

# Adelaide and Mount Lofty Ranges Natural Resources Management Board

Financial report  
for the year ended  
30 June 2019



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## To the Presiding Member Adelaide and Mount Lofty Ranges 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 Adelaide and Mount Lofty Ranges Natural Resources Management Board for the financial year ended 30 June 2019.

### Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide and Mount Lofty Ranges Natural Resources Management Board as at 30 June, 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 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, the NRM Manager and the Chief Financial Officer of the Department for Environment and Water.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Adelaide and Mount Lofty Ranges 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 NRM Manager and the board for the financial report**

The NRM Manager is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions 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.

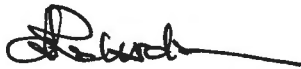
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the NRM Manager

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Board 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.



Andrew Richardson

**Auditor-General**

28 November 2019

**Adelaide and Mount Lofty Ranges Natural Resources  
Management Board**

**Financial Statements**

For the year ended 30 June 2019

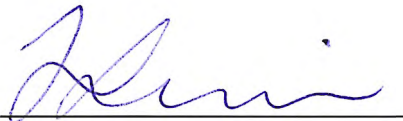
**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Certification of the Financial Statements**  
*for the year ended 30 June 2019*

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We certify that the attached general purpose financial statements for the Adelaide and Mount Lofty Ranges 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 Adelaide and Mount Lofty Ranges Natural Resources Management Board
- present a true and fair view of the financial position of the Adelaide and Mount Lofty Ranges Natural Resources Management Board as at 30 June 2019 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Adelaide and Mount Lofty Ranges 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.



F Lewis  
Presiding Member  
26 November 2019



K Krebs  
NRM Manager  
26 November 2019



S O'Brien  
Chief Financial Officer  
Department for Environment and Water  
26 November 2019

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2019*

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	Note	2019 \$'000	2018 \$'000
<b>Expenses</b>			
Board and committee	2.2	61	93
Supplies and services	3.1	24 070	25 207
Grants and subsidies	3.2	9 078	8 374
Depreciation and amortisation	3.3	423	451
Other expenses	3.4	151	163
<b>Total expenses</b>		<b>33 783</b>	<b>34 288</b>
<b>Income</b>			
Regional NRM and water levies	4.1	32 671	31 493
Commonwealth funding	4.2	1 489	1 730
Grants	4.3	179	715
Interest	4.4	138	127
Other income	4.5	470	196
<b>Total Income</b>		<b>34 947</b>	<b>34 261</b>
<b>Net result</b>		<b>1 164</b>	<b>(27)</b>
<b>Total comprehensive result</b>		<b>1 164</b>	<b>(27)</b>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Statement of Financial Position**  
*as at 30 June 2019*

	Note	2019 \$'000	2018 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	11 331	9 985
Receivables	6.2	1 327	123
<b>Total current assets</b>		<b>12 658</b>	<b>10 108</b>
<b>Non-current assets</b>			
Property, plant and equipment	5.1	6 277	6 728
<b>Total non-current assets</b>		<b>6 277</b>	<b>6 728</b>
<b>Total assets</b>		<b>18 935</b>	<b>16 836</b>
<b>Current liabilities</b>			
Payables	7.1	2 524	1 589
<b>Total current liabilities</b>		<b>2 524</b>	<b>1 589</b>
<b>Total liabilities</b>		<b>2 524</b>	<b>1 589</b>
<b>Net assets</b>		<b>16 411</b>	<b>15 247</b>
<b>Equity</b>			
Retained earnings		11 440	10 276
Asset revaluation surplus		4 971	4 971
<b>Total equity</b>		<b>16 411</b>	<b>15 247</b>

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



**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2019*

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	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 July 2017</b>	4 971	10 303	15 274
Net result for 2017-18	-	(27)	(27)
<b>Total comprehensive result for 2017-18</b>	<b>-</b>	<b>(27)</b>	<b>(27)</b>
<b>Balance at 30 June 2018</b>	<b>4 971</b>	<b>10 276</b>	<b>15 247</b>
Net result for 2018-19	-	1 164	1 164
<b>Total comprehensive result for 2018-19</b>	<b>-</b>	<b>1 164</b>	<b>1 164</b>
<b>Balance at 30 June 2019</b>	<b>4 971</b>	<b>11 440</b>	<b>16 411</b>

