



**Government of South Australia**

**South Eastern Water Conservation  
and Drainage Board**

# South Eastern Water Conservation and Drainage Board

## **2016-17 Annual Report**

South Eastern Water Conservation  
and Drainage Board

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**Date presented to Minister:** 29 September 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 24 of the *South Eastern Water Conservation and Drainage Act 1992* 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 South Eastern Water Conservation and Drainage Board, Department of Environment, Water and Natural Resources by:

Francis Newman Brennan

**Presiding Member**



27 September 2017

\_\_\_\_\_  
Signature

\_\_\_\_\_  
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**

#### **Our Vision**

To balance the needs between sustainable and productive agriculture and healthy water dependant ecosystems across the south east (Limestone Coast) of South Australia.

#### **Our Role**

To manage and conserve the quality and flow of water in the south east of South Australia by effectively managing flooding, redirecting water to areas of greatest need and reducing salinity.

The State Government's allocation of \$2.295 million into the 2500km drainage infrastructure benefits primary producers, groundwater systems and the environment.

### **Objectives**

- To provide an effective and efficient system for managing the surface water of the non-urban lands in the south east, by conserving, draining, altering the flow of or utilising that water in any manner.
- To carry out works for the purpose of lowering the level of the water table of lands in the south east.
- To undertake, assist or promote research in the fields of water conservation, drainage and management.
- To give advice and assistance to others in the fields of water conservation, drainage and management.
- The enhancement or development of natural wetlands and the natural environment generally in the south east.

### **Key strategies and their relationship to SA Government objectives**

| <b>Key strategy</b>  | <b>SA Government objective</b>   |
|--|--|
| Goal 1: Manage the drainage network and infrastructure to retain water and flows to benefit agricultural production, connected groundwater systems and wetlands - sustain and enhance water regimes of water dependant ecosystems across the south east through optimal management, operations and maintenance of drains, channels and flood ways. | <p>Economic Priority 1: Unlocking the full potential resources, energy and renewable assets.</p> <p>Economic Priority 2: Premium food and wine produced in our clean environment and exported to the world.</p> <p>Economic Priority 6: Growth through Innovation.</p> |

| <b>Key strategy</b>   | <b>SA Government objective</b>   |
|---|--|
| Goal 2: Develop and maintain our land and infrastructure assets – Optimal investment for capital upgrades, maintenance and operation of the south east drainage network infrastructure.   | Economic Priority 2: Premium food and wine produced in our clean environment and exported to the world.<br><br>Economic Priority 5: South Australia- a growing destination choice for international and domestic travellers. |
| Goal 3: Apply good governance, financial management and administration - Informed and engaged South East landholders and other stakeholders working with the South Eastern Water Conservation and Drainage Board to produce mutually beneficial outcomes. | Economic Priority 1: Unlocking the full potential resources, energy and renewable assets.<br><br>Economic Priority 2: Premium food and wine produced in our clean environment and exported to the world.                     |

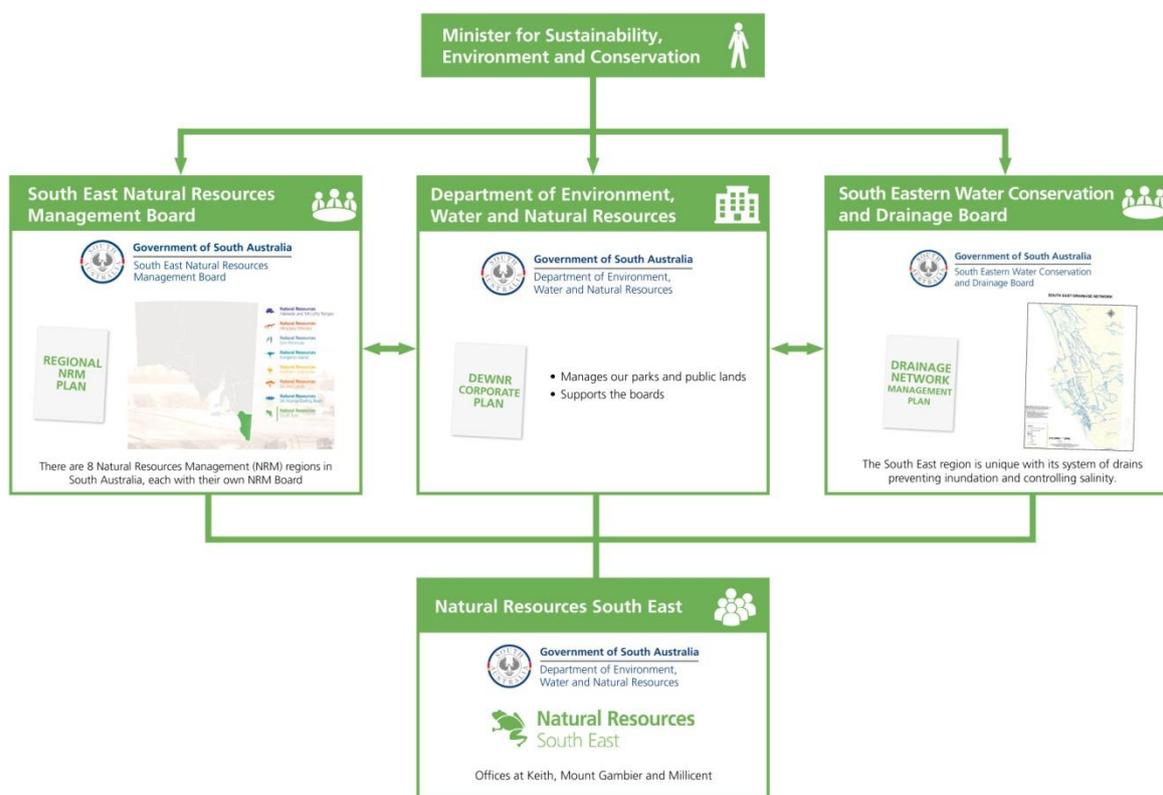
### **Agency programs and initiatives and their effectiveness and efficiency**

| <b>Program name</b>  | <b>Indicators of performance/effectiveness/efficiency</b>   | <b>Comments</b>  |
|--|---|--|
| Department of Environment Water and Natural Resources (DEWNR) Corporate Plan 2016-19 | Managing Water for the Future – whereby a sustainable fit for purpose supply of water is available from a range of sources to support the health of the environment, industry, communities and the economy. | The drainage system throughout the south east of South Australia operates within the design parameters up to a 1 in 20 year flood event. |

### **Legislation administered by the agency**

The Board is responsible for complying with the *South Eastern Water Conservation and Drainage Act 1992*, which is administered by DEWNR.

## Organisation of the agency



The Board consists of eight members. Members are appointed in accordance with section 9 of the *South Eastern Water Conservation and Drainage Act 1992*.

