

Annual Report 2009 - 2010



wheatbelt
natural resource
management



CARING
FOR
OUR
COUNTRY





wheatbelt
natural resource
management

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Cover Photo: View from Sanford Rock, Westonia





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(left) View from Boyagin Rock, Brookton

Chairperson's Report

Wheatbelt NRM began its year with success in winning the award for Best Regional Group at the State Landcare Awards and represented WA at the National Awards. The Wheatbelt celebrated recognition of other local groups and individuals including the Toodyay Friends of the River and Linda Vernon's young leadership award. This was a great start to a year of consolidation as well as the implementation of the new Caring for our Country (CFOC) program from the Australian Government.

Wheatbelt NRM now have 50 member groups across the region, increasing numbers of individual associates and continue to welcome others to our organisation.

We work hard to ensure continuous improvement on all levels as we grow and better manage our new way of doing and developing business. Our MERI (Monitoring, Evaluation, Reporting and Improvement system) reviews and refines processes to ensure maximum involvement for local communities and benefits to landscape.

A key component has been our improved communications and knowledge management systems. Community forums held at Wongan Hills, Merredin and Hyden were hosted by our new Sub-catchment directors and provided a great lineup of excellent speakers. We sought community feedback and tested our initial strategic plan that drives the annual operations plan and future directions. The forums highlighted the challenges that face the organisation in achieving meaningful engagement and on-ground action across our considerable landscape.

Our new website means timely and valuable information about our region can be easily accessed. The Footprint document launched at Dowerin clearly demonstrates the results of the previous five years of investment and where we have been working on-ground with our community to better manage our natural resources.

Wheatbelt NRM work collaboratively and in partnerships to achieve projects such as the highly successful and well supported Community Small Grants, the Wind erosion, Biodiversity and Sustainable Communities programs. This year we've launched a range of excellent information booklets for our region on subjects such as lime, mammals and a glove box guide to salinity and productive saltland pastures. We've been successful in submissions on four state projects on biosecurity, biodiversity, Avon waterways and ongoing support for the "Red Card for Red Fox" program.

The overall budget for Wheatbelt NRM is over \$4 million, consisting primarily of Federal government funds with the State Government contributing \$250k via a successful application for the provision of services to the state.

This year saw the last of the direct salinity investments in our region. Given that the wheatbelt of WA is the most saline affected in the nation, it remains a challenge that we must continue to address. The end of the Saltland Pastures Association means that strong links to CRC FFI are crucial, as is ensuring existing funding provides multiple outcomes where possible.

Last year we promised to emphasise at all levels of Government, the importance of maintaining the regained momentum in both research and on-ground action. At the state level we have been busy creating a new structure, the NRM Regional Leaders Group (NRM RLG). The six NRM regions have charted a "Way Forward" to better collaborate and represent our communities from across WA. The reinstatement of continued funds for NRM has been encouraging, however like everyone we hoped for more, following the two reviews of last year. The NRM RLG has also provided state representation on the National Working Group. This year has seen Landcare revitalised and the creation of the National Landcare framework as well as a draft State NRM Strategy.



(Above) Winners of the State Landcare awards 2009

Wheatbelt NRM will be reviewing its Regional Strategy over the next year so we can be sure we are focussed on our communities priorities and how best to address them. New challenges and opportunities apart from Carbon include Energy, Food Security and of course Water management and Climate change. Nationally the priority given to Regional and Rural Australia and Carbon adds to the possibilities.

I would like to thank the board for their ongoing service and commitment and welcome our new Directors. Special thanks to our retiring directors- Merrilyn Temby and Colin Nicholl. They will both be missed for their wise counsel and corporate knowledge, but most importantly their dedication to local communities and volunteers.

Once again I congratulate the professional, hard working and dedicated staff lead by Peter Sullivan, CEO. It is through their ongoing efforts our region is in such a strong position and can provide professional service to our community and stakeholders. Their

ability to adapt to ongoing change and work across regions to ensure that we can share our knowledge and maximise our resources has been exceptional this year.

We are committed to the future for our region and how we can best position ourselves in a time of continual change and re-structuring in our Wheatbelt community. A particularly difficult season for agriculture has impacted our region and will continue to do so, as do events like the Toodyay fires. These events test us, however usually bring out the best in our communities and reinforce the resilience, strength and importance of people and networks when managing our natural resources.

