



SOUTH AUSTRALIAN DOG FENCE BOARD

2019-20 Annual Report

SOUTH AUSTRALIAN DOG FENCE BOARD

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Date presented to Minister: 7 October 2020

To:

Hon David Basham MP

Minister for Primary Industries and Regional Development

This annual report will be presented to Parliament to meet the statutory reporting requirements of the *Dog Fence Act 1946* and 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 AUSTRALIAN DOG FENCE BOARD by:

Mr Geoff Power

Chair, South Australian Dog Fence Board

Date 7 October 2020

Signature



A handwritten signature in black ink, appearing to read 'Geoff Power', is written over a horizontal line.

This report was due to you on 30 September 2020. The reasons for late submission was the need to await the completion of the audit of the financial report by the Auditor-General which was finalised on 29 September 2020.

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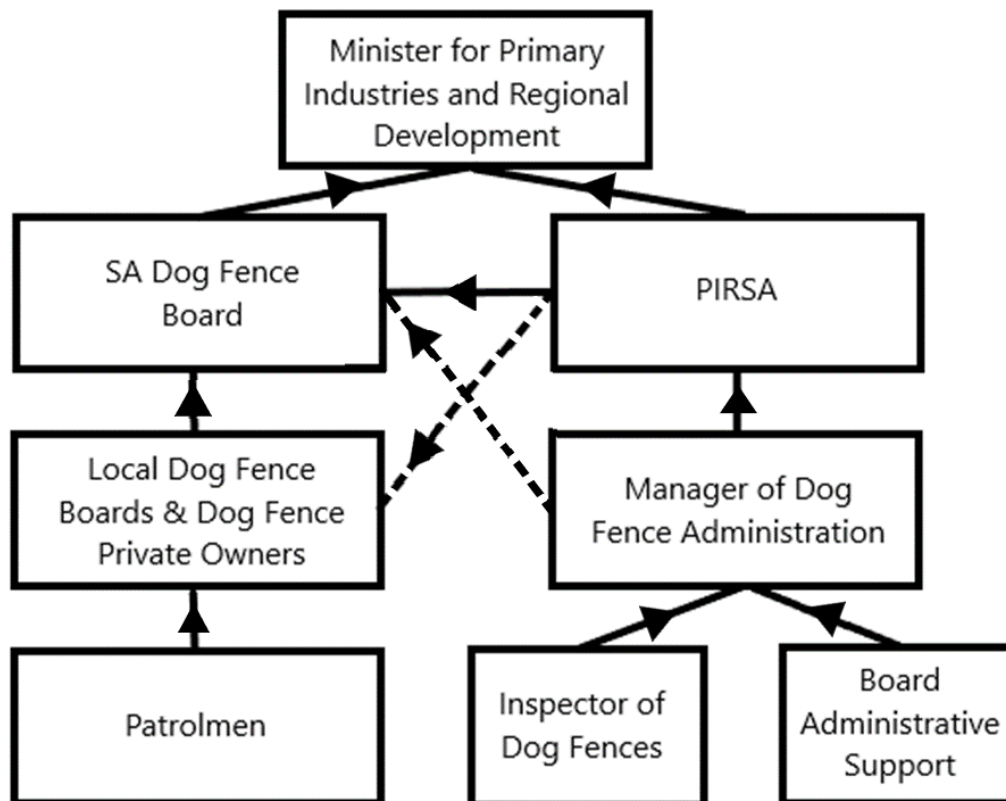
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Overview: about the Board

Our strategic focus

Our Purpose	The Dog Fence Board oversees the maintenance of the 2,153 kilometre dog fence in order to prevent the entry of wild dogs into the pastoral areas and for incidental purposes.
Our Vision	To increase the sustainability and profitability of South Australia’s \$4.5 billion livestock industry by preventing wild dog incursions into South Australia’s pastoral sheep zone.
Our functions, objectives and deliverables	The Dog Fence Board must ensure that the Dog Fence is properly inspected every 14 days and repaired by the owners of the Dog Fence so that it is maintained in a dog proof condition. Owners must also ensure that wild dogs are destroyed in the vicinity of the Dog Fence.

Our organisational structure



Changes to the Board

On the 13 July 2019 the 4 year appointment terms of all five Board members expired. From 14 July 2019 the Minister reappointed three members and appointed two new members.