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

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Statement of Cash Flows**  
*for the year ended 30 June 2019*

		2019 (Outflows) Inflows \$'000	2018 (Outflows) Inflows \$'000
<b>Cash flows from operating activities</b>	<b>Note</b>		
<b>Cash outflows</b>			
Payments for supplies and services		(23 181)	(25 954)
Payments of grants and subsidies		(9 078)	(8 769)
Payments to board, group and committee members		(61)	(93)
Other payments		(8)	(42)
<b>Cash used in operating activities</b>		<u>(32 328)</u>	<u>(34 858)</u>
<b>Cash inflows</b>			
NRM levies and other revenue received		32 835	32 474
Commonwealth funding received		772	1 730
Interest received		136	128
<b>Cash generated from operating activities</b>		<u>33 743</u>	<u>34 332</u>
<b>Net cash provided by / (used in) operating activities</b>		<u>1 415</u>	<u>(526)</u>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(69)	(170)
<b>Cash used in investing activities</b>		<u>(69)</u>	<u>(170)</u>
<b>Net cash used in investing activities</b>		<u>(69)</u>	<u>(170)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>1 346</u>	<u>(696)</u>
Cash and cash equivalents at the beginning of the reporting period		9 985	10 681
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>6.1</b>	<u>11 331</u>	<u>9 985</u>

The accompanying notes form part of these financial statements.

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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# Adelaide and Mount Lofty Ranges Natural Resources Management Board

## Notes to and forming part of the financial statements

for the year ended 30 June 2019

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### 1 About the Adelaide and Mount Lofty Ranges 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 operates under a Natural Resources Management Plan (NRM Plan) which was approved by the Minister for Environment and Water in April 2016. Following the adoption of the Plan, and as required by the NRM Act, the Plan was referred to the Natural Resources Committee of Parliament.

The Board's financial statements include the use of income, expenses, assets and liabilities controlled or incurred by the Board in its own right.

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) during 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 will be assigned to the Board under the NRM Act
- the payment for staff salaries will be recharged to the Board under a Fee for Service Arrangement.

On March 20, 2019 the government introduced new legislation - the Landscape South Australia Bill, to drive a significant and enduring reform agenda for natural resources management in South Australia. If enacted, this will replace the current Natural Resource Management (NRM) Act. The current NRM arrangements remained unchanged for the 2018-19 financial year. The impact of the proposed Landscapes SA legislation to the operations of the Board during 2019-20 remains unknown.

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**1.1. Basis of preparation**

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*
- relevant Australian Accounting Standards with reduced disclosure requirements.

For the 2018-19 financial statements the Board adopted *AASB 9 – Financial Instruments* and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in note 8.

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

DEW prepares a Business Activity Statement on behalf of the Board under the grouping provisions of the Goods and Services Tax (GST) legislation. Under these provisions, DEW is liable for the payments and entitled to the receipts associated with GST. Therefore the Board's net GST receivable/payable is recorded in DEW's Statement of Financial Position. GST cash flows applicable to the Board are recorded in DEW's Statement of Cash Flows.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

# **Adelaide and Mount Lofty Ranges Natural Resources Management Board**

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

*for the year ended 30 June 2019*

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### **1.2. Objectives and programs**

The Board serves the Government and the people of South Australia by achieving excellence in the provision of Natural Resources Management.

#### **Board 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
- any other functions assigned to the Board by the Minister by or under this or any other Act.

#### **Board programs**

The Board's work program is based on the required action for the region, as outlined in the Board's Strategic Plan. In line with the Board's Strategic Plan, strategic actions to be undertaken by the Board are presented under the key drivers of change for the region, identified as:

- land management and change (for example, land management, water management (including stormwater) and coast and marine management)
- climate change (for example, ecosystem adaption and primary production adaptation)
- economic impacts (for example, sustainable industries and water reuse)
- knowledge and capacity (for example, support volunteers and sustainability centres, increase knowledge and capacity of natural resources managers, school education)
- planning and improvement (for example, regional and subregional planning, water allocation planning, monitoring and evaluation, reporting and improvement).

