

ANNUAL REPORT AND STATEMENT

# **THE BORDER FENCE MAINTENANCE BOARD OF NEW SOUTH WALES**

AS REQUIRED BY THE  
*GOVERNMENT SECTOR FINANCE ACT 2018*  
AND  
*ANNUAL REPORT (STATUTORY BODIES) ACT 1984*

FOR THE YEAR ENDED – 31 DECEMBER 2021





# BORDER FENCE MAINTENANCE BOARD

(FOR THE WESTERN DIVISION OF NEW SOUTH WALES)

ABN: 14 286 958 340

*Please address all communications to:*

*The Secretary*

*PO Box 279*

*Broken Hill NSW 2880*

*Phone: (08) 8088 4724*

*Fax: (08) 8088 2051*

18 March 2022

The Hon. Dugald Saunders, MP  
Minister for Agriculture, and Minister for Western New South Wales  
52 Martin Place  
SYDNEY NSW 2000

Dear Minister,

I am pleased to present the Annual Report of the Border Fence Maintenance Board for the year ending 31 December 2021 for your information and presentation to Parliament.

This Report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the *Government Sector Audit Act 1983*.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Andrew Bell', with a stylized flourish at the end.

Andrew Bell  
Chairman  
**Border Fence Maintenance Board**

## Charter

The NSW Border Fence Maintenance Board is established and administered in accordance with the provisions of the *Border Fence Maintenance Act 1921 No 17*.

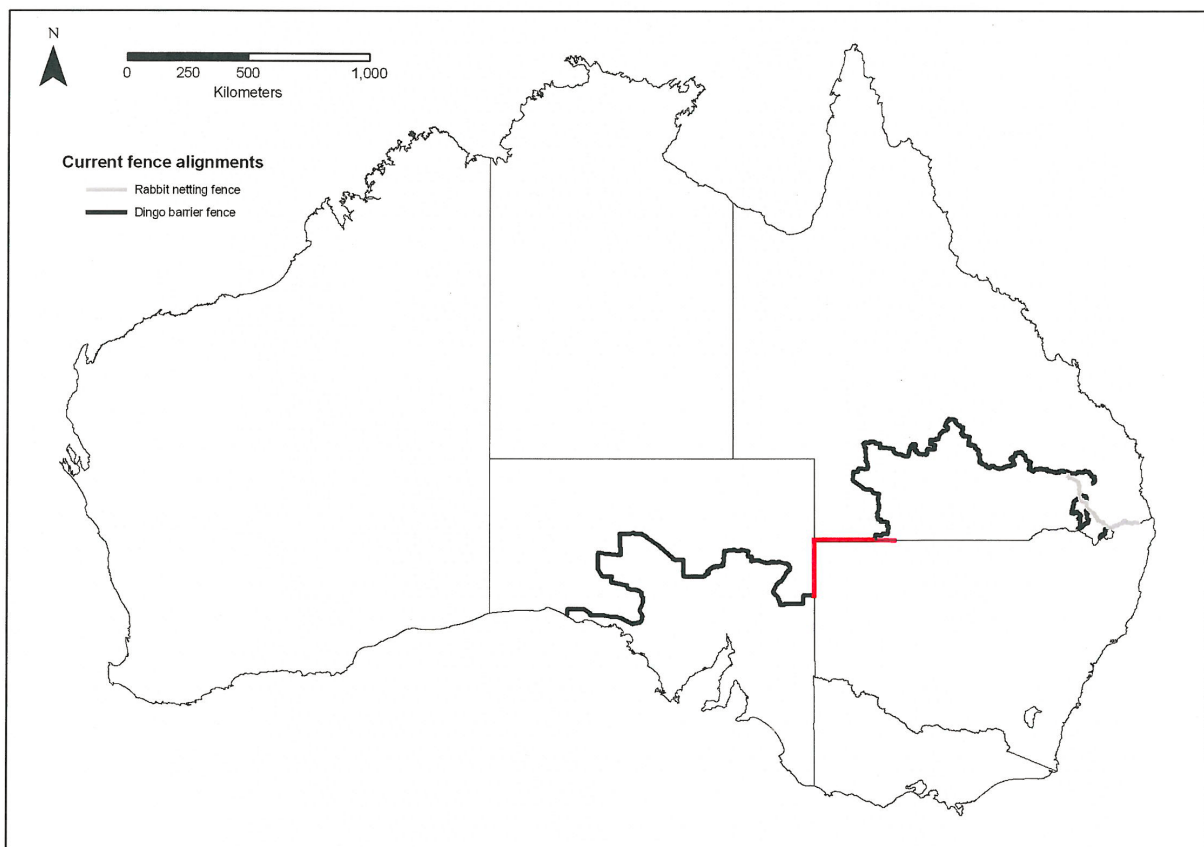
The *Border Fence Maintenance Act 1921* originally placed responsibility for the fence under the Western Lands Commission. An amending Act in 1957 established the Wild Dog Destruction Board and transferred responsibility for maintaining the fence to the Board. In 2017, the name of the Board was changed to the Border Fence Maintenance Board to better reflect its purpose.

The Board's primary function is to erect, maintain and repair a dog-proof fence along specified sections of the New South Wales (NSW) borders with Queensland and South Australia (SA), thereby excluding wild dogs from grazing lands of the Western Division of NSW.

The South Australian section of the border fence is erected on or near the western border of NSW and extends from the north west corner of the State (Cameron Corner) in a southerly direction for approximately 257 kilometres (km) along the NSW/SA border.

The Queensland section of the border fence is erected approximately 15 metres north of the border of NSW and extends easterly from Cameron Corner for 349 km to a point 15 km from Hungerford.

The *Border Fence Maintenance Act 1921 No 17* requires the Board to establish a fund, and for the Board to use that fund for the purposes of maintaining the fence. The Board is also able to charge a levy in the form of wild dog rates on certain landholders in the Western Division. These rates must be paid into the fund.



*The current extent of wild dog and rabbit barrier fencing in NSW, SA and Queensland. The section maintained by the Board is shown in red.*

## MANAGEMENT AND STRUCTURE

### The Board

The Border Fence Maintenance Board comprises six Members, including the Chairperson, who in accordance with the provisions of the *Border Fence Maintenance Act 1921* is the Commissioner. The Minister may appoint, under the provisions of the Act, a person to exercise the function of the Commissioner for the purposes of this Act. The other five Members are all resident pastoral landholders of the Western Division of NSW. Appointment to the Board occurs on nomination by the Western Local Lands Services (three Members) and one each from the Western Division Council of New South Wales Farmers' Association and the Pastoralists' Association of West Darling.

