

**HOUSE OF ASSEMBLY
LAID ON THE TABLE**

14 Nov 2017



**Government
of South Australia**

Native Vegetation Council

2016-17 Annual Report

Delay in meeting the 31 October 2017 statutory deadline to Minister

Whilst the main body of the attached Annual Report was completed prior to 31 October 2017, the audit opinion on the financial statements was not received in sufficient time to enable the Minister to receive the Annual Report within the statutory timeframe.

HOUSE OF ASSEMBLY
LAID ON THE TABLE

14 Nov 2017



**Government
of South Australia**



Native Vegetation Council

Native Vegetation Council **2016-17 Annual Report**

Native Vegetation Council

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Date presented to Minister: 1 November 2017



Native Vegetation Council

To:
Hon Ian Hunter MLC
Minister for Sustainability, Environment and Conservation

This annual report is presented to Parliament to meet the statutory reporting requirements of *the Native Vegetation Act 1991* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

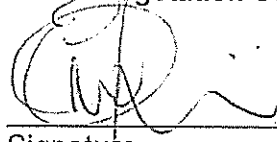
This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Native Vegetation Council by:

Emily Jenke

Presiding Member

Native Vegetation Council



Signature

8.8.17

Date

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Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role of the Native Vegetation Council

The Native Vegetation Council (NVC) provides expert advice on the *Native Vegetation Act 1991* (the Act) to the Minister for Sustainability, Environment and Conservation (the Minister) and monitors the overall condition of the State's vegetation and makes decisions on a wide range of matters concerning native vegetation in South Australia.

The incentives and assistance to landowners and the community in relation to the preservation and enhancement of native vegetation is held in high regard by the public.

Objectives

The NVC provides decisions that seek to further the objects of the Act, as outlined in section 6. Decisions made consider both ecological and development outcomes to enable the effective protection, maintenance and restoration of our native vegetation.

- Review the condition of the native vegetation of the State.
- Advise the Minister in relation to—
 - (a) the preservation, enhancement and management of existing native vegetation
 - (b) the re-establishment of native vegetation on land where native vegetation has been cleared or degraded
 - (c) research into the preservation, enhancement and management of native vegetation and the re-establishment of native vegetation on cleared land.
- Keep the principles of clearance of native vegetation under review and to advise the Minister of any changes to the principles that it considers are necessary or desirable.
- Determine applications for consent to clear native vegetation under Part 5 of the Act.
- Assess and respond to applications referred to Council under the *Development Act 1993*.
- Encourage research into the preservation, enhancement and management of existing native vegetation.
- Encourage the re-establishment of native vegetation on land from which native vegetation has been cleared.
- Administer the Native Vegetation Fund pursuant to Division 3 of the Act.
- Such other functions as are assigned to the Council under this or any other Act.

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
Keeping our high quality of life without loss to native flora and fauna species.	SASP Target 69. Lose no native species as a result of human impact

Key strategy	SA Government objective
Establishing and maintaining linkages and networks with industry and non-government organisations to ensure mutual understanding and acceptance of issues and their resolutions.	SASP Target 32. Performance in the public sector - customer and client satisfaction with government services: Increase in the satisfaction of South Australians with government services by 10% by 2014, maintaining or exceeding that level of satisfaction thereafter.
Ensure interest in and respect for the environment by encouraging land managers and the community to look after our land, national parks, rivers and wetlands.	Target 72. Nature conservation - increase participation in nature conservation activities by 25% by 2015.

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Comments
Significant Environmental Benefit (SEB) Grants	<p>Grant call for 'Red Gum Woodland, Mount Lofty Ranges' large scale or significant projects valued at more than \$100 000 - received 17 applications. Final assessment to occur August 2017.</p> <p>Grant of \$72 500 to Nature Foundation SA to implement conservation land management actions that will produce an SEB to the landscape at Hiltaba.</p> <p>The 2013-14 SEB Grant 'Restoration of semi-arid woodlands: connecting the mallee to the floodplain' final report was endorsed. The value of this project increased engagement with the local community and volunteers, improved understanding of the ecosystem's ecology and improved management.</p>	<p>The program offsets approved clearance and creates opportunities to work at a landscape scale with strategic investment for the conservation, enhancement and management of native vegetation.</p> <p>Funding is provided from payments into the Native Vegetation Fund by landowners, developers, government agencies and mining companies to achieve the SEB required to offset the approved clearance of native vegetation in South Australia.</p>
Native Vegetation Heritage Agreements	During 2016-17, 15 new heritage agreements applications were received. 5 requests for variations and subdivisions to existing heritage agreements were received. 40 heritage agreements were registered by the Minister or his delegate. One million hectares of vegetation is protected through heritage agreements.	As a heritage agreement is binding in perpetuity, it ensures the long-term protection of the State's original vegetation.