The table on the following page presents expenses and income attributable to each program.

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

**1.2. Objectives and programs (continued)**

**Expenses and income by program**

	Land Management and Change		Climate Change		Economic Impacts	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Expenses</b>						
Board and committee	39	61	1	1	2	4
Supplies and services	17 152	17 685	149	242	452	742
Grants and subsidies	5 631	5 203	-	169	156	228
Depreciation and amortisation	271	285	4	6	14	16
Other expenses	96	104	2	1	5	5
<b>Total expenses</b>	<b>23 189</b>	<b>23 338</b>	<b>156</b>	<b>419</b>	<b>629</b>	<b>995</b>
<b>Income</b>						
Regional NRM and Water Levies	22 058	21 331	147	379	641	770
Commonwealth funding	1 225	1 068	1	-	8	221
Grants	154	663	-	24	-	-
Interest	93	86	1	2	3	3
Other income	444	170	12	14	-	1
<b>Total income</b>	<b>23 974</b>	<b>23 318</b>	<b>161</b>	<b>419</b>	<b>652</b>	<b>995</b>
<b>Net result</b>	<b>785</b>	<b>(20)</b>	<b>5</b>	<b>-</b>	<b>23</b>	<b>-</b>

	Knowledge and Capacity		Planning and Improvement		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Expenses</b>						
Board and committee	13	19	6	8	61	93
Supplies and services	3 951	3 940	2 366	2 598	24 070	25 207
Grants and subsidies	3 200	2 714	91	60	9 078	8 374
Depreciation and amortisation	91	101	43	43	423	451
Other expenses	33	37	15	16	151	163
<b>Total expenses</b>	<b>7 288</b>	<b>6 811</b>	<b>2 521</b>	<b>2 725</b>	<b>33 783</b>	<b>34 288</b>
<b>Income</b>						
Regional NRM and Water Levies	7 255	6 472	2 570	2 541	32 671	31 493
Commonwealth funding	222	270	33	171	1 489	1 730
Grants	25	28	-	-	179	715
Interest	30	26	11	10	138	127
Other income	14	10	-	1	470	196
<b>Total income</b>	<b>7 546</b>	<b>6 806</b>	<b>2 614</b>	<b>2 723</b>	<b>34 947</b>	<b>34 261</b>
<b>Net result</b>	<b>258</b>	<b>(5)</b>	<b>93</b>	<b>(2)</b>	<b>1 164</b>	<b>(27)</b>

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

# Adelaide and Mount Lofty Ranges Natural Resources Management Board

## Notes to and forming part of the financial statements

for the year ended 30 June 2019

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## 2. Board, committees and employees

### 2.1. Key management personnel

Key management personnel of the Board include the Minister, the Presiding Member, the Regional Director and the other members of the Board who have responsibility for the strategic direction and management of the Board.

The total compensation for the Board's key management personnel was \$166 000 in 2018-19 and \$193 000 in 2017-18.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Environment and Water receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

#### **Transactions with key management personnel and other related parties**

The Board has grants totalling \$1.2 million with Trees for Life to undertake revegetation works, weed control, support the recovery of declining woodland birds and for the protection of remnant vegetation across the region. During 2018-19, the Board also had fee for service agreements totalling \$276 000 with Trees for Life. A Board member was acting Chief Executive of Trees for Life during the financial year.

The Board has an agreement with Nature Play SA totalling \$100 000 to provide financial support for the business to continue to offer events working with families and the community to spend more time in unstructured outdoor play in nature. The Regional Director was appointed during the financial year as the Chair of Nature Play SA.