Our Board

During the reporting period the five person Board membership was:

Dr Carolyn Ireland (Chair) - 1 July 2019 to 13 July 2019

Geoff Power (Chair) - 14 July 2019 to 30 June 2020

Jock MacLachlan - 1 July 2019 to 30 June 2020

Christobel Treloar - 1 July 2019 to 30 June 2020

Kathryn Fargher - 1 July 2019 to 13 July 2019

James Peter Lawrie - 1 July 2019 to 30 June 2020

Peter Whittlesea - 14 July 2019 to 30 June 2020

Legislation administered by the Board

The Dog Fence Act 1946

Other related Boards (within the Minister's area/s of responsibility)

The Pastoral Board of South Australia

The Board's performance

Employment opportunity programs

The Board does not employ staff. Those staff who undertake the work of the Board are employed through PIRSA in accordance with a Memorandum of Administrative Arrangement (MOAA).

Through the MOAA this is managed through PIRSA systems (refer PIRSA Annual Report 2019-20).

Board performance management and development systems

Through the MOAA this is managed through PIRSA systems (refer PIRSA Annual Report 2019-20).

Work health, safety and return to work programs

Through the MOAA this is managed through PIRSA systems (refer PIRSA Annual Report 2019-20).

Executive employment

The Board does not employ staff. Those staff who undertake the work of the Board are employed through PIRSA in accordance with a Memorandum of Administrative Arrangement.

The [Office of the Commissioner for Public Sector Employment](#) has a [workforce information](#) page that provides further information on the breakdown of executive gender, salary and tenure by Board.

Board meetings

During the reporting period a total of four Board meetings were held.

- Thursday 22 August 2019
- Thursday 12 December 2019
- Wednesday 19 February 2020
- Monday 15 June 2020

Financial performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the Board. Full audited financial statements for 2019-20 are attached to this report.

In 2019/20, for the purposes of funding the operation of the Board and to fund those with ownership responsibilities under the *Dog Fence Act 1946* to meet their obligations, the Board received:

- \$243,000 through the South Australian Sheep Industry Fund, which is a portion of a levy paid by producers on sheep that are sold in South Australia.
- \$356,000 from land holders in the Dog Fence rateable area, who pay Dog Fence rates directly to the Board.
- \$16,000 from land holders outside and adjacent to the Dog Fence, who pay a levy directly to the Board, with 100% of this levy being passed on to the owners of the Dog Fence.
- \$575,000 from the SA Government in a \$:\$ subsidy on Dog Fence rates and the Sheep Industry Fund contribution.

In 2019/20, for the purposes of funding the Dog Fence Rebuild Project, the Board received:

- \$375,000 through the South Australian Sheep Industry Fund, which is a portion of a levy paid by producers on sheep that are sold in South Australia.
- \$260,000 from land holders in the Dog Fence rateable area, who pay Dog Fence rates directly to the Board.
- \$289,000 from the SA Government in a \$:\$ subsidy on Dog Fence rates.
- \$3,000,000 from the Commonwealth Government through the SA Government as part of a joint Commonwealth/SA Government contractual agreement.

Consultants disclosure

The following is a summary of external consultants that have been engaged by the Board, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

Consultancies with a contract value below \$10,000 each

There were no consultancies with a contract value below \$10,000 during the reporting period.

Consultancies with a contract value above \$10,000 each

There were no consultancies with a contract value above \$10,000 during the reporting period.

See also the [Consolidated Financial Report of the Department of Treasury and Finance](#) for total value of consultancy contracts across the South Australian Public Sector.

Contractors disclosure

The following is a summary of external contractors that have been engaged by the Board, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

Contractors with a contract value below \$10,000

There were no contractors with a contract value below \$10,000 during the reporting period.

Contractors with a contract value above \$10,000 each

Inspection and maintenance of the Dog Fence is the responsibility of fence adjoining land owners inside the fence. For all but 360 kilometres of the Dog Fence, this responsibility is vested by the Minister into four Local Dog Fence Boards:

- Frome Local Dog Fence Board
- Marree Local Dog Fence Board
- Central Local Dog Fence Board
- Penong Local Dog Fence Board

The remaining 360 kilometres are the responsibility of a private land owner in the North West Private.

Subsidies are paid by the Dog Fence Board, to the four Local Dog Fence Boards and the private land owner for the purpose of meeting their responsibility to inspect and maintain the Dog Fence in a dog-proof condition and destroy wild dogs in its vicinity.

