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To the Presiding Member South Eastern Water Conservation and Drainage Board

Opinion

I have audited the financial report of the South Eastern Water Conservation and Drainage Board (the Board) for the financial year ended 30 June 2026.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Board as at 30 June 2026, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2026
- a Statement of Financial Position as at 30 June 2026
- a Statement of Changes in Equity for the year ended 30 June 2026
- a Statement of Cash Flows for the year ended 30 June 2026
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Presiding Member, Manager Drainage Operations and the Finance and Business Officer.

Basis for opinion

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 23(2) of the *South Eastern Water Conservation and Drainage Act 1992*, I have audited the financial report of the Board for the financial year ended 30 June 2026.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager, Drainage Operations
- conclude on the appropriateness of the Manager, Drainage Operations' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the Manager, Drainage Operations and the Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue
Deputy Auditor-General

25 September 2026

SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the:

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

- internal controls employed by the South Eastern Water Conservation and Drainage Board for the financial year over its financial reporting and its preparation of financial statements have been effective.



David Williamson
Manager, Drainage Operations
23 / 09 / 2026



Kylie Grosser
Finance and Business Officer
23 / 9 / 2026



Brett McLaren
Presiding Member
23 / 9 / 2026

SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2026

		2026 \$'000	2025 \$'000
<u>Income</u>	Note		
Intra-government transfers	3.1	4,229	2,775
Fees and charges	3.2	268	55
Resources received free of charge	3.3	69	127
Other income	3.4	91	7
Total income		4,657	2,964
<u>Expenses</u>			
Board member expenses	4.1	17	23
Supplies and services	4.2	2,197	2,411
Depreciation	5.6	6,276	3,944
Borrowing costs	4.3	-	6
Other expenses	4.4	80	1,964
Total expenses		8,570	8,348
Net result		(3,913)	(5,384)
<u>Other comprehensive income</u>			
Changes in asset revaluation surplus		10,577	47,045
Total other comprehensive income		10,577	47,045
Total comprehensive result		6,664	41,661

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

The accompanying notes form part of these financial statements.

SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Note	2026 \$'000	2025 \$'000
<u>Current assets</u>			
Cash and cash equivalents	5.2	1,529	392
Receivables	5.3	69	77
Inventories	5.4	20	52
Total current assets		1,618	521
<u>Non-current assets</u>			
Property, plant, equipment and infrastructure	5.6	193,116	187,475
Total non-current assets		193,116	187,475
Total assets		194,734	187,996
<u>Current liabilities</u>			
Payables	6.2	192	118
Total current liabilities		192	118
Total liabilities		192	118
Net assets		194,542	187,878
<u>Equity</u>			
Retained earnings		68,005	71,918
Asset revaluation surplus		126,537	115,960
Total equity		194,542	187,878

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

The accompanying notes form part of these financial statements.

SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2026

		Asset Revaluation Surplus	Retained Earnings	Total
	Note	\$'000	\$'000	\$'000
Balance at 30 June 2024		68,915	77,302	146,217
Net result for 2024-25		-	(5,384)	(5,384)
Change in asset revaluation surplus	5.6	47,045	-	47,045
Total comprehensive result from 2024-25		47,045	(5,384)	41,661
Balance at 30 June 2025		115,960	71,918	187,878
Net result for 2025-26		-	(3,913)	(3,913)
Change in asset revaluation surplus	5.6	10,577	-	10,577
Total comprehensive result from 2025-26		10,577	(3,913)	6,664
Balance at 30 June 2026		126,537	68,005	194,542

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

The accompanying notes form part of these financial statements.

SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 \$'000	2025 \$'000
<u>Cash flows from operating activities</u>			
<i>Cash Inflows</i>			
Intra-government transfers		4,229	2,775
Fees, charges and other income		393	50
GST recovered		184	189
<i>Cash Outflows</i>			
Board member payments		(17)	(23)
Payments for supplies and services		(2,301)	(2,618)
Interest paid		-	(6)
Net cash from/(used in) operating activities	7.2	<u>2,488</u>	<u>367</u>
<u>Cash flows from investing activities</u>			
<i>Cash Outflows</i>			
Purchase of property, plant, equipment and infrastructure	5.6	(1,351)	(1,196)
Net cash from/(used in) investing activities		<u>(1,351)</u>	<u>(1,196)</u>
<u>Cash flows from financing activities</u>			
<i>Cash Outflows</i>			
Repayment of principal portion of lease liabilities		-	(82)
Net cash from/(used in) financing activities		<u>-</u>	<u>(82)</u>
Net increase/(decrease) in cash and cash equivalents		<u>1,137</u>	<u>(911)</u>
Cash and cash equivalents at beginning of the period		<u>392</u>	<u>1,303</u>
Cash and cash equivalents at the end of the period	5.2	<u>1,529</u>	<u>392</u>

