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14 Nov 2017



Government of South Australia

Coast Protection Board

Coast Protection Board 2016-17 Annual Report

Coast Protection Board

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Date presented to Minister: 31 October 2017

To:

The 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 *Public Sector Act 2009*, the *Public Sector Regulations 2010*, the *Public Finance and Audit Act 1987*, section 35 of the *Coast Protection Act 1972* 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 Coast Protection Board by:

Allan Holmes

Presiding Member



20/9/2017

Date

Signature

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|--|-----------|
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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

The Coast Protection Board is enabled under the *Coast Protection Act 1972* (the Act), an Act to make provision for the conservation and protection of the beaches and coast of this state; and for other purposes.

The duties of the Board are described in section 14 of the Act:

- (a) To protect the coast from erosion, damage, deterioration, pollution and misuse;
- (b) To restore any part of the coast that has been subjected to erosion, damage, deterioration, pollution or misuse;
- (c) To develop any part of the coast for the purpose of aesthetic improvement, or for the purpose of rendering that part of the coast more appropriate for the use of enjoyment of those who may resort thereto;
 - (ca) to manage, maintain and, where appropriate, develop and improve coast facilities that are vested in, or are under care, control and management of, the Board;
- (d) To report to the Minister upon any matters that the Minister may refer to the Board for advice;
- (e) To carry out research, to cause research to be carried out, or to contribute towards research, into matters relating to the protection, restoration or development of the coast; and
- (f) To perform such other functions assigned to the Board by or under this or any other Act.

The Coast Protection Board's guidance, advice, support and grants contributes:

- To the protection of Adelaide's coast and sandy beaches for the recreation and amenity of beach users;
- Resources to assist councils undertake high priority coastal protection works and strategy development for vulnerable coastal areas;
- Protection of sensitive coastal features and new development from coastal hazards.
- Monitoring of changes in coastal systems to inform coastal planning, such as delineation of coastal zones, and assisting in their adaptation to climatic and other pressures.

Objectives

The Coast Protection Board has developed a *Strategic Plan 2012-2017* to guide its business. Its vision is *The sustainable use of the South Australian coast for the benefit of society, the economy and the environment*. The Board's strategic priorities are:

1. Adaptation of existing development to coastal hazards and the impacts of climate change.
2. Ensure new development is not at risk from current and future hazards.
3. Plan for resilience in coastal ecosystems to adapt to the impacts of climate change.

Key strategies and their relationship to SA Government objectives

| Key strategy | SA Government objective |
|---|--|
| <p><i>Adelaide's Living Beaches: A strategy for 2005-2025 (to guide the active management of Adelaide's beaches).</i></p> | <p>South Australia's Seven Strategic Priorities:</p> <ul style="list-style-type: none"> • Creating a vibrant city; • An affordable place to live. <p>Economic Priority: Adelaide, the heart of the vibrant state.</p> |
| <p>Adaptation of existing development to coastal hazards and the impacts of climate change.</p> | <p>South Australia's Strategic Plan (SASP) Targets:</p> <ul style="list-style-type: none"> - 32 Customer and client satisfaction with government services - Increase the satisfaction of South Australians with government services by 10% by 2014, maintaining or exceeding that level of satisfaction thereafter; - 33 Government planning decisions - South Australia leads the nation in timely decisions of development applications through to 2020; - 62 Climate Change Adaptation - Develop regional climate change adaptation plans in all State Government regions by 2016. |
| <p>Ensure new development is not at risk from current and future hazards.</p> | <p>SASP Targets 32, 33 & 62.</p> |
| <p>Plan for resilience in coastal ecosystems to adapt to the impacts of climate change.</p> | <p>SASP Targets, 32, 33, 62 & 71 (Marine biodiversity: Maintain the health and diversity of South Australia's unique marine environments).</p> |