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  
 South East Natural Resources Management Board

### 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.

### 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

### Executive employment in the agency

| Executive classification | Number of executives |
|--------------------------|----------------------|
| SAES Level 1             | 0                    |

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

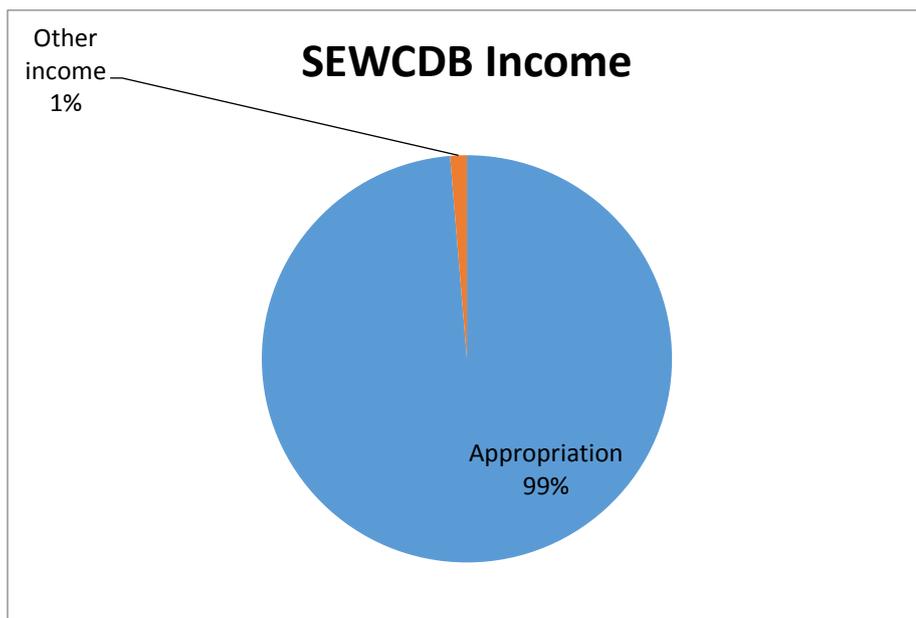
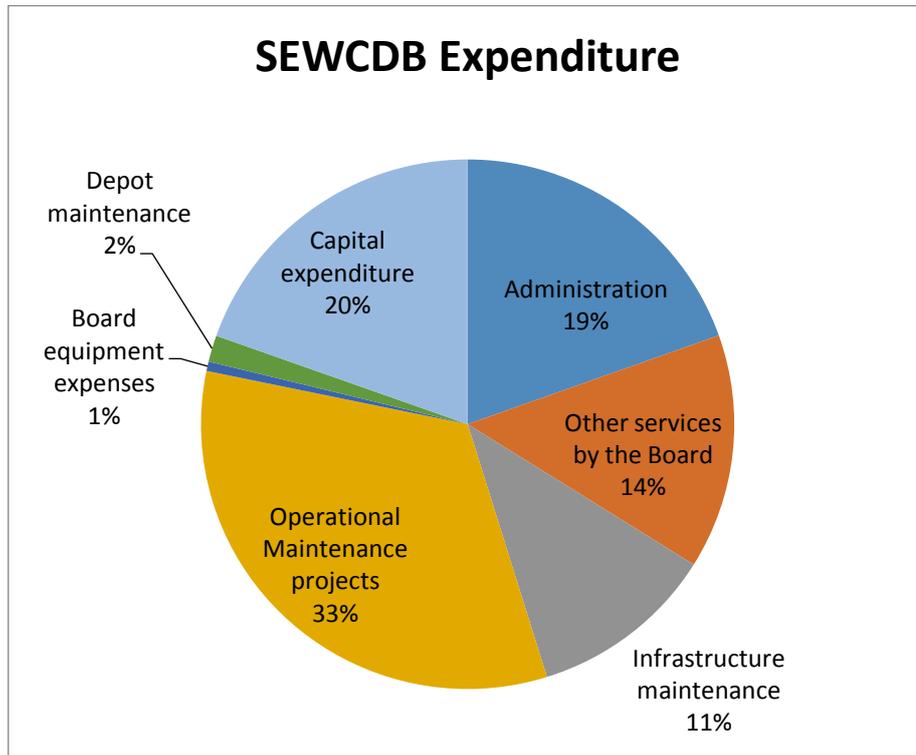
The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

| <b>Consultants</b>                       | <b>Purpose</b>                                | <b>Value</b> |
|--|---|--------------|
| All consultancies below \$10,000 each    | Advice on managing/upgrading various projects | \$26 523     |
| <b>Consultancies above \$10,000 each</b> |   |              |
| <b>Total all consultancies</b>           |   | \$26 523     |

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

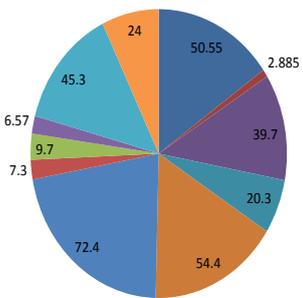
The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2016-17 are attached to this report.



### Other financial information

Nil to report.