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1 About the South Eastern Water Conservation and Drainage Board

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

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

1.1 Basis of preparation

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

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

For the purpose of preparing the financial statements the Board is a not-for-profit entity. The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

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

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

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

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

1.2 Objective

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

1.3 Significant transactions with government related entities

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

- 100% of lease payments relate to cars supplied by South Australian Government Financing Authority, through their agent.
- The Board does not directly employ any staff, but is assigned with staff resources by the Department for Environment and Water (DEW) through a service level agreement. This is recorded as a fee for service expense in note 4.2.
- Total funding of \$2.983m (2025: \$2.227m) for operational activities and \$1.246m (2025: \$0.548m) for capital projects was received from DEW.

2 Board and Committees

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

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

2.1 Key management personnel

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

Total compensation for key management personnel was \$9,000 in 2025-26 and \$13,000 in 2024-25.

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

	2026	2025
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	8	12
Post employment benefits	1	1
Total	9	13

Transactions with key management personnel and other related parties

Apart from the remuneration for key management personnel, the Board does not have material transactions with key management personnel, their close family members and/or their controlled or jointly controlled entities in 2024-25 and 2025-26.

2.2 Board and committee members

Members during the 2025-26 financial year were:

South Eastern Water Conservation and Drainage Board

BN McLaren (Presiding Member)

S Klose

LA Rasenberg

J Fetherstonhaugh (appointed 07/08/2025)

P Ross

J Feast

A Thamm

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

J Fetherstonhaugh (appointed 07/08/2025) (Chair Person)

BN McLaren

S Klose

A Thamm

Board and committee remuneration

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

	2026	2025
	No. of members	No. of members
\$1 – \$19,999	7	9
Total number of members	7	9

The total remuneration received or receivable by members was \$9,000. (2025: \$13,000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and related fringe benefits tax.

3 Income

3.1 Intra-government transfers	2026	2025
	\$'000	\$'000
Intra-government transfers	4,229	2,775
Total intra-government transfers	4,229	2,775

Intra-government transfers are recognised as income on receipt. Intra-government transfers relate to appropriation received from DEW.

Total funding of \$2.983m (2025: \$2.227m) was for operational activities and \$1.246m (2025: \$0.548m) was for capital projects.

3.2 Fees and charges	2026	2025
	\$'000	\$'000
Licence revenues	45	50
Other fees and charges	223	5
Total fees and charges	268	55

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

Fees and charges are recognised when fees are received.

3.3 Resources received free of charge	2026	2025
	\$'000	\$'000
Assets received free of charge	45	80
Services received free of charge - other entities	24	47
Total resources received free of charge	69	127

Assets received free of charge

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

Services received free of charge - other entities

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

3.4 Other income	2026	2025
	\$'000	\$'000
Insurance recovery	91	7
Total other income	91	7

4 Expenses

4.1 Board member expenses	2026	2025
	\$'000	\$'000
Board and committee fees	8	12
Board member on costs - superannuation	1	1
Board member on costs - payroll tax	1	1
Board member costs - reimbursement of costs	7	9
Total Board member expenses	17	23

4.2 Supplies and services	2026	2025
	\$'000	\$'000
Fee for service - DEW ⁽ⁱ⁾	1,169	1,216
Information technology and communications	42	34
Consultants	103	151
Contractors	200	264
Operation and maintenance works	133	214
General administration and consumables	415	437
Other expenses	135	95
Total supplies and services	2,197	2,411

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

4.3 Borrowing costs	2026	2025
	\$'000	\$'000
Interest expense on lease liabilities	-	6
Total borrowing costs	-	6

The Board does not capitalise borrowing costs.

4.4 Other expenses	2026	2025
	\$'000	\$'000
Audit fees	24	27
Asset write offs	56	1,937
Total other expenses	80	1,964

Other expenses include the fair value of resources received free of charge, which is \$24,300 (2025: \$26,800) for audit services received from the Audit Office of South Australia for work performed under the Public Finance and Audit Act 1987. No other services were provided by the Audit Office of South Australia.