Agency programs and initiatives and their effectiveness and efficiency

| Program name | Indicators of performance/effectiveness/efficiency | Comments |
|---------------------------|--|--|
| Adelaide's Living Beaches | The Board continued to guide the implementation of <i>Adelaide's Living Beaches: A Strategy for 2005-2025</i> (the strategy). The strategy aims to maintain sand on Adelaide's beaches for both coastal protection and amenity purposes. A sand pumping system has been constructed along two of the busiest sections of Adelaide's beaches (Glenelg to Seacliff and the River Torrens outlet to West Beach) to reduce the number of sand carting trucks operating on the beaches and surrounding streets. | The implementation of the strategy has provided dune buffers for the protection of the coast and sandy beaches for the recreation and amenity of beach users. The success of the strategy was demonstrated in the minimal damage to the Adelaide coast from an unprecedented stormy 2016: one storm caused the highest water level recorded at Outer Harbor. |

| | | |
|---|---|---|
| <p>Adaptation of existing development to coastal hazards and the impacts of climate change.</p> | <p>Each year the Board adopts a works program which prioritises protection of settlements at risk from coastal hazards, using a risk management framework. This includes providing grants to local councils to build erosion and/or flood protection measures and the funding of studies and investigations to ensure the most sustainable and adaptable protection strategy is implemented. The Board provides grants to assist in the prevention of damage and loss of coastal property and assets, and to reduce potential risk and liability to government. In May 2016 all coastal councils were invited to submit applications for the 2016-17 grants programme. Grants were then allocated based on assessment of each application against a risk and benefit based prioritisation system.</p> <p>In 2016-17 the Coast Protection Board received \$535 277 and expended \$343 850 in grant funding to 11 Councils across the State. This included:</p> <ul style="list-style-type: none"> • \$103 865 to the City of Port Augusta for construction of a section of levee bank to deliver Port Augusta's sea flood protection strategy • \$60 000 to the Wattle Range District Council comprising: <ul style="list-style-type: none"> ○ \$40 000 for seawall repairs at Beachport to ensure continued protection of the township from erosion ○ \$20 000 to prepare a climate change adaptation strategy for Southend • \$41 650 to the Kingston District Council for emergency erosion protection works and beach replenishment at Wyomi Beach • \$35 000 to the City of Whyalla for beach replenishment to maintain storm erosion buffers and beach amenity • \$29 635 to the City of Victor Harbor for beach replenishment to maintain storm erosion buffers and beach amenity | <p>The works programme provides resources to assist councils undertake high priority coastal protection works and strategy development for vulnerable coastal areas. The provision of these grants, along with advice and support from the Department of Environment, Water and Natural Resources (DEWNR) staff, assists in the protection of private and public infrastructure and development and communities from coastal hazards.</p> |
|---|---|---|

| | | |
|--|---|--|
| | <ul style="list-style-type: none"> • \$20 000 to the Robe District Council for replenishment of Town Beach to maintain erosion protection for the town | |
| | <ul style="list-style-type: none"> • \$15 000 to the City of Salisbury for a design study to determine the coastal flood protection requirements of Saint Kilda • \$15 000 to the City of Port Adelaide Enfield for additional flood mapping as part of the adapt west climate change adaptation project • \$12 950 to the Yorke Peninsula Council for detailed design of flood protection works at Price • \$10 000 to the District Council of Ceduna for a foreshore protection study for Smoky Bay • \$750 to Kangaroo Island Council as part of the Board's small grants programme used to support community groups undertaking voluntary coastal management projects. | |
| | <p>Beach levels were monitored in 2016-17 at a number of locations in South Australia where the beaches buffer coastal development against storms. The Adelaide beach is one of these as 14 km of foreshore does not have rock protection. Profiles at right angles to the shore are surveyed regularly to measure change. In addition, where beaches are managed through beach replenishment programs, monitoring is required to ensure that protective beach levels are maintained. Where significant erosion occurs, extra monitoring is undertaken to help understand the problem and guide management actions.</p> | |

| | | |
|---|--|--|
| <p>Ensure new development is not at risk from current and future hazards.</p> | <p>The Board responded to 150 development applications referred by relevant planning authorities (Development Assessment Commission or coastal councils) in 2016-17. These responses are guided by the Board's policies as described in the <i>Coast Protection Board Policy Document</i>, revised 29 July 2016.</p> <p>The development applications subject to those responses included 30 dwellings, 12 land divisions and 14 coast protection works.</p> <p>Issues addressed by the Board in its assessment of applications included:</p> <ul style="list-style-type: none"> • planning for and managing the effects of coastal process hazards (flooding, erosion and unstable sand dunes) on vulnerable coastal land and urban areas • protection of high conservation value coastal land, coastal biodiversity and marine waters by encouraging sustainable development practices • minimising the impacts on coastal landscapes and scenic amenity arising from new development. | <p>The responses have sought to protect sensitive coastal features and protect new development from coastal hazards.</p> |
|---|--|--|