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

| Key strategy  | Key Performance Indicators   | Data/ Information  |           |           |                   |       |                                      |       |                            |     |                       |      |                                   |      |                |      |                |      |                |     |                |      |
|---|--|--|-----------|-----------|-------------------|-------|--------------------------------------|-------|----------------------------|-----|-----------------------|------|-----------------------------------|------|----------------|------|----------------|------|----------------|-----|----------------|------|
| <p><b>Goal 1:</b> Manage the Drainage Network and Infrastructure to retain water and flows to benefit agricultural production, connected groundwater systems and wetlands</p> | <p><b>Annual Flow data</b> for the Morella Basin, Blackford Drain, Butchers Gap (Kingston), 8 Mile Creek, Drain L, Drain M, Reedy Creek Mt Hope (Lake Frome), Narrow neck, Lake Bonney, and 8 Mile Creek catchments</p> <p><b>Management of Regulators</b></p> | <div data-bbox="804 539 1442 965" style="border: 1px solid black; padding: 10px; text-align: center;"> <p><b>Annual Flow (Gigalitres)</b></p>  <table border="1" style="margin-top: 10px; width: 100%; border-collapse: collapse;"> <caption>Annual Flow Data (Gigalitres)</caption> <thead> <tr> <th>Catchment</th> <th>Flow (Gt)</th> </tr> </thead> <tbody> <tr> <td>8 Mile Creek Area</td> <td>50.55</td> </tr> <tr> <td>Butchers Gap Kingston - Coastal Area</td> <td>2.885</td> </tr> <tr> <td>Millicent Flats (no sites)</td> <td>9.7</td> </tr> <tr> <td>Reedy Creek - Mt Hope</td> <td>39.7</td> </tr> <tr> <td>Drain E system and Nyroca Channel</td> <td>20.3</td> </tr> <tr> <td>Drain L system</td> <td>54.4</td> </tr> <tr> <td>Drain M system</td> <td>72.4</td> </tr> <tr> <td>Drain L system</td> <td>7.3</td> </tr> <tr> <td>Drain M system</td> <td>6.57</td> </tr> </tbody> </table> </div> <p>Thirty four (34) managed with slides or logs closed for summer, and opened to full height within the network in August. Lake George Regulator opened in October 2016.</p> | Catchment | Flow (Gt) | 8 Mile Creek Area | 50.55 | Butchers Gap Kingston - Coastal Area | 2.885 | Millicent Flats (no sites) | 9.7 | Reedy Creek - Mt Hope | 39.7 | Drain E system and Nyroca Channel | 20.3 | Drain L system | 54.4 | Drain M system | 72.4 | Drain L system | 7.3 | Drain M system | 6.57 |
| Catchment   | Flow (Gt)  |  |           |           |                   |       |                                      |       |                            |     |                       |      |                                   |      |                |      |                |      |                |     |                |      |
| 8 Mile Creek Area   | 50.55  |  |           |           |                   |       |                                      |       |                            |     |                       |      |                                   |      |                |      |                |      |                |     |                |      |
| Butchers Gap Kingston - Coastal Area  | 2.885  |  |           |           |                   |       |                                      |       |                            |     |                       |      |                                   |      |                |      |                |      |                |     |                |      |
| Millicent Flats (no sites)  | 9.7  |  |           |           |                   |       |                                      |       |                            |     |                       |      |                                   |      |                |      |                |      |                |     |                |      |
| Reedy Creek - Mt Hope   | 39.7   |  |           |           |                   |       |                                      |       |                            |     |                       |      |                                   |      |                |      |                |      |                |     |                |      |
| Drain E system and Nyroca Channel   | 20.3   |  |           |           |                   |       |                                      |       |                            |     |                       |      |                                   |      |                |      |                |      |                |     |                |      |
| Drain L system  | 54.4   |  |           |           |                   |       |                                      |       |                            |     |                       |      |                                   |      |                |      |                |      |                |     |                |      |
| Drain M system  | 72.4   |  |           |           |                   |       |                                      |       |                            |     |                       |      |                                   |      |                |      |                |      |                |     |                |      |
| Drain L system  | 7.3  |  |           |           |                   |       |                                      |       |                            |     |                       |      |                                   |      |                |      |                |      |                |     |                |      |
| Drain M system  | 6.57   |  |           |           |                   |       |                                      |       |                            |     |                       |      |                                   |      |                |      |                |      |                |     |                |      |
| <p><b>Goal 2:</b> Develop and maintain our land and infrastructure assets</p>   | <p><b>Capital Works Program</b></p> <p><b>Number of Kilometres of drains sprayed</b></p> <p><b>Number of Kilometres of silt cleaning</b></p>   | <p>Completion of Bridges as follows:</p> <ul style="list-style-type: none"> <li>• Penola Lucindale Road</li> <li>• Bool Lagoon West Road</li> <li>• Murrabinna Blackford (3)</li> <li>• Piccaninny Lane Mount Hope Drain</li> <li>• Culvert Crossing (Facey)</li> </ul> <p>Six hundred &amp; sixty two (662) km</p> <p>Ninety seven (97) km</p>  |           |           |                   |       |                                      |       |                            |     |                       |      |                                   |      |                |      |                |      |                |     |                |      |
| <p><b>Goal 3:</b> Apply good governance, financial management and administration</p>  | <p><b>Number of Occupational Licences Completed</b></p> <p><b>Number of Board Meetings</b></p> <p><b>Number of Private Works approvals</b></p> <p><b>Management Plan Revision</b></p>  | <p>Seven (7) (including revision of Policy and Procedure)</p> <p>Six (6) including Field Visit, plus Four (4) Governance &amp; Finance meetings</p> <p>Nine (9)</p> <p>Revised and approved by Minister 29 June 2017</p>   |           |           |                   |       |                                      |       |                            |     |                       |      |                                   |      |                |      |                |      |                |     |                |      |

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

### Summary of complaints by subject

| <b>Public complaints received by the South Eastern Water Conservation and Drainage Board</b> |   |
|--|---|
| <b>Category of complaints by subject</b>   | <b>Number of instances</b>                              |
| All complaints   | No specific complaints have been received by the Board. |

### Complaint outcomes

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

## Appendix: Audited financial statements 2016-17

### INDEPENDENT AUDITOR'S REPORT



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Auditor-General's Department

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#### To the Presiding Member South Eastern Water Conservation and Drainage Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 23(2) of the *South Eastern Water Conservation and Drainage Act 1992*, I have audited the financial report of the South Eastern Water Conservation and Drainage 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 South Eastern Water Conservation and Drainage 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, the Manager, Drainage Operations and the Senior Finance Officer.

#### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the South Eastern Water Conservation and Drainage 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 Manager, Drainage Operations and the Board for the financial report**

The Manager, Drainage Operations is responsible for the preparation of the financial report that gives a true and fair view in accordance with 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**

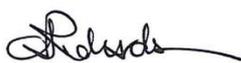
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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 Manager, Drainage Operations
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Richardson

**Auditor-General**

20 September 2017

## SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

|  | Note | 2017<br>\$'000 | 2016<br>\$'000 |
|--|------|----------------|----------------|
| <b>EXPENSES</b>                          |      |                |                |
| Board member expenses                    | 4    | 18             | 20             |
| Supplies and services                    | 5    | 1 928          | 1 797          |
| Depreciation expense                     | 6    | 3 676          | 3 774          |
| Other expenses                           | 7    | 24             | 75             |
| <b>Total expenses</b>                    |      | <b>5 646</b>   | <b>5 666</b>   |
| <b>INCOME</b>                            |      |                |                |
| Revenues from fees and charges           | 8    | 30             | 117            |
| Other income                             | 9    | -              | 610            |
| <b>Total income</b>                      |      | <b>30</b>      | <b>727</b>     |
| <b>NET COST OF PROVIDING SERVICES</b>    |      | <b>5 616</b>   | <b>4 939</b>   |
| <b>REVENUES FROM SA GOVERNMENT</b>       |      |                |                |
| Revenues from SA Government              | 10   | 2 293          | 2 237          |
| <b>Total Revenues from SA Government</b> |      | <b>2 293</b>   | <b>2 237</b>   |
| <b>NET RESULT</b>                        |      | <b>(3 323)</b> | <b>(2 702)</b> |
| <b>TOTAL COMPREHENSIVE RESULT</b>        |      | <b>(3 323)</b> | <b>(2 702)</b> |

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.

## SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

|  | Note | 2017<br>\$'000 | 2016<br>\$'000 |
|--|------|----------------|----------------|
| <b>CURRENT ASSETS</b>                          |      |                |                |
| Cash and cash equivalents                      | 11   | 262            | 220            |
| Receivables                                    | 12   | 48             | 173            |
| Inventories                                    | 13   | 28             | 19             |
| <b>Total current assets</b>                    |      | <b>338</b>     | <b>412</b>     |
| <b>NON-CURRENT ASSETS</b>                      |      |                |                |
| Property, plant & equipment and infrastructure | 14   | 95 262         | 98 437         |
| <b>Total non-current assets</b>                |      | <b>95 262</b>  | <b>98 437</b>  |
| <b>TOTAL ASSETS</b>                            |      | <b>95 600</b>  | <b>98 849</b>  |
| <b>CURRENT LIABILITIES</b>                     |      |                |                |
| Payables                                       | 16   | 134            | 56             |
| Provisions                                     | 17   | 116            | 120            |
| <b>Total Current liabilities</b>               |      | <b>250</b>     | <b>176</b>     |
| <b>TOTAL LIABILITIES</b>                       |      | <b>250</b>     | <b>176</b>     |
| <b>NET ASSETS</b>                              |      | <b>95 350</b>  | <b>98 673</b>  |
| <b>EQUITY</b>                                  |      |                |                |
| Retained earnings                              |      | 57 770         | 61 093         |
| Asset revaluation surplus                      |      | 37 580         | 37 580         |
| <b>TOTAL EQUITY</b>                            |      | <b>95 350</b>  | <b>98 673</b>  |

The total equity is attributable to the SA Government as owner

|                                      |    |
|--------------------------------------|----|
| Unrecognised contractual commitments | 18 |
| Contingent assets and liabilities    | 19 |

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

**SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

|  | <b>Asset<br/>Revaluation<br/>Surplus<br/>\$'000</b> | <b>Retained<br/>Earnings<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--|---|---|-------------------------|
| <b>Balance at 30 June 2015</b>         | <b>37 580</b>                                       | <b>63 795</b>                           | <b>101 375</b>          |
| Net Result for 2015-16                 | -   | ( 2 702)                                | ( 2 702)                |
| Total comprehensive result for 2015-16 | -   | <b>(2 702)</b>                          | <b>(2 702)</b>          |
| <b>Balance at 30 June 2016</b>         | <b>37 580</b>                                       | <b>61 093</b>                           | <b>98 673</b>           |
| Net Result for 2016-17                 | -   | (3 323)                                 | (3 323)                 |
| Total comprehensive result for 2016-17 | -   | <b>(3 323)</b>                          | <b>(3 323)</b>          |
| <b>Balance at 30 June 2017</b>         | <b>37 580</b>                                       | <b>57 770</b>                           | <b>95 350</b>           |

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

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

**SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD**  
**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 30 JUNE 2017

|   | Note | 2017<br>\$'000 | 2016<br>\$'000 |
|---|------|----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |      |                |                |
| <b>Cash Outflows</b>  |      |                |                |
| Board member payments                                       |      | (22)           | (25)           |
| Payments for supplies and services                          |      | (1 972)        | (2 176)        |
| Other payments  |      | (19)           | (17)           |
| <b>Cash used in operations</b>                              |      | <u>(2 013)</u> | <u>(2 218)</u> |
| <b>Cash Inflows</b>   |      |                |                |
| Fees and charges  |      | 31             | 123            |
| GST recovered from the ATO                                  |      | 237            | 220            |
| <b>Cash generated from operations</b>                       |      | <u>268</u>     | <u>343</u>     |
| <b>Cash Flows from SA Government</b>                        |      |                |                |
| Receipts from SA Government                                 |      | 2 293          | 2 237          |
| <b>Cash generated from SA Government</b>                    |      | <u>2 293</u>   | <u>2 237</u>   |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>            | 22   | <u>548</u>     | <u>362</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |      |                |                |
| <b>Cash Outflows</b>  |      |                |                |
| Purchase of property, plant & equipment and infrastructure  |      | (506)          | (424)          |
| <b>Cash used in investing activities</b>                    |      | <u>(506)</u>   | <u>(424)</u>   |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                |      | <u>(506)</u>   | <u>(424)</u>   |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b> |      | 42             | (62)           |
| Cash and cash equivalents at beginning of the period        |      | 220            | 282            |
| <b>Cash and cash equivalents at the end of the period</b>   | 11   | <u>262</u>     | <u>220</u>     |

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

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

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**1. Objectives of the South Eastern Water Conservation and Drainage Board**

The South Eastern Water Conservation and Drainage Board (the Board) was established in 1992 pursuant to the *South Eastern Water Conservation and Drainage Act, 1992* as amended. The objective of the Board is to manage and conserve the quality and flow of water in the South East of South Australia by effectively managing flooding, redirecting water to areas of greatest need and reducing salinity.

**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 relevant Australian Accounting Standards 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 statement requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes.
- accounting policies are selected and applied 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 disclosures, which have been included in this financial report:
  - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies;
  - (b) expenses incurred as a result of engaging consultants;
  - (c) 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.

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

**(c) Reporting entity**

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

The financial statements and accompanying notes include all the controlled activities of the Board.

The Board does not control any other entity and has no interests in unconsolidated structured entities.

**(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 has required a change.

Where the Board has applied an accounting policy retrospectively; retrospectively restated items in the financial statements; reclassified items in the financial statements, it has provided three Statements of Financial Position and related notes.

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, fringe benefits tax, goods and services tax (GST), emergency services levy and local government rates.

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

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

The net GST recoverable from, or payable to the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

**(g) Events after 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 twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where assets and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Board has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

**(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 costs involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

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

All non-current tangible assets with a value of \$2 000 and over are capitalised.

Depreciation

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

Assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Land is not depreciated.

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

| Class of Asset                            | Useful life (years) |
|---|---------------------|
| Plant and equipment                       | 5-10                |
| Buildings                                 | 40                  |
| Drainage channels/access roads and tracks | 50-80               |
| Drainage structures                       | 30-80               |
| Fences and gates                          | 30-40               |

Land under Water and Infrastructure

Land under Water and Infrastructure is not recognised in the Statement of Financial Position.

Revaluation of Non-Current Assets

All non-current tangible assets are valued at fair value and revaluation of non-current assets 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 3 years.

Every six years, the Board revalues its infrastructure assets via a Certified Practising Valuer.

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

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Impairment

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

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

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

Fair Value measurement

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

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

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

The valuation processes and fair value changes are reviewed by the Finance Officer and the Board's Governance and Finance Committee at each reporting date.

In determining fair value, the Board has taken into account the characteristic of the asset (e.g. 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 asset unless other factors suggest an alternative use is feasible within the next five years. As the Board did not identify any factors to suggest any 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.

Refer to notes 14 and 15 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

(j) **Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The Board has entered into operating leases.

*Operating leases*

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

(k) **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 ATO. If GST is not payable to, or recoverable from the ATO, 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.

