

Northern and Yorke Natural Resources Management Board

Financial Statements

For the year ended 30 June 2020

Northern and Yorke Natural Resources Management Board
Certification of Financial Statement
for the year ended 30 June 2020

We certify that the attached general purpose financial statements for the Northern and Yorke Natural Resources Management Board:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the Northern and Yorke Natural Resources Management Board
- present a true and fair view of the financial position of the Northern and Yorke Natural Resources Management Board as at 30 June 2020 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Northern and Yorke Natural Resources Management Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Caroline Schaefer
Presiding Member
25 November 2020



Shaun O'Brien
Chief Financial Officer
Department for Environment and Water
25 November 2020

Northern and Yorke Natural Resources Management Board
Statement of Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Regional NRM and water levies	2.1	4 327	4 207
Commonwealth funding	2.2	1 550	1 386
Grants	2.3	101	200
Net gain from disposal of non-current assets		5	-
Interest	2.4	14	33
Other income	2.5	391	404
Total income		6 388	6 230
Expenses			
Board and committee	3.2	39	72
Supplies and services	4.1	4 766	4 741
Grants and subsidies	4.2	793	713
Depreciation	4.3	24	-
Borrowing costs	4.4	1	-
Other expenses	4.5	46	50
Total expenses		5 669	5 576
Net result		719	654
Total comprehensive result		719	654

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

Northern and Yorke Natural Resources Management Board
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	6.1	3 397	3 010
Receivables	6.2	600	969
Total current assets		3 997	3 979
Non-current assets			
Property, plant and equipment	5.1	55	-
Total non-current assets		55	-
Total assets		4 052	3 979
Current liabilities			
Payables	7.1	355	1 058
Financial liabilities	7.2	24	-
Total current liabilities		379	1 058
Non-current liabilities			
Financial liabilities	7.2	33	-
Total non-current liabilities		33	-
Total liabilities		412	1 058
Net assets		3 640	2 921
Equity			
Retained earnings		3 640	2 921
Total equity		3 640	2 921

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

Northern and Yorke Natural Resources Management Board
Statement of Changes in Equity
for the year ended 30 June 2020

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018	2 267	2 267
Net result for 2018-19	654	654
Total comprehensive result for 2018-19	654	654
Balance at 30 June 2019	2 921	2 921
Net result for 2019-20	719	719
Total comprehensive result for 2019-20	719	719
Balance at 30 June 2020	3 640	3 640

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

Northern and Yorke Natural Resources Management Board
Statement of Cash Flows
for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Cash inflows			
NRM levy receipts		3 992	4 018
Commonwealth funding received		2 251	685
Grant receipts		101	241
Interest received		17	32
Other receipts		391	410
Cash generated from operating activities		6 752	5 386
Cash outflows			
Payments to board and committee members		(7)	(32)
Payments for supplies and services		(5 499)	(4 347)
Payments of grants and subsidies		(793)	(551)
Interest paid		(1)	-
Other payments		(47)	(47)
Cash used in operating activities		(6 347)	(4 977)
Net cash provided by operating activities		405	409
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of property, plant and equipment		5	-
Cash generated from investing activities		5	-
Net cash provided by / (used in) investing activities		5	-
Cash flows from financing activities			
Cash outflows			
Repayment of leases		(23)	-
Cash used in financing activities		(23)	-
Net cash provided by / (used in) financing activities		(23)	-
Net increase in cash and cash equivalents		387	409
Cash and cash equivalents at the beginning of the reporting period		3 010	2 601
Cash and cash equivalents at the end of the reporting period	6.1	3 397	3 010

The accompanying notes form part of these financial statements.