| | | |
|---|--|---|
| | <p>The Board is concerned that decisions made at odds with its advice present a risk of future damage to coastal infrastructure or buildings, incurring considerable cost upon the developer, and in many cases triggering substantial future costs to the community in the form of protection measures. The Board and DEWNR are continuing to liaise with the Department of Planning, Transport and Infrastructure (DPTI) to have these issues addressed with the implementation of the <i>Planning, Development and Infrastructure Act 2016</i>. The Board continues to examine its development policies and revise them when appropriate.</p> <p>Input in accord with Board policies is also provided to major development processes, development plan reviews and amendments, planning strategies and to planning system improvements.</p> | |
| <p>Plan for resilience in coastal ecosystems to adapt to the impacts of climate change.</p> | <p>No specific tasks or projects were undertaken related to this strategy in 2016-17. However, Information collected from the beach profile monitoring programme assists in tracking the response of seagrass meadows, tide-dependent ecosystems and dune vegetation to increasing sea levels and impacts from flooding and erosion.</p> | <p>Tide-dependent ecosystems and seagrass play critical roles in buffering the coast from the impacts of flooding, erosion and sea level rise and provide filtering of runoff and stabilisation of coastal sediments.</p> <p>Monitoring changes of these systems informs coastal planning, such as delineation of coastal zones, and assisting in their adaptation to climatic and other pressures.</p> |

Legislation administered by the agency

The Board is responsible for complying with the *Coast Protection Act 1972*, which is administered by DEWNR.

Organisation of the agency

The Board consists of six members. Members are appointed in accordance with section 8(1) of the *Coast Protection Act 1972*.

A local advisory committee has been established under section 18 of the *Coast Protection Act 1972* which comprises three members.

The Board membership and remuneration is reported in the South Australian Government Board and Committee Information Annual Report.

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

Department of Environment, Water and Natural Resources

Employment opportunity programs

The Board 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 Board from existing DEWNR resources.

Agency performance management and development systems

| Performance management and development system | Assessment of effectiveness and efficiency |
|--|---|
| Government employees supporting the Board’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 |
|---|---|
| This Board 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 Board 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/coast-protection-board-annual-report-data>

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993* 0

Data is available at: <https://data.sa.gov.au/data/dataset/coast-protection-board-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/coast-protection-board-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/coast-protection-board-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 agency

The Coast Protection Fund (the Fund), established by the Act, consists of an annual allocation appropriated by Parliament and monies paid into the Fund for processing of statutory referrals of Development Applications in accord with the *Development Act 1993*. Monies are made available for grants to councils for coastal management, adaptation and protection, research into management of the coast, Coast Protection Board administration and projects undertaken by DEWNR to support the Board.

The following is a brief summary of the overall financial position of the Fund. The information is unaudited. Full audited financial statements for 2016-17 are attached to this report.

| Coast Protection Fund 30 June 2017 | | 2017 | 2016 |
|---|-------------|---------------|---------------|
| | Note | \$'000 | \$'000 |
| Expenses | | | |
| Board member | 5 | 24 | 11 |
| Supplies and services | 6 | 157 | 146 |
| Grants and subsidies | 7 | 340 | 353 |
| Other | 8 | 11 | 10 |
| Total expenses | | 532 | 520 |
| Income | | | |
| Fees and charges | 9 | 20 | 16 |
| Total Income | | 20 | 16 |
| Net cost of providing services | | 512 | 504 |
| Revenues from (payments to) SA Government: | | | |
| Revenues from SA Government | 10 | 515 | 503 |
| Net revenues from SA Government | | 515 | 503 |

Other financial information

The Coast Protection Board received \$20 277 in development application fees.

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

At the request of the Minister for Sustainability, Environment and Conservation, the Coast Protection Board prepared and delivered a *blueprint for coastal management in South Australia* in December 2016.