**Accounting Standards**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the period ending 30 June 2017.

AASB 16 Leases will apply for the first time for the year to reporting periods beginning on or after 1 Jan 2019. The amended standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases.



The standard requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease payments will no longer be expensed in the Statement of Comprehensive Income on a straight line basis. Rather, they will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense.

It is anticipated that there will be a marginal impact on net result due to recognition of depreciation and interest on lease liabilities as expenses.

The classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the Statement of Financial Position.

The Board has not yet quantified the impact of applying AASB 16 Leases to its operating lease arrangements and the resulting impact on the Statement of Comprehensive Income, the Statement of Financial Position and the Commitments disclosure in the Notes to the Financial Statements.

AASB 15 Revenue from Contracts with Customers will replace the existing AASB 118 Revenue and applies to reporting periods beginning on or after 1 January 2019. AASB 15 Revenue from Contracts with Customers introduces a five step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'. AASB 15 Revenue from Contracts with Customers will generally result in increased disclosures.

AASB 1058 Income of Not-for-Profit Entities will replace a number of income recognition requirements under AASB 1004 Contributions and applies to reporting periods beginning on or after 1 January 2019. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.

The Board has not yet quantified the impact of applying AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities and the resulting impact on the Statement of Comprehensive Income.

The Board has not assessed the impact of other new and amended standards and interpretations and therefore is not able to quantify the impact on accounting policies or the Financial statements of the Board.

|  |               |               |
|--|---------------|---------------|
| <b>4. Board member expenses</b>  | <b>2017</b>   | <b>2016</b>   |
|  | <b>\$'000</b> | <b>\$'000</b> |
| Board and committee fees   | 16            | 18            |
| Board member on costs - superannuation                                       | 1             | 1             |
| Board member on costs - other  | 1             | 1             |
| <b>Total Board member expenses</b>   | <b>18</b>     | <b>20</b>     |
| <br>   |               |               |
| <b>5. Supplies and services</b>  |               |               |
| Fee for service - Department of Environment, Water and Natural Resources (i) | 1 137         | 1 190         |
| Accommodation and telecommunications   | 37            | 25            |
| Information technology expenses  | 5             | 7             |
| Contractors  | 220           | 120           |
| Consultants  | 26            | 11            |
| Operation and maintenance works  | 277           | 224           |
| General administration and consumables                                       | 226           | 220           |
| <b>Total supplies and services</b>   | <b>1 928</b>  | <b>1 797</b>  |

- i The Department of Environment, Water and Natural Resources (DEWNR) provides financial support services, staffing, human resources and work health, safety and injury management services to the Board pursuant to a service level agreement.

#### Consultants

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

|  | Number   | 2017<br>\$'000 | Number   | 2016<br>\$'000 |
|--|----------|----------------|----------|----------------|
| Below \$10 000                                   | 7        | 26             | 3        | 11             |
| Above \$10 000                                   | -        | -              | -        | -              |
| <b>Total paid/payable to consultants engaged</b> | <b>7</b> | <b>26</b>      | <b>3</b> | <b>11</b>      |

| 6. Depreciation expense   | 2017<br>\$'000 | 2016<br>\$'000 |
|---------------------------|----------------|----------------|
| Buildings                 | 19             | 18             |
| Plant and equipment       | 163            | 174            |
| Fences and gates          | 268            | 268            |
| Drainage channels         | 1 410          | 1 410          |
| Drainage structures       | 1 816          | 1 904          |
| <b>Total depreciation</b> | <b>3 676</b>   | <b>3 774</b>   |

#### 7. Other expenses

|  |           |           |
|--|-----------|-----------|
| Property, plant & equipment and infrastructure write-off (i) | 5         | 57        |
| Audit fees (ii)  | 19        | 18        |
| <b>Total other expenses</b>                                  | <b>24</b> | <b>75</b> |

- i As per the capital replacement program various structures are being upgraded or replaced. The written down value of the structures replaced are written-off.

- ii Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

| 8. Revenues from fees and charges           | 2017<br>\$'000 | 2016<br>\$'000 |
|---|----------------|----------------|
| Sale of goods and services                  | 27             | 112            |
| Licence revenues                            | 1              | 3              |
| Other fees and charges                      | 2              | 2              |
| <b>Total revenues from fees and charges</b> | <b>30</b>      | <b>117</b>     |

#### 9. Other Income

|  |          |            |
|--|----------|------------|
| Forgiveness of provision for reimbursement of assigned staff costs (i) | -        | 610        |
| Other  | -        | -          |
| <b>Total other income</b>  | <b>-</b> | <b>610</b> |

- i A new service level agreement between DEWNR and the Board came into effect on 1 July 2015 where DEWNR will not seek to recover from the Board costs associated with Long Service Leave. DEWNR has forgiven the Board's LSL Liabilities as of 1 July 2015. The Board will be charged an on-cost percentage for Long Service Leave taken or paid on termination by employees assigned to the Board.

| 10. Revenues from SA Government          | 2017<br>\$'000 | 2016<br>\$'000 |
|--|----------------|----------------|
| Funding transfers from DEWNR             | 2 293          | 2 237          |
| <b>Total revenues from SA Government</b> | <b>2 293</b>   | <b>2 237</b>   |

Funding provided through DEWNR is recognised as revenue when the Board obtains control over the funding, which is normally upon receipt.

Total revenues from government consist of \$1.844m (2016: \$1.799m) for operational funding and \$0.449m (2016: \$0.438m) for capital projects.

|  |               |               |
|--|---------------|---------------|
| <b>11. Cash and cash equivalents</b>   | <b>2017</b>   | <b>2016</b>   |
|  | <b>\$'000</b> | <b>\$'000</b> |
| Deposits with the Treasurer            | 262           | 220           |
| <b>Total cash and cash equivalents</b> | <b>262</b>    | <b>220</b>    |

#### Interest rate risk

Deposits with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

|                                  |               |               |
|----------------------------------|---------------|---------------|
| <b>12. Receivables</b>           | <b>2017</b>   | <b>2016</b>   |
|                                  | <b>\$'000</b> | <b>\$'000</b> |
| <b>Current</b>                   |               |               |
| Receivables                      | 1             | -             |
| GST input tax recoverable        | 47            | 53            |
| Prepaid suppliers                | -             | 120           |
| <b>Total current receivables</b> | <b>48</b>     | <b>173</b>    |
| <b>Total receivables</b>         | <b>48</b>     | <b>173</b>    |

#### Interest rate and credit risk

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. Trade receivables and accrued revenues 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. Other than recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due it being receivable on demand. There is no concentration of credit risk.