In 2019/20 the following subsidies were paid:

Contractors	Purpose	\$ Actual payment
Frome Local Dog Fence Board	Dog Fence inspection and maintenance. Wild dog destruction.	\$ 215,000
Marree Local Dog Fence Board	Dog Fence inspection and maintenance. Wild dog destruction.	\$ 41,000
Central Local Dog Fence Board	Dog Fence inspection and maintenance. Wild dog destruction.	\$ 178,000
Penong Local Dog Fence Board	Dog Fence inspection and maintenance. Wild dog destruction.	\$ 152,000

Contractors	Purpose	\$ Actual payment
North West Private	Dog Fence inspection and maintenance. Wild dog destruction.	\$ 80,000
	Total	\$ 666,000

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. [View the list of contracts.](#)

Risk management

Fraud detected in the Board

There were no actual or reasonably suspected incidents of fraud during 2019/20.

Strategies implemented to control and prevent fraud

Financial services are provided to the Board by the Department of Primary Industries and Regions. Strategies to detect instances of fraud are reported in the PIRSA Annual Report.

Public interest disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the Board under the *Public Interest Disclosure Act 2018*:

Nil.

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and repealed by the *Public Interest Disclosure Act 2018* on 1/7/2019.

Reporting required under any other act or regulation

Nil.

Public complaints

Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2019-20
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	0
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	0
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	0
Communication	Communication quality	Inadequate, delayed or absent communication with customer	1
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	0
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	0
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities	0
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	0
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	0
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	0

Complaint categories	Sub-categories	Example	Number of Complaints 2019-20
Service quality	Information	Incorrect, incomplete, out dated or inadequate information; not fit for purpose	0
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	0
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	0
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	0
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	0
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another Board; insufficient information to investigate	0
		Total	1

Additional Metrics	Total
Number of positive feedback comments	≈ 20
Number of negative feedback comments	≈ 20
Total number of feedback comments	≈ 40
% complaints resolved within policy timeframes	100

Service Improvements resulting from complaints or consumer suggestions over 2019-20

Most feedback received during 2019-20 related to a substantial increase to Dog Fence Rates resulting from the Board committing to Livestock SA's model to fund the industry component (\$5M) of the \$25m Dog Fence Rebuild Project.

To address this feedback the Board will collaborate with Livestock SA in 2020-21 to assess the rateable area.

Appendix: Audited financial statements 2019-20



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To the Chair Dog Fence Board

Opinion

I have audited the financial report of the Dog Fence Board (the Board) for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Dog Fence Board as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair and the Executive 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 Dog Fence Board. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) have been met.

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

Responsibilities of the Board for the financial report

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 35(1) of the *Dog Fence Act 1946*, I have audited the financial report of the Dog Fence Board for the financial year ended 30 June 2020.

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

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

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

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

Andrew Richardson

Auditor-General

29 September 2020

Dog Fence Board

Financial Statements

For the year ended 30 June 2020

Dog Fence Board
Certification of Financial Statements
for the year ended 30 June 2020

We certify that the attached general purpose financial statements for the Dog Fence Board:

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

We certify that the internal controls employed by the Dog Fence 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.



Geoff Power
Chair

28th September 2020



Marty Bower
Executive Officer

28 September 2020

Dog Fence Board
Statement of Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Rates, levies and penalties	2.1	1 250	581
SA Government subsidies	2.1	864	563
Commonwealth revenue	2.2	3 000	200
Interest		3	4
Total income		5 117	1 348
Expenses			
Staffing and Board costs	3.3	232	215
Fence maintenance		31	240
Motor vehicles expenses		11	30
Supplies and services	4.1	85	64
Depreciation	4.2	17	4
Grants & Subsidies	4.3	666	874
Auditor's remuneration		18	18
Write down of inventory		-	6
Lease financing costs		1	-
Total expenses		1 061	1 451
Net result		4 056	(103)
Total comprehensive result		4 056	(103)

The accompanying notes form part of these financial statements.

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

Dog Fence Board
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents		4 018	107
Receivables	5.3	21	2
Inventories	5.2	219	98
Total current assets		4 258	207
Non-current assets			
Property, plant and equipment	5.1	258	89
Total non-current assets		258	89
Total assets		4 516	296
Current liabilities			
Payables	6.1	178	33
Financial liabilities	6.2	11	-
Other liabilities	6.3	2	-
Total current liabilities		191	33
Non-current liabilities			
Financial liabilities	6.2	6	-
Total non-current liabilities		6	-
Total liabilities		197	33
Net assets		4 319	263
Equity			
Retained earnings		4 269	213
Asset revaluation surplus		50	50
Total equity		4 319	263

Total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	8.1
Contingent assets and liabilities	8.2

The accompanying notes form part of these financial statements.