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS

1.	About the Northern and Yorke Natural Resources Management Board.....	9
1.1.	Basis of preparation	10
1.2.	Objectives and programs	10
1.3.	Impact of COVID-19 pandemic on the Board	13
2.	Income	14
2.1.	Regional NRM and water levies	14
2.2.	Commonwealth funding	14
2.3.	Grant revenues	15
2.4.	Interest	15
2.5.	Other income	15
3.	Board, committees and employees	16
3.1.	Key management personnel.....	16
3.2.	Board and committee members.....	17
4.	Expenses	18
4.1.	Supplies and services	18
4.2.	Grants and subsidies	18
4.3.	Depreciation.....	18
4.4.	Borrowing costs	19
4.5.	Other expenses.....	19
5.	Non-financial assets	20
5.1.	Property, plant and equipment by asset class.....	20
5.2.	Property, plant and equipment leased by the Board	20
6.	Financial assets	21
6.1.	Cash and cash equivalents.....	21
6.2.	Receivables	21
7.	Liabilities	22
7.1.	Payables	22
7.2.	Financial Liabilities.....	22
8.	Changes in accounting policy	23
8.1.	AASB 16 Leases	23
8.2.	AASB 15 Revenue from Contracts with Customers	24
8.3.	AASB 1058 Income of Not-for-Profit Entities.....	25
8.4.	Presentation of Financial Statements	25
9.	Outlook	25
9.1.	Unrecognised contractual commitments	25

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

9.2.	Contingent assets and liabilities	26
9.3.	COVID-19 pandemic outlook for the Board	26
9.4.	Events after the reporting period	26
10.	Measurement and risk.....	26
10.1.	Fair value	26
10.2.	Financial instruments.....	27

Northern and Yorke Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1. About the Northern and Yorke Natural Resources Management Board

The Northern and Yorke Natural Resources Management Board (the Board) was established pursuant to section 23(1) of the *Natural Resources Management Act 2004* (the NRM Act).

The Board operates under the Northern and Yorke Natural Resources 2019-2029 Strategic Plan which was adopted by the Minister for Environment & Water on 27th March 2019. The Plan guides the implementation of all natural resources management programs and policies in the Northern and Yorke region and guides the implementation of the annual business plan which is reviewed annually.

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

On 1 July 2020, the NRM Act was repealed and the Board was abolished.

By way of a Notice in the Government Gazette on 25th June 2020, the property, assets, rights and liabilities of the Northern and Yorke NRM Board, from 1 July 2020 are vested or attached in accordance with the following:

- (a) any property, assets, rights or liabilities of the Board that fall within the functions and responsibilities of the South Australian Arid Lands Landscape Board are vested in or attached to the South Australian Arid Lands Landscape Board;
- (b) any property, assets, rights or liabilities of the Board that do not fall within the ambit of paragraph (a) are vested in or attached to the Northern and Yorke Landscape Board.

Direction by the Minister

On 16 April 2012, the Minister for Environment and Water, pursuant to sub-section 24(3) of the NRM Act, directed the Board to:

- use the Department for Environment and Water (DEW) to provide the Board's business support and NRM services to the region
- enter into an agreement for these services
- fund the services and projects set out in the agreement.

The Board entered into a one year Service Level Agreement (SLA) with DEW during 2019-20 which includes the delivery of support services to the Board to ensure it is able to meet its statutory requirements under the NRM Act and an annual work plan for the delivery of the Board's Business Plan. This agreement details the services, projects and funds to deliver the annual work plan. This SLA is reviewed and updated on an annual basis.

In accordance with notice published in the Government Gazette on 21 June 2012, all Board staff were transferred from employment under the *NRM Act* to the *Public Sector Act 2009*. This was effective from 1 July 2012 at which date staff were brought into the administrative unit of DEW. As a consequence:

- DEW assumed responsibility for the staff previously employed under the NRM Act by the Board
- all staff are employed by the Chief Executive, DEW under the *Public Sector Act 2009*
- DEW is responsible for the management, supervision, liability, Work Health and Safety and human resources management of the staff that undertake services under the SLA.
- staff undertaking services on behalf of the Board are assigned to the Board under the NRM Act
- the payment for staff salaries is recharged to the Board under a Fee for Service Arrangement.