Program name	Indicators of performance/effectiveness/efficiency	Comments
Heritage Agreement Fencing	In 2016-17, the NVC expended \$52 558.80 over 14.4 kilometres across three heritage agreements and in doing so, contributed to the ongoing conservation and protection of a total of 313.55 hectares.	Financial assistance for the fencing of heritage agreements is prioritised by bushfire affected heritage agreements and on the availability of funds.
Roadside Vegetation Management	NVC approved the review of three roadside management plans and granted an extension for a further two.	Streamlines roadside vegetation management plans for multiple uses, including vehicle transport and provision of a variety of community services.
Review of Native Vegetation Regulations	<p>Following six weeks of intense consultation, <i>the Native Vegetation Regulations 2017</i> were approved by Cabinet Sub-committee and commenced operation on 1 July 2017.</p> <p>Restructuring has occurred to align all clearance activities with one of four approval pathways. The risk assessment pathway four is a new initiative, and will help to ensure that requirements for clearance approval are commensurate with the level of potential impact of the clearance.</p> <p>The majority of existing prescribed activities have been retained and some have been slightly modified to improve clarity. Some regulations have been combined, and are now covered by regulation 11(24) '<i>Maintenance of existing Agriculture, Forestry or Farming</i>'. This regulation does not require a SEB offset nor is there an application fee to lodge the management plan. Three activities have been incorporated to address gaps in the 2003 Regulations.</p> <p><i>A Guide to the Native Vegetation Regulations 2017</i> has been developed with respect to permitted clearance activities. The Guideline '<i>Maintenance of existing Agriculture, Forestry or Farming</i>' has been developed to inform and assist landowners with the new regulation 11(24). Consultation on this Guideline concludes 7 September 2017</p>	Quick and simple assessment for the majority of low impact clearances; including clearance for new houses, subdivisions, infrastructure and roads. Improve clarity for the public and streamline administration of the Act.

Program name	Indicators of performance/effectiveness/efficiency	Comments
Significant Environmental Benefit (SEB) Program	<p>With the development and completion of consultation, <i>the Guide for calculating an SEB</i>, the <i>Policy for an SEB</i> and the establishment of an SEB Register, the <i>Native Vegetation (Credit for Environmental Benefits) Regulations 2015</i> became fully operational on 1 July 2017.</p> <p>Accreditation of consultants and training for non-government staff in the <i>Native Vegetation Regulations 2017</i> and the SEB Policy and Guide concluded mid-May 2017. Further training will commence mid-July 2017 across the regions, incorporating regional staff and local government staff.</p> <p>Consultation continues with the Department of the Premier and Cabinet on the '<i>Guide for SEB for clearance of native vegetation associated with the Minerals and Petroleum Industry</i>'.</p> <p>Consultation on the '<i>Rangelands Assessment Manual</i>' will conclude 28 July 2017. The Manual provides for a consistent vegetation assessment method for the rangelands, opportunities for regular pastoral assessments to include monitoring of SEB area and a more rapid and suitable assessment method.</p>	<p>An SEB compensates for the loss of native vegetation and results in an overall environmental gain for the state.</p> <p>Accreditation and training are important for providing greater clarity and certainty for clearance proponents, SEB providers and the general public through the native vegetation management process.</p>
Standard Operating Process (SOP) for clearance of native vegetation	<p>The SA Power Networks developed a new SOP in relation to the responsibilities and processes when clearing native vegetation where the <i>Electricity (Principles of Native Vegetation Clearance) Regulations 1996</i> do not apply.</p> <p>The Department for Planning, Transport and Infrastructure and SA Water revised their SOP's to address the SEB Guide and SEB Policy.</p>	<p>Streamlined the approach for government agencies to clear native vegetation.</p> <p>The NVC continues to review SOPs for DEWNR Fire, SA Water Prescribed Burning, ElectraNet and ForestrySA.</p>

Program name	Indicators of performance/effectiveness/efficiency	Comments
Change Detection Program (CDP)	On an average, 20-30% of alleged native vegetation clearances annually are detected via CDP. Satellite imagery is obtained over a region of the State at regular intervals providing a series of geographically and spectrally calibrated images of the same location across a period of time. Scientific methods applied to the images highlight areas where a change in vegetation cover is detected.	The aim of the program is to monitor any loss in quantity or quality of native vegetation in the rural agricultural regions of South Australia.
Kangaroo Island Advisory Board to the Kangaroo Island Commissioner	The NVC attended the Advisory Board Meeting in May 2017 and attended several sites including primary production land to discuss how SEB offsetting can be applied, how the scoring for scattered trees is calculated and fire management issues. Other sites included areas that demonstrated issues with roadside vegetation management and road safety. Several case studies based on the new offsetting methodologies were discussed and provided to the Local Advisory Board for information.	The Kangaroo Island Council and NVC are progressing issues associated with the development of a new Kangaroo Island Roadside Vegetation Management Plan. It is envisaged that a revised plan will be provided to the NVC before December 2017.