Thank you to everyone who has continued to contribute and support this region and our communities with their unique and diverse landscapes.

Glenice Batchelor
Chair
Wheatbelt NRM

Chief Executive Officer's Report



(Above) Wheatbelt NRM Staff and Board at the strategic networking day.

The 2009/2010 year has seen the organisation consolidate core NRM services to our Wheatbelt Community in an environment of highly contestable NRM funding.

The first half of the year engaged staff in the wrap-up of the prior NRM programs with considerable effort expended to capture program information and lessons learnt. It also saw the start up of the Caring for our Country (CfoC) Business Plan 2009-10 programs in wind erosion, biodiversity conservation focused on covenanting for the National Reserve System and Aboriginal engagement in NRM.

Staff have strengthened their capacity and talents in project delivery, information management and communications. A series of community forums held in the third quarter provided valuable feedback on our operations and the interests and priorities of the Wheatbelt community. Closer working relationships with our community will remain a priority for the coming year.

Staff benefited from improvements to our business strategic planning processes with Board formulating our Strategic Business Plan 2010 to 2013. This has guided our focus to excel in our current program delivery. We have diversified our operations by identifying and developing business opportunities to attract and deliver additional resources to NRM in the Wheatbelt

With an eye to the future, issues around seasonal variability and the dry 2010 season for the Central and Eastern Wheatbelt, the possibility of a settlement of the Nyungar Claim, developing markets and products based around the emerging carbon economy and the ongoing focus on energy and water efficiency all have the potential to drive significant innovation in NRM.

Wheatbelt NRM continues to be committed to work with our community and key stakeholders in partnership to capitalise on these opportunities.

Peter Sullivan
CEO
Wheatbelt NRM

Program Overview

Staff efforts over the past two years were recognised when Wheatbelt NRM won the State Landcare Award for a regional group and represented WA at the National Awards. This award was further confirmation that Wheatbelt NRM is leading NRM activities in the Avon River Basin.

2009/2010 has seen the Wheatbelt NRM staff focus on delivering existing projects and expanding with considerable effort in securing new projects. Projects were developed to address the Caring for Our Country (CfoC) targets and Business Plans. As well as the base allocation to WNRM, we were successful in the following competitive bids: Wheatbelt NRM private area protected land project, Supporting farm practices that increase soil organic carbon, Advancements in no-till for soil health 2010-2013.

Wheatbelt NRM secured four projects from the State NRM Community Grant funding including: Riparian improvement of priority Avon River Pools Gwambygine, Red card for red fox and rabbit, the establishment of Wheatbelt Regional Biosecurity Group and Water management planning for Avon Arc towns. With seven projects in total funded in the Wheatbelt it was a great outcome for the region and confirmation of its capacity to undertake NRM activities.

Staff numbers for the year have been stable with a turnover of three staff: Cilla Wilson, Communications Officer, Di Lovell, Aboriginal NRM Facilitator and Rosemary Kelly, Executive Support Officer left in the 2009/2010 year. We were also joined by three new staff members Jess Dixon, Professional placement student from Muresk, Hayley Blakiston, Executive Support Officer and Carla Swift, Communications Officer.

(Below) Jessica Dixon and Hayley Blakiston at the 2010 Wheatbelt NRM AGM.



Sustainable Agriculture

Supporting community farm practice change to manage wind erosion in the Avon River Basin 2009/2010

The Australian Government 'Caring for our Country (CfoC) Business Plan (2009/2010)' identifies the Avon region as a priority area to reduce the risk of wind erosion through increased adoption of sustainable farm practices. Wheatbelt NRM successfully proposed a \$4.43 million program called 'Supporting farm practice change to improve soil quality' aimed at local on-ground activities, that initiate the voluntary adoption by land managers of the following practices by 2013:

- recommended management practices to retain crop residues;
- recommended grazing management practices to maintain at least 40% ground cover;
- integration of perennial plants into agricultural systems; and
- soil quality maintenance, amelioration and monitoring.

The program is underpinned by the Farm Practice Change Model which supports the practical decision making process of land managers in progressing through motivation and exploration to adoption of an alternative agricultural practice or system. It therefore provides learning opportunities for local communities by supporting trials and demonstrations of recommended soil management practices.