Northern and Yorke Natural Resources Management Board

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1.1. Basis of preparation

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

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

For the 2019-20 financial statements the Board adopted *AASB 15 – Revenue from Contracts with Customers*, *AASB 16 – Leases* and *AASB 1058 – Income of Not-for-Profit Entities*. Further information is provided in note 8.

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

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

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

1.2. Objectives and programs

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

Board's objectives

The objectives of the Board as defined in the NRM Act are:

- to undertake an active role with respect to the management of natural resources within its region
- to prepare a regional NRM plan in accordance with the NRM Act, to implement the plan and to keep the plan under review to ensure the objects of the NRM Act are being achieved
- to promote public awareness and understanding of the importance of integrated and sustainable natural resources management within its region, to undertake or support educational activities with respect to natural resources management, and to increase the capacity of communities to implement programs or to take other steps to improve the management of natural resources
- to provide advice with respect to the assessment of various activities or proposals referred to the Board under the NRM Act or any other Act
- at the request of the Minister or the NRM Council, or of its own initiative, to provide advice on any matter relevant to the condition of natural resources within its region, or on the management of those resources, to conduct any inquiry or audit, or to provide any other advice or report that may be appropriate in the circumstances
- any other functions assigned to the Board by the Minister under the NRM Act or any other Act.

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2. Objectives and programs (continued)

Board Programs

In achieving its objectives the Board has defined a series of strategies to manage the region's natural resources, these areas of activity are:

Healthy Environments

Increasing resilience of our priority high biodiversity refuge areas – Mid North and Southern Flinders ranges and the Southern Yorke Peninsula.

Sustainable Use

Working closely with regional partners to support good policy development and decision making, particularly in relation to our coasts and gulfs.

Statutory requirements under the NRM Act 2004 in relation to land and water management.

Pest Plant and Animal Control

Statutory requirements under the NRM Act 2004, with particular focus on an applied risk management, landscape approach and individual accountability for control of declared plants and animals.

Collaboration, Partnerships and Aboriginal Engagement

Leverage partnerships and external funds to achieve natural resource outcomes and supporting Traditional Owners and Aboriginal communities to care for Country.

Awareness & Capacity Building

Support school-based environmental leadership and facilitate collaborative community action to achieve natural resource outcomes through CAP and support for other community activities.

Leadership and Strategy

Support a strategic approach to NRM, and effective and accountable governance

The Board has statutory responsibilities under the NRM Act to monitor and report on change in resource condition to its partners and the community. It also has a responsibility to ensure that levy funds collected from the community are invested wisely in works that produce measurable natural resources management benefits.

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

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2 Objectives and program (continued)

Expenses and income by program

	Healthy Environments		Sustainable use		Pest Plant & Animal Control		Collaboration & Partnerships	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Income								
Regional NRM and water levies	702	681	705	686	1 259	1 224	164	160
Commonwealth funding	524	468	260	233	256	229	226	202
Grants	101	200	-	-	-	-	-	-
Net gain from disposal of non-current assets	1	-	1	-	1	-	-	-
Interest	3	5	2	5	4	10	1	1
Other income	62	65	64	66	114	118	15	15
Total income	1 393	1 419	1 032	990	1 634	1 581	406	378
Expenses								
Supplies and services	1 064	1 059	785	781	1 179	1 173	359	356
Grants and subsidies	215	194	132	118	169	152	83	75
Depreciation	4	-	4	-	7	-	1	-
Borrowing costs	1	-	-	-	-	-	-	-
Board and committee	7	12	6	12	11	21	1	3
Other expenses	6	8	8	8	14	14	2	2
Total expenses	1 297	1 273	935	919	1 380	1 360	446	436
Net result	96	146	97	71	254	221	(40)	(58)

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2 Objectives and program (continued)