### 2.2. Board and committee members

Members during 2019 financial year were:

#### **The Board**

F A Lewis (Presiding member, appointed July 2018)  
A J Cusack  
D L Greenhough (appointed April 2019)  
R S Johnstone (term ended April 2019)  
A E B Kentish  
R K Lewis (term ended October 2018)  
J A Meakins (resigned January 2019)  
J T Newchurch (appointed April 2019)  
V J Russell (term ended April 2019)  
R L Siddall  
A J Sumner (resigned September 2018)

#### **Committees**

##### **Barossa WAPAC \***

M Alexander (Chair, resigned November 2018)  
L P Deans (Chair)  
M R Grossman  
P Henschke  
A Kassebaum  
H Mizow (resigned November 2018)  
A Moroney  
N Robins  
W A Seeliger

##### **Central Adelaide WAPAC \***

D A McCormack (Chair)  
G A Charlton  
G Ingleton  
B L Linke  
M Marini  
B Williams



**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**2.2. Board and committee members (continued)**

**Northern Adelaide Plains WAPAC \***

N Pezzaniti (Chair)  
D Cavallaro  
L V Dang (resigned July 2018)  
M Lewis  
N Mecozzi  
P Tsiros  
F Nguyen

**Audit, Finance and Risk Committee**

K E Jarrett (Chair, appointed September 2018,  
resigned May 2019)  
T N Johnston (Chair, appointed May 2019)  
A M Searle (Chair, resigned September 2018)  
J R Goode  
A E B Kentish  
F A Lewis  
J A Meakins (resigned January 2019)

\* These members were not remunerated during 2018-19.

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

	<b>2019</b>	<b>2018</b>
\$0 - \$19 999	36	37
\$20 000 - \$39 999	1	1
<b>Total number of members</b>	<b>37</b>	<b>38</b>

The total remuneration received or receivable by members was \$57 000 (2018: \$82 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits, and related fringe benefits tax.

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 \$4 000 (2018: \$11 000).

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

**3. Expenses**

**3.1. Supplies and services**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Fee for service - Board funded DEW salaries	10 871	9 871
Fee for service	5 163	6 877
Fee for service - Water planning management to DEW	2 173	2 120
Fee for service - Corporate services fee to DEW	1 919	1 824
Fee for service - Patawalonga Lakes to DEW	981	1 000
Accommodation and property management	791	888
Other supplies and services	432	492
Fee for service - Shared Services SA fee	329	320
Minor works, maintenance and equipment	314	377
Vehicles	310	316
General administration	242	348
Reimbursement of NRM levy collection fees	221	213
Information technology and communication	141	229
Contracted staff training development	120	120
Travel and accommodation	31	43
Transport	31	33
Temporary staff	1	136
<b>Total supplies and services</b>	<b>24 070</b>	<b>25 207</b>

**Operating leases payments**

Operating lease payments (less any lease incentives) are recognised on a straight-line basis over the lease term.

**3.2. Grants and subsidies**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Grants and subsidies paid to entities within the SA Government</b>		
Adelaide Living Beaches	2 789	2 721
Recurrent grants	149	202
<b>Total grants and subsidies paid to entities within the SA Government</b>	<b>2 938</b>	<b>2 923</b>
<b>Grants and subsidies paid to entities external to the SA Government</b>		
Local Government	2 537	2 343
Other entities	3 603	3 108
<b>Grants and subsidies paid to entities external to the SA Government</b>	<b>6 140</b>	<b>5 451</b>
<b>Total grants and subsidies</b>	<b>9 078</b>	<b>8 374</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. The details of amounts provided, organisations receiving grants and the purpose for each grant are shown in the annual report, as required under 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.

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
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**3.3. Depreciation and amortisation**

	2019	2018
	\$'000	\$'000
<b>Depreciation</b>		
Infrastructure	418	419
Plant and equipment	5	30
Furniture & furnishings	-	2
<b>Total depreciation</b>	<u>423</u>	<u>451</u>
<b>Total depreciation and amortisation</b>	<u><u>423</u></u>	<u><u>451</u></u>

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

**Review of accounting estimates**

Assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

**Useful life**

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

<b>Class of asset</b>	<b>Useful life (years)</b>
Infrastructure	6-50
Plant and equipment	5-40
Furniture and fittings	3-10

**3.4. Other expenses**

	2019	2018
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department	50	50
Bad and doubtful debts	4	(7)
Donated assets	97	117
Property, plant and equipment write offs	-	3
<b>Total other expenses</b>	<u>151</u>	<u>163</u>

The donated asset expenditure relates to expenses incurred for low flow devices. These assets have been transferred to land owners for nil consideration.