Refer to note 24 for further information on risk management.

|  |               |               |
|--|---------------|---------------|
| <b>13. Inventories</b>   | <b>2017</b>   | <b>2016</b>   |
|  | <b>\$'000</b> | <b>\$'000</b> |
| <b>Inventories held for distribution at no or nominal amount</b>       |               |               |
| Inventories held for distribution - at cost                            | 28            | 19            |
| <b>Total Inventories held for distribution at no or nominal amount</b> | <b>28</b>     | <b>19</b>     |
| <b>Total inventories</b>   | <b>28</b>     | <b>19</b>     |

#### 14. Property, plant & equipment and infrastructure

|   |            |            |
|---|------------|------------|
| <b>Land and buildings</b>               |            |            |
| Land at fair value (iii)                | 5          | 5          |
| Buildings at cost (ii)                  | 594        | 594        |
| Accumulated depreciation                | (89)       | (70)       |
| <b>Total land and buildings</b>         | <b>510</b> | <b>529</b> |
| <b>Plant and equipment</b>              |            |            |
| Plant and equipment at fair value (iii) | 72         | 72         |
| Plant and equipment at cost (ii)        | 2 094      | 2 038      |
| Accumulated depreciation                | (1 677)    | (1 514)    |
| <b>Total plant and equipment</b>        | <b>489</b> | <b>596</b> |

| 14. Property, plant & equipment and infrastructure (continued)  | 2017<br>\$'000   | 2016<br>\$'000   |
|---|------------------|------------------|
| <b>Fences and gates</b>   |                  |                  |
| Fences and gates at Independent valuation (i)                   | 3 666            | 3 666            |
| Fences and gates at fair value (iii)                            | 5 786            | 5 786            |
| Fences and gates at cost (ii)                                   | 61               | 53               |
| Accumulated depreciation  | <u>(6 220)</u>   | <u>(5 952)</u>   |
| <b>Total fences and gates</b>                                   | <u>3 293</u>     | <u>3 553</u>     |
| <b>Drainage channels</b>  |                  |                  |
| Drainage channels at independent valuation (i)                  | 115 439          | 115 439          |
| Drainage channels at cost (ii)                                  | 179              | 88               |
| Accumulated depreciation  | <u>(62 654)</u>  | <u>(61 244)</u>  |
| <b>Total drainage channels</b>                                  | <u>52 964</u>    | <u>54 283</u>    |
| <b>Drainage structures</b>                                      |                  |                  |
| Drainage structures at independent valuation (i)                | 164 124          | 164 429          |
| Drainage structures at cost (ii)                                | 950              | 521              |
| Accumulated depreciation  | <u>(127 145)</u> | <u>(125 628)</u> |
| <b>Total drainage structures</b>                                | <u>37 929</u>    | <u>39 322</u>    |
| <b>Capital works in progress</b>                                |                  |                  |
| Capital works in progress                                       | <u>77</u>        | <u>154</u>       |
| <b>Total capital works in progress</b>                          | <u>77</u>        | <u>154</u>       |
| <b>Total property, plant &amp; equipment and infrastructure</b> | <u>95 262</u>    | <u>98 437</u>    |

#### Carrying amount of property, plant & equipment and infrastructure

Classes of property, plant & equipment and infrastructure are valued as follows:

- i Independent valuation:  
These assets are valued separately by independent professional valuers. Refer below for further details.
- ii At cost (acquisition cost):  
This class includes one or more items that have an acquisition cost exceeding \$1m. All assets within this class are temporarily held at cost pending revaluation that occurs no later than six years from acquisition date.
- iii At cost (deemed fair value):  
These assets have an acquisition cost below \$1m or have an estimated useful life of less than three years, and have not been revalued in accordance with APF III and are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

#### Asset Valuations

The valuation of fences and gates, drainage channels and drainage structures was performed by a Certified Practising Valuer from Jacobs Group (Australia) Pty Ltd, as at 30 June 2014.

As there is no active market for the revalued assets, the valuer used the cost approach (i.e. depreciated replacement cost) having regard to the specialised nature of the assets by virtue of the type of improvement, location or scale. These assets fall within level 3 inputs as the quoted prices are generally specialised and unobservable.

#### Impairment

There were no indications of impairment of property, plant & equipment and infrastructure as at 30 June 2017.

**Reconciliation of property, plant & equipment and infrastructure**

The following table shows movement in property, plant & equipment and infrastructure during 2016-17

|  | Land and Buildings | Plant and Equipment | Fences and Gates | Drainage Channels | Drainage Structures | Sub-total     | Capital works in Progress | Total         |
|--|--------------------|---------------------|------------------|-------------------|---------------------|---------------|---------------------------|---------------|
|  | \$'000             | \$'000              | \$'000           | \$'000            | \$'000              | \$'000        | \$'000                    | \$'000        |
| Carrying amount at 1 July 2016         | 529                | 596                 | 3 553            | 54 283            | 39 322              | 98 283        | 154                       | 98 437        |
| Acquisitions                           | -                  | 56                  | 8                | 91                | 322                 | 477           | 29                        | 506           |
| Write-offs (refer note 7)              | -                  | -                   | -                | -                 | (5)                 | (5)           | -                         | (5)           |
| Transfers between asset classes        | -                  | -                   | -                | -                 | 106                 | 106           | (106)                     | -             |
| Depreciation expense                   | (19)               | (163)               | (268)            | (1 410)           | (1 816)             | (3 676)       | -                         | (3 676)       |
| <b>Carrying amount at 30 June 2017</b> | <b>510</b>         | <b>489</b>          | <b>3 293</b>     | <b>52 964</b>     | <b>37 929</b>       | <b>95 185</b> | <b>77</b>                 | <b>95 262</b> |

The following table shows movement in property, plant & equipment and infrastructure during 2015-16

|  | Land and Buildings | Plant and Equipment | Fences and Gates | Drainage Channels | Drainage Structures | Sub-total     | Capital works in Progress | Total         |
|--|--------------------|---------------------|------------------|-------------------|---------------------|---------------|---------------------------|---------------|
|  | \$'000             | \$'000              | \$'000           | \$'000            | \$'000              | \$'000        | \$'000                    | \$'000        |
| Carrying amount at 1 July 2015         | 547                | 766                 | 3 794            | 55 667            | 40 954              | 101 728       | 116                       | 101 844       |
| Acquisitions                           | -                  | 4                   | 27               | 26                | 272                 | 329           | 95                        | 424           |
| Write-offs (refer note 7)              | -                  | -                   | -                | -                 | (57)                | (57)          | -                         | (57)          |
| Transfers between asset classes        | -                  | -                   | -                | -                 | 57                  | 57            | (57)                      | -             |
| Depreciation expense                   | (18)               | (174)               | (268)            | (1 410)           | (1 904)             | (3 774)       | -                         | (3 774)       |
| <b>Carrying amount at 30 June 2016</b> | <b>529</b>         | <b>596</b>          | <b>3 553</b>     | <b>54 283</b>     | <b>39 322</b>       | <b>98 283</b> | <b>154</b>                | <b>98 437</b> |