Legislation administered by the agency

NVC is responsible for complying with the *Native Vegetation Act 1991*, *Native Vegetation Regulations 2017* and *Native Vegetation (Credit for Environmental Benefit) Regulations 2015*, which are administered by DEWNR.

Organisation of the agency

In accordance with section 8 of the Act, the NVC consists of seven members appointed by the Minister.

The current membership of the NVC has been appointed for a two-year period, expiring on 13 September 2017. The NVC membership, meeting attendance and remuneration details are recorded by the Boards and Committee Unit, DPC and can be view at <http://www.dpc.sa.gov.au/what-we-do/services-for-government/boards-and-committees-administration>

Other agencies related to this agency (within the Minister's area/s of responsibility)

Department of Environment, Water and Natural Resources (DEWNR)

Employment opportunity programs

The NVC has no staff of its own and utilises the services of DEWNR. Reporting on this matter is contained in the DEWNR Annual Report 2016-17.

Executive, administrative and project support were provided to the NVC from existing DEWNR resources.

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
The Council undertakes a performance review every two years, including evaluation of its effectiveness and governance responsibilities	Not undertaken in this reporting period
Government employees supporting the NVC's operations undertake a performance review and development program with their managers.	Two sessions are held on an annual basis. This is considered to be effective.

Occupational health, safety and rehabilitation programs of the agency and their effectiveness

Occupational health, safety and rehabilitation programs	Effectiveness
The NVC abides by the relevant health and safety policies and procedures that have been adopted by DEWNR to meet whole of Government and legislative requirements.	Reporting on this matter is contained within the DEWNR Annual Report 2016-17.

Fraud detected in the agency

Category/nature of fraud	Number of instances
It is declared that there were no instances of fraud detected in the activities undertaken by the NVC in this reporting period.	0

Strategies implemented to control and prevent fraud

Strategies to detect instances of fraud are reported in the DEWNR Annual Report 2016-17.

Data is available at: <https://data.sa.gov.au/data/dataset/native-vegetation-council-annual-report-data>

Whistle-blowers' disclosure

Disclosure	Number of instances
Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the <i>Whistle-blowers' Protection Act 1993</i>	0

Data is available at: <https://data.sa.gov.au/data/dataset/native-vegetation-council-annual-report-data>

Executive employment in the agency

Executive classification	Number of executives
SAES Level 1	0

Data is available at: <https://data.sa.gov.au/data/dataset/native-vegetation-council-annual-report-data>

For further information, the [Office for the Public Sector](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultants	Purpose	Value
All consultancies below \$10 000 each	-	\$0
Consultancies above \$10 000 each	-	\$0
Total all consultancies		\$0

Data is available at: <https://data.sa.gov.au/data/dataset/native-vegetation-council-annual-report-data>

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value. See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Financial performance of the Native Vegetation Council

The Native Vegetation Fund (the Fund), established by the Act, consists of an annual allocation appropriated by Parliament, clearance application fees, monies paid into the Fund to achieve an SEB and penalties from civil and summary enforcement proceedings. Monies are made available for the management of heritage agreement areas, research into the preservation, large scale conservation, restoration and management of native vegetation once established or reinstated on cleared land. The Act also provides that monies paid into

the Fund as SEB payments or penalties must be managed by the NVC to establish or regenerate native vegetation.

The following is a brief summary of the overall financial position of the Fund. The information is unaudited. Refer to the Appendix for 2016-17 audited financial statements.

Native Vegetation Fund 30 June 2016

	2017
	\$'000
Expenses	
Supplies and services	196
Grants and subsidies	1 873
Other	10
Total expenses	2 079
 Income	
Fees and charges	2 533
Grants	37
Interest	67
Total income	2 637
 Net cost of providing services	558
Revenues from SA Government	
Revenues from SA Government	1 108
Total revenues from SA Government	1 108

Other financial information

Clearance of native vegetation

During 2016-17, 34 clearance applications were approved with clearance consent being granted over 260.31 hectares of native vegetation. During the reporting period, 1235 bundles of brush cutting (*Melaleuca uncinata*) at an average green weight of 20 kg per bundle were reported. In this financial year, one new application for brush cutting was received. One brush cutting extension was requested.