5 Assets

5.1 Financial assets	2026 Carrying amount \$'000	2025 Carrying amount \$'000
Financial assets measured at amortised cost		
Cash and cash equivalents	1,529	392
Total financial assets	1,529	392

All financial assets are measured at amortised cost.

5.2 Cash and cash equivalents	2026 \$'000	2025 \$'000
Deposits with the Treasurer (deposit accounts)	1,529	392
Total deposits with the Treasurer (deposit accounts)	1,529	392

Deposits with the Treasurer

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

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

5.3 Receivables	2026 \$'000	2025 \$'000
Current statutory receivables		
GST receivable	69	77
Total current receivables	69	77

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

Statutory receivables

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

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

No impairment loss was recognised in relation to statutory receivables.

5.4 Inventories	2026 \$'000	2025 \$'000
Current - held for distribution at no or nominal amount		
Materials at cost	20	52
Total current inventories held for distribution at no or nominal amount	20	52
Total inventories	20	52

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

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

5.5 Useful life and depreciation of non-financial assets

Useful life

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

Class of Asset	Useful life (years)
Plant and equipment	5-20
Buildings	10-40
Drainage channels	5-80
Drainage structures	1-100
Fences and gates	14-50
Right-of-use vehicles	3-5

Review of accounting estimates

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

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

5.6 Property, plant, equipment and infrastructure by asset class

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

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

Reconciliation 2024-25

	Land and Buildings \$'000	Plant and Equipment held & used \$'000	Fences and Gates \$'000	Drainage Channels \$'000	Drainage Structures \$'000	Capital works in progress \$'000	Right of Use Vehicles \$'000	Total \$'000
Carrying amount at the beginning of the period	9,121	697	9,120	31,584	94,031	406	76	145,035
Acquisitions	-	29	51	-	956	160	-	1,196
Assets received free of charge	-	49	31	-	-	-	-	80
Disposals / Write offs	-	-	-	-	(1,937)	-	-	(1,937)
Transfers between asset classes	-	-	-	-	252	(252)	-	-
Revaluation increment/(decrement)	-	-	753	6,771	39,521	-	-	47,045
Depreciation expense	(14)	(114)	(309)	(852)	(2,579)	-	(76)	(3,944)
Carrying amount at the end of the period	9,107	661	9,646	37,503	130,244	314	-	187,475

Reconciliation 2025-26

	Land and Buildings \$'000	Plant and Equipment held & used \$'000	Fences and Gates \$'000	Drainage Channels \$'000	Drainage Structures \$'000	Capital works in progress \$'000	Right of Use Vehicles \$'000	Total \$'000
Carrying amount at the beginning of the period	9,107	661	9,646	37,503	130,244	314	-	187,475
Acquisitions	-	-	24	-	807	520	-	1,351
Assets received free of charge	-	-	45	-	-	-	-	45
Disposals / Write offs	-	-	-	-	(56)	-	-	(56)
Transfers between asset classes	-	-	-	-	54	(54)	-	-
Revaluation increment/(decrement)	-	-	556	2,178	7,843	-	-	10,577
Depreciation expense	(15)	(122)	(408)	(1,085)	(4,846)	-	-	(6,276)
Carrying amount at the end of the period	9,092	539	9,863	38,596	134,246	780	-	193,116
	Land and Buildings \$'000	Plant and Equipment held & used \$'000	Fences and Gates \$'000	Drainage Channels \$'000	Drainage Structures \$'000	Capital works in progress \$'000	Right of Use Vehicles \$'000	Total \$'000
Gross carrying amount	9,336	3,000	21,702	93,114	326,470	780	-	454,402
Accumulated Depreciation	(244)	(2,461)	(11,839)	(54,518)	(192,224)	-	-	(261,286)
Carrying amount	9,092	539	9,863	38,596	134,246	780	-	193,116

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

5.7 Property, plant and equipment owned by the Board

Property, plant and equipment owned by the Board with a value equal to or in excess of \$10,000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the Board is recorded at fair value. Detail about the Board's approach to fair value is set out in note 9.1.

Revaluation and impairment

Revaluation of property, plant and equipment is undertaken on a regular cycle, with each class revalued at least every six years. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

6 Liabilities

6.1 Financial liabilities

	2026	2025
	Carrying amount	Carrying amount
	\$'000	\$'000
<u>Financial liabilities measured at amortised cost</u>		
Contractual payables	188	115
Total financial liabilities	188	115

All financial liabilities are measured at amortised cost.