\$697 000 was committed to land managers in 2010 via the Soil Conservation Incentives Program (SCIP). Twenty-five submissions were received for round one and Thirty-two submissions for round two showing an increased interest in the program. Fifty-five land managers subsequently agreed to Twenty-six action plans to improve management practices. These projects are aimed at reducing the risk of wind erosion

and providing learning opportunities for the local and regional community.

Throughout the program, continuous exposure in regional and local media has assisted to motivate interest in recommended technologies used in SCIP. One-on-one site assessment and technical support have been paramount to the effective implementation of on-ground projects. A successful peer mentoring network was also established to provide training and support to farmers wanting to integrate trees into their farming enterprise.

A program steering committee and technical advisory group were established to evaluate funding submissions received and advise on the program delivery. Several lessons and unanticipated outcomes were learnt at part of the adaptive management cycle. These included: greater emphasis is required to address key causes of wind erosion rather than symptoms and farmers are aiming to achieve multiple environmental outcomes through projects. Funding recipients supported the concept of their project being used to promote recommended, sustainable farm management practices. The number of partnerships formed, including interaction with researchers through on-ground trials and demonstrations has been unexpectedly high.

Round 3 of the SCIP was open from 2nd July to 30th August 2010 with round 4 opening in July 2011. The program will continue to support the promotion of recommended practices for improving soil quality with the program scope expanding to include supporting practices that address water erosion, soil acidity and improvements to soil carbon.

The following program partners have been an integral part of the success of the program: AVONGRO,



Department of Agriculture and Food, W.A., (DAFWA), Oil Mallee Association, Shire of Bruce Rock (representing Wheatbelt East Regional Organisation of Councils (ROC)), Shire of Lake Grace, Shire of Mukinbudin (representing North East Wheatbelt ROC), Shire of Quairading (representing South East Avon ROC) and the Western Australia No Till Farming Association (WANTFA).

(Top) Researchers and Landowners, Soil Science Congress in York

(Right) Michael Hogan with a sandalwood tree and host growing on a site that could not profitably grow a conventional crop.



Biodiversity

National Reserve System and Biodiversity Conservation 2009/2010

In the 2009/2010 financial year the Biodiversity program finalised a large number of projects previously funded under the NHT/NAP program.

Outcomes for these Biodiversity projects included the publication of several books. Printing of Mammals of the Avon Region, Flora of the Central Western Wheatbelt and the finalisation of a number of publications including an evaluation process to determine the conservation value of Wheatbelt wetlands. A third book was also published titled 'Aquatic invertebrates and waterbirds of wetlands in the Avon region.'

A range of information aimed at raising community awareness of the number of priority fauna species across the region was also produced. These included species profiles of threatened fauna under the 'Avon's Most Wanted' banner. These were highlighted in regional and local newspapers and provided information on the species, where it could be found and asked for feedback on sightings. A booklet was also developed detailing a number of Wheatbelt bird species that are declining due to loss of habitat.

Conservation plans were developed for a number of fauna species including the Red Tailed Phascogale and the Black Flanked Rock Wallaby. These plans gather all known information on the species and identifies recommendations on action that is required to protect the species into the future.

Twelve conservation covenants were finalised that will protect over 3000ha of remnant bush land on private property. A conservation covenant is a legally binding agreement where the owner of the land agrees to protect the bush for the future.

The 2009/2010 Caring for our Country (CfoC) projects concentrate on delivering outcomes against the CfoC target of the National Reserve System (NRS). The National Reserve System is Australia's network of

protected areas, conserving examples of our natural landscapes and native plants and animals for future generations. Based on a scientific framework, it is the nation's natural safety net against our biggest environmental challenges. The Wheatbelt region is a priority for the National Reserve System, as less than 10% of the priority vegetation types are protected. The reserve system not only includes formal reserves such as National Parks but also small private reserves owned by farmers as part of the farming property.

The Healthy Bushland project delivered under this program aims to work with farmers to protect the best remaining patches of bush for future generations using conservation covenants. So far two land owners have signed on to protect 400ha of bush land with another ten sites under negotiation to protect an additional 3000ha of bush land. A further \$660,000 was secured through the CfoC competitive funding to work towards securing more protection for patches of bush across the entire Avon Wheatbelt bioregion.