For the financial year 2016-17, SEB's established to offset the above clearance included the management or restoration of 987.33 hectares of native vegetation and agreed payments into the Native Vegetation Fund of \$156 268.50.

Consistent with the *Native Vegetation Regulations 2003*, 175 clearance matters were approved. The total clearance of native vegetation, under the Regulations, for this reporting period was 2145.05 hectares and 808 trees.

A number of the Regulations require the establishment of an SEB. During the 2016-17 financial year, SEB payments, including those under delegation, totalled \$2 989 082.43 with other clearance requirements of an on ground SEB offset of 3330.41 hectares.

It should be noted that there is an ability to clear under the Regulations that does not require consultation with the NVC, for example clearance around a prescribed building or structure under Regulation 5(1)(k). Hence the amount of this clearance is unknown.

In addition to the above, DEWNR conducted 28 prescribed burns, totalling 5717.90 hectares, to strategically reduce fire fuel hazards in areas of South Australia's parks and reserves.

The reports below can be viewed at: <https://data.sa.gov.au/data/dataset/native-vegetation-council-annual-report-data>

Organisation with Delegated Officers	No of Clearance Decisions	Ha Native Vegetation Cleared	Trees Removed
DSD Mining	6	60.05	22
DSD Energy	3	249.47	0
SA Water	6	1.418	3
DPTI	34	23.449	632
Forestry SA	4	181.1	0
ElectraNet	1	21.78	20

Table 1: Clearance decisions under Regulations by delegation 2016-17

Clearance	Financial Year 2015-16	Financial Year 2016-17
CC Application under section 28	28	34
Ha under section 28	72.44	260.31
Trees under section 28	48	242
CC under Regulations	210	175
Ha under Regulations	1282.64	2145.05
Trees under Regulations	1632	808
\$ SEB under Regulations	4 392 080.00	2 989 082.43
\$ SEB under section 28	61 312.22	156 268.50
Ha SEB offset under Regulations	122.33	3330.41
Ha SEB offset under section 28	96.48	987.33

Table 2: Clearance statistics for comparison of financial year 2015-16 and 2016-17

NRM Region	No of Clearance Decisions	Ha Native Vegetation cleared	Trees Removed	Committed SEB \$	Committed SEB ha
Adelaide & Mount Lofty Ranges	61	57.96	157	1 619 348.00	12.56
Alinytjara Wilurara	1	49.71	0	42 738.80	0
Eyre Peninsula	12	44.43	0	37 438.00	7.2
Kangaroo Island	6	19.02	0	500.00	0
Northern and Yorke	17	57.55	28	210 461.60	67.04
SA Murray Darling Basin	43	12.76	569	855 409.80	1.1
South Australian Arid Lands	18	982.57	20	466 916.00	3004.23
South East	17	921.06	34	38 148.68	238.28

Table 3: Clearance decisions under Regulations by NRM Region 2016-17

NRM Region	No of Clearance Decisions	Ha Native Vegetation Cleared	Trees Removed	Committed SEB \$	Committed SEB ha
Adelaide and Mount Lofty Ranges	9	.38	17	1817.20	5.53
Alinytjara Wilurara	0	0	0	0	0
Eyre Peninsula	4	15.06	23	55 300.00	65.2
Kangaroo Island	0	0	0	0	0
Northern and Yorke	4	59.5	3	15 962.70	594
SA Murray Darling Basin	10	262.46	193	33 660.25	219.22
South Australian Arid Lands	0	0	0	0	0
South East	7	22.91	6	49 528.32	103.38

Table 4: Clearance decisions under Section 28 by NRM Region 2016-17

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

Reports received in 2016-17 for alleged illegal clearance

During this financial year, 138 reports of potential clearance of native vegetation contrary to the *Native Vegetation Act 1991* were received. The reports are presented according to each NRM region and can be viewed at: <https://data.sa.gov.au/data/dataset/native-vegetation-council-annual-report-data>

Table 5 below: Reports received by NRM Region 2008-09 to 2016-17 *Total includes

CDP

NRM Region	11-12	12-13	13-14	14-15	15-16	16-17
Adelaide and Mount Lofty Ranges	53	61	60	21	29	30 (22%)
Alinytjara Wilurara			1			0
Eyre Peninsula	14	17	22	34	11	32 (23%)
Kangaroo Island	15	10	11	4	8	13 (9%)
Northern and Yorke	29	24	25	8	14	21 (15%)
SA Arid Lands	1	2	1	0	0	1 (1%)
SA Murray Darling Basin	36	34	34	22	25	21 (15%)
South East	33	26	23	13	22	20 (14%)
TOTAL*	231	215	199	130	140	138
Change Detection Program	50	41	22	28	31	40

The outcome for each incident can be view at: <https://data.sa.gov.au/data/dataset/native-vegetation-council-annual-report-data>

The total reports received for 2016-17 is below the average number recorded over the past nine years of collecting data. Of the 138 reports, 40 (30%) were detected through the CDP from satellite imagery analysis. The majority of the CDP reports were within the Eyre Peninsula NRM region and are included in the NRM distribution for this year.