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

Dog Fence Board
Statement of Changes in Equity
for the year ended 30 June 2020

	Retained earnings	Asset revaluation surplus	Total equity
	\$'000	\$'000	\$'000
Balance at 30 June 2018	316	50	366
Net result for 2018-19	(103)	-	(103)
Total comprehensive result for 2018-19	(103)	-	(103)
Balance at 30 June 2019	213	50	263
Net result for 2019-20	4 056	-	4 056
Total comprehensive result for 2019-20	4 056	-	4 056
Balance at 30 June 2020	4 269	50	4 319

The accompanying notes form part of these financial statements.

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

Dog Fence Board
Statement of Cash Flows
for the year ended 30 June 2020

	2020	2019
	Inflows	Inflows
	(Outflows)	(Outflows)
	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Interest received	3	4
Rates and levies received	1 233	582
SA Government subsidies	864	563
Commonwealth receipts	3 000	200
Cash generated from operations	<u>5 100</u>	<u>1 349</u>
Cash outflows		
Grants & subsidies	(666)	(864)
Payments for staffing and board expenses	(232)	(228)
Fence maintenance	(152)	(206)
Motor vehicles expenses	(11)	(27)
Interest paid	(1)	-
Payments for supplies and services	(97)	(63)
Auditor's remuneration	(18)	(18)
Cash used in operations	<u>(1 177)</u>	<u>(1 406)</u>
Net cash provided by / (used in) operating activities	<u>3 923</u>	<u>(57)</u>
Cash flows from financing activities		
Cash outflows		
Repayment of leases	(12)	-
Cash used in financing activities	<u>(12)</u>	<u>-</u>
Net cash provided by / (used in) financing activities	<u>(12)</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	<u>3 911</u>	<u>(57)</u>
Cash and cash equivalents at the beginning of the reporting period	107	164
Cash and cash equivalents at the end of the reporting period	<u>4 018</u>	<u>107</u>

The accompanying notes form part of these financial statements.

Dog Fence Board

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1. About the Dog Fence Board

The Dog Fence Board (the Board) is a body corporate of the state of South Australia, established pursuant to the *Dog Fence Act 1946* and is controlled by the Crown. The financial statements and accompanying notes include all the controlled activities of the Board.

1.1. Basis of preparation

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

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards 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 7.

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.

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

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

GST collections and payments are carried out by the Department of Primary Industries and Regions (PIRSA) on behalf of the Board. GST in relation to the Board is reported in the PIRSA Controlled Financial Statements.

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.

The Board has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Board is a not-for-profit entity.

1.2. Objectives of the Dog Fence Board

The Board was established pursuant to the *Dog Fence Act 1946* (the Act), on 17 June 1947. The primary purpose of the Board is to increase the sustainability and profitability of South Australia's livestock industry through the establishment and maintenance of particular dog proof fences in South Australia, in order to prevent the entry of wild dogs into pastoral areas.

1.3. Impact of COVID-19 pandemic on the Board

The COVID-19 pandemic has not had a material impact on the operations of the Board in 2019-20.

1.4. Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report.

Dog Fence Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2. Income

2.1. Rates, levies, penalties and subsidies

	2020	2019
	\$'000	\$'000
Rates, levies and penalties	1 250	581
SA Government subsidy	864	563
Total rates, levies, penalties and subsidies	2 114	1 144

Income received was attributed to :

Maintenance and obligations of the existing Fence

Levy collected by South Australian Sheep Advisory Group	243	233
Rates and penalties collected/collectable by Dog Fence Board	356	333
Levies collected from occupiers of land outside of the dog fence	16	15
Total rates, levies and penalties	615	581

SA Government \$1 for \$1 subsidy	575	563
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Income received for maintenance and obligations of the existing fence	1 190	1 144
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The Dog Fence Rebuild project

Levy collected by South Australian Sheep Advisory Group	375	-
Rates and penalties collected/collectable by Dog Fence Board	260	-
Total rates, levies and penalties	635	-

SA Government contribution	289	-
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Income received for the Dog Fence Rebuild project	924	-
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Total rates, levies, penalties and subsidies	2 114	1 144
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Rates, levies, penalties and subsidies are recognised as revenue under AASB 1058. Levies collected by South Australian Sheep Advisory Group are recognised as revenue upon receipt. Government subsidies are recognised upon receipt. Rates and penalties are recognised upon raising invoices after the rates were declared each year.