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

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
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**4. Income**

**4.1. Regional NRM and Water Levies**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Regional NRM Levy collected through Councils	30 716	28 978
Water Levy and Penalties collected through DEW	755	1 315
Western Mt Lofty Ranges Water Licence - SA Water	1 200	1 200
<b>Total Regional NRM and Water Levies</b>	<b>32 671</b>	<b>31 493</b>

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 to be paid on a quarterly basis to the Board. Levies are recognised as revenue when the Board becomes entitled to the levy.

The Water based levy is collected by DEW 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 funds.

Pursuant to section 146 of the NRM Act, a water licence was issued to SA Water in June 2013 for the taking of 143 000 000kl of surface water in the Western Mt Lofty Ranges surface water area. A fixed charge of \$1.200 million was approved by the Minister for Sustainability, Environment and Conservation, and is payable by the licence holder to the Board on an annual basis.

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
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**4.2. Commonwealth funding**

	2019 \$'000	2018 \$'000
<b>Commonwealth funding</b>		
Regional Land Partnerships Program*	1 489	-
National Landcare Program received through DEW**	-	1 730
<b>Total Commonwealth funding</b>	<b>1 489</b>	<b>1 730</b>

	2019 \$'000	2018 \$'000
<b>* Regional Land Partnerships Program funding consists of the following components</b>		
Back from the Brink	946	-
Core services	413	-
Combating Soil Acidity – What Lies Beneath?	130	-
<b>Total Regional Land Partnerships funding</b>	<b>1 489</b>	<b>-</b>

	2019 \$'000	2018 \$'000
<b>** National Landcare Program funding consists of the following components</b>		
Delivering a Sustainable Rural Environment in the Adelaide and Mt Lofty Ranges Region	-	1 068
Delivering Sustainable Rural Production in the Adelaide and Mt Lofty Ranges Region	-	341
Monitoring, Evaluation and Reporting	-	171
Regional Landcare Facilitator for the Adelaide and Mt Lofty Ranges Region	-	150
<b>Total National Landcare Program funding</b>	<b>-</b>	<b>1 730</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.

There are no contributions received that have conditions of expenditure still to be met as at reporting date.

The National Landcare Program (Phase 1) was funded by the Australian Government over four years from 2014-15 to 2017-18. Commonwealth funding was provided to ensure that on-ground works on important national environmental issues continued with the help of local communities.

From 1 July 2018, the Australian Government has commenced the Regional Land Partnerships (National Landcare Program Phase 2). The funding will support vital on-ground environment and agricultural projects that offer benefits to the environment, farms and communities.

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**4.3. Grant revenues**

	2019 \$'000	2018 \$'000
<b>Grant revenues from SA Government</b>		
Other State Government funding	90	608
<b>Total grant revenues from SA Government</b>	<u>90</u>	<u>608</u>
<b>Other grant revenues</b>		
Sundry grants	89	107
<b>Total other grant revenues</b>	<u>89</u>	<u>107</u>
<b>Total grant revenues</b>	<u><u>179</u></u>	<u><u>715</u></u>

*Grant received*

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.

There are no grant contributions received that have conditions of expenditure still to be met as at the reporting date (2018: \$0.087 million).

**4.4. Interest**

	2019 \$'000	2018 \$'000
Interest revenues from entities within the SA Government	134	126
Interest revenues from Local Council	4	1
<b>Total interest revenues</b>	<u>138</u>	<u>127</u>

**4.5. Other income**

	2019 \$'000	2018 \$'000
Insurance recoveries	246	-
Provision of services	200	169
Sale of goods and services	12	9
Other revenue	12	14
Sponsorships	-	4
<b>Total other income</b>	<u>470</u>	<u>196</u>

Other income includes insurance recoveries from claims relating to past storm and flood events. It also includes revenue generated through the contracting of animal and plant control services conducted on Crown or private land as well as Partner Funding of major projects such as stormwater retention facilities and sale of merchandise such as fox baits. All income relates to the operating activities of the Board. Other income is recognised when the service has been performed.