Section B: Reporting required under any other act or regulation

| Development Regulations 2008: Regulation 115 System Indicators | |
|---|-----|
| 115—System indicators | |
| (a1) The Minister may, by notice in the Gazette, publish a document requiring the keeping, collation and provision of information relating to 1 or more of the following planning and development matters (the system indicators document): | |
| | |
| (d) referrals of applications; | |
| | |
| (1) A body specified in the system indicators document must— | |
| (a) keep and collate the information specified in that document on a quarterly basis; and | |
| (b) provide the information for each quarter to the Minister, in a manner and form determined by the Minister, within 21 days after the end of the quarter. | |
| Referrals | |
| 1. For referrals under Schedule 8: | |
| a) The total number of referrals received: | 144 |
| b) The total number of referrals responded to within the statutory timeframe: and | 112 |
| c) The number of referrals for which a response was responded after the statutory timeframe. | 8 |
| 2. For referrals under Schedule 8: | |
| a) The total number of requests for further information that were made: | 24 |
| b) The number of applicant responses that were received within 30 days: and | 4 |
| c) The number of applicant responses to requests for further information that were received after 30 days: | 5 |
| 3. In regard to pre-lodgement agreement requests as per Section 37AA | |
| a) The number of such requests received: | 0 |
| b) The number of final decisions not enter into such an agreement: and | 0 |
| c) The number of final decisions to agree to enter into such an agreement: | 0 |
| 4. The number of non-statutory referrals received by the relevant agencies. | 0 |

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

Summary of complaints by subject

| Public complaints received by the Coast Protection Board | |
|---|---|
| Category of complaints by subject | Number of instances |
| All complaints | No specific complaints have been received by the Board. |

Data is available at: <https://data.sa.gov.au/data/dataset/coast-protection-board-annual-report-data>

Complaint outcomes

| Nature of complaint or suggestion | Services improved or changes as a result of complaints or consumer suggestions |
|--|---|
| All complaints | No complaints have been received or acted upon. |

Appendix: Audited financial statements 2016-17

Financial services are provided to the Board by DEWNR. Finances are audited annually as part of DEWNR's financial statements.

Annual report information (including financial statements) is available on the [DEWNR](#) website.



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To the Presiding Member Coast Protection Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 31(2) of the *Coast Protection Act 1972*, I have audited the financial report of the Coast Protection Board 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 Coast Protection Board 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 Coast Protection Board 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 Coast Protection 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 Chief Executive and the Board 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 Board are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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, Coast Protection Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

31 October 2017

Coast Protection Board

Financial Statements

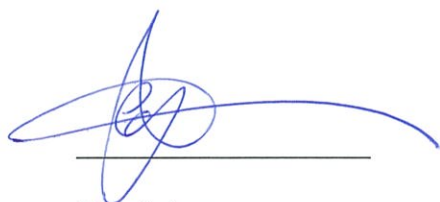
For the year ended 30 June 2017

Coast Protection Board Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Coast Protection Board:

- comply with any relevant Treasurer's Instructions issued under Section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Board; and
- present a true and fair view of the financial position of the Coast Protection Board as at 30 June 2017 and the results of its operations and cash flows for the financial year.

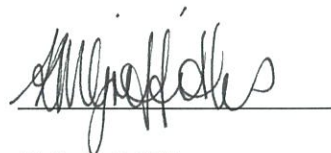
We certify that the internal controls employed by the Coast Protection Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Allan Holmes
Presiding Member
Coast Protection Board
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

Coast Protection Board
Statement of Comprehensive Income
for the year ended 30 June 2017

| | Note | 2017 \$'000 | 2016 \$'000 |
|---|------|----------------|----------------|
| Expenses | | | |
| Board member | 5 | 24 | 11 |
| Supplies and services | 6 | 158 | 146 |
| Grants and subsidies | 7 | 339 | 353 |
| Other | 8 | 11 | 10 |
| Total expenses | | 532 | 520 |
| Income | | | |
| Fees and charges | 9 | 20 | 16 |
| Total Income | | 20 | 16 |
| Net cost of providing services | | 512 | 504 |
| Revenues from (payments to) SA Government: | | | |
| Revenues from SA Government | 10 | 515 | 503 |
| Net revenues from SA Government | | 515 | 503 |
| Net result | | 3 | (1) |
| Total comprehensive result | | 3 | (1) |