	Awareness & Capacity Building		Leadership & Strategy		Total	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Regional NRM and water levies	727	707	770	749	4 327	4 207
Commonwealth funding	84	75	200	179	1 550	1 386
Grants	-	-	-	-	101	200
Net gain from disposal of non-current assets	1	-	1	-	5	-
Interest	2	6	2	6	14	33
Other income	66	68	70	72	391	404
Total income	880	856	1 043	1 006	6 388	6 230
Expenses						
Supplies and services	612	609	767	763	4 766	4 741
Grants and subsidies	77	69	117	105	793	713
Depreciation	4	-	4	-	24	-
Borrowing costs	-	-	-	-	1	-
Board and committee	7	12	7	13	39	72
Other expenses	8	9	8	9	46	50
Total expenses	708	699	903	890	5 669	5 576
Net result	172	157	140	116	719	654

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

1.3. Impact of COVID-19 pandemic on the Board

The COVID-19 pandemic impacted from March 2020. DEW on behalf of the NRM Board managed the move of a significant number of staff to work from home arrangements where feasible. DEW also ensured precautions were taken for staff and the public where sites and facilities remained open, adopting best practice advice to ensure personal safety at those sites.

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2. Income

2.1. Regional NRM and water levies

	2020	2019
	\$'000	\$'000
Regional NRM levies collected through Councils	4 144	4 035
Water levies collected through DEW	183	172
Total regional NRM and water Levies	4 327	4 207

Under the NRM Act the Board receives two forms of levies; being the Regional NRM levy and the NRM Water Levy.

Regional NRM levy collected through Councils

The Minister declares contributions by councils under section 92 of the NRM Act 2004 for the relevant financial year by notice in the Government Gazette. The Regional NRM levy is then collected by constituent councils from ratepayers and is based on the value of rateable land. The Regional NRM levies are recognised as revenue when the Board obtains controls over the assets comprising these receipts which is the beginning of the levy period to which they relate. Councils may also seek to recover any outgoing costs associated with the collection of the levy.

Water levies collected through DEW

The water-based levy is collected by DEW from licensed water users. This levy is based on water allocated and water used. This income is recorded as revenue when the Board receives the funds from DEW.

2.2. Commonwealth funding

	2020	2019
	\$'000	\$'000
Commonwealth funding		
Regional Land Partnerships Program*	1 550	1 386
Total Commonwealth funding	1 550	1 386

	2020	2019
	\$'000	\$'000

*** Regional Land Partnerships Program funding consists of the following components**

Great Southern Ark: Building a Landscape-Scale Safe Haven for Australia's Most Threatened Species on Southern Yorke Peninsula	705	516
Core services	446	439
Living Flinders: Building Community Leadership in Landscape Management	399	431
Total Regional Land Partnership funding	1 550	1 386

Assets arising from Commonwealth funding in scope of AASB 1058 are recognised at their fair value when an asset is received. Commonwealth funding is paid in arrears, subject to an approved declaration of claim. The Board has determined that it has an unconditional contractual right to receive a portion of the funding under AASB 9 when a claim is submitted, as it has satisfied the eligibility criteria and expects that the claim will be accepted. Accordingly, revenue and a receivable are recognised when the claim is submitted.

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2.3. Grant revenues

	2020	2019
	\$'000	\$'000
Grant revenues from SA Government		
Great Southern Ark contribution received from DEW	-	200
Sundry grants	-	-
Total grant revenues from SA Government	-	200
Other Grants		
Sundry grants	101	-
Total other grants	101	-
Total grant revenues	101	200

Income from grants without sufficiently specific performance obligations is recognised when the entity obtains control over the assets. This is when the cash is received.

2.4. Interest

	2020	2019
	\$'000	\$'000
Interest revenues from entities within the SA Government	14	33
Total interest revenues	14	33

2.5. Other income

	2020	2019
	\$'000	\$'000
Support services income	330	329
Sale of goods	60	74
Other revenue	1	1
Total other income	391	404

Support services income relates to the 2019-20 Rangelands Partnership Agreement between the Northern & Yorke (NY) and South Australian Murray Darling Basin (SAMDB) NRM Boards, for the NY NRM Board to deliver landscape management outcomes in the SAMDB Rangelands district that align with SAMDB NRM Board priorities.