A prioritisation process has been completed to identify the best 1000 sections of bush across the Avon Wheatbelt Bioregion.

The successful Red Card for Rabbits and Foxes program has continued with nine local communities receiving funding to assist them to participate in coordinated fox and rabbit control programs. Over 15,000 baits were laid covering 53 local government areas in autumn 2010. Community groups across 26 local government areas participated in fox shoots with \$15,000 being donated to the Royalty Flying Doctor Scheme (RFDS) through sponsorship secured by the program through agricultural company Stockbrands.

Funding of \$125,000 was secured through the State NRM program to continue funding of the Red Card program in 2010.



Three media releases appeared in the regional press as well as in the West Australian to publicise the Red Card program with another media release about farmers protecting bush on their farm resulted in three radio interviews with the land holder.

A program evaluation revealed that the program was effective in delivering what was planned within the specified budget and on time. Partnerships with the Department of Environment and Conservation, WWF Australia and Greening Australia (WA) have been fundamental in delivering these outcomes and the retention of committed and knowledgeable staff within the region has been important in building relationships with the community.

From here Wheatbelt NRM will continue to work with land holders to protect remnant bush through conservation covenants as well as launching the Wheatbelt NRM Bushcare Grants which will help farmers and community groups to undertake biodiversity works on their favourite piece of bush.

(Top) Mike Griffiths from WWF leading a community bush walk as part of a workshop held in the Westdale Region.

(Right) Invertebrate survey carried out as part of the evaluation of wheatbelt wetlands.



Sustainable Communities

Aboriginal NRM in the Avon River Basin and Core Operating and Community Engagement 2009/2010

This program is now in its second year and although Caring for our Country (CfoC) funding priorities have changed, Wheatbelt NRM continues to fund activities that engage the Avon region's community in Natural Resource Management. The program team manages all Wheatbelt NRM knowledge and builds community NRM skills and capacity in the region, in particular, through a new website and the third round of Community Small Grants. This program is responsible for communicating Wheatbelt NRM achievements in the media, Monitoring, Evaluation, Reporting and Improvement (MERI) and the Aboriginal NRM work managed through Wheatbelt NRM.

The program has been managed by the Wheatbelt NRM Sustainable Communities Program 5-member team, as well as a number of short-term contracts, including; a journalist, film-makers, camera trap ecologists, seed collectors, a website designer, a hydro-geologist, publishers and printers.

The Aboriginal NRM program continues to build the community's capacity to engage in NRM activities through its many projects. Management plans continue to be implemented at three culturally significant regional sites: Boogin Rock in Brookton, Moranoppin Reserve in Kellerberrin and Derdebin Rock near Wyalkatchem. This program continues to work closely with community to manage sites of cultural significance within the region, where these have been prioritised and agreed on by the Wheatbelt NRM Aboriginal Advisory Group. Training opportunities were provided to build knowledge and skills in NRM, specifically native seed collection training. The employment of two Nyungar Budjar Carers within the Department of Environment and Conservation Northam and Merredin regional offices was supported, with additional NRM training opportunities provided.

Community Small grant funding for community groups to manage natural resource management around the region and engage the community in NRM has assisted many groups to develop small, but significant environmental initiatives in their local area. Nineteen small projects were funded. Three of these projects were; Ecological surveying of reserve land close to the Avon River near York, educational field-day activities for Northam school children at Mount Stirling, and documentary DVDs on the region's tree-cropping farmers.

Three forums were held in Wongan Hills, Merredin and Hyden during April 2010 and were a valuable opportunity for Wheatbelt NRM to receive feedback from the regional community. The Wheatbelt NRM stall at the Dowerin Agricultural Field day featured tree cropping initiatives and promoted strong project partnerships.

Caring for our Country funded activities have been communicated through a quarterly newsletter, which is published in line with the Nyungar seasons. A new website promotes all Wheatbelt NRM information and new opportunities are regularly promoted through the Wheatbelt NRM E-News bulletin.

Visual Media has been used with Elder permission in the recording of Traditional Ecological Knowledge and as an evaluation tool. The development of a communications database is on-going with MERI processes in place along-side each Wheatbelt NRM program. Wheatbelt NRM continues to draw on the experiences of a journalist resulting in 141 media articles being published during the 2009/2010 financial year in the Farm Weekly, Countryman, Merredin Mercury, Avon Valley Advocate and other local Avon region newspapers.