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
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**5. Non-financial assets**

**5.1. Property, plant and equipment**

	2019 \$'000	2018 \$'000
<b>Infrastructure</b>		
Infrastructure at fair value	9 706	9 707
Infrastructure at cost (deemed fair value)	-	53
Accumulated depreciation	(3 471)	(3 054)
<b>Total infrastructure</b>	<b>6 235</b>	<b>6 706</b>
<b>Plant and equipment</b>		
Plant and equipment at cost (deemed fair value)	198	334
Accumulated depreciation	(181)	(312)
<b>Total plant and equipment</b>	<b>17</b>	<b>22</b>
<b>Capital works in progress</b>		
Capital works in progress at cost	25	-
<b>Total capital works in progress</b>	<b>25</b>	<b>-</b>
<b>Total property, plant and equipment</b>	<b>6 277</b>	<b>6 728</b>

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed.

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

**Impairment**

There were no indications of impairment of property, plant and equipment as at 30 June 2019.

**Reconciliation 2018-19**

	Infrastructure \$'000	Plant and equipment \$'000	Capital works in progress \$'000	Total \$'000
<b>Carrying amount at 1 July 2018</b>	6 706	22	-	6 728
Acquisitions	-	-	69	69
Disposals - transfers for nil consideration	(97)	-	-	(97)
Transfers to/(from) capital works in progress	44	-	(44)	-
Depreciation	(418)	(5)	-	(423)
<b>Carrying amount at 30 June 2019</b>	<b>6 235</b>	<b>17</b>	<b>25</b>	<b>6 277</b>

The Board has transferred low flow devices during the financial year to land owners for nil consideration.

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**6. Financial assets**

**6.1. Cash and cash equivalents**

	2019	2018
	\$'000	\$'000
Deposits with the Treasurer	11 330	9 983
Cash on hand and imprest accounts	1	2
<b>Total cash and cash equivalents</b>	<b>11 331</b>	<b>9 985</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.

**6.2. Receivables**

	2019	2018
	\$'000	\$'000
<b><u>Current</u></b>		
Receivables from government entities	746	-
Receivables from non-government entities	562	119
Accrued revenues	26	11
Less allowance for doubtful debts	(7)	(7)
<b>Total current receivables</b>	<b>1 327</b>	<b>123</b>
<b>Total receivables</b>	<b>1 327</b>	<b>123</b>

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

Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

***Impairment of receivables***

	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	7	14
Increase/(decrease) in the allowance	-	(7)
<b>Carrying amount at the end of the period</b>	<b>7</b>	<b>7</b>

Refer to note 8.2 and 10.2 for details regarding credit risk and the methodology for determining impairment.



**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**7. Liabilities**

**7.1. Payables**

	2019	2018
	\$'000	\$'000
<b><u>Current</u></b>		
Trade payables	2 232	1 311
Accrued expenses	292	278
<b>Total current payables</b>	<b>2 524</b>	<b>1 589</b>
<b>Total payables</b>	<b>2 524</b>	<b>1 589</b>

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

**8. Changes in accounting policy**

**8.1. Treasurer's Instructions (Accounting Policy Statement)**

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- removal of the additional requirement to report transactions with the SA Government
- removal of the additional requirement to report a statement of equity for administered items
- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

# Adelaide and Mount Lofty Ranges Natural Resources Management Board

## Notes to and forming part of the financial statements

for the year ended 30 June 2019

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### 8.2. AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

As part of the adoption of AASB 9, the Board adopted consequential amendments to other accounting standards and the *Treasurer's Instructions (Accounting Policy Statements)* arising from the issue of AASB 9 as follows:

- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and *the Treasurer's Instructions (Accounting Policy Statements)*, AASB 9 *Financial Instruments* was adopted without restating comparative information for classification and measurement requirements. All adjustments relating to classification and measurement are recognised in retained earnings at 1 July 2018.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

#### **Impairment of financial assets**

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

- trade receivables from provision of services

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

#### **Trade receivables**

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The Board has adopted the simplified approach under AASB 9 *Financial Instruments* and measured lifetime expected credit losses on all trade receivables using a provision matrix approach as a practical expedient to measure the impairment provision. This has been reviewed and there has been no change required to the current doubtful debt provision.