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

Coast Protection Board
Statement of Financial Position
as at 30 June 2017

| | Note | 2017 \$'000 | 2016 \$'000 |
|----------------------------------|------|----------------|----------------|
| Current | | | |
| Cash and cash equivalents | 11 | 513 | 495 |
| Receivables | 12 | 10 | 5 |
| Total current assets | | 523 | 500 |
| Non-current assets | | | |
| Property, plant and equipment | 13 | 5 715 | 5 715 |
| Total non-current assets | | 5 715 | 5 715 |
| Total assets | | 6 238 | 6 215 |
| Current liabilities | | | |
| Payables | 14 | 230 | 210 |
| Total current liabilities | | 230 | 210 |
| Total liabilities | | 230 | 210 |
| Net assets | | 6 008 | 6 005 |
| Equity | | | |
| Asset revaluation surplus | | 5 163 | 5 163 |
| Retained earnings | | 845 | 842 |
| Total equity | | 6 008 | 6 005 |

The total equity is attributable to the SA Government as owner

| | |
|--------------------------------------|----|
| Unrecognised contractual commitments | 15 |
| Contingent assets and liabilities | 16 |

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

Coast Protection Board
Statement of Changes in Equity
for the year ended 30 June 2017

| | Asset Revaluation Surplus \$'000 | Retained Earnings \$'000 | Total equity \$'000 |
|---|---|---|--------------------------------|
| Balance at 30 June 2015 | 5 163 | 843 | 6 006 |
| Net result for 2015-16 | - | (1) | (1) |
| Total comprehensive result for 2015-16 | - | (1) | (1) |
| Balance at 30 June 2016 | 5 163 | 842 | 6 005 |
| Net result for 2016-17 | - | 3 | 3 |
| Total comprehensive result for 2016-17 | - | 3 | 3 |
| Balance at 30 June 2017 | 5 163 | 845 | 6 008 |

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

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

Coast Protection Board
Statement of Cash Flows
for the year ended 30 June 2017

| | Note | 2017 \$'000 | 2016 \$'000 |
|---|------|----------------|----------------|
| Cash flows from operating activities | | | |
| Cash outflows | | | |
| Board member payments | | (24) | (11) |
| Payments for supplies and services | | (138) | (104) |
| Payments for grants and subsidies | | (339) | (353) |
| Other payments | | (11) | (10) |
| Cash used in operations | | (512) | (478) |
| Cash inflows | | | |
| Fees and charges | | 15 | 17 |
| Cash generated from operations | | 15 | 17 |
| Cash flows from SA government: | | | |
| Receipts from SA government | | 515 | 503 |
| Cash generated from SA government | | 515 | 503 |
| Net cash provided by operating activities | | 18 | 42 |
| Net increase in cash and cash equivalents | | 18 | 42 |
| Cash and cash equivalents at the beginning of the period | | 495 | 453 |
| Cash and cash equivalents at the end of the period | 11 | 513 | 495 |

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

Coast Protection Board

Notes to and forming part of the financial statements

for the year ended 30 June 2017

1 Objectives of the Coast Protection Board

(a) Strategic context

The Coast Protection Board (the Board) was established under the *Coast Protection Act 1972* (the Act) to manage, maintain, develop and improve coast facilities that are vested in, or are under the care, control and management of the Board.

The major objectives of the Board are to:

- protect and restore the coast of the state of South Australia
- develop and manage particular coast facilities
- provide advice on policies and to develop guidelines on matters relating to the protection, restoration or development of the coast.

(b) Financial arrangements

The financial activities of the Board are administered through the Coast Protection Fund (the Fund) in accordance with the Act. The Fund is a non-interest bearing Deposit Account pursuant to section 21(1) of the *Public Finance and Audit Act 1987*. The Fund's sources of revenue consist of State Government grants together with income derived from development application fees and charges.

The Board has no employees. The functions and activities required by the Act are performed by employees of the Department of Environment, Water and Natural Resources (DEWNR). These services are provided on a fee for service basis and are recognised in these financial statements.