(Above) Traditional dancers at the Boogin Rock Cultural Day 2010

(Below) David Knowles with a specimen of a Blind Snake at Gwambygine Reserve



Independant Auditor's Report



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Independent Auditor's Report

To the Members of Wheatbelt Natural Resource Management Inc.

We have audited the accompanying financial report of Wheatbelt Natural Resource Management Inc. ("the Organisation"), which comprises the balance sheet as at 30 June 2010, the income statement and cash flow statement for the year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Organisation.

Directors Responsibility for the Financial Report

The Organisation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards as disclosed in Note 1 to the financial statements. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 Organisation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

To the Members of Wheatbelt Natural Resource Management Inc. (Continued)



Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Auditor's Opinion

In our opinion:

- a. The financial report of Wheatbelt Natural Resource Management Inc. is in accordance with the Associations Incorporations Act (WA), including:
 - i. giving a true and fair view of the organisation's financial position as at 30 June 2010 and of its performance for the year ended on that date in accordance with accounting policies described in Note 1; and
 - ii. complying with Australian Accounting Standards to the extent described in Note 1.

BENTLEYS
Chartered Accountants

RANKO MATIĆ cA
Director

DATED at PERTH this 21th day of October 2010

Income Statement

Wheatbelt NRM Incorporated Income Statement for the year ended 30 June 2010

	Notes	2010 \$	2009 \$
Income			
Revenue			
Revenue from operating activities			
Project Funding Received (Grants)	2	5,155,133	11,286,617
Revenue from non-operating activities			
Interest revenue		149,093	254,282
Other revenue 3		91,422	734,741
Total Revenue		5,395,648	12,275,640
Expenses			
Advertising		16,612	5,770
Audit Fees		10,050	26,660
Bank Fees and charges		1,202	892
Computer costs		25,805	5,987
Conferences & Seminars		8,515	2,380
Consultancy costs	4	138,490	105,372
Council costs		52,718	38,136
Depreciation		6,193	4,908
Expenses Assets > \$500 but < \$1000		617	-
Fringe Benefits Tax		5,191	7,591
Insurances		18,972	21,367
Marketing		1,271	9,416
Meals & Refreshments		9,807	11,246
Media Processing		25,167	2,902
Motor Vehicles	5	72,139	101,060
Office Rental		72,391	67,369
Payroll Expenses	6	1,161,864	1,067,811
Postage and delivery		4,794	2,961
Printing, stationery & office supplies		49,545	21,269
Professional development/Staff Training		10,600	25,115
Contractor payments	7	2,926,728	9,812,542
Refunds of Externally Funded Grants	8	488,988	675,815
Repairs & Maintenance		2,636	11,796
Seed, Fertiliser and Plants		205,468	110,599
Sundries		15,752	10,949
Telephone		17,930	7,651
Travel costs		19,268	12,452
Uniforms & Protective Clothing		753	2,966
Grant Payments		77,135	-
Total cost of services		5,446,602	12,172,982
NET COST/(SURPLUS) OF SERVICES		50,954	(102,658)
INCOME FROM STATE GOVERNMENT			
Net cost/(surplus) of services		50,954	(102,658)

The Income Statement should be read in conjunction with the accompanying notes on:
www.wheatbeltnrm.org.au/reports-publications/wheatbelt-nrm

Balance Sheet

Wheatbelt NRM Incorporated
Balance Sheet
as at 30 June 2010

	Notes	2010 \$	2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents	9		
Cash assets		151,318	40,214
Restricted Cash assets		3,778,334	4,457,418
Imprest accounts			
Visa Debit Card Account		(958)	(270)
Receivables			-
Accounts Receivable	10	66,272	77,038
GST Receivables		41,749	237,372
Total Current Assets		4,036,715	4,811,772
Non-Current Assets			
Property, Plant & Equipment	11	24,300	28,984
Total non-current assets		24,300	28,984
TOTAL ASSETS		4,061,015	4,840,756
LIABILITIES			
Current Liabilities			
Payables - Payroll	12	44,344	33,203
Accrued Expenses	13	98,657	853,626
Provisions - Current	14	57,419	56,115
Total Current Liabilities		200,420	942,944
Non-Current Liabilities			
Provisions - Non-Current	14	90,419	76,681
Total Non-Current Liabilities		90,419	76,681
TOTAL LIABILITIES		290,839	1,019,625
NET ASSETS		3,770,177	3,821,131
EQUITY			
Retained Earnings		245,943	136,219
Consolidated Funds		3,524,234	3,684,912
TOTAL EQUITY	15	3,770,177	3,821,131
TOTAL LIABILITIES AND EQUITY		4,061,015	4,840,756

The Balance Sheet should be read in conjunction with the accompanying notes.

