Cash and cash equivalents at the end of the period</b>	<b>12</b>	<b>2 286</b>	<b>2 377</b>

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

# South East 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 East Natural Resources Management Board (the Board) is a body corporate established pursuant to the Natural Resources Management Act 2004 (the NRM Act).

The Board operates under a Natural Resources Management Plan (NRM Plan) which was approved by the Minister for Environment and Water (the Minister) on 31 May 2010. The NRM Plan contains a three year business plan, strategies and management action targets commencing 1 July 2010. The Board's Business Plan for 2016-17 to 2018-19 was approved by the Minister on 6 April 2016.

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

#### NRM Groups

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

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

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

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

In accordance with a direction issued by the Board and the NRM Groups' Charter, the NRM Groups do not have the power to enter into contracts or procure goods or services in their own right. The Board has ensured that proper accounts have been kept of the NRM Group's activities and the related financial information has been incorporated in the accounts and financial statements of the Board for financial reporting purposes. Group financial information is not disclosed due to their immateriality.

#### Direction by the Minister

On 16 April 2012, the Minister for Environment and Water, pursuant to 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 employed by the Chief Executive, DEW under the *Public Sector Act 2009*
- DEW is responsible for the management, supervision, liability, Work Health and Safety and human resources management of the staff that will undertake services under the SLA

**South East Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**1 Basis of financial statements**

**1.1 Reporting entity (continued)**

- staff undertaking services on behalf of the Board are assigned to the Board under the NRM Act
- the payment for staff salaries is recharged to the Board under a Fee for Service Arrangement.

During 2018, the government announced it is introducing new legislation to replace the current Natural Resources Management Act 2004. The current NRM arrangements are expected to remain largely unchanged for the 2018-19 financial year.

**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 Department 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 East 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 has defined a series of strategies to manage the region's natural resources, these strategies have been divided into themes of activity which are:

***Healthy and productive natural systems***

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

***Informed and engaged communities***

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

***Resilient industries operating within best NRM practice***

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

***Strategic direction, leadership and partnerships***

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

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

**South East 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**

	Healthy and Productive Natural Systems		Informed and Engaged Communities		Resilient Industries operating within Best NRM Practice		Strategic Direction, Leadership and Partnerships		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	8	9	48	23	4	65	20	6	80	103
Supplies and services	1 166	1 283	1 941	1 850	6 373	6 271	516	580	9 996	9 984
Grants and subsidies	49	62	238	239	-	221	50	165	337	687
Depreciation	-	-	-	-	25	25	-	-	25	25
Other expenses	2	9	3	11	9	35	1	5	15	60
<b>Total expenses</b>	<b>1 225</b>	<b>1 363</b>	<b>2 230</b>	<b>2 123</b>	<b>6 411</b>	<b>6 617</b>	<b>587</b>	<b>756</b>	<b>10 453</b>	<b>10 859</b>
<b>Income</b>										
Regional NRM and Water Levies	970	1 024	1 769	1 592	5 080	4 959	464	566	8 283	8 141
Interest	5	6	9	9	28	29	4	7	46	51
Grants	750	1 088	744	682	252	452	197	184	1 943	2 406
Other income	-	10	3	15	283	438	3	10	289	473
<b>Total income</b>	<b>1 725</b>	<b>2 128</b>	<b>2 525</b>	<b>2 298</b>	<b>5 643</b>	<b>5 878</b>	<b>668</b>	<b>767</b>	<b>10 561</b>	<b>11 071</b>
<b>Net result</b>	<b>500</b>	<b>765</b>	<b>295</b>	<b>175</b>	<b>(768)</b>	<b>(739)</b>	<b>81</b>	<b>11</b>	<b>108</b>	<b>212</b>

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

**South East Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**3 Remuneration of board and committee members**

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

F N Brennan (Presiding Member, retired 01 September 2017)  
F C Rasheed (Presiding Member, appointed 26 April 2018)  
D J Agnew  
K C A'Hang (retired 30 August 2017)  
M H Bleby  
R H Campbell (appointed 09 September 2017)  
F S Coleman (appointed 14 April 2018)  
Y A Correll (retired 13 April 2018)  
K A DeGaris  
G J Gates (appointed 14 April 2018)  
K A Gilkes  
N J Hunt  
H A Macdonald (retired 22 February 2018)

Members of groups and committees during the financial year were:

**Aboriginal Focus Group**

R H Campbell (Co-Chair)  
B E Hammond (Co-Chair)  
M A Bonney (Proxy)  
V Brennan  
F H Clarke  
P Clarke  
D Nicholls  
E Owen  
G Owen  
S J Smith  
C T Trevorrow  
C Wanganeen (Proxy)  
P M Watson

**Governance, Finance and Audit Committee**

H A MacDonald (Chair, retired 22/02/2018)  
D J Agnew  
F N Brennan (retired 01/09/2017)  
M H Bleby (appointed 22/02/2018)  
K A Gilkes  
N J Hunt (appointed 22/02/2018)  
F C Rasheed (appointed 26/04/2018)