Maintenance and obligations of the existing fence

The Board receives funding via annual rates charged to occupiers of property whose land is south of the dog fence, and whose land is more than 10 square kilometres in size. As per section 25 of the Act, the rate in 2019-20 was \$2.00 per square kilometre (2019: \$1.33). The minimum charge was \$475.00 (2019: \$110.80). The rates for the 2019-20 rating year were declared on 1 August 2019.

The proportion of rates for 2019-20 amounting to \$243 000 (2019: \$233 000) which had been collected from the Local Government area included in the rating area on 11 September 1998, were collected by the South Australian Sheep Advisory Group via a sheep transaction levy.

The collection of the sheep transaction levy by the South Australian Sheep Advisory Group is supported by the South Australian Government Gazette dated 12 June 2008.

Additionally, under section 31 of the Act, the Treasurer pays the Board a subsidy at the rate of \$1 for every dollar of the rates and contributions by councils declared by the Board for each financial year.

Dog Fence Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2.1 Rates, levies, penalties and subsidies (continued)

Funding for the Dog Fence Rebuild

The Commonwealth Government, State Government and the livestock industry have partnered to fund the rebuild of 1600 kilometres of the Dog Fence that are one hundred years old. The fence rebuild has an estimated cost of \$25 million and is expected to take 5 years to rebuild.

The additional revenues collected/collectable in 2019-20 for the Dog Fence Rebuild project include –

- Additional rates and penalties collected/collectable by the Dog Fence Board directed to the Rebuild project;
- Additional Sheep Industry Fund contributions (SIF). A SIF dog fence rebuild contribution rate came into effect 7 November 2019 at a rate of \$0.12 per sheep in respect of each contract sale under which 5 or more sheep are sold for an average price of \$5 or more per sheep; and
- An additional SA Government contribution for the Dog Fence rebuild.

2.2. Commonwealth revenue

	2020	2019
	\$'000	\$'000
Commonwealth revenue	3 000	200
Total Commonwealth revenue	3 000	200

Funds were received from the Commonwealth in 2019-20 and paid to the Board through the State as part of a joint Commonwealth/State contractual agreement to upgrade the Dog Fence.

Under this joint Commonwealth/State agreement a secondary sub-contract between the State and the Board is not formed and the performance obligations required from the funding remains with the State.

Under AASB 1058 the income from the Commonwealth is recognized by the Board upon receipt.

Dog Fence 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 Primary Industries and Regional Development, the Chair and the four members.

Total compensation for the Board's key management personnel was \$4 815 (2019: \$7 223).

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*.

Transactions with key management personal and other related parties

Close family members of one of the board members have been provided subsidies as private fence owners, as disclosed in note 4.3. These payments are made in accordance with section 24 of the Act.

3.2. Board and committee members

Members during the 2020 financial year were:

G M Power (Chair) (appointed 14 July 2019)
 C Ireland (Chair) (term expired 13 July 2019)
 K J Fargher (term expired 13 July 2019)
 J P Lawrie (reappointed 14 July 2019)
 J H MacLachlan (reappointed 14 July 2019)
 C Treloar (reappointed 14 July 2019)
 P J Whittlesea (appointed 14 July 2019)

Board and committee remuneration

	2020	2019
The number of members whose remuneration received or receivable falls within the following bands:		
\$0 - \$19 999	7	5
Total number of members	7	5

The total remuneration received or receivable by members was \$4 815 (2019: \$7 223). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

3.3. Staffing and Board costs

	2020	2019
	\$'000	\$'000
Staffing costs ⁽¹⁾	227	207
Board fees and related on-costs	5	8
Total staffing and board costs	232	215

⁽¹⁾ The Board has 2.4 FTE (2019: 2.4) staff allocated from PIRSA to assist with the operations and administration of the Board. PIRSA charges the Board for the costs of these staff.

Dog Fence Board
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4. Expenses

Staffing and Board costs are disclosed in note 3.3.