The Balance Sheet should be read in conjunction with the accompanying notes on:
www.wheatbeltnrm.org.au/reports-publications/wheatbelt-nrm

Cash Flow Statement

Wheatbelt NRM Incorporated
Cash Flow Statement
for the year ended 30 June 2010

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Council costs		(52,718)	(38,136)
Consultancy costs		(138,490)	(105,372)
Payroll costs		(1,197,675)	(1,115,935)
Motor Vehicle costs		(72,139)	(101,060)
Contractor payments		(2,926,728)	(9,812,542)
Office Rental		(72,391)	(67,369)
Refunds of Externally Funded Grants		(488,988)	(675,815)
Grant Payments		(77,135)	-
Other expenses		(414,143)	(251,844)
Accounts Receivable		10,766	36,677
Payroll Liabilities		26,183	60,026
Other Liabilities		(754,969)	776,715
			Receipts
NHT/NAP/NLP Funding		5,155,133	11,286,617
Interest received		149,093	254,282
Other Revenue		91,422	734,740
Petty Cash		688	(184)
GST Transactions		195,623	(12,496)
Net cash (used in)/provided by operating activities	16	(566,470)	968,304
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets (Office Equipment)		(1,508)	(12,553)
Net cash used in investing activities		(1,508)	(12,553)
Net increase/(decrease) in cash and cash equivalents		(567,978)	955,751
Cash and Cash equivalents at the beginning of year		4,497,632	3,541,881
			CASH AND CASH EQUIVALENTS
AT THE END OF YEAR	9	3,929,654	4,497,632

The Cash Flow Statement should be read in conjunction with the accompanying notes on:
www.wheatbeltnrm.org.au/reports-publications/wheatbelt-nrm

Notes to the Statements

1 Summary of significant Accounting Policies

(a) General Statement

These financial statements are a Special Purpose Financial Report (SPFR) prepared for use by the Wheatbelt NRM Incorporated and Department of Local Government.

For the purposes of these statements, the Organisation is not a reporting entity.

This financial report has been prepared in accordance with the Associations Incorporation Act (WA).

The financial report covers the Wheatbelt NRM Incorporated as an individual entity.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(c) Not-For-Profit Organisation

Wheatbelt NRM Incorporated is a not-for-profit organisation and its activities do not generate profits or losses.

Restricted Cash Assets on the Balance Sheet are only available for Projects

The costs incurred in managing the projects are generally recoverable from grant funding received for these activities.

(d) Income Revenue

The Organisation's principal receipts are funds provided for specific projects and not available for general activities.

Revenue is measured at the fair value of consideration received or receivables. Revenue is recognised for the major business activities as follow:

Rendering of Services

Revenue is recognised on delivery of the service or by reference to the stage of completion.

Interest

Revenue is recognised as the interest accrues.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Organisation obtains control over the assets when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Where contributions recognised as revenue during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

(e) Property, Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use.

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

Office Equipment 25%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

(f) Cash and Cash Equivalent

Cash and cash equivalents includes cash on hand, deposits held at call with banks,

other short-term highly liquid investments with original maturities of three months or less.

A large portion of the cash is restricted in its use by contractual agreements (**See note1(m)**).