**Box Flat Dingo Control Committee**

J Arthur  
B J Bateman  
Y A Correll (retired 13 April 2018)  
G J Gates (appointed 26 April 2018)  
D Hayward  
B Page\*  
N K Pfeiffer  
R J Vickery

**South Eastern Natural Resources Management –  
Lower South East Group**

J E Stafford (retired 28 February 2018)  
B J Provis (Chair, retired 28 February 2018)  
K A Boston (retired 28 February 2018)  
C T Hignett (retired 28 February 2018)  
R A Netherton (retired 28 February 2018)  
J E Stafford (retired 28 February 2018)

**South Eastern Natural Resources Management –  
Upper South East Group**

P C Ross (retired 28 February 2018)  
A J W Ferguson (Chair, retired 28 February 2018)  
W D Dodd (retired 28 February 2018)  
W Ferguson (retired 28 February 2018)  
G J Gates (retired 28 February 2018)  
P C Ross (retired 28 February 2018)  
A L Young (retired 28 February 2018)

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

**South East 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 and committee members (continued)**

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

	2018	2017
\$0 - \$9 999	40	44
\$10 000 - \$19 999	1	-
\$20 000 - \$29 999	-	1
<b>Total number of members</b>	<b>41</b>	<b>45</b>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits, and any FBT paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$45 000 (2017: \$65 000).

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members. These expenses, in addition to payroll tax expense amount to \$35 000 (2017: \$38 000).

**4 Supplies and services**

	2018	2017
	\$'000	\$'000
Fee for service - Board funded DEW salaries	4 553	3 916
Fee for service - Water planning management	2 319	2 261
Fee for service - Corporate fee	835	1 125
Fee for service	694	1 374
Motor vehicles expense	353	358
General administration	306	168
Accommodation and property management	257	249
Information technology	115	49
Contracted staff training and development	85	59
Travel and accommodation	77	84
Cost of goods sold	76	106
Minor works, maintenance and equipment	56	64
Contractors	27	11
Transport	8	5
Consultants	-	9
Other supplies and services	235	146
<b>Total supplies and services</b>	<b>9 996</b>	<b>9 984</b>

**South East Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**4 Supplies and services (continued)**

**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.

**Consultants**

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

	2018 Number	2018 \$'000	2017 Number	2017 \$'000
Below \$10 000	-	-	1	9
<b>Total paid / payable to the consultants engaged</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>9</b>

**5 Grants and subsidies**

	2018 \$'000	2017 \$'000
Grants and subsidies	337	687
<b>Total grants and subsidies</b>	<b>337</b>	<b>687</b>

The Board provided financial assistance to local government, State Government agencies and private bodies during the year. Funds are paid by way of grants and all recipients are required to comply with conditions relevant to each grant.

For contributions payable, the contribution will be recognised as a liability and expense when the Board has a present obligation to pay the contribution and the expense recognition criteria are met.

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

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



**South East 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
Plant and equipment	21	21
Buildings	4	4
<b>Total depreciation</b>	<b>25</b>	<b>25</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.

**Useful life**

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

Class of asset	Useful life (years)
Plant and Equipment	10
Buildings	20

**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.

**7 Other expenses**

	2018	2017
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department	38	36
Bad and doubtful debts	(23)	22
Other	-	2
<b>Total other expenses</b>	<b>15</b>	<b>60</b>

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

**South East Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**8 Regional NRM and water levies**

	2018	2017
	\$'000	\$'000
Regional NRM Levy collected through Councils	4 388	4 358
Water Levy and Penalties collected through DEW *	3 895	3 783
<b>Total regional NRM and Water Levies</b>	<b>8 283</b>	<b>8 141</b>

\* Penalties collected through DEW totalled \$7 000 (2017: \$0)

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

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

**9 Interest revenues**

	2018	2017
	\$'000	\$'000
Interest	46	51
<b>Total interest revenues</b>	<b>46</b>	<b>51</b>

**10 Grant revenues**

	2018	2017
	\$'000	\$'000
<b>Commonwealth funding</b>		
Biodiversity Fund and other	-	292
<b>Total Commonwealth funding</b>	<b>-</b>	<b>292</b>
<b>Other grants</b>		
National Landcare Program received through DEW:		
Landscapes	1 871	1 843
Other SA Government	53	271
Sundry Grants	19	-
<b>Total other grants</b>	<b>1 943</b>	<b>2 114</b>
<b>Total grant revenues</b>	<b>1 943</b>	<b>2 406</b>

Contributions are recognised as an asset and income when the Board obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (that is, the amount can be reliably measured and the flow of resources is probable).

**South East Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
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**10 Grant revenues (continued)**

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

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

Contributions which have conditions still to be met as at reporting date were \$97 000 (2017: 74 000).

Grant revenues represent contributions from the Commonwealth, State and Industry Partnerships toward achieving NRM activities according to the Board's Strategic Plan.

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

On 4 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 20 May 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.