Other income includes revenues generated through contracting of animal and plant control services conducted on Crown or private land, and sale of merchandise such as fox baits. All revenue from the sale of goods is revenue from contracts with customers. This revenue is recognised upon the delivery of the service to the customer, which is in arrears, therefore no contract liability is recognised.

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3. Board, committees and employees

3.1. Key management personnel

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

The total compensation for the Board's key management personnel was \$184 000 in 2019-20 and \$163 000 in 2018-19.

The compensation disclosed in this note excludes salaries and other benefits the Minister 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*.

Related party transactions

The Board is a body corporate and was established pursuant to the *Natural Resources Management Act 2004* 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.

No transactions with key management personnel or related parties have occurred throughout the 2019-20 financial year, other than those disclosed.

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.2. Board and committee members

Members during the 2020 financial year were:

The NRM Board

C V Schaefer (Presiding member, re-appointed February 2020)
 I R Whittle (Ceased February 2020)
 K Matthias (Ceased February 2020)
 K L Murdock (Ceased February 2020)
 P A Stockings (Ceased February 2020)
 N P P Sommerville (Ceased February 2020)
 L J Thomas (Ceased February 2020)

Governance and Finance Committee

N P P Sommerville (ceased February 2020)
 P A Stockings (ceased February 2020)
 L J Thomas (ceased February 2020)
 I R Whittle (ceased February 2020)

Aboriginal Engagement Committee

L J Thomas (ceased February 2020)
 P A Stockings (ceased February 2020)
 N P P Sommerville (ceased February 2020))

Planning and Performance Committee

K Matthias (ceased February 2020)
 I R Whittle (ceased February 2020)
 K L Murdock (ceased February 2020)

Board and committee remuneration

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

	2020	2019
\$0 - \$19 999	6	9
\$20 000 - \$39 999	1	1
Total number of members	7	10

The total remuneration received or receivable by members was \$29 000 (2019: \$46 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

For the purposes of this table, travel allowances, other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members. These expenses, in addition to Payroll Tax amount to \$10 000 (2019: \$26 000).

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4. Expenses

4.1. Supplies and services

	2020	2019
	\$'000	\$'000
Fee for service - Board funded DEW salaries	2 644	2 500
Fee for service	878	1 032
Fee for service - Corporate services fee to DEW	508	534
Motor vehicles	173	158
Minor works, maintenance and equipment	139	107
Fee for service - Shared Services SA fee	97	95
Accommodation	68	87
Information technology and communication charges	47	49
General administration	57	31
Staff development	30	31
Travel	21	21
Contractors	-	6
Other supplies and services	104	90
Total supplies and services	4 766	4 741

4.2. Grants and subsidies

	2020	2019
	\$'000	\$'000
Recurrent grants	793	713
Total grants and subsidies	793	713

The Board provided financial assistance to local government, state government agencies and private bodies during the year. Funds are paid by way of grants and all recipients are required to comply with conditions relevant to each grant.

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

4.3. Depreciation

	2020	2019
	\$'000	\$'000
Depreciation		
Right-of-use buildings	24	-
Total depreciation	24	-

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

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.3. Depreciation (continued)

Useful life

Depreciation is calculated on a straight line basis over the lease term as follows:

Class of asset	Useful life (years)
Right-of-use buildings	2-3

Review of accounting estimates

Assets' residual values, useful lives and amortisation 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.