There are no additional impairment provisions for State, Territory, Commonwealth Government or Statutory Local Government (NRM levies) receivables due to the high quality credit risk of these receivables.

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

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
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*for the year ended 30 June 2019*

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## 9. Outlook

### 9.1. Unrecognised contractual commitments

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

#### *Operating lease commitments*

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

	2019	2018
	\$'000	\$'000
No later than one year	75	76
Later than one year but not later than five years	11	69
<b>Total operating lease commitments</b>	<b>86</b>	<b>145</b>

Operating lease commitments comprise the following:

- 5 Aldinga Road Willunga
- 33 Onkaparinga Valley Road, Woodside.

The property leases are non-cancellable. Rental is payable monthly with reviews indexed annually, in line with CPI indexation. Options exist to renew the lease at the end of the current term. Lease options exist to renew or cancel the lease at the end of the current term.

#### *Expenditure commitments*

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

	2019	2018
	\$'000	\$'000
No later than one year	6 658	7 066
Later than one year but not later than five years	16 902	18 003
Later than five years	28 257	31 413
<b>Total other commitments</b>	<b>51 817</b>	<b>56 482</b>

Contracts have been entered into for various projects including wetlands, trash racks, flood studies, project officers and grants for Adelaide Living Beaches, Patawalonga Lakes, pollution prevention and research and development. The value of these projects is not reflected in the Statement of Comprehensive Income and Statement of Financial Position.

### 9.2. Contingent assets and contingent liabilities

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

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

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**9.3. Events after the reporting period**

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

**10. Measurement and risk**

**10.1. Fair value**

*AASB 13 Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

***Initial recognition***

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

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

***Revaluation***

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by the Regional Director and audit committee each year.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

The Board revalues its infrastructure assets via a Certified Practising Valuer or internal estimates based on indices or recent transactions. A valuation appraisal by a Certified Practising Valuer is performed at least every 6 years. The last revaluation of assets was performed by Valcorp Australia Pty Ltd on 30 June 2017.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**10.2. Financial instruments**

***Financial risk management***

Risk management is managed by the Board's corporate services section and Board risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Board's exposure to financial risk (liquidity risk, credit risk and market risk) is insignificant based on past experience and current assessment of risk.

***Liquidity risk***

The Board is funded principally from NRM levy funds collected through DEW and Councils, and Commonwealth Government grants.

***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.

***Classification applicable until 30 June 2018 under AASB 139 Financial Instruments: Recognition and Measurement***

The carrying amounts are detailed below of each of the following categories of financial assets and liabilities:

- Loan and receivables
- Financial liabilities measured at cost.

***Classification applicable from 1 July 2018 under AASB 9 Financial Instruments***

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

The Board measures all financial instruments at amortised cost.

**Adelaide and Mount Lofty Ranges Natural Resources Management Board**  
**Notes to and forming part of the financial statements**  
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**10.2. Financial instruments (continued)**

	2019	2018
	Carrying amount	Carrying amount
Category of financial asset and financial liability	\$'000	\$'000
<b><u>Financial assets</u></b>		
<b>Cash and cash equivalents</b>		
Cash and cash equivalents	11 331	9 985
<b>Financial assets at amortised cost</b>		
Receivables	714	123
<b>Total financial assets</b>	<b>12 045</b>	<b>10 108</b>
<b><u>Financial liabilities</u></b>		
<b>Financial liabilities at amortised cost</b>		
Payables	2 427	1 539
<b>Total financial liabilities</b>	<b>2 427</b>	<b>1 539</b>

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (for example, Commonwealth, State and Local Government taxes, fees and charges; 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, that is they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at amortised cost.