- (g) **Receivables**
Receivables are recognised and carried at original invoice amount less any provision for uncollectible amounts (impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The provision for uncollectible amounts (doubtful debts) is raised when collectability is no longer probable. The carrying amount is equivalent to the fair value as it is due for settlement within 30 days. **(See note 10 'Accounts Receivable').**
- (h) **Payables**
Payables are recognised at the amounts payable when the Organisation becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. **(See note 13 'Accrued Expenses').**
- (i) **Accrued salaries**
Accrued salaries **(See note 12 'Payables - Payroll')** represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Organisation considers the carrying amount of accrued salaries to be equivalent to the net fair value.
- (j) **Goods and Services Tax**
Revenues, expenses and assets are recognised net of the amount of GST. Receivables and payables in the balance sheet are shown inclusive of GST.
- Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.
- (k) **Retained Earnings**
The Retained Earnings in the Equity section of the Balance Sheet represents income received that has not been specifically allocated to a project (mainly Interest Income) and can be used in the future for projects at the Organisation's discretion.
- (l) **Consolidated Fund**
The Consolidated Fund in the Equity section of the Balance Sheet represents income received that is specifically allocated to a project (mainly Government Grants) and can only be used for the purposes described in the contractual agreements for the delivery of NRM services, they are not available to meet other Wheatbelt NRM Incorporated Board liabilities or commitments.
- (m) **Income Tax Exemption**
By a Private Ruling for the purposes of Part IVAA of the Taxation Administration Act 1953, the ordinary and statutory exempt income of the Organisation is exempt from income tax under the provisions of Section 50-10 of the Income Tax Assessment Act (1997). This ruling is current to 30 June 2010.
- (n) **Restricted Cash assets**
These cash funds have been granted to the entity to deliver express outcomes and are restricted by the contractual agreements under which those funds were provided **(See also note 9 'Cash and Cash Equivalents').**

	2010	2009
	\$	\$
2. Revenue from operating activities		
Project Funding Received (Grants)		
Grants received	5,155,133	11,286,617
	5,155,133	11,286,617
3. Other Revenue		
Recoups - General	9,159	12,232
Recoup of Unspent Grant Funding	76,408	704,510
Sale of Brushwood Seedlings	1,225	16,000
Refund Expenditure	2,014	1,453
Miscellaneous Revenue	541	-
Recoup of Telephone Charges	2,075	544
	91,422	734,739
	2010	2009
	\$	\$
4. Consultancy Costs		
Consultants - Private Sector	138,490	105,372
Consultancy Travel & Mileage Exps	-	-
	138,490	105,372
5. Motor Vehicle Costs		
Mileage	25,840	36,259
Vehicle Leasing costs	41,042	55,956
Vehicle Operating costs	5,257	8,845
	72,139	101,060
6. Payroll Expenses		
Salaries	1,043,913	942,369
Annual Leave Loading	-	811
Superannuation	96,622	84,636
Payroll Provisions	21,329	39,995
	1,161,864	1,067,811
7. Contractor payments		
Contractors - Private Sector	2,926,728	9,812,542
	2,926,728	9,812,542
8. Refunds of Externally Funded Grants		
Refund DAFWA	488,988	580,117
Refund Peel-Harvey Catchment Council Inc	-	95,698
	488,988	675,815

9. Cash & Cash Equivalents		
Cash	151,318	40,214
Restricted Cash (a)	3,778,334	4,457,418
	3,929,652	4,497,632
Funds are held in the following accounts:		
Bendigo 11AM Account	3,410,659	3,979,743
Bendigo Cash Management	518,993	517,889
	3,929,652	4,497,632

(a) Funds are held in trust on behalf of the Western Australian State Government, the Commonwealth Government and other third party entities. These Trust Funds are established under contractual agreements for the delivery of NRM services. Balances may only be used for the purposes described in the contractual agreements and are not available to meet other Wheatbelt NRM Incorporated Board liabilities or commitments.

10. Accounts Receivable		
Debtors	65,921	64,731
Accrued Interest Receivable	-	11,956
Other Receivables	351	351
	66,272	77,038

11. Property, Plant & Equipment		
Office Equipment		
At Cost	79,922	78,413
Accumulated depreciation	(55,622)	(49,429)
	24,300	28,984

12. Movements in carrying amounts

Movement in the carrying amounts for Office Equipment between the beginning and the end of the current financial year:

Balance at 1 July 2009	28,984	21,338
Additions	1,509	12,554
Depreciation	(6,193)	(4,908)
Carrying amount at 30 June 2010	24,300	28,984

13. Payables - Payroll		
Payables - Payroll	747	34
Accrued Salaries	20,545	12,665
PAYG Income Tax Liability	23,051	20,504
	44,344	33,203