4.1. Supplies and services

	2020	2019
	\$'000	\$'000
Staff travel and accommodation	24	24
Office accommodation costs	19	17
Other	15	5
Minor equipment	10	-
Office supplies	5	2
Insurance	4	4
Telecommunications and data access charges	3	1
Courier, freight and postage	2	1
Professional and technical services	2	10
Debt collection costs	1	-
Total supplies and services	85	64

4.2. Depreciation

	2020	2019
	\$'000	\$'000
Plant and equipment	1	1
Buildings	3	3
Right of use vehicles	13	-
Total depreciation	17	4

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.

Land is not depreciated.

Review of accounting estimates

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

Useful life

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

Class of asset	Useful life (years)
Buildings	20 – 40
Plant and equipment	1 – 10
Right of use vehicles	Life of lease

Fence maintenance

As per section 21 of the Act, the Board may carry out work for the construction, alteration or replacement of the fence. Maintenance expenses are recognised when incurred.

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4.3. Grants and subsidies

	2020	2019
	\$'000	\$'000
Local boards	586	797
Private fence owners	80	77
Total subsidies	666	874

4.4. Lease financing costs

	2020	2019
	\$'000	\$'000
Interest expense on lease liabilities	1	-
Total lease financing costs	1	-

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5. Assets

5.1. Property, plant and equipment

	2020 \$'000	2019 \$'000
Land and buildings		
Land at fair value	1	1
Buildings at fair value	84	84
Accumulated depreciation	(6)	(3)
Total land and buildings	79	82
Construction in progress		
Dog Fence Rebuild ^(a)	157	-
Total construction in progress	157	-
Plant and equipment		
Plant and equipment at cost (deemed fair value)	26	25
Accumulated depreciation	(20)	(18)
Total plant and equipment	6	7
Right of use vehicles		
Right of use vehicles at cost (deemed fair value)	29	-
Accumulated depreciation	(13)	-
Total Right of use vehicles	16	-
Total property, plant and equipment	258	89

All non-current tangible assets with a value of \$10 000 or greater are capitalised, otherwise it is expensed.

Property, plant and equipment owned by the Board is recorded at fair value. Detail about the Board's approach to fair value is set out in note 9.1.

^(a) Dog Fence Rebuild

The dog fence is under the Board's care and control and is recognised as an asset of the Board. While ownership of the fence remains with the legal owners provided by s24A(3) of the Act, the Board retains operational control of the dog fence as it is responsible for ensuring the dog fence is properly maintained and operated in accordance with the specific purposes described in the Act. Improvements on the dog fence are also recorded as asset, while maintenance costs are expensed.

Impairment

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their services capacity and are subject to regular revaluation.

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5.1 Property, plant and equipment (continued)

Reconciliation 2019-20

	Land	Buildings	Construction in progress	Plant & equipment	Right of use Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount beginning of the period	1	81	-	7	-	89
First time recognition of AASB 16	-	-	-	-	29	29
Additions	-	-	157	-	-	157
Depreciation	-	(3)	-	(1)	(13)	(17)
Carrying amount at the end of the period	1	78	157	6	16	258

Reconciliation 2018-19

	Land	Buildings	Construction in progress	Plant & equipment	Right of use Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount beginning of the period	1	84	-	8	-	93
Additions	-	-	-	-	-	-
Depreciation	-	(3)	-	(1)	-	(4)
Carrying amount at the end of the period	1	81	-	7	-	89

5.2. Inventories

	2020	2019
	\$'000	\$'000
Current inventories ⁽¹⁾		
Raw materials and stores ⁽²⁾	219	98
Total inventories	219	98

(1) At the lower of cost and realisable value

(2) Consists of fencing materials for the establishment and maintenance of dog proof fences, managed by the Board.

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5.3. Receivables

	2020	2019
	\$'000	\$'000
Rates revenue receivable ⁽¹⁾	21	2
Total receivables	21	2

⁽¹⁾ Rates are imposed on occupiers of rateable land under Section 27 of the Act, and are payable within 28 days from which the rate notice is served. Any debt due to the Board may be recovered in any court of competent jurisdiction.

Impairment of Receivables

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9.

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, the Board considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Boards historical experience and informed credit assessment, including where practicable forward-looking information.

Loss rates are calculated based on the probability of a receivable progressing through stages to write off based on the common risk characteristics of the transaction and debtor.

The expected credit loss from ratepayers is considered to be nil based on the nature of the debtors and no history of debt writes offs.