Details of current Board Membership;

Mr Andrew Bell                      Chairman  
Director Regional Operations West  
Department of Planning and Environment – Crown Lands  
45 Wingewarra Street  
DUBBO NSW 2830

Mr Callum Robinson      Western Division Council NSW Farmers' Association  
4/154 Pacific Hwy  
ST LEONARSDS NSW 2065

Mr Neill Leigo                      Western Local Lands Services  
BROKEN HILL NSW 2880

Mr Brendan Cullen              Pastoralists' Association of West Darling  
BROKEN HILL NSW 2880

Mr Nicolaas Bonselaar              Western Local Lands Services  
BROKEN HILL NSW 2880

Mr Robert Wason                      Western Local Lands Services  
BROKEN HILL NSW 2880



*A new section of fence under construction on the Queensland border.*



## Current Staffing

The Board's administration is based in Broken Hill in an office situated on the Adelaide Road, approximately 8 km from Broken Hill. The Board Secretary, Ms Robyn Mann is employed to manage the administrative and accounting functions of the Board.

The Operations Manager is based at Smithville Depot located 240 km north of Broken Hill on the South Australian border fence. This position was occupied by Mr David Harrington until he resigned from the position in July 2021. Mr Dan Mayo was subsequently appointed to the position and commenced duties in October 2021.

Other operational staff comprise a Leading Hand based at Wompah, eight Fence Maintenance Officers and two Plant Operators. The Fence Maintenance Officers are located at various locations along the length of the fence and are accommodated in cottages provided by the Board.

Fence Maintenance Officers are assigned a section of the fence to both monitor and maintain. The length of the section assigned to each individual varies between 60 – 100 km. Fence inspections are undertaken by each Maintenance Employee twice weekly (Monday and Friday) to ensure the fence remains in a dog proof condition and has not been compromised. Maintenance of the fence is undertaken where required during each inspection and throughout the week.

### Contact Officers

The Border Fence Maintenance Board's contact officers are:

<b>Secretary</b>	Miss Robyn Mann
<b>Site Address</b>	Adelaide Road BROKEN HILL NSW 2880
<b>Postal Address</b>	PO Box 279, Broken Hill NSW 2880
<b>Telephone</b>	08 8088 4724
<b>Email</b>	<a href="mailto:wdboard@bigpond.com">wdboard@bigpond.com</a>

Office hours are from 7:00 am – 3:00 pm ACST, Monday to Friday.

<b>Operations Manager</b>	Operations Manager Border Fence Maintenance Board Smithville BROKEN HILL NSW 2880
<b>Telephone</b>	08 8091 3582
<b>Email</b>	<a href="mailto:smithvilleoutpost1@bigpond.com">smithvilleoutpost1@bigpond.com</a>

### Properties

The Border Fence Maintenance Board owns and maintains houses along both the Queensland and South Australian fences. Maintenance Employees, Leading Hands, Plant Operators and the Operations Manager reside in cottages located at the following locations:

#### Queensland Border Fence

Wompah Gate, Toona Gate and Hamilton Gate.

#### South Australian Border Fence

White Catch, Smithville and Broughams Gate.

## Chair's Report

Seasonal conditions along the full length of the fence throughout the year were variable. The corner country, in particular the Toona run from Cameron Corner eastward along the Queensland fence, received more rain than other areas. The Smithville Depot, located on the South Australia fence, recorded 136 millimetres (mm) of rain for the full year - whereas Hungerford received 272 mm with the average annual rainfall for the far west of the State being 200 to 225 mm. The Paroo channels flowed for most of the year, however the Bulloogree (ephemeral lakes and wetlands fed by the Bulloo River) remained dry throughout the year.

The rain events in the corner country, on the back of rain in late 2020, resulted in quite significant vegetation growth in this area. Woody weeds that have emerged along the fence will need to be removed and controlled. Mechanical removal of this vegetation by hand remains the only option in some circumstances as adjoining properties hold organic status, which prevents the Board's staff from using chemical control measures.

Westerly winds and accumulated buckbush against the fence again caused some problems along the SA border fence in the later part of the year. A section of approximately 10 km was impacted, laying some sections over, which were immediately repaired to a dog proof standard. This section is targeted for replacement during 2022 owing to the deteriorated nature of many of the fence posts.

Following the storm event that occurred in October 2020 that damaged the fence and destroyed the Board's assets at its Wompah Depot, the board has worked closely with its insurer throughout 2021 to process its claim for recovery of the full costs. The full costs of this event have been assessed and approved for payment, with the majority of costs reimbursed to the Board by 31 December. Concurrently the Board has rebuilt all damaged fencing and floodways and replaced the equipment (three motor vehicles, a front-end loader and many power tools) that were destroyed. Repair works to the Wompah compound have been completed, while repairs to the workshop have commenced and are expected to be completed in early 2022.



*A remediated and rebuilt section of fence following flood damage.*



There were very few sightings and evidence of wild dog activity along the fence during the year; this is likely attributed to programmed baiting on properties in SA and Queensland. The Board continued to participate in group baiting programs as well as intensive baiting wherever dog activity is evident.

A total of 27 km of fencing was replaced during the 2021 year. One 15 km section at Broughams Gate was very aged and difficult to manage due to sand drift. Being the southernmost section on the SA border fence, it was also traditionally subject to relatively high levels of dog pressure. This section has now been completely replaced. A five km section of aged fence immediately north of the Wompah compound was also replaced. Unplanned works included the replacement of an additional seven kilometres of fence west of Wompah which was unplanned, which predominantly comprised sections that were impacted by the October 2020 flood event. These works included numerous flood gates and creek crossings.



*New section of fence under construction and old fence to be removed on completion.*

Repairs and improvements to houses and buildings included a new kitchen installed at one of the staff houses, and new air-conditioning units in two houses. Significant improvements planned for the Leading Hands cottage at Wompah, including a new six bay shed for the Wompah compound, could not be progressed due to the COVID-19 pandemic which impacted the availability of building contractors. The works planned and contracted for Wompah will now be delivered during 2022.

The Board's Operations Manager and one of the Plant Operators resigned during the year. These resignations placed increased pressure on the remaining staff in performing their fence maintenance obligations. The Board's Secretary, Ms Robyn Mann provided significant relief during this period by voluntarily relocating from her home in Broken Hill to Smithville for a period of three months to support the Board's fence maintenance staff during this period, until the Operations Manager position was filled. The Board is very grateful to Robyn for the support she provided during this period. The Board also engaged civil contractors to undertake earthworks along the fence as required.