Of the 98 reports received this financial year, a total of 39 reports (37%) were considered to be either 'No Further Action' required (21%) or 'Exempt – Regulation' (16%) under the Regulations. The majority of the 'No Further Action' clearances relate to the vegetation being non-native, as defined by the Act, or occurring on roadsides or on Crown Land where an offender is unable to be identified. The majority of exempt clearances relate to fence line clearance and bushfire protection around dwellings and associated structures. Some of the clearances detected though the CDP were verified as the result of wild fires.

Average of the actions taken for alleged illegal clearance, as shown below, can be viewed at: <https://data.sa.gov.au/data/dataset/native-vegetation-council-annual-report-data>

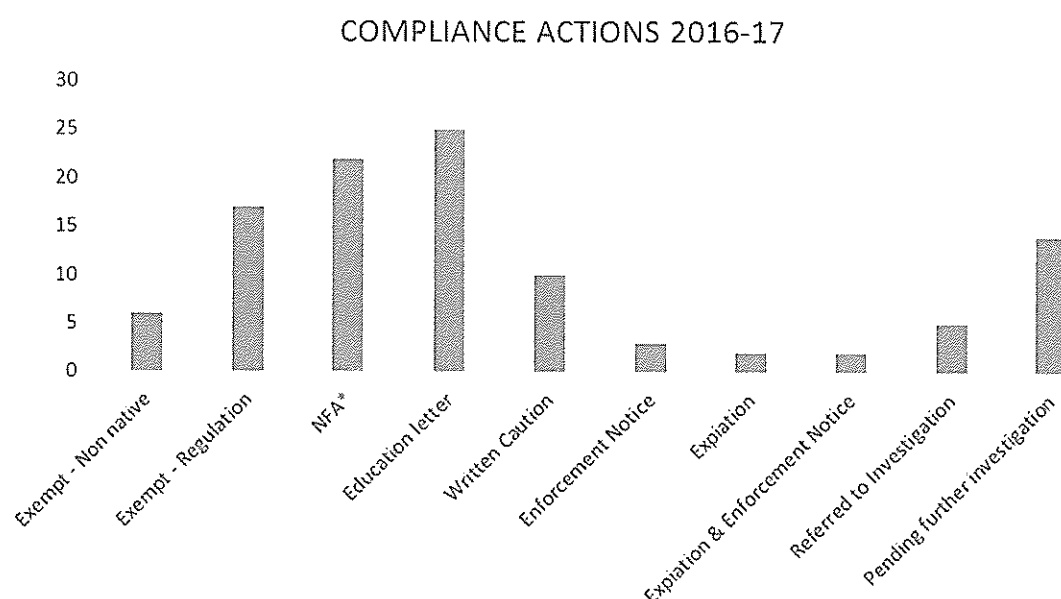


Figure 1: Summary of the actions taken from reports of alleged illegal clearance.

Criminal Prosecutions

For the 2016-17 financial year one matter was finalised, 20 January 2017, in the Adelaide Magistrates Court that is now subject to an appeal brought by the defendant to the Supreme Court. The first prosecution was also brought in to the ERD Court, which in-principle was finalised 22 June 2017. However a judgment has not been delivered. One criminal matter remains from this financial year with judgment listed for 28 July 2017.

Civil Enforcement Proceedings

There are three civil matters lodged in the ERD Court and are 'on hold' pending the outcome of the criminal prosecution. One matter initiated in the 2015-16 financial year has been adjourned to October 2017.

Two court orders (orders) were annulled during the 2016-17 financial year due to both respondents having complied with the directives of the orders to make good the breach. Another two orders ceased due to the respondents having completed their financial obligation to make good the breach.

Section B: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

Public complaints received by the Native Vegetation Council	
Category of complaints by subject	Number of instances
Clearance of native vegetation	1

Data is available at: <https://data.sa.gov.au/data/dataset/native-vegetation-council-annual-report-data>

Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
Clearance of native vegetation decision	Met with applicant and arrived at a compromise.