6.2 Payables

	2026	2025
	\$'000	\$'000
Current		
Contractual payables	188	115
Statutory payables	4	3
Total current payables	192	118
Total payables	192	118

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

Contractual payables

Contractual payables are liabilities that arise from contracts. They include trade payables and accrued expenses. Accrued expenses are expenses incurred but not yet invoiced or paid. The balances are transferred to trade payables when invoices are received.

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

Statutory payables

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

7 Other Disclosures

7.1 Equity

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

7.2 Cash flow

	2026 \$'000	2025 \$'000
<u>Reconciliation of net cash provided by operating activities to net result:</u>		
Net cash provided by/(used in) operating activities	2,488	367
<u>Add/less non-cash items:</u>		
Depreciation expense of non-current assets	(6,276)	(3,944)
Assets written off	(56)	(1,937)
Assets received free of charge	45	80
<u>Movement in assets and liabilities:</u>		
Increase/(decrease) in receivables	(8)	22
Increase/(decrease) in inventories	(32)	26
(Increase)/decrease in payables	(74)	2
Net result	<u>(3,913)</u>	<u>(5,384)</u>

Total cash outflows for leases was \$120,000 (2025: \$88,000)

8 Outlook

8.1 Unrecognised Commitments

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

	2026 \$'000	2025 \$'000
Contractual commitments to acquire property, plant and equipment		
Within one year	79	-
Later than one year but not longer than five years	-	-
Later than five years	-	-
Total Capital Commitments	<u>79</u>	<u>-</u>

8.2 Contingent assets and liabilities

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

The Board does not have any contingent assets or liabilities.

8.3 Impacts of standards not yet effective

The Board has assessed the impact of new and changed Australian Accounting Standards and Interpretations not yet effective.

No Australian Accounting Standards have been early adopted.

8.4 Events after the reporting period

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

9 Measurement and risk

9.1 Fair value

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

Initial recognition

Where assets are acquired at significantly less than fair value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at significantly less than fair value as part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

Revaluation

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

The revaluation process is reviewed by the Finance and Business Officer and Finance and Governance Sub-Committee each year.

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

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

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

Fair value hierarchy

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

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

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

During 2025 and 2026, the Board had no valuations categorised into level 1 or level 2; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

9.1 Fair value (Cont.)

Fair value classification - non-financial assets at 30 June 2026		Level 3
		\$'000
<u>Recurring fair value measurements</u>		
Fences and Gates		9,863
Drainage Channels		38,596
Drainage Structures		134,246
Land and Buildings		9,092
Plant and Equipment held & used		539
Total recurring fair value measurements		192,336
Fair value classification - non-financial assets at 30 June 2025		Level 3
		\$'000
<u>Recurring fair value measurements</u>		
Fences and Gates		9,646
Drainage Channels		37,503
Drainage Structures		130,244
Land and Buildings		9,107
Plant and Equipment held & used		661
Total recurring fair value measurements		187,161

Fences and gates, drainage channels & structures

A desktop valuation over fences and gates, drainage channels and drainage structures was performed as at 30 June 2026 by a Certified Practising Valuer from Tonkin Consulting.

The index applied was the Building Price Index (BPI) which reflects the effect on building costs brought about by periodic variations in the rates of labour and material related to the construction industry. The fair value of fences and gates, drainage channels and drainage structures was determined by applying the BPI of 6.02%, to the previously determined unit rates as at 30 June 2025 to reflect a valuation as at 30 June 2026.

Refer to Note 5.6 for a reconciliation of fair value measurements using significant unobservable inputs (level 3) for 2024-2025 and 2025-26.

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

Plant and equipment

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

9.2 Financial Instruments

Financial risk management

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

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

Liquidity risk

The Board is funded principally from appropriation by the SA Government received via the Department for Environment and Water. The Board works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet expected cash flows.

Credit Risk

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

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

Cash and debt investments

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

Market risk

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

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

Categorisation of financial instruments

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

Classification of Financial Instruments

The Board measures all financial instruments at amortised cost.

Maturity analysis of financial instruments

	2026 Carrying amount / Fair value \$'000	2026 Contractual maturities* Within 1 Year \$'000	1-5 Years \$'000	More than 5 years \$'000
Financial liabilities				
Financial liabilities at amortised cost:				
Contractual payables	188	188	-	-
Total financial liabilities	188	188	-	-
	2025 Carrying amount / Fair value \$'000	2025 Contractual maturities* Within 1 Year \$'000	1-5 Years \$'000	More than 5 years \$'000
Financial liabilities				
Financial liabilities at amortised cost:				
Contractual payables	115	115	-	-
Total financial liabilities	115	115	-	-

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