Mr Daniel Mayo was successfully recruited to the position of Operations Manager and commenced duties in October 2021. Dan previously worked as a Leading Hand on the fence some years ago, and for the last nine years has been leading large teams involved in civil construction projects in remote south west Queensland. Dan comes back to the Board with a wealth of knowledge and experience in fencing techniques, civil and construction works and work health and safety. Dan is now residing at the Smithville Depot located on the fence, along with his wife and young family.

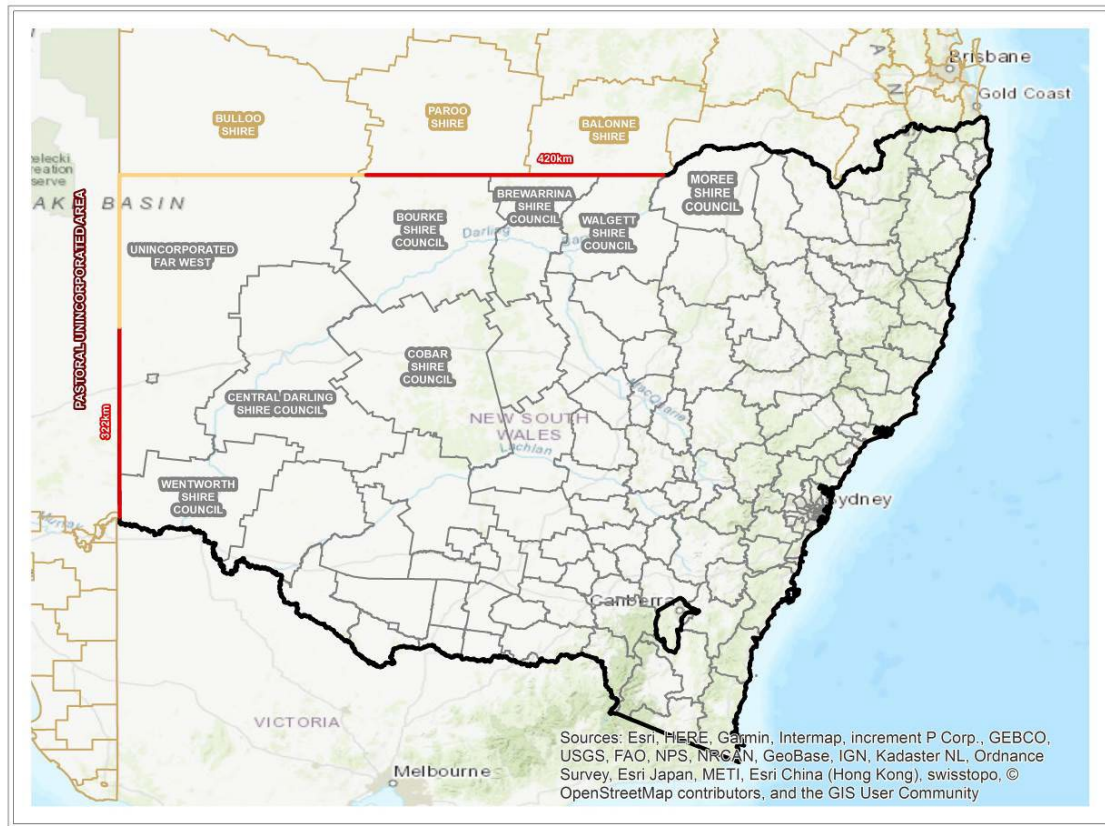
The Board held four meetings during the year, with one of those meetings being held by teleconference due the impact of the COVID-19 pandemic. The restrictions imposed by the Queensland government on cross border access resulting from the pandemic also impacted on the Board's ability to conduct its annual fence inspection, as Board members were legally unable to enter Queensland. The scheduled fence inspection for August 2021 was deferred until October 2021, in the expectation that these restrictions might be relaxed. While the relaxation of restrictions did not eventuate, the inspection ultimately proceeded in October 2021 and excluded part of the Queensland border fence, by commencing at Wompah Gate. The inspection then proceeded through to Cameron Corner and then along the full length of the South Australia Fence. The fence was found to be in sound condition and the Board was able to identify priority areas for its 2022 replacement program.



*Gate through the fence into Queensland.*

The Board provided ongoing support to the Soil Conservation Service during the year in reviewing and endorsing plans and specifications for construction for the Wild Dog Fence Extension Project. These support and engagement efforts are expected to continue until the fence extension is completed.

The New South Wales Government continued to provide ongoing support to landholders during the year through various drought support initiatives, which include the payment of Border Fence Maintenance rates on behalf of landholders in the Western Division. This support is greatly appreciated and amounted to approximately \$1.65 million in 2021.



*The existing fence (shown in yellow) and the proposed fence extension (shown in red) that will be constructed under the NSW Wild Dog Fence Extension Project.*

Andrew Bell  
Chair

## Motor Vehicles and Plant

- One Argo Amphibious Vehicle
- One Isuzu 4Wd Tray Top Truck
- Two D-Max Isuzu 4WD Single Cab Tray Tops
- Five Toyota Hi-Lux Single Cab 4WD Tray Tops
- One Toyota Landcruiser Twin Cab 4WD Tray Top
- One Toyota Hi-Lux Extra Cab 4WD Tray Top
- One Toyota Landcruiser Single Cab 4WD Tray Top
- Two Nissan Patrol 4WD Tray Tops
- One Volvo FM12 Tip Truck with Tri-Axle Tag Trailer
- One Suzuki Quad Bike
- One Polaris ATV
- One Caterpillar IT28 Loader
- Two Caterpillar 12H Motor Grader
- One Caterpillar 938G Wheel Loader
- One John Deere Tractor
- Two Bolton 11 x 7 Trailers
- One 924K Loader

## Wild Dog Rates

Only the land in the Western Division of NSW is subject to payment of dog rates, and then only where the aggregation of the holding exceeds 1000 hectares. The Board sets the annual dog rate having regard to the annual budgeted cost of maintaining the fence, less any contribution from the State Government. For 2021, the NSW Government paid an amount of \$388,902.89 to the Border Fence Maintenance Board to support it in its annual operations. Landholder rates were set at 5.5 cents per hectare for the 2021 year which were also met by the NSW Government as a drought support measure for Western Division landholders.

The Department of Planning and Environment – Crown Lands (the Department) continues to issue wild dog rate notices and receipt subsequent monies following collection on behalf of the Border Fence Maintenance Board. The Department also maintains records relating to the collection of wild dog rates and, where necessary, initiates action to recover arrears.