**15. Fair Value Measurement****Fair Value Hierarchy**

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Board categorises non-financial assets measured at fair value into hierarchy based on the level of inputs use in measurement as follows:

| Fair value measurements at 30 June 2017        | Level 3<br>\$'000 |
|--|-------------------|
| <b>Recurring fair value measurements</b>       |                   |
| Fences and gates                               | 3 293             |
| Drainage Channels                              | 52 964            |
| Drainage Structures                            | 37 929            |
| Land and Buildings                             | 510               |
| Plant and equipment                            | 489               |
| <b>Total recurring fair value measurements</b> | <u>95 185</u>     |

| Fair value measurements at 30 June 2016        | Level 3<br>\$'000 |
|--|-------------------|
| <b>Recurring fair value measurements</b>       |                   |
| Fences and gates                               | 3 553             |
| Drainage Channels                              | 54 283            |
| Drainage Structures                            | 39 322            |
| Land and Buildings                             | 529               |
| Plant and equipment                            | 596               |
| <b>Total recurring fair value measurements</b> | <u>98 283</u>     |

**Valuation techniques and inputs**

Valuation techniques and inputs used to derive level 3 fair values together with the reconciliation of level 3 fair value measurements are detailed at note 14. There were no changes in valuation techniques during 2016-17.

| 16. Payables                  | 2017<br>\$'000 | 2016<br>\$'000 |
|-------------------------------|----------------|----------------|
| <b>Current</b>                |                |                |
| Accrued expenses              | 134            | 55             |
| Creditors                     | -              | 1              |
| <b>Total current payables</b> | <u>134</u>     | <u>56</u>      |
| <b>Total Payables</b>         | <u>134</u>     | <u>56</u>      |

**Interest rate and credit risk**

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 date the invoice is first received. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Refer to note 24 for further information on risk management.

| 17. Provisions                                      | 2017<br>\$'000 | 2016<br>\$'000 |
|---|----------------|----------------|
| <b>Current</b>                                      |                |                |
| Provision for reimbursement of assigned staff costs | 116            | 120            |
| <b>Total current provisions</b>                     | <u>116</u>     | <u>120</u>     |
| <b>Total provisions</b>                             | <u>116</u>     | <u>120</u>     |

|   | 2017              | 2016              |
|---|-------------------|-------------------|
|   | \$'000            | \$'000            |
| Carrying amount at the beginning of the reporting period          | 120               | 719               |
| Reduction arising from payments and re-measuring of the provision | (4)               | -                 |
| Increase arising from re-measuring of the provision               | -                 | 11                |
| Reduction arising from forgiveness of provision                   | -                 | (610)             |
| <b>Carrying amount at the end of the reporting period</b>         | <b><u>116</u></b> | <b><u>120</u></b> |

The Board does not employ any direct staff, but is assigned with staff resources by DEWNR through a service level agreement. The responsibility to provide for employee benefits rests with DEWNR, however costs are then recovered from the Board. A provision for reimbursement of assigned staff costs has been recognised in the Statement of Financial Position.

| 18. Unrecognised contractual commitments   | 2017              | 2016              |
|--|-------------------|-------------------|
|  | \$'000            | \$'000            |
| <b>Operating lease commitments</b>   |                   |                   |
| Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows: |                   |                   |
| Within one year  | 113               | 98                |
| Later than one year but not longer than five years   | 73                | 66                |
| <b>Total operating lease commitments</b>   | <b><u>186</u></b> | <b><u>164</u></b> |

The operating leases are for vehicle leasing arrangements with LeasePlan Australia Limited. The leases are non-cancellable with terms ranging up to three years with some leases having the right of renewal.

#### 19. Contingent assets and liabilities

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

#### 20. Remuneration of board and committee members

Members during the 2016-17 financial year were:

##### South Eastern Water Conservation and Drainage Board

FN Brennan (Presiding Member)  
 BN McLaren (Deputy Presiding Member)  
 DC Ashby  
 AE Hooper  
 JM Matthews (term ended 12 August 2016)  
 JJ Mullins  
 LA Rasenberg  
 K Rasheed  
 M Hanneman (appointed 13 August 2016)

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

FN Brennan  
 BN McLaren (Chair person)  
 AE Hooper  
 JM Matthews (term ended 12 August 2016)  
 D Ashby (appointed 13 August 2016)

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

|                                | 2017            | 2016            |
|--------------------------------|-----------------|-----------------|
|                                | No. of members  | No. of members  |
| \$0 – \$9 999                  | 9               | 8               |
| <b>Total number of members</b> | <b><u>9</u></b> | <b><u>8</u></b> |

Remuneration of members reflects all costs of performing board/committee 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 \$17 000 (2016: \$19 000).

**21. Related party transactions**

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

**Collectively, but not individually significant transactions with government related entities**

Quantitative information about transactions and balances between the Board and other SA Government controlled entities are disclosed at note 23.

**Key management personnel**

The Board does not have any staff, but is assigned staff resources by DEWNR. DEWNR staff are not considered key management personnel of the Board.

Key management personnel of the Board include the Minister for Sustainability, Environment and Conservation and Board members. The compensation detailed below excludes salaries and other benefits the Minister for Sustainability, Environment and Conservation receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

| Compensation                                    | 2017<br>\$'000 |
|---|----------------|
| Salaries and other short term employee benefits | 16             |
| Post employment benefits                        | 1              |
| <b>Total compensation</b>                       | <b>17</b>      |

| 22. Cash flow reconciliation  | 2017<br>\$'000        | 2016<br>\$'000        |
|---|-----------------------|-----------------------|
| <b>Reconciliation of cash and cash equivalents at the end of the reporting period:</b>                |                       |                       |
| Cash and cash equivalents disclosed in the Statement of Financial Position                            | <u>262</u>            | <u>220</u>            |
| Balance as per Statement of Cash Flows  | <u>262</u>            | <u>220</u>            |
| <b>Reconciliation of net cash provided by operating activities to net cost of providing services:</b> |                       |                       |
| <b>Net cash provided by operating activities</b>  | <b>548</b>            | <b>362</b>            |
| Less revenues from SA Government  | (2 293)               | (2 237)               |
| <b>Add/less non-cash items:</b>   |                       |                       |
| Depreciation expense of non-current assets  | (3 676)               | (3 774)               |
| Property, plant & equipment and Infrastructure write-off  | (5)                   | (57)                  |
| <b>Movement in assets and liabilities:</b>  |                       |                       |
| Increase (decrease) in receivables  | (125)                 | 123                   |
| Increase (decrease) in inventories  | 9                     | (8)                   |
| (Increase) decrease in payables   | (78)                  | 53                    |
| (Increase) decrease in provisions   | 4                     | 599                   |
| <b>Net cost of providing services</b>   | <b><u>(5 616)</u></b> | <b><u>(4 939)</u></b> |