Appendix: Audited financial statements 2016-17

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Presiding Member Native Vegetation Council

As required by section 22(2) of the *Native Vegetation Act 1991*, I have audited the financial report of the Native Vegetation Fund for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Native Vegetation Fund as at 30 June 2017, 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 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member of the Native Vegetation Council, and the Chief Executive and Chief Financial Officer of the Department of Environment, Water and Natural Resources.

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 Native Vegetation Fund. 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 Chief Executive and the Council for the financial report

The Chief Executive 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 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.

The Members of the Council 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 Chief Executive
- 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 Chief Executive and the Presiding Member, Native Vegetation Council 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 'Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

30 October 2017

Native Vegetation Fund

Financial Statements

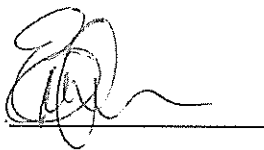
For the year ended 30 June 2017

Native Vegetation Fund Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Native Vegetation Fund:

- 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 Native Vegetation Fund; and
- present a true and fair view of the financial position of the Native Vegetation Fund as at 30 June 2017 and the results of its operations and cash flows for the financial year.

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



Emily Jenke
Presiding Member
Native Vegetation Council
27/10/2017



Sandy Pitcher
Chief Executive
Department of Environment,
Water and Natural Resources
27/10/2017



Michelle Griffiths
Chief Financial Officer
Department of Environment,
Water and Natural Resources
27/10/2017

Native Vegetation Fund
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Expenses			
Supplies and services	5	196	399
Grants and subsidies	6	1 873	2 486
Other	7	10	9
Total expenses		2 079	2 894
Income			
Fees and charges	8	2 533	1 645
Interest	9	67	79
Other	10	37	11
Total income		2 637	1 735
Net benefit from/(cost of) providing services		558	(1 159)
Revenues from SA Government			
Revenues from SA Government	11	1 108	1 080
Total revenues from SA Government		1 108	1 080
Net result		1 666	(79)
Total comprehensive result		1 666	(79)

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

The above statement should be read in conjunction with the accompanying notes

Native Vegetation Fund
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	12	4 844	3 850
Receivables	13	1 038	327
Total current assets		5 882	4 177
Total assets		5 882	4 177
Current liabilities			
Payables	14	108	69
Total current liabilities		108	69
Total liabilities		108	69
Net assets		5 774	4 108
Equity			
Retained earnings		5 774	4 108
Total equity		5 774	4 108

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	16
Contingent assets and liabilities	17

The above statement should be read in conjunction with the accompanying notes

Native Vegetation Fund
Statement of Changes in Equity
for the year ended 30 June 2017

	Retained Earnings \$'000	Total equity \$'000
Balance at 30 June 2015	4 187	4 187
Net result for 2015-16	(79)	(79)
Total comprehensive result for 2015-16	(79)	(79)
Balance at 30 June 2016	4 108	4 108
Net result for 2016-17	1 666	1 666
Total comprehensive result for 2016-17	1 666	1 666
Balance at 30 June 2017	5 774	5 774

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

The above statement should be read in conjunction with the accompanying notes

Native Vegetation Fund
Statement of Cash Flows
for the year ended 30 June 2017

		2017	2016
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Payments for supplies and services		(219)	(376)
Payments of grants and subsidies		(1 812)	(2 665)
Other payments		(9)	(9)
Cash used in operations		(2 040)	(3 050)
Cash inflows			
Fees and charges		1 822	1 423
Interest received		67	82
Other receipts		37	11
Cash generated from operations		1 926	1 516
Cash flows from SA government			
Receipts from SA government		1 108	1 080
Cash generated from SA government		1 108	1 080
Net cash provided by/(used in) operating activities		994	(454)
Net increase/(decrease) in cash and cash equivalents		994	(454)
Cash and cash equivalents at 1 July		3 850	4 304
Cash and cash equivalents at 30 June	12	4 844	3 850

The above statement should be read in conjunction with the accompanying notes

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

1 Objectives of the Native Vegetation Fund

The Native Vegetation Fund (the Fund) is established under section 21 of the *Native Vegetation Act 1991* (the Act). The major purpose of the Fund is to provide funds to be applied for research, preservation, enhancement and management of native vegetation in South Australia and encouraging the re-establishment of native vegetation on land from which it has been previously cleared.

The Native Vegetation Council (the Council) is responsible for the administration of the Fund in accordance with the Act.

In accordance with the provisions of the Act, the Council has delegated certain functions to officers within the Department of Environment, Water and Natural Resources (DEWNR), who provide technical and administrative support including the use of certain plant and equipment, office accommodation and various administrative services. These services are provided by DEWNR at no charge to the Council and have not been recognised in the financial statements of the Fund as it is impractical to determine the value of these services.