## INDEPENDENT AUDITOR'S REPORT

### Border Fence Maintenance Board

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Border Fence Maintenance Board (the Board), which comprise the Statement by the Accountable Authority, Statement of Comprehensive Income for the year ended 31 December 2021, the Statement of Financial Position as at 31 December 2021, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Board's financial position, financial performance and cash flows

My opinion should be read in conjunction with the rest of this report.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Board in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

## **The Board's Responsibilities for the Financial Statements**

The members of the Board are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Board's responsibilities also includes such internal control as the members of the Board determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board are responsible for assessing the Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Board carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Min Lee  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 March 2022  
SYDNEY

**BORDER FENCE MAINTENANCE BOARD**  
**ABN 14 286 958 340**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2021**



BORDER FENCE MAINTENANCE BOARD  
ABN 14 286 958 340

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BORDER FENCE MAINTENANCE BOARD  
ABN 14 286 958 340

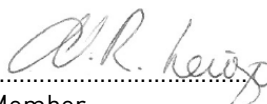
STATEMENT BY THE ACCOUNTABLE AUTHORITY

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* ('the Act'), we state that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and applicable requirements of the Act, the *Government Sector Finance Regulation 2018* and the Treasurer's directions, and
- present fairly the Border Fence Maintenance Board's financial position, financial performance and cash flows.

Signed:   
Board Member

Date: 16 March 2022

Signed:   
Board Member

Date: 16 March 2022

**BORDER FENCE MAINTENANCE BOARD**  
**ABN 14 286 958 340**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Personnel services expense			
- provided by Department of Regional NSW	2(a)	(824,763)	(944,561)
Operating expenses	2(b)	(1,542,700)	(1,359,069)
Depreciation and amortisation expense	2(c)	(226,796)	(232,582)
<b>Total expenses excluding losses</b>		<u>(2,594,259)</u>	<u>(2,536,212)</u>
<b>Revenue</b>			
Sale of goods and services	3(a)	1,681,412	1,644,667
Investment revenue	3(b)	3,807	12,489
Grants and other contributions	3(c)	431,173	422,795
Other income	3(d)	1,044,706	120,061
<b>Total revenue</b>		<u>3,161,098</u>	<u>2,200,012</u>
<b>Operating result</b>		566,839	(336,200)
Gains / (losses) on disposal	4	(833)	(23,234)
<b>Net result from continuing operations</b>		<u>566,006</u>	<u>(359,434)</u>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to net result in subsequent periods:</i>			
Change in revaluation surplus of property, plant and equipment	13	2,307,103	-
<b>Total other comprehensive income for the year</b>		<u>2,307,103</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>2,873,109</u>	<u>(359,434)</u>

The accompanying notes form part of these financial statements.



**BORDER FENCE MAINTENANCE BOARD**  
**ABN 14 286 958 340**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	1,056,904	1,755,097
Receivables	6	140,175	134,129
Inventories	7	421,532	453,546
Other financial assets	8	1,085,741	89,366
Other assets	9	37,592	9,321
<b>Total Current Assets</b>		<u>2,741,944</u>	<u>2,441,459</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	10	10,998,249	8,513,482
<b>Total Non-Current Assets</b>		<u>10,998,249</u>	<u>8,513,482</u>
<b>TOTAL ASSETS</b>		<u>13,740,193</u>	<u>10,954,941</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	11	116,579	189,193
Provisions	12	166,183	183,756
<b>Total Current Liabilities</b>		<u>282,762</u>	<u>372,949</u>
<b>Non-Current Liabilities</b>			
Provisions	12	17,031	14,701
<b>Total Non-Current Liabilities</b>		<u>17,031</u>	<u>14,701</u>
<b>TOTAL LIABILITIES</b>		<u>299,793</u>	<u>387,650</u>
<b>NET ASSETS</b>		<u>13,440,400</u>	<u>10,567,291</u>
<b>EQUITY</b>			
Reserves	13	9,206,319	6,899,216
Accumulated funds		4,234,081	3,668,075
<b>TOTAL EQUITY</b>		<u>13,440,400</u>	<u>10,567,291</u>

The accompanying notes form part of these financial statements.

**BORDER FENCE MAINTENANCE BOARD**  
**ABN 14 286 958 340**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Retained Earnings \$	Reserves \$	Total \$
<b>Balance at 1 January 2021</b>		3,668,075	6,899,216	10,567,291
Net result for the year		566,006	-	566,006
<b>Other comprehensive income</b>				
Net change in revaluation surplus of property, plant and equipment	13	-	2,307,103	2,307,103
Total other comprehensive income for the year		-	2,307,103	2,307,103
<b>Total comprehensive income for the year</b>		566,006	2,307,103	2,873,109
<b>Balance at 31 December 2021</b>		4,234,081	9,206,319	13,440,400
<b>Balance at 1 January 2020</b>		4,027,509	6,899,216	10,926,725
Net result for the year		(359,434)	-	(359,434)
<b>Other comprehensive income</b>				
Net change in revaluation surplus of property, plant and equipment	13	-	-	-
Total other comprehensive income for the year		-	-	-
<b>Total comprehensive income for the year</b>		(359,434)	-	(359,434)
<b>Balance at 31 December 2020</b>		3,668,075	6,899,216	10,567,291

The accompanying notes form part of these financial statements.

**BORDER FENCE MAINTENANCE BOARD**  
**ABN 14 286 958 340**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Suppliers for goods and services		(2,601,222)	(2,136,548)
<b>Total Payments</b>		<u>(2,601,222)</u>	<u>(2,136,548)</u>
<b>Receipts</b>			
Sale of goods and services		2,911,535	1,815,506
Interest received		4,260	14,432
Grants and other contributions		388,903	383,156
<b>Total Receipts</b>		<u>3,304,698</u>	<u>2,213,094</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	17	<u>703,476</u>	<u>76,546</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of plant and equipment		11,364	47,274
Proceeds from the sale of financial assets		-	1,261,960
Purchase of property, plant and equipment		(416,658)	(122,769)
Purchase of financial assets		(996,375)	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<u>(1,401,669)</u>	<u>1,186,465</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<u>-</u>	<u>-</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		(698,193)	1,263,011
Opening cash and cash equivalents		1,755,097	492,086
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	5	<u>1,056,904</u>	<u>1,755,097</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Reporting entity**

The Board is a not-for-profit statutory body constituted under the *Border Fence Maintenance Act 1921*. The Border Fence Maintenance Board is a continuation of, and the same entity as, the Wild Dog Destruction Board that was constituted under this Act before its amendment by the *Biosecurity Act 2015*.