	2010	2009
	\$	\$
14. Accrued Expenses		
Accounts Payable	-	135,597
Accrued Creditors	98,657	715,629
Accrued Fringe Benefits Tax	-	2,400
	98,657	853,626

15. Provisions		
Current		
Employee Benefit Provisions		
Annual leave	56,794	55,490
Annual leave loading	625	625
	57,419	56,115
Non-Current		
Employee Benefit Provisions		
Long Service Leave	90,419	76,681
	90,419	76,681
Total Provisions	147,838	132,796
16. Equity		
Retained Earnings		
Balance at start of period	136,219	123,594
Transfers for the period	109,724	12,625
Balance at end of period	245,943	136,219
Consolidated Fund		
Balance at start of period	3,684,912	3,594,880
Net cost of service	(160,678)	90,032
Balance at end of period	3,524,234	3,684,912
TOTAL EQUITY	3,770,177	3,821,131
Notes to the Cash Flow Statement	2010	2009
	\$	\$
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(50,954)	102,658
Non-cash items:		
Depreciation/Impairment of Assets	6,193	4,908
(Increase)/decrease in assets:		
Imprest accounts	688	(\$184)
Receivables	10,766	36,677
Change in GST Receivables	195,623	(12,496)
Increase/(Decrease) in liabilities:		
Payables	26,183	60,026
Accrued Expenses	(754,969)	776,715
		Net cash provided by/(used in)
operating activities	(566,470)	968,304

17. Financial Instruments

(a) Financial Risk Management

The Organisation's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The Organisation does not have any derivative instruments at 30 June 2010

(i) **Treasury Risk Management**

There are no significant concentrations of treasury risk.

(ii) **Financial Risk Exposures and Management**

The main risks the Organisation is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk

The Organisation is exposed to interest rate risk since cash balances are maintained at variable rates. The Organisation has no borrowings.

Liquidity Risk

The Organisation manages liquidity risk by monitoring forecast cash flows to ensure that funds are available to meet its commitments.

Credit Risk

Credit risk associated with the Organisations financial assets is minimal because the main receivable is the amounts receivable for grants from both the State and Commonwealth governments. The Organisation does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Organisation. In addition, receivable balances are monitored on an ongoing basis with the result that the Organisations exposure to bad debts is minimal. Cash is held with banks with at least a AA rating.

Price Risk

The Organisation is not exposed to any material price risk.

(b) **Interest Rate Risk**

The Organisation's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

2010	Weighted average interest rate %	Variable interest maturing in 1 year or less \$	Variable interest maturing over 1 to 5 years \$	Non-interest bearing \$	TOTAL
Financial Assets:					
Cash and cash equivalents	3.10	3,929,652	-	-	3,929,652
Trade and other receivables		-	-	108,021	108,021
Total Financial Assets					4,037,673
Financial Liabilities					
Trade and sundry payables		-	-	291,797	291,797
Total Financial Liabilities					291,797

2009	Weighted average interest rate %	Variable interest maturing in 1 year or less \$	Variable interest maturing over 1 to 5 years \$	Non-interest bearing \$	TOTAL
Financial Assets:					
Cash and cash equivalents	4.24	4,497,632	-	-	4,497,632
Trade and other receivables		-	-	314,140	314,140
Total Financial Assets					4,811,772
Financial Liabilities					
Trade and sundry payables		-	-	1,019,625	1,019,625
Total Financial Liabilities					1,019,625

18. Capital Management

The CEO and Finance Officer oversee the management of capital. The process in place requires cash to be moved to and from the Bendigo Cash Management Account on an as needs basis. Upon review of the Organisation's immediate payments and receipts, excess cash in the Bendigo Cash Management Account is moved to the Bendigo 11AM Account to take advantage of the higher interest rate offered on this account.

19. Contingent Liabilities

There are no contingent liabilities to report for 2009-10

20. Events after Balance Sheet Date

There are no material events occurring after Balance Sheet Date to report.

21. Capital and Leasing Commitments

	2010 \$	2009 \$
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
- not later than 12 months	38,584	49,206
- between 12 months and 5 years	85,116	10,937
- greater than 5 years	-	-
	123,700	60,143

Red-leaved Sundew
(*Drosera bulbosa*)





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