2 Significant accounting policies

(a) Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with 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 Fund has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Fund is a not-for-profit entity.

(b) Basis of preparation

The preparation of the financial statements requires:

- The use of certain accounting estimates and requires management to exercise its judgement in the process of applying Fund's accounting policies. Areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes.
- The selection and application of accounting policies in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.
- Compliance with Accounting Policy Statements issued pursuant to Section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosure, that has been included in this financial report:

- (a) Native Vegetation Council/Committee member and remuneration information, where a council/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

(c) Reporting entity

The financial activities of the Fund are primarily conducted through an interest bearing deposit account established pursuant to section 8 of the *Public Finance and Audit Act 1987* and held with the Department of Treasury and Finance (DTF). The Fund's sources of revenue include:

- money appropriated by Parliament for the purposes of the Fund
- fees payable in respect of applications to the Council to clear native vegetation
- expiation fees and penalties recovered in respect of offences against the Act
- interest from investment of the Fund.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(e) Rounding

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

(f) Taxation

The Fund is not subject to income tax. The Fund is liable for fringe benefits tax and goods and services tax (GST).

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

(g) Events after the end of the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

(h) Current and non-current classification

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.

(i) Unrecognised contractual commitments and contingent assets and liabilities

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

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.

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

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

3 New and revised accounting standards and policies

The Fund did not voluntarily change any of its accounting policies during 2016-17.

4 Activities of the Fund

In achieving its objectives, the Fund conducts all of its activities through the one program - to provide funds to be applied for research, preservation, enhancement and management of native vegetation in South Australia and encouraging the re-establishment of native vegetation on land from which it has been previously cleared.

5 Supplies and services

	2017	2016
	\$'000	\$'000
Fee for service	61	90
Minor works	48	94
General administration	40	37
Contractors	32	167
Accommodation and property	12	11
Travel and accommodation	3	-
Total supplies and services	196	399

6 Grants and subsidies

	2017	2016
	\$'000	\$'000
Payment of Heritage Agreement Grant Schemes	4	1
Contribution to the Native Vegetation Council Secretariat for NVC		
Administrative Support	174	168
Contribution to the Native Vegetation Council Secretariat for Biodiversity		
Assessment Function	205	59
Contribution to the Native Vegetation Council Secretariat for contract positions -		
NV Incentives Program Management	110	160
Contribution to the Native Vegetation Council for Council Operating Costs	90	90
Contribution to DEWNR for Manager Native Vegetation Management Unit	136	132
Contribution to the Native Vegetation Council Secretariat for contract position -		
NVC Communication and Engagement Officer	-	31
Contribution to DEWNR for Coordinator, Assessment and Stakeholder Liaison	125	121
Contribution to the Native Vegetation Council Secretariat for the		
Communication Strategy BushRAT	-	-
Contribution to DEWNR for Coordinator, Governance and Administration	111	107
Contribution to DEWNR for Regional Transition NV Officers	-	180
Contribution to DEWNR for Operating Costs NVMU	60	47
Contribution to DEWNR Investigations and Compliance Unit	196	221
Contribution to DEWNR for Change Detection Program	101	123
Research grants	561	1 026
Local Government grants	-	20
Total grants and subsidies	1 873	2 486

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

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

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

7 Other expenses

	2017	2016
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department	10	9
Total other expenses	10	9

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

8 Revenues from fees and charges

	2017	2016
	\$'000	\$'000
Significant environmental benefits*	2 520	1 635
Fees, fines and penalties	13	10
Total revenues from fees and charges	2 533	1 645

Revenues from fees and charges are derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the clients.

* The owner of land on which native vegetation is growing or is situated, may apply for consent to clear the vegetation under section 28 of the Act. In consenting to the clearance of native vegetation under section 29 of the Act, the Council may attach a condition requiring the applicant to make a payment into the Fund of an amount considered by the Council to be sufficient to achieve a significant environmental benefit. The monies paid into the Fund must as far as practicable, be used to establish or regenerate native vegetation on land that is within the same region of the State as the cleared land and that has been selected by the Council for that purpose having regard to the Regional Biodiversity Plans approved by the Minister for that region.

9 Interest revenues

	2017	2016
	\$'000	\$'000
Interest from entities within the SA Government	67	79
Total interest revenues	67	79

10 Other income

	2017	2016
	\$'000	\$'000
Refund of unspent grant funds	37	11
Total other income	37	11

11 Revenues from SA Government

	2017	2016
	\$'000	\$'000
Grants from SA Government	1 108	1 080
Total revenues from SA Government	1 108	1 080

Grants from SA Government for program funding are recognised as revenues when the Fund obtains control over the funding. Control over Grants from SA Government is normally obtained upon receipt.