These financial statements for the year ended 31 December 2021 have been authorised for issue by the Board on 16 March 2022.

**b) Basis of preparation**

The Board's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of the *Government Sector Finance Act 2018* and Government Sector Finance Regulations 2018 and
- Treasurer's Directions issued under the Act.

Property, plant and equipment, assets (or disposal groups) held for sale and certain financial assets and liabilities are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian dollars, which is the Board's presentation and functional currency.

**c) Statement of compliance**

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

**d) Accounting for Goods and Services Tax**

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- amount of GST incurred by the Board as a purchaser is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset's cost of acquisition or as part of an item of the expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**e) Comparative information**

Except when as AAS permits or requires otherwise, comparative information is presented in respect of the previous periods for all amounts reported in the financial statements.

**BORDER FENCE MAINTENANCE BOARD**  
**ABN 14 286 958 340**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(Continued)**

	2021 \$	2020 \$
<b>2. EXPENSES EXCLUDING LOSSES</b>		
<b>a) Personnel services expense</b>		
<i>Provided by Department of Regional NSW</i>		
Salaries and wages	594,892	709,741
Superannuation	67,324	70,668
Employee leave entitlements	92,029	94,175
Payroll tax	37,530	42,568
Workers compensation insurance	20,061	13,941
Other employee costs	12,927	13,468
	824,763	944,561
<b>b) Other expenses</b>		
Auditor's remuneration		
- audit of the financial statements	36,400	32,500
Board member cost	25,018	29,295
Consultants	40,895	28,190
Contractors	14,738	33,367
Electricity	15,737	19,921
Feasibility study – fence extension	-	4,560
Fence contractor and equipment hire	548,814	226,125
Fence materials	417,258	443,873
Fuel	65,391	127,807
Insurance	32,418	26,281
Repairs and maintenance – contracted labour and other (non-employee related)	224,357	249,858
Service fee to Department of Regional NSW	42,270	39,639
Telephone and office expenses	38,082	37,411
Other	41,322	60,242
	1,542,700	1,359,069

**Recognition and Measurement**

***Repairs and maintenance expense***

Day-to-day servicing costs or maintenance are charged as expenses as incurred. Outgoings in respect of buildings will be treated as maintenance expenditure in the year in which they are incurred, as revaluations are performed on a regular basis.

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NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

2. EXPENSES EXCLUDING LOSSES (Continued)

b) Other expenses (Continued)

*Fence materials*

All expenditure in respect of the fence is to be treated as maintenance expenditure for the year in which it is incurred. The fence is not depreciated, as the loss in service potential is not normally in excess of that which maintenance can restore.

	2021 \$	2020 \$
c) Depreciation and amortisation expense		
Depreciation		
- Buildings	106,253	106,253
- Leasehold improvements	15,359	15,359
- Heavy machinery	33,439	38,922
- Motor vehicles	71,745	72,048
	226,796	232,582

Refer to Note 10 for recognition and measurement policies on depreciation and amortisation.

	2021 \$	2020 \$
3. REVENUE		
a) Sale of goods and services		
<i>Rendering of services</i>		
Rates income	1,673,412	1,636,667
Fees from Office of Environment and Heritage	8,000	8,000
	1,681,412	1,644,667

**Recognition and Measurement**

*Rates income*

Revenue from rates income is recognised as revenue when the Board obtains control over the income which is when it receives the income from the Department of Regional NSW.

In the year, a rate of 5.50 cents per hectare (5.50 cents per hectare in 2020) was levied on land holdings in excess of 1,000 hectares in the Western Division (other than land within a municipality, town or village). The rates levied on landholders in 2021 amounted to \$Nil (2020 - \$Nil). The State Government paid the rates of \$1,673,412 on behalf of the ratepayers in drought.



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FOR THE YEAR ENDED 31 DECEMBER 2021  
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	2021 \$	2020 \$
<b>3. REVENUE (Continued)</b>		
<b>b) Investment revenue</b>		
Interest income from financial assets at amortised cost	3,807	12,489

**Recognition and Measurement**

***Interest income***

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that become credit impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

	2021 \$	2020 \$
<b>c) Grants and other contributions</b>		
Grant – Department of Regional NSW	388,903	383,156
Non-cash contribution from Department of Regional NSW	42,270	39,639
	431,173	422,795

**Recognition and Measurement**

***Grants and other contributions***

Income from grants (other than contributions by owners) is recognised when the Board obtains control over the grant. The Board is deemed to have assumed control when the grant is received or receivable.

Contributions are recognised at their fair value. Contribution of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

The Department of Regional NSW provided a subsidy through Consolidated Fund to the Board for assistance with its infrastructure program. This funding has expenditure constraints as per section 20 of the *Border Fence Maintenance Act 1921*.

	2021 \$	2020 \$
<b>d) Other income</b>		
Insurance recovery	1,020,213	61,145
Other rebates and refunds	22,553	56,641
Rental income	1,940	2,275
	1,044,706	120,061

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**(Continued)**

	2021 \$	2020 \$
<b>4. GAINS / (LOSSES) ON DISPOSAL</b>		
<b>Property, plant and equipment</b>		
Proceeds from disposal	11,364	47,273
Less carrying amount of assets disposed	(12,197)	(70,507)
	<u>(833)</u>	<u>(23,234)</u>

**5. CURRENT ASSETS – CASH AND CASH EQUIVALENTS**

Cash at bank and on hand	1,056,904	761,375
Short-term deposits	-	993,722
	<u>1,056,904</u>	<u>1,755,097</u>

There is a restriction on the use of cash and cash equivalents under section 20 of the *Border Fence Maintenance Act 1921* of \$1,056,904 (2020 - \$1,755,097).

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less and subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

	2021 \$	2020 \$
Cash and cash equivalents (per Statement of Financial Position)	<u>1,056,904</u>	<u>1,755,097</u>

Refer Note 19 for details regarding credit risk and market risk arising from financial instruments.

	2021 \$	2020 \$
<b>6. CURRENT ASSETS – RECEIVABLES</b>		
Rates receivable	23,886	32,683
Less: Allowance for expected credit loss	-	-
	<u>23,886</u>	<u>32,683</u>
Other receivables	58,484	73,916
GST receivable	57,805	27,530
	<u>140,175</u>	<u>134,129</u>

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**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(Continued)**

	2021 \$	2020 \$
<b>6. CURRENT ASSETS – RECEIVABLES (Continued)</b>		
Breakdown of receivable are:		
0 – 2 years in arrears	123,392	107,712
More than 2 years in arrears	16,783	26,417
	140,175	134,129

Details regarding credit risk of trade receivables that are neither past due nor impaired, are disclosed in Note 19.