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6. Liabilities

6.1. Payables

	2020 \$'000	2019 \$'000
Payables to entities within SA Government		
Dog Fence - Rebuild project costs, payable to PIRSA ^(a)	157	-
Audit fee payable to the Auditor-General's Department	18	18
Trade creditors	3	15
Total payables	178	33

^(a) The Dog Fence rebuild Committee provides strategic direction on matters relating to the rebuild of the SA Dog Fence and through PIRSA project manages the award, supervision, and payment of contract sums for labour and material supplied by fencing contractors engaged on the fence rebuild project. Refer also to note 5.1.

6.2. Financial liabilities

	2020 \$'000	2019 \$'000
Current		
Lease Liabilities	11	-
Total current financial liabilities	11	-
Non-current		
Lease Liabilities	6	-
Total non-current financial liabilities	6	-
Total financial liabilities	17	-

Lease liabilities are in relation to Right of Use vehicle assets

6.3. Other liabilities

	2020 \$'000	2019 \$'000
Early payment of rate revenue	2	-
Total other liabilities	2	-

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7. Changes in accounting policy

7.1. 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 Board only has leases in relation to vehicles.

The adoption of AASB 16 Leases from 1 July 2019 resulted in recognising right-of-use assets of \$29 000 and lease liabilities of \$29 000. There was no impact on retained earnings:

- 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 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.

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 2.74 %.
- 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:

- 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 subsequently measured applying at cost model

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7.2. 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.

The Board has adopted AASB 15 on 1 July 2019.

On transition there was no impact on retained earnings.

7.3. 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.

On transition, there was no impact on retained earnings.

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8. Outlook

8.1. Unrecognised contractual commitments

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

	2020	2019
	\$'000	\$'000
Capital commitments		
Within one year	165	-
Later than one year but not longer than five years	55	-
Total capital contractual commitments	<u>220</u>	<u>-</u>

Amount to be reimbursed to PIRSA for committed contracts entered into for the rebuild of the Dog Fence. On behalf of the Board and Minister a Dog Fence rebuild Committee was established within PIRSA to project manage the award, supervision, and payment of contract sums for labour and material supplied by fencing contractors engaged on the fence rebuild project

	2020	2019
	\$'000	\$'000
Operating lease commitments		
Within one year	-	15
Later than one year but not longer than five years	-	14
Total operating lease contractual commitments	<u>-</u>	<u>29</u>

The Board has a non-cancellable motor vehicle lease with the South Australian Government Financing Authority (SAFA) through their agent LeasePlan. On 1 July 2019, the lease became a capitalised Right of Use asset recognised under note 5.1, with its remaining lease liability recognised under note 6.2.

	2020	2019
	\$'000	\$'000
Expenditure commitments		
Within one year	4	4
Later than one year but not longer than five years	2	5
Total expenditure contractual commitments	<u>6</u>	<u>9</u>

Lease management costs charged by LeasePlan for the delivery of services over the life of the lease term (eg includes vehicle ordering, delivery, servicing and management costs, direct supplier payments and monthly invoicing to the Board (these costs are outside the scope of AASB 16).

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8.2. Contingent assets and liabilities

The Board has no known contingent assets or contingent liabilities.

8.3. COVID-19 pandemic outlook for the Board

The COVID-19 pandemic is not expected to have a material impact on the operations of the Board in 2020-21

8.4. Events after the reporting period

No events have occurred after balance date that would affect the financial statements of the Board as at 30 June 2020.

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9. Measurement and risk

9.1. Fair value

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

Initial recognition

Non-current assets owned by the Board 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 restructuring of administrative arrangements then assets are recognised at book value, that is the amount recorded by the transferor public authority immediately prior to the restructure.

Revaluation

Non-current assets owned by the Board are subsequently measured at fair value less accumulated depreciation.

Revaluation is undertaken on a 5 year cycle. 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.

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.

Land and buildings

The valuation of land and buildings was performed by Liquid Pacific Pty Ltd, an independent valuer, as at 30 June 2018. The valuer arrived at the fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Land, buildings and improvements and plant and equipment acquired since the last formal revaluation are deemed to be at fair value.

Plant and equipment

The carrying amount of plant and equipment 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.

9.2. Financial instruments

Financial risk management

The Board has cash, non-interest bearing assets (receivables) and liabilities (payables). The Board's exposure to market risk and cash flow interest risk is minimal.

The Board has no significant concentration of credit risk. The Board has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

In relation to liquidity/funding risk, the continued existence of the Board in its present form, is dependent on the funding provisions of the Act.