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

12 Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Deposits with the Treasurer	4 844	3 850
Total cash and cash equivalents	4 844	3 850

Cash is measured at nominal value.

The Fund invests surplus funds with the Treasurer. Interest is earned on the average monthly balance at rates based on the DTF 90 day average overnight cash interest rate and interest is paid at the end of each quarter.

13 Receivables

	2017	2016
	\$'000	\$'000
Current		
Receivables	1 032	321
Accrued interest	6	6
Total current receivables	1 038	327

Receivables arise from fees and penalties and compensation payments in respect to offences against the Act. 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 are non-interest bearing. Collectability of receivables is reviewed on an ongoing basis.

14 Payables

	2017	2016
	\$'000	\$'000
Current		
Creditors	98	37
Accrued expenses	10	32
Total current payables	108	69

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.

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

15 Financial risk management/financial instruments

Financial risk management

Risk management is managed by DEWNR's corporate services section and DEWNR's 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 Fund's exposure to financial risk (liquidity, credit and market) is low due to the nature of the financial instruments held.

The Fund is funded principally by grants from the SA Government. The Fund 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 the expected cash flows.

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

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 note 2 or the respective financial asset/financial 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.

	Notes	2017 Carrying amount / Fair value \$'000	2016 Carrying amount / Fair value \$'000
Financial assets			
Cash and cash equivalents	12	4 844	3 850
Receivables ⁽¹⁾	13	1 038	327
Total financial assets		5 882	4 177
Financial liabilities			
Payables ⁽¹⁾	14	98	60
Total financial liabilities		98	60

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

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

16 Unrecognised contractual commitments

The Fund has no unrecognised contractual commitments as at 30 June 2017.

17 Contingent assets and liabilities

As at the reporting date, criminal proceedings have commenced against several landowners who have been alleged to have breached the Act. Civil proceedings had also commenced against landowners who have been convicted of breaching the Act.

The potential amount of fines and/or damages to be received should the proceedings be successful are not quantifiable and as such no estimate of the potential financial effect can be made. There is also the potential for costs to be awarded against the Council for any unsuccessful prosecutions.

18 Restrictions on contributions received

The Council is restricted on its use of monies in the Fund according to the provisions of the Act. Section 21(6) of the Act specifies that the Council must as far as practicable, use monies paid into the Fund to achieve a significant environmental benefit to offset the approved clearance of native vegetation. Expiation fees, penalties handed down by the Magistrates Court, financial benefits (as determined by the Environment, Resources and Development Court (ERD)) gained from illegal clearance and exemplary damages (as determined by the ERD Court), must be spent within the same region of the State as the land cleared.

Fines, penalties and charges of significant environmental benefit are to be utilised in the following areas:

	2017	2016
	\$'000	\$'000
Mount Lofty Ranges Greater Basin	1 303	1 046
SA Murray Darling Basin	1 117	344
Northern & Yorke Agricultural District	895	731
Alinytjara Wilurara	296	292
South East	291	357
Kangaroo Island	271	219
Eyre Peninsula	249	277
SA Arid Lands	231	243
Total restrictions on contributions received	4 653	3 509

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

19 Remuneration of council and committee members

Members during 2016-17 financial year were:

Native Vegetation Council

Ms K L Muller (deputy)

Mr M D G Adcock*

Mr R M Chown

Ms E C Jenke

Mr J L Keynes

Ms P A Paton

Mr M C Roche

Ms N P P Sommerville

Native Vegetation Assessment Panel

Mr R M Chown

Mr J L Keynes

Mr M C Roche

	2017 \$'000	2016 \$'000
The number of members whose remuneration received or receivable falls within the following bands:		
Nil	1	2
\$1 - \$9 999	6	12
\$20 000 - \$29 999	-	1
\$40 000 - \$49 999	1	-
Total number of members	8	15

Remuneration of members reflects all costs of performing board member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$63 000 (2016: \$42 000) and has not been recognised in these financial statements. The remuneration of members is provided by DEWNR.

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.

* In accordance with the Premier and Cabinet's Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

Native Vegetation Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2017

20 Related Party Transactions

The Fund was established pursuant to the *Native Vegetation Act 1991* and is wholly owned and controlled by the Crown. The Council is responsible for the administration of the Fund.

Related parties of the Council 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.

Key Management Personnel

Key management personnel of the Council include the Minister for Sustainability, Environment and Conservation. The compensation of the Council's key management personnel was \$63 000. Salaries and other benefits the Minister for Sustainability, Environment and Conservation 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*.

21 Events after the reporting period

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