**Recognition and Measurement**

All “regular way” purchases or sales are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

**Subsequent Measurement**

The Board holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process

**Impairment**

The Board considers all debts to be recoverable due to legislation allowing debts to be collected on sale of property, therefore, allowance for expected credit loss is not required.

	2021 \$	2020 \$
<b>7. CURRENT ASSETS – INVENTORIES</b>		
<i>Held for distribution</i>		
Fencing material - at cost	388,990	432,706
Fuel - at cost	32,542	20,840
	421,532	453,546

**Recognition and Measurement**

Inventories are held for distribution and are measured at cost, adjusted for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost at the date of acquisition. Current replacement cost is the cost the Board would incur to acquire the asset.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**(Continued)**

	2021 \$	2020 \$
<b>8. CURRENT - OTHER FINANCIAL ASSETS</b>		
Financial assets at amortised cost	1,085,741	89,366

There is a restriction on the use of investments under section 20 of the *Border Fence Maintenance Act 1921* of \$1,085,741 (2020 - \$89,366)

Refer to Note 19 for further information regarding fair value measurement, credit risk and market risk arising from financial instruments.

**Recognition and Measurement**

All "regular way" purchases or sales of other financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sale of other financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

Other financial assets are initially measured at fair value plus any transaction costs.

**Subsequent Measurement**

***Financial assets at amortised cost***

Other financial assets are classified and subsequently measured at amortised cost as they are held for collection of contractual cash flows solely representing payments of principal and interest.

**Impairment**

The Board's deposits are issued by financial institutions that have strong credit ratings and therefore considered to be low risk credit investments. Hence the Board measures the loss allowance for term deposits at an amount equal to 12-month expected credit losses. As the Board has never experience a loss history with term deposits and does not anticipate losses in the future, there is no impairment for other financial assets.

	2021 \$	2020 \$
<b>9. CURRENT - OTHER ASSETS</b>		
Prepayments	37,592	9,321

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**[Continued]**

	2021 \$	2020 \$
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>		
Dog fence - at fair value	7,511,700	6,102,800
Net carrying amount	<u>7,511,700</u>	<u>6,102,800</u>
Leasehold improvements		
- at fair value	438,500	419,939
Less: accumulated depreciation	-	(15,359)
Net carrying amount	<u>438,500</u>	<u>404,580</u>
Buildings		
- at fair value	1,968,600	1,802,900
Less: accumulated depreciation	-	(106,253)
Net carrying amount	<u>1,968,600</u>	<u>1,696,647</u>
Heavy machinery		
- at fair value	761,515	1,007,130
Less: accumulated depreciation	-	(907,796)
Net carrying amount	<u>761,515</u>	<u>99,334</u>
Motor vehicles		
- at fair value	710,229	576,106
Less: accumulated depreciation	(392,295)	(365,985)
Net carrying amount	<u>317,934</u>	<u>210,121</u>
Total property, plant and equipment	<u>10,998,249</u>	<u>8,513,482</u>

Buildings are constructed on crown land.

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 20.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(Continued)**

**10. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Reconciliation**

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the reporting period is set out below:

	<b>2021</b>	<b>Dog Fence</b>	<b>Leasehold Improvements</b>	<b>Buildings</b>	<b>Heavy Machinery</b>	<b>Motor Vehicles</b>	<b>Total</b>
Balance at 1 January 2021	6,102,800		404,580	1,696,647	99,334	210,121	8,513,482
Additions	-	-	-	-	237,100	179,558	416,658
Revaluation increment	1,408,900		58,151	378,206	461,845	-	2,307,102
Disposals	-	-	(8,872)	-	(3,325)	-	(12,197)
Depreciation expense	-	-	(15,359)	(106,253)	(33,439)	(71,745)	(226,796)
Balance at 31 December 2021	7,511,700		438,500	1,968,600	761,515	317,934	10,998,249

	<b>2020</b>	<b>Dog Fence</b>	<b>Leasehold Improvements</b>	<b>Buildings</b>	<b>Heavy Machinery</b>	<b>Motor Vehicles</b>	<b>Total</b>
Balance at 1 January 2020	6,102,800		419,939	1,802,900	138,256	229,907	8,693,802
Additions	-	-	-	-	-	122,769	122,769
Disposals	-	-	-	-	-	(70,507)	(70,507)
Depreciation expense	-	-	(15,359)	(106,253)	(38,922)	(72,048)	(232,582)
Balance at 31 December 2020	6,102,800		404,580	1,696,647	99,334	210,121	8,513,482

**BORDER FENCE MAINTENANCE BOARD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(Continued)**

**10. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Recognition and Measurement**

***Acquisition of property, plant and equipment***

Property, plant and equipment are initially measured at cost and subsequently valued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the asset at the time of its acquisition or construction.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Assets acquired at no cost, or for nominal consideration, are initially measured at their fair value at the date of acquisition.

***Capitalisation thresholds***

Outgoings in respect of buildings will be treated as maintenance expenditure in the year in which they are incurred.

All expenditure in respect of the fence is to be treated as maintenance expenditure for the year in which it is incurred. The fence is not depreciated, as the loss in service potential is not normally in excess of that which maintenance can restore.

The capitalisation threshold for all other property, plant and equipment is \$5,000.

***Depreciation***

The Board made an assessment of useful life of its property, plant and equipment during the year. The Board accepted the useful life provided by the valuers in relation to buildings and leasehold improvements. The useful life of heavy machinery and motor vehicles remained consistent from the prior year.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Property, Plant and Equipment</i>	<i>Depreciation Rate</i>
Dog fence	0%
Buildings	2.5% - 10%
Heavy machinery	7.5% to 30%
Leasehold improvements	2.5% - 10%
Motor vehicles	10% to 30%

***Revaluation of property, plant and equipment***

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP14-01). This policy adopts fair value in accordance with AASB 13 and AASB 116.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. This highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. After taking into account these considerations, the highest and best use is the existing use.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(Continued)**

**10. PROPERTY, PLANT AND EQUIPMENT (Continued)**

***Revaluation of property, plant and equipment (Continued)***

Fair value of property, plant and equipment is based on a market participant's perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant inputs and minimise unobservable inputs.

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset class does not materially differ from its fair value at reporting date. The Board conducts a comprehensive valuation every five years and desktop valuation after three years of the cycle.