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

**11 Other revenue**

	2018	2017
	\$'000	\$'000
Contract sales	281	392
Other revenue	8	81
<b>Total other revenue</b>	<b>289</b>	<b>473</b>

**South East Natural Resources Management Board**  
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**12 Cash and cash equivalents**

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	2 286	2 377
<b>Total cash and cash equivalents</b>	<b>2 286</b>	<b>2 377</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.

**13 Receivables**

	2018	2017
	\$'000	\$'000
<b>Current</b>		
Receivables	716	521
Less allowance for doubtful debts	(11)	(37)
	705	484
Accrued interest	4	5
Prepayments	19	10
<b>Total current receivables</b>	<b>728</b>	<b>499</b>
<b>Non-current</b>		
Prepayments	30	40
<b>Total non-current receivables</b>	<b>30</b>	<b>40</b>
<b>Total receivables</b>	<b>758</b>	<b>539</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 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.

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

	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the period	37	16
Increase/(decrease) in the allowance	(26)	21
<b>Carrying amount at the end of the period</b>	<b>11</b>	<b>37</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 East Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
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**14 Property, plant and equipment**

	2018 \$'000	2017 \$'000
<b>Plant and equipment</b>		
Plant and equipment at cost (deemed fair value)	248	248
Accumulated depreciation	(226)	(205)
<b>Total plant and equipment</b>	<u>22</u>	<u>43</u>
<b>Buildings</b>		
Buildings at cost (deemed fair value)	87	87
Accumulated depreciation	(52)	(48)
<b>Total buildings</b>	<u>35</u>	<u>39</u>
<b>Total property, plant and equipment</b>	<u><u>57</u></u>	<u><u>82</u></u>

**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 equal to or in excess of \$10 000 are capitalised.

**Revaluation**

All non-current tangible assets are valued at fair value and revaluation of a non-current asset 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 the revaluation criteria, assets have not been revalued.

**Impairment**

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

All non-current tangible assets are valued at cost (deemed fair value). Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be close to or greater than fair value.

The Board also expects for all other non-current tangible assets that any costs of disposal will be negligible and the recoverable amount to be close to or greater than fair value.

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

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*for the year ended 30 June 2018*

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**14 Property, plant and equipment (continued)**

**Reconciliation of non-current assets**

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

	<b>Plant and equipment</b>	<b>Buildings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	43	39	82
Depreciation	(21)	(4)	(25)
<b>Carrying amount at the end of the period</b>	<b>22</b>	<b>35</b>	<b>57</b>

**Reconciliation of non-current assets**

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

	<b>Plant and equipment</b>	<b>Buildings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	64	43	107
Depreciation	(21)	(4)	(25)
<b>Carrying amount at the end of the period</b>	<b>43</b>	<b>39</b>	<b>82</b>

**15 Payables**

	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>Current</b>		
Creditors	142	175
Accrued expenses	131	121
<b>Total current payables</b>	<b>273</b>	<b>296</b>
<b>Total payables</b>	<b>273</b>	<b>296</b>

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received.

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**Notes to and forming part of the financial statements**  
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**16 Unrecognised contractual commitments**

Commitments include operating, capital and outsourcing commitments 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
Within one year	35	37
Later than one year but not later than five years	84	90
Later than five years	74	84
<b>Total operating lease commitments</b>	<b>193</b>	<b>211</b>

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

**Expenditure commitments**

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

	2018 \$'000	2017 \$'000
Not later than one year	97	727
Later than one year but not later than five years	-	80
<b>Total other commitments</b>	<b>97</b>	<b>807</b>

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

**17 Contingent assets and liabilities**

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

The Board is not aware of any contingent assets or liabilities at this time.

## **South East Natural Resources Management Board**

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

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

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#### **18 Related party transactions**

The South East Natural Resources Management Board is a body corporate and was established pursuant to the NRM Act 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 provided grants in relation to the Bucks for Bush program. Grants to the value of \$6 775 were paid to entities related to members of the Board.

##### **Key management personnel**

Key management personnel of the Board comprise the Minister for Environment and Water, the Presiding Member and the other members of the Board and the Regional Director. The compensation of the Board's key management personnel was \$124 000 (2017: \$129 000). Salaries and other benefits of 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*.

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

##### **19.1. 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.

##### **19.2. 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.

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



**South East 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 Financial risk management / financial instruments (continued)**

**19.3. 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/liability note.

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>Note</b>	<b>Carrying amount \$'000</b>	<b>Carrying amount \$'000</b>
<b><u>Financial assets</u></b>			
<b>Cash and cash equivalents</b>			
Cash and cash equivalents		2 286	2 377
<b>Loans and receivables</b>			
Receivables	(1), (2)	137	250
<b>Total financial assets</b>		<b>2 423</b>	<b>2 627</b>
<b><u>Financial liabilities</u></b>			
<b>Financial liabilities at cost</b>			
Payables	(1)	217	260
<b>Total financial liabilities</b>		<b>217</b>	<b>260</b>

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

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 13 as prepaid supplies and services in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

**20 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.