23. Transactions with SA Government

| Note  | SA Government<br>2017<br>\$'000 | 2016<br>\$'000 | Non-SA Government<br>2017<br>\$'000 | 2016<br>\$'000 | Total<br>2017<br>\$'000 | 2016<br>\$'000 |
|---|---------------------------------|----------------|-------------------------------------|----------------|-------------------------|----------------|
|   | 1                               | 1              | 17                                  | 19             | 18                      | 20             |
| <b>EXPENSES</b>   |                                 |                |                                     |                |                         |                |
| 4 Board member expenses   |                                 | 1 190          | -                                   | -              | 1 137                   | 1 190          |
| 5 Supplies and services:  |                                 |                |                                     |                |                         |                |
| Fee for service - DEWNR   |                                 | -              | 37                                  | 25             | 37                      | 25             |
| Accommodation and telecommunications                              |                                 | -              | -                                   | 7              | 5                       | 7              |
| Information technology expenses                                   |                                 | -              | 5                                   | 120            | 220                     | 120            |
| Contractors   | 35                              | -              | 185                                 | -              | 220                     | 220            |
| Consultants   | 12                              | -              | 14                                  | 11             | 26                      | 11             |
| Operation and maintenance works                                   | 156                             | 139            | 121                                 | 85             | 277                     | 224            |
| General administration and consumables                            | 163                             | 162            | 63                                  | 58             | 226                     | 220            |
| 6 Depreciation expense  | -                               | -              | 3 676                               | 3 774          | 3 676                   | 3 774          |
| 7 Other expenses:   |                                 |                |                                     |                |                         |                |
| Property, plant & equipment and infrastructure write-off          | -                               | -              | 5                                   | 57             | 5                       | 57             |
| Auditor's remuneration  | 19                              | 18             | -                                   | -              | 19                      | 18             |
| <b>TOTAL EXPENSES</b>   | <b>1 540</b>                    | <b>1 529</b>   | <b>4 106</b>                        | <b>4 137</b>   | <b>5 646</b>            | <b>5 666</b>   |
| <b>INCOME</b>   |                                 |                |                                     |                |                         |                |
| 8 Revenues from fees and charges:                                 |                                 |                |                                     |                |                         |                |
| Sale of goods and services  | -                               | -              | 27                                  | 112            | 27                      | 112            |
| Licence revenues  | -                               | -              | 1                                   | 3              | 1                       | 3              |
| Other fees and charges  | -                               | -              | 2                                   | 2              | 2                       | 2              |
| 9 Other Income:   |                                 |                |                                     |                |                         |                |
| Forgiveness of provision of reimbursement of assigned staff costs | -                               | 610            | -                                   | -              | -                       | 610            |
| 10 Revenues from SA Government                                    | 2 293                           | 2 237          | -                                   | -              | 2 293                   | 2 237          |
| <b>TOTAL INCOME</b>   | <b>2 293</b>                    | <b>2 847</b>   | <b>30</b>                           | <b>117</b>     | <b>2 323</b>            | <b>2 964</b>   |

23. Transactions with SA Government (continued)

| Note                               | SA Government  |                | Non-SA Government |                | Total          |                |
|------------------------------------|----------------|----------------|-------------------|----------------|----------------|----------------|
|                                    | 2017<br>\$'000 | 2016<br>\$'000 | 2017<br>\$'000    | 2016<br>\$'000 | 2017<br>\$'000 | 2016<br>\$'000 |
|                                    | 262            | 220            | -                 | -              | 262            | 220            |
| <b>FINANCIAL ASSETS</b>            |                |                |                   |                |                |                |
| 11 Cash and cash equivalents       | -              | -              | 1                 | -              | 1              | -              |
| 12 Receivables:                    |                |                |                   |                |                |                |
| Receivables                        | -              | -              | 47                | 53             | 47             | 53             |
| GST input tax recoverable          | -              | 120            | -                 | -              | -              | 120            |
| Prepaid suppliers                  | -              | -              | -                 | -              | -              | -              |
| <b>TOTAL FINANCIAL ASSETS</b>      | <b>262</b>     | <b>340</b>     | <b>48</b>         | <b>53</b>      | <b>310</b>     | <b>383</b>     |
|                                    |                |                |                   |                |                |                |
| <b>FINANCIAL LIABILITIES</b>       |                |                |                   |                |                |                |
| 16 Payables:                       |                |                |                   |                |                |                |
| Accrued expenses                   | 87             | 41             | 47                | 14             | 134            | 55             |
| Creditors                          | -              | -              | -                 | 1              | -              | 1              |
| <b>TOTAL FINANCIAL LIABILITIES</b> | <b>87</b>      | <b>41</b>      | <b>47</b>         | <b>15</b>      | <b>134</b>     | <b>56</b>      |

**24. Financial Risk Management / Financial Instruments****(a) Financial risk management**

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

*Liquidity risk*

The Board is funded principally from 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.

Refer to note 16 for further information.

*Credit and market risk*

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

The Board does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. The Board does not undertake any hedging for its financial assets.

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

Refer note 11 and 12 for further information.

The Board has no exposure to interest rate risk as it has no interest bearing liabilities as at the end of the reporting period. There is no exposure to foreign currency or other price risks.

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

**(b) 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: loan and receivables; and financial liabilities measured at cost are detailed below.

The Board does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

| Category of financial asset and financial liabilities | Note | Carrying<br>amount /<br>Fair value<br>2017<br>\$'000 | Carrying<br>amount /<br>Fair value<br>2016<br>\$'000 |
|---|------|--|--|
| <b>Financial assets</b>                               |      |  |  |
| Cash and equivalent                                   |      |  |  |
| Cash and cash equivalents                             | 11   | 262  | 220  |
| Loans and receivables                                 |      |  |  |
| Receivables (i) (ii)                                  | 12   | 1  | -  |
| <b>Total financial assets</b>                         |      | 263  | 220  |
| <b>Financial liabilities</b>                          |      |  |  |
| Financial liabilities at cost:                        |      |  |  |
| Payables (i)  | 16   | 98   | 31   |
| <b>Total financial liabilities</b>                    |      | 98   | 31   |

- i Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents 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).
- ii Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 12 as receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

All financial assets and liabilities are due to mature within one year.

**25. Events after the reporting period**

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

**SOUTH EASTERN WATER CONSERVATION AND DRAINAGE BOARD**

**CERTIFICATION OF THE FINANCIAL REPORT**

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We certify that the attached general purpose financial statements for the South Eastern Water Conservation and Drainage Board:

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

We certify that the internal controls employed by the South Eastern Water Conservation and Drainage 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.



Lee Morgan  
Manager, Drainage Operations

6 / 9 / 17



Jennifer Kelm  
Senior Finance Officer

6 / 9 / 17



Frank Brennan  
Presiding Member

6 / 9 / 17