The dog fence has been included in the statement of financial position at \$7,511,700 being the Aspect Property Consultant's comprehensive valuation of 31 December 2021. The valuation was performed by Registered Valuers. The valuation was made on a written down replacement cost basis for this asset, which is considered non-specialised in nature.

The significant assumptions applied in estimating the written down replacement cost of the dog fence were:

- Utilised section of the dog fence is 584 kilometres in length;
- Cost of new fencing has been estimated at \$24,500 per kilometre, based on \$16,500 for materials and \$8,000 for labour;
- Estimated total life of 40 years, with an estimated remaining useful life of 21 years.

The Board's buildings and leasehold improvements were revalued by Aspect Property Consultants at 31 December 2021 based on written down replacement costs. Heavy equipment was also revalued as part of this comprehensive valuation at fair value based on market value.

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

When revaluing non-current assets, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where an asset that has previously being revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the cost of disposal are material.

The Board assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(Continued)**

**10. PROPERTY, PLANT AND EQUIPMENT (Continued)**

***Impairment of property, plant and equipment (Continued)***

Board estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's carrying amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that the impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

	2021 \$	2020 \$
<b>11. CURRENT LIABILITIES - PAYABLES</b>		
Trade creditors and other accruals	95,293	152,789
Accrued salaries and wages	-	29,477
PAYG payable	12,509	972
Superannuation payable	8,777	5,955
	<hr/> 116,579	<hr/> 189,193

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 19.

**Recognition and measurement**

Payables represent liabilities for goods and services provided to the Board. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method.

	2021 \$	2020 \$
<b>12. CURRENT / NON-CURRENT LIABILITIES - PROVISIONS</b>		
Personnel services provision to Department of Regional NSW	<hr/> 183,214	<hr/> 198,457
<b>Aggregate employee benefits and on-costs</b>		
Personnel services – current	166,183	183,756
Personnel services – non-current	17,031	14,701
Accrued salaries, wages and on-costs	-	29,477
	<hr/> 183,214	<hr/> 227,934

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(Continued)**

**12. CURRENT / NON-CURRENT LIABILITIES – PROVISIONS (Continued)**

**Recognition and measurement**

Provision is made for the Board's liability for employee entitlements arising from personnel services rendered by employees to reporting date. Personnel services provision expected to be settled within one year have been measured at their nominal value. Other personnel services provision expected to be settled later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Board to employee superannuation funds and are charged as expenses when incurred.

	2021 \$	2020 \$
<b>13. RESERVES</b>		
Asset revaluation reserve at the beginning of the financial year	6,899,216	6,899,216
Revaluation gains / (losses)	2,307,103	-
	<hr/>	<hr/>
Asset revaluation reserve at the end of the financial year	9,206,319	6,899,216
	<hr/>	<hr/>

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the Board's policy on the revaluation of property, plant and equipment as discussed in Note 10.

The asset revaluation reserve relates to the dog fence, leasehold improvements, buildings and heavy machinery.

**14. CAPITAL COMMITMENTS**

The Board has capital commitments as at 31 December 2021 of \$24,750 within the next 12 months (2020 - \$Nil)

**15. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

The NSW Government has committed to extending the NSW Border Wild Dog Fence by 742km at an estimated cost of \$37.5 million. The construction of the new fence commenced during the 2020 year, with approximately 15km of fence as at 31 December 2021 with no new works undertaken during the year. Construction of the fence is project managed and controlled by the NSW Soil Conservation Service.

On completion of the entire fence and amendments to relevant legislation, control and responsibility for maintaining the fence will transfer to Border Fence Maintenance Board. At this time a contributed asset will be recognised by BFMB based on the fair value of the asset transferred.

**16. SERVICES PROVIDED BY DEPARTMENT OF REGIONAL NSW**

Services provided for the Board in 2021 primarily associated with the issuing of rate notices, debtor records maintenance and outstanding rate collection has been estimated by Department of Regional NSW to total \$42,270 (\$39,639 in 2020).

This service has been recognised as revenue with an offset expense.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**(Continued)**

	2021 \$	2020 \$
<b>17. CASH FLOW INFORMATION</b>		
<b>Reconciliation of cash flows from operating activities with deficit from operations</b>		
Net result for year	566,006	(359,434)
Depreciation	226,796	232,582
(Gain)/loss on disposal of assets	833	23,234
(Increase)/decrease in receivables	(6,045)	(56,698)
(Increase)/decrease in inventories	32,014	111,292
(Increase)/decrease in other assets	(28,271)	23,453
Increase/(decrease) in payables	(72,614)	65,197
Increase/(decrease) in provisions	(15,243)	36,920
<b>Net cash flows from operating activities</b>	<u>703,476</u>	<u>76,546</u>

**18. RELATED PARTY TRANSACTIONS**

**Key Management Personnel**

Any person having authority and responsibility for planning, directing and controlling the activities of the Board, directly or indirectly, including any director of the Board, is considered key management personnel.

The totals of remuneration paid to key management personnel of the Board during the year are as follows:

	2021 \$	2020 \$
Short term benefits	98,429	93,077
Post employment benefits	9,071	8,033
	<u>107,500</u>	<u>101,110</u>

**Transactions with Related Parties**

Transactions with related parties are on normal terms and conditions no more favourable than those available to other parties unless otherwise stated.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(Continued)**

**19. FINANCIAL INSTRUMENTS**

The Board's principal financial instruments are outlined below. These financial instruments arise directly from the Board's operations. The Board does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board's main risks arising from financial instruments are outlined below, together with the Board's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Board has overall responsibility for establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Board, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Board on a continuous basis.

**a) Financial instrument categories**

<b>Class</b>	<b>Category</b>	<b>2021 \$</b>	<b>2020 \$</b>
<b>Financial Assets</b>			
Cash and cash equivalents	Amortised cost	1,056,904	1,755,097
Receivables (1)	Amortised cost	82,370	106,599
Other financial assets	Amortised cost	1,085,741	89,366
<b>Total Financial Assets</b>		<b>2,225,015</b>	<b>1,951,062</b>
<b>Financial Liabilities</b>			
Payables (2)	measured at amortised cost	95,293	182,266
<b>Total Financial Liabilities</b>		<b>95,293</b>	<b>182,266</b>

1. Excludes statutory receivables and prepayments (not within the scope of AASB 7).

2. Excludes statutory payables and unearned revenue (not within the scope of AASB 7).

The Board determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

**b) Derecognition of financial assets and financial liabilities**

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Board transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either:

- the Board has transferred substantially all the risks and rewards of the asset; or
- the Board has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(Continued)**

**19. FINANCIAL INSTRUMENTS (Continued)**

**b) Derecognition of financial assets and financial liabilities (Continued)**

When the Board has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Board has neither transferred or retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Board's continuing involvement in the asset. In that case, the Board also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Board has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Board could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

**c) Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

**d) Financial risks**

**i) Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the Board.

The Board does not have any material credit risk exposures as the major source of revenue is the receipt of grants and statutory collectable rates. Credit risk is further mitigated as all of the grants being received from state and federal governments are in accordance with funding agreements which ensure regular funding for a period.