4.4. Borrowing costs

	2020	2019
	\$'000	\$'000
Interest expense on lease liabilities	1	-
Total Borrowing Costs	1	-

4.5. Other expenses

	2020	2019
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department	46	50
Total other expenses	46	50

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

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5. Non-financial assets

5.1. Property, plant and equipment by asset class

	2020	2019
	\$'000	\$'000
Right-of-use-buildings		
Right-of-use buildings (at cost)	79	-
Accumulated depreciation	(24)	-
Total right-of use buildings	55	-
Total property, plant and equipment	55	-

5.2. Property, plant and equipment leased by the Board

Property leased by the Board is recorded at cost. Net additions to leased property during 2019-20 were \$55 000 (2019: \$nil).

The Board has 2 leases that are held directly between the Board and landlords, for office accommodation in Orroroo and Minlaton. The Office accommodation in Orroroo is leased from the District Council of Orroroo/Carrieton and is in place up until 30 June 2021. A right of renewal exists to extend for a further 2 years. The office accommodation in Minlaton is leased from Yorke Peninsula Council and is in place up until 30 June 2022. Lease payments for both leases are reviewed annually in line with CPI indexation.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. The Board's maturity analysis of its lease liabilities is disclosed in note 10.2. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4.3 and 4.4 respectively. Cash outflows related to leases are disclosed in the Statement of Cash Flows.

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6. Financial assets

6.1. Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Deposits with the Treasurer	3 397	3 010
Total cash and cash equivalents	3 397	3 010

Cash is measured at nominal value.

Deposits at call and with the Treasurer earn a floating interest rate, based on daily bank deposit rates.

6.2. Receivables

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Receivables from government entities	596	29
Receivables from non-government entities	4	236
Accrued revenues	-	704
Total current receivables	600	969
Total receivables	600	969

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

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

The expected credit loss of receivables is considered to be nil.

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

7. Liabilities

7.1. Payables

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Trade payables	190	925
Accrued expenses	165	133
Total current payables	355	1 058
Total payables	355	1 058

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

7.2. Financial Liabilities

	2020	2019
	\$'000	\$'000
Current		
Lease liabilities	24	-
Total current financial liabilities	24	-
Non-current		
Lease liabilities	33	-
Total non-current financial liabilities	33	-
Total financial liabilities	57	-

The Board measures financial liabilities at amortised cost.

All material cash outflows are reflected in the lease liabilities disclosed above. For 2018-19 the lease liabilities reflect only finance leases recognised in accordance with AASB 117.

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

8. Changes in accounting policy

8.1. AASB 16 Leases

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. *AASB 16 Leases* replaces *AASB 117 Leases* and related interpretations.

The adoption of AASB 16 Leases from 1 July 2019 resulted in adjustments to the amounts recognised from a lessee perspective in the financial statements:

- *AASB 117 Leases* only required the recognition of an asset and lease liability in relation to finance leases. *AASB 16 Leases* applies a comprehensive model to all leases. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position
- *AASB 117 Leases* resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 Leases largely replaces this with depreciation expenses that represents the use of the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

Impact on retained earnings

The total impact on the Board's retained earnings as at 1 July 2019 was \$ nil

The Board disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$145 000 under AASB 117.

The Board has accommodation services provided by the Department for Environment and Water (DEW) under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies.

These MoAA do not meet the definition of lease set out either in AASB 16 or in the former standard AASB 117. Accordingly, the 2018-19 undiscounted operating lease commitments should have been disclosed as \$85 000 under AASB 117. There is no material difference between the revised operating lease commitments when discounted and the financial liabilities recognised as at 1 July 2019.

Commitments related to accommodation services provided by DEW are included in Note 9.1.

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

8.1. AASB 16 Leases (continued)

Accounting policies on transition

AASB 16 sets out accounting policies on transition in its transitional provisions. The Treasurer's Instructions (Accounting Policy Statements) requires certain choices in those transitional provisions to be taken. The Board has adopted the following accounting policies:

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 July 2019. Comparatives have not been restated
- at 1 July 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under AASB 117 and related interpretations
- the initial measurement of lease liability was the present value of the remaining leases payments discounted using the relevant incremental borrowing published by the Department of Treasury and Finance rate as at 1 July 2019 based on the SA Government's cost of borrowing. The average weighted incremental borrowing rate for this purpose was 1.49%
- the initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments and lease incentive liabilities
- the initial measurement of lease liabilities and right-of-use assets excludes all leases that ended by 30 June 2020, except for vehicles leased from SAFA.