2 Significant accounting policies

(a) Statement of compliance

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

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 Board has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Board 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 the Board'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, which has been included in these financial statements:
 - (a) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

(b) Basis of preparation (continued)

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

(c) Reporting entity

The Board is a reporting entity in accordance with section 31 of the Act.

(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 Board is not subject to income tax. The Board is liable for payroll tax and fringe benefits tax.

DEWNR prepares a Business Activity Statement on behalf of the Board under the grouping provisions of the GST legislation. Under these provisions, DEWNR is liable for the payments and entitled to the receipts associated with GST. Therefore the Board's net GST receivable/payable is recorded in DEWNR's Statement of Financial Position. GST cash flows applicable to the Board are recorded in DEWNR'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) Non-current assets

Acquisition and 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. Non-current assets are subsequently measured at fair value.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

However, if the assets are acquired at no or nominal as part of a restructuring of administrative arrangements then the assets are recognised at book value, that is the amount recorded by the transferor public authority prior to the restructure.

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

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

(i) Assets (continued)

Revaluation of non-current assets

All non-current tangible assets are valued at fair value and revaluation of a non-current asset, or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Every six years, the Board revalues its lands by an independent Certified Practising Valuer.

Assets disclosed at independent valuation

Independent desktop valuations were performed as at 1 July 2014 by F. Taormina - B App Sc (Val), AAPI, Certified Practising Valuer from Valcorp Australia Pty Limited. The fair value of land was based on recent market transactions for similar land in the area taking into account zoning and restricted use.

Controlled land

Land assets comprise various coastal lands dedicated to the care and control of the Board and in general have restrictions on their use, for example zoning restrictions may preclude any form of development on the land. The independent valuers have taken the restrictions on use into account in determining the value of land.

Monitored land

The Government of South Australia holds certain land for coastal protection purposes. Whilst the Board monitors these land holdings in line with its objectives, the Board does not control these land holdings and accordingly the land holdings have not been recognised in these financial statements.

Fair value measurement - Non-financial assets

In determining fair value, the Board has taken into account the characteristic of the asset (for example condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Board's current use is the highest and best use of the assets unless other factors suggest an alternative use is feasible. As the Board did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

(j) 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.

3 New and revised accounting standards and policies

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

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2017

4 Activities of Board

In achieving its objectives the Board conducts its services through a single activity, Coast and Marine Conservation. The purpose of this activity is to ensure the conservation, protection and ongoing sustainable productivity of South Australia's coastal, estuarine and marine environments.

5 Board member expenses

| | 2017 | 2016 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Board and committee fees | 21 | 9 |
| Board member on-costs - superannuation | 2 | 1 |
| Board member on-costs - other | 1 | 1 |
| Total board member expenses | 24 | 11 |

Board member expenses includes all board fees and related on-costs including superannuation. These are recognised when incurred.

6 Supplies and services

| | 2017 | 2016 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| DEWNR corporate services | 54 | 57 |
| Contribution towards updating DEWNR's Beatrice survey management software | 21 | - |
| West Beach coastal process modelling | 20 | - |
| Aerial photography and survey | 10 | - |
| Contribution to Waverider Buoy maintenance | 10 | 10 |
| Contractors | 9 | 37 |
| Travel and accommodation | 9 | 11 |
| General administration | 6 | - |
| Donations/Sponsorships | 3 | - |
| Accommodation and property management expenses | 2 | 2 |
| Minor works, maintenance and equipment | 1 | - |
| Transportation | 1 | - |
| Vehicle | 1 | - |
| Design and costing for Seaframe guage | - | 9 |
| Review of rehabilitation progress on Ceduna waters | - | 14 |
| Other | 11 | 6 |
| Total supplies and services | 158 | 146 |

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2017

7 Grants and subsidies

| | 2017 | 2016 |
|-----------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Local government ⁽ⁱ⁾ | 339 | 353 |
| Total grants and subsidies | 339 | 353 |