Credit risk arises from the financial assets of the Board, including cash, receivables and authority deposits. No collateral is held by the Board. The Board has not granted any financial guarantees.

Credit risk associated with the Board's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits are held with major Australian Banks.

The Board considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Board may consider a financial asset to be in default when internal or external information indicates that the Board is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the entity.

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**19. FINANCIAL INSTRUMENTS (Continued)**

**d) Financial risks (Continued)**

**i) Credit risk (Continued)**

*Cash and cash equivalents*

Cash comprises cash on hand and bank balances with a major Australian Bank. Interest is earned on a daily basis.

*Receivables*

Collectability of trade receivables is reviewed on an ongoing basis. Procedures are established to recover outstanding amounts.

The Board considers all debts to be recoverable due to legislation allowing debts to be collected on sale of property, therefore, allowance for expected credit loss is not required.

*Other financial assets*

The Board has term deposits with a major Australian Bank for a fixed term. These term deposits are considered low credit risk and no loss allowance has been recognised.

**ii) Liquidity risk**

Liquidity risk is the risk that the Board will be unable to meet its payment obligations as they fall due. The Board manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

During the current and prior year, there were no defaults of borrowings. No assets have been pledged as collateral. The Board's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Board. Creditors are normally settled within normal trading terms and no interest is incurred on these accounts.

The table below summarises the maturity profile of the Board's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

	Floating Interest Rate \$	Fixed Interest Less than 1 Year \$	Non- Interest Bearing \$	Total \$	Weighted Average Effective Interest Rate %
<b>2021</b>					
Payables (1)	-	-	95,293	95,293	N/A
<b>2020</b>					
Payables (1)	-	-	182,266	182,266	N/A

1. Excludes statutory payables and unearned revenue (not within the scope of AASB 7).

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**19. FINANCIAL INSTRUMENTS (Continued)**

**d) Financial risks (Continued)**

**iii) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Board operates and the time frame for assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at 31 December 2021. The analysis is performed on the same basis as for 2020. The analysis assumes all other variables remain constant.

*Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Board is also exposed to earnings volatility on floating rate instruments. Interest rate risk is managed with a mixture of fixed and floating rate debt. At 31 December 2021, the Board had no debt. (2020 - \$Nil)

The Board's exposure to interest rate risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate as a result of changes in market interest rates.

The Board has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results from a change in the risk.

At reporting date, if interest rates had been 1% higher or lower, the Board's result for the year and the equity at reporting date would have increased or decreased by \$19,934 (2020 - \$18,439).

**20. FAIR VALUE MEASUREMENT**

The Board measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Property, plant and equipment.

The Board does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

**a) Fair Value Hierarchy**

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:



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**20. FAIR VALUE MEASUREMENT**

**a) Fair Value Hierarchy (Continued)**

<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined by using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

**Valuation techniques**

The Board selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Board are consistent with one or more of the following valuation approaches.

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Board gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Board's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

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20. FAIR VALUE MEASUREMENT

a) Fair Value Hierarchy (Continued)

2021		Level 1	Level 2	Level 3	Total
	Note	\$	\$	\$	\$
<b>Recurring fair value measurements</b>					
<i>Non-financial assets</i>					
Dog fence	10	-	-	7,511,700	7,511,700
Leasehold improvements	10	-	-	438,500	438,500
Buildings	10	-	-	1,968,600	1,968,600
Heavy machinery	10	-	761,515	-	761,515
Motor vehicles	10	-	317,934	-	317,934
<b>Total non-financial assets recognised at fair value</b>		-	1,079,449	9,918,800	10,998,249

2020		Level 1	Level 2	Level 3	Total
	Note	\$	\$	\$	\$
<b>Recurring fair value measurements</b>					
<i>Non-financial assets</i>					
Dog fence	10	-	-	6,102,800	6,102,800
Leasehold improvements	10	-	-	404,580	404,580
Buildings	10	-	-	1,696,647	1,696,647
Heavy machinery	10	-	99,334	-	99,334
Motor vehicles	10	-	210,121	-	210,121
<b>Total non-financial assets recognised at fair value</b>		-	309,455	8,204,027	8,513,482

There were no transfers between levels for assets measured at fair value on a recurring basis during the reporting period (2020: no transfers).

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20. FAIR VALUE MEASUREMENT (Continued)

b) Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair value at 31 December 2021 \$	Valuation Technique(s)	Inputs Used
<i>Non-financial assets</i>			
Dog fence	7,511,700	Depreciated cost approach – Valuation by Aspect Property Consultants	Price of labour and fencing products, condition assessment, estimated useful life
Leasehold improvements	438,500	Depreciated cost approach – Valuation by Aspect Property Consultants	Construction costs, condition assessment, estimated useful life
Buildings	1,968,600	Depreciated cost approach – Valuation by Aspect Property Consultants	Construction costs, condition assessment, estimated useful life
Heavy machinery	761,515	Market approach using recent observable market data for similar machinery	Price per machine
Motor vehicles	317,934	Depreciated cost	Cost per vehicle, estimated useful life
	10,998,249		

Dog Fence, Leasehold Improvements and Buildings

The Dog fence, leasehold improvements and buildings were comprehensively valued by Aspect Property Consultants in December 2021. Aspect Property Consultants is a professional independent valuation organisation which has no direct or indirect relationship with the Board, other than to undertake the valuation. The valuation was based on the written down replacement cost method.

Heavy Machinery

Heavy machinery was valued by Aspect Property Consultants in December 2021. The valuation was based on market value.

Motor Vehicles

Motor vehicles are valued at depreciated replacement cost. The carrying amount of these assets represents the approximate fair value.

There were no changes during the period in the valuation techniques used by the Board to determine Level 2 fair values.

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**21. EVENTS OCCURRING AFTER THE BALANCE DATE**

There were no matters or circumstances have arisen since the end of the financial year, that have significantly affected, or may significantly affect, the operations of the Board, the results of those operations, or the state of affairs of the Board in future financial years.

*End of audited financial statements*