Ongoing accounting policies

The Treasurer's Instructions (Accounting Policy Statements) specify required accounting policies for public authorities in applying AASB 16. These requirements are reflected in the Board's accounting policies as follows:

- AASB 16 is not applied to leases of intangible assets
- right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of \$15 000 or less, nor short-term leases, being those with a lease term of 12 months or less
- the Board, in the capacity of a lessee, does not include non-lease components in lease amounts
- right-of-use assets are not measured at fair value on initial recognition for leases that have significantly below-market terms and conditions principally to enable the public authority to further its objectives
- right-of-use assets are subsequently measured applying a cost model.

Significant accounting policies relate to the application of AASB 16 are disclosed under relevant notes and are referenced at note 5.2.

8.2. AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes AASB 111 *Construction contracts*, AASB 118 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

Impact on retained earnings

The total impact on the Board's retained earnings as at 1 July 2019 was \$ nil.

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

8.3. AASB 1058 Income of Not-for-Profit Entities

AASB 1058 *Income of Not-for-Profit Entities* establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in *AASB 1004 Contributions*, *AASB 118 Revenue* and *AASB 111 Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

Accounting policies on transition

The total impact on the Board's retained earnings as at 1 July 2019 was \$ nil.

8.4. Presentation of Financial Statements

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the Board. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

9. Outlook

9.1. Unrecognised contractual commitments

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

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the Australian Taxation Office (ATO).

Expenditure commitments

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

	2020	2019
	\$'000	\$'000
Within one year	31	67
Later than one year but not later than five years	-	92
Total expenditure commitments	31	159

The Board's expenditure commitments are for office accommodation in Clare which is with DEW, ending 30/06/21.

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

9.2. Contingent assets and liabilities

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

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

9.3. COVID-19 pandemic outlook for the Board

The COVID-19 pandemic impacted the Board from March 2020 and will continue to impact on the forward commitments transferred to the Northern and Yorke Landscape Board in 2020-21. The key expected impacts are:

- Delays to works specified in the NRM Plan and business plan due to travel restrictions
- Postponement of scheduled community engagement activities
- Changes to working arrangements for staff, facilitating working from home

9.4. Events after the reporting period

On 1 July 2020, the *Natural Resources Management Act 2004* was repealed and the Northern and Yorke Natural Resources Management (NRM) Board was abolished.

The Northern and Yorke NRM Board has ceased operations, and the management of land, water, pest, plants and animals, and biodiversity across the region is now managed by the Northern and Yorke Landscape Board.

10. Measurement and risk

10.1. Fair value

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

Initial recognition

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

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

Revaluation

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

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 \$1.5 million and estimated useful life is greater than three years.

As the Board does not hold any assets that meet this criteria, assets have not been revalued.

Northern and Yorke Natural Resources Management Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

10.2. Financial instruments

Financial risk management

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

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

There have been no changes in risk exposures 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 the respective financial asset/financial liability note

Classification of financial instruments

The Board measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2020 Carrying amount \$'000	2019 Carrying amount \$'000	2020 Contractual maturities		
				Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
<u>Financial assets</u>						
Financial assets at amortised cost						
Cash and cash equivalents	6.1	3 397	3 010	n/a	n/a	n/a
Receivables	6.2	600	744	n/a	n/a	n/a
Total financial assets		3 997	3 754	-	-	-
<u>Financial liabilities</u>						
Financial liabilities at amortised cost						
Payables	7.1	284	996	284	-	-
Lease liabilities	7.2	57	-	24	33	-
Total financial liabilities		341	996	308	33	-

For 2018-19 the lease liabilities reflect only finance leases recognised in accordance with AASB 117.

Receivables and payables

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