(i) Local government

| | | |
|--|------------|------------|
| City of Victor Harbor | 30 | 30 |
| City of Whyalla | 35 | 35 |
| City of Holdfast | - | 60 |
| City of Marion | - | 17 |
| District Council of Barunga West | - | 28 |
| District Council of Grant | - | 10 |
| Kangaroo Island Council | - | 3 |
| Kingston District Council | 40 | 30 |
| Port Adelaide Enfield Council | 15 | - |
| Port Augusta City Council | 104 | 60 |
| The District Council of Robe | 20 | 20 |
| Salisbury City Council | 15 | - |
| Ceduna District Council | 10 | - |
| Wattle Range Council | 60 | 60 |
| Yorke Peninsula Council | 10 | - |
| Total local government grants and subsidies | 339 | 353 |

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.

8 Other expenses

| | 2017 | 2016 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Audit fees paid/payable to the Auditor-General's Department | 11 | 10 |
| Total other expenses | 11 | 10 |

Other services

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

9 Revenues from fees and charges

| | 2017 | 2016 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Fees, levies and licences | 20 | 16 |
| Total revenues from fees and charges | 20 | 16 |

Revenues from fees and charges are derived primarily from fees for development applications which are recognised on an accrual basis.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2017

10 Revenues from SA Government

| | 2017 | 2016 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Grants from SA Government | 515 | 503 |
| Total revenues from SA Government | 515 | 503 |

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

11 Cash and cash equivalents

| | 2017 | 2016 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Deposits with the Treasurer | 513 | 495 |
| Total cash and cash equivalents | 513 | 495 |

Cash is measured at nominal value. Deposits with the Treasurer are non-interest bearing.

12 Receivables

| | 2017 | 2016 |
|--------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Receivables | 10 | 5 |
| Total receivables | 10 | 5 |

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

13 Property, plant and equipment

| | 2017 | 2016 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Land | | |
| Independent valuation | 5 715 | 5 715 |
| Total land | 5 715 | 5 715 |
| Total property, plant and equipment | 5 715 | 5 715 |

Valuation of land

The valuation of land was performed as at 1 July 2014 by F. Taormina - B App Sc (Val), AAPI, Certified Practising Valuer from Valcorp Australia Pty Limited.

The valuer arrived at fair value using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land being valued such as size and location.

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2017

14 Payables

| | 2017 | 2016 |
|-----------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Accrued expenses | 11 | 10 |
| Creditors | 219 | 200 |
| Total payables | 230 | 210 |

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.

15 Unrecognised contractual commitments

The Board is not aware of the existence of any unrecognised contractual commitments.

16 Contingent assets and liabilities

The Board is not aware of the existence of any contingent assets. At the time of this report the outcomes of any pending legal cases are not known and the effects are not quantifiable.

17 Remuneration of board members

Members of the Board during the 2016-17 financial year were:

Ms P S J Coleman

Ms A Crisp

Mr P A Hesp

Mr D Lake *

Ms A Allen *

Mr A N Holmes

* Denotes government employee

| | 2017 | 2016 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| The number of members whose remuneration received or receivable falls within the following bands: | | |
| \$ nil | 2 | 3 |
| \$1 - \$9 999 | 3 | 5 |
| \$10 000 - \$19 999 | 1 | - |
| Total number of members | 6 | 8 |

Remuneration of members reflects all costs of performing board member duties including sitting fees and super 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 \$23 000 (2016: \$10 000).

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

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2017

18 Related Party Transactions

The Board is a body corporate and was established pursuant to the *Coast Protection Act 1972* and is wholly owned and controlled by the Crown.

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

Key Management Personnel

Key management personnel of the Board include the Minister for Sustainability, Environment and Conservation.

The compensation of the Board's key management personnel was \$23 000. 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*.

19 Events after the reporting period

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

Coast Protection Board
Notes to and forming part of the financial statements
for the year ended 30 June 2017

20 Financial risk management/financial instruments

Financial risk management

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

The Board is funded principally from grants from the SA Government. 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 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 | 11 | 513 | 495 |
| Receivables ⁽¹⁾ | 12 | 10 | 5 |
| Total financial assets | | 523 | 500 |
| Financial liabilities | | | |
| Payables ⁽¹⁾ | 14 | 219 | 200 |
| Total financial liabilities | | 219 | 200 |

⁽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).