

Department of
Environment and
Natural Resources

Annual Report 2010-11

1 July 2010 to 30 June 2011



Government
of South Australia

**Published by the Department of Environment and Natural Resources
Government of South Australia
30 September 2011**

Head Office

Chesser House
91-97 Grenfell Street
ADELAIDE SA 5000

Telephone +61 (8) 8204 9000
Facsimile +61 (8) 8204 9334
Internet: www.environment.sa.gov.au

ABN 36702093234
ISBN 978-1-921800-25-2

Report prepared by:

Governance and Planning Branch
Strategy Directorate
Department of Environment and Natural Resources

Copies of the report can be obtained from:

Telephone +61 (8) 8204 1910
Email: denrinformation@sa.gov.au
Internet: www.environment.sa.gov.au

CONTENTS

CHIEF EXECUTIVE'S STATEMENT	4
Organisational Structure (as at 30 June 2011).....	5
ABOUT DENR.....	6
GOVERNANCE STATEMENT.....	6
The Environment and Conservation Portfolio	6
ORGANISATIONAL STRUCTURE	7
Strategy Directorate.....	7
Policy Directorate	8
Client Services Directorate.....	8
Regional Services Directorate	8
Botanic Gardens Directorate	9
Commercial Services Directorate.....	9
Corporate Services Directorate	9
DENR CORPORATE PLAN	10
SOUTH AUSTRALIA'S STRATEGIC PLAN.....	10
LEGISLATIVE STRUCTURE	13
Administrative legislation.....	13
Legislation administered by DENR	13
DENR BOARDS AND COMMITTEES.....	14
PROGRAM STRUCTURE	15
Program 1: Natural Resource Stewardship	15
Policy Sub-program	15
Regional Delivery Sub-program	21
Client Services Sub-program	27
Program 2: Agency Leadership and Support.....	31
Strategy Sub-program.....	31
Corporate Services Sub-program	34
Program 3: Botanic Gardens	38
ABORIGINAL RECONCILIATION STATEMENT	42
FINANCIAL COMMENTARY	44
Financial Overview	44
Program Expenditure	44

Actual Expenditure by Program.....	45
Income Statement.....	45
Operating Expenditure	45
Actual Operating Expenditure by Program	46
Operating Revenues	46
Actual Operating Revenue	47
Assets and Liabilities	48
Cash Flow Statement	50
Cash Receipts and Payment.....	50
APPENDICES	51
Public Lands and Coastal Conservation	51
Human Resource Management	53
Equal Employment Opportunity Programs.....	58
Disability Action Plan	58
Occupational, Health and Safety and Injury Management Report	60
Freedom of Information.....	64
Contractual Arrangements.....	64
Consultants	64
Fraud	64
Accounts Payable Report.....	65
Overseas Travel	65
Greening of Government Operations Report	67
Energy Efficiency.....	67
DENR Water Management	71
Paper Cost and Volume.....	71
Asbestos Management in Government Buildings	72
Whistleblowers Statement	74
Intellectual Property	74
FINANCIAL STATEMENTS	75



30 September 2011

Hon Paul Caica MP
Minister for Environment and Conservation
Parliament House
North Terrace
ADELAIDE SA 5000

Chief Executive

Level 9 Chesser House
91-97 Grenfell Street
Adelaide SA 5000

GPO Box 1047
Adelaide SA 5001
Australia

Ph: +61 8 8204 9323
Fax: +61 8 8204 9321

www.environment.sa.gov.au

Dear Minister

I am pleased to present the Department of Environment and Natural Resources Annual Report for the financial year 1 July 2010 — 30 June 2011. This report has been prepared in accordance with the requirements of the *Public Sector Act 2009*, the *Public Sector Regulations 2010*, the financial reporting requirements of the *Public Finance and Audit Act 1987*, and *DPC Circular DPC013 – Annual Reporting Requirements*.

Yours sincerely

A handwritten signature in black ink, appearing to be "Allan Holmes", with a stylized flourish extending to the right.

Allan Holmes
CHIEF EXECUTIVE

CHIEF EXECUTIVE'S STATEMENT

The last year has been one of much change for the department. The transformation from 'Environment and Heritage' to 'Environment and Natural Resources' has had many ramifications and provided some new opportunities.

Importantly, it has supported the integration and rapid evolution of natural resource management in South Australia. Services previously provided separately by DENR and NRM Boards at the regional level, are now being integrated under a single Regional Manager. At the same time, we have reinforced the primacy of the role of NRM Boards for regional engagement, planning and resource allocation.

These changes are not without their challenges as people express concern about 'take-overs' and 'centralisation'. In fact, the changes are about effective partnerships between community and government, and a serious endeavour to find the most effective way to provide services and get the best 'value for money'.

The changes have also flagged a shift from seeing conservation and use of natural resources as opposites, to a perspective where they are understood as integrated and interdependent.

DENR's Corporate Plan is central to how the department is led and managed. It provides clear direction on why we exist and what we do, how we will conduct our business, and what is important to get done in the short term.

It emphasises the values and behaviours that we expect our staff to pay attention to as they go about their work:

- **working well with people**
- **bringing out the best in ourselves and others**
- **getting the right things done**

One of the biggest challenges we face is a contracting budget. This inevitably means reduced services, but we have endeavoured to modernise and improve productivity to minimise the impact of these reductions. We will need to make many changes to ensure that we maintain functional services and still attend to the priorities of government.

However, we must never lose sight of the value and importance of the environment – it sustains us and provides essential life support, its natural resources underpin our prosperity, and it defines us as a people. It needs to be looked after carefully or the ultimate price will be too great to pay.

This report outlines the many achievements of a good department that is doing it's best for all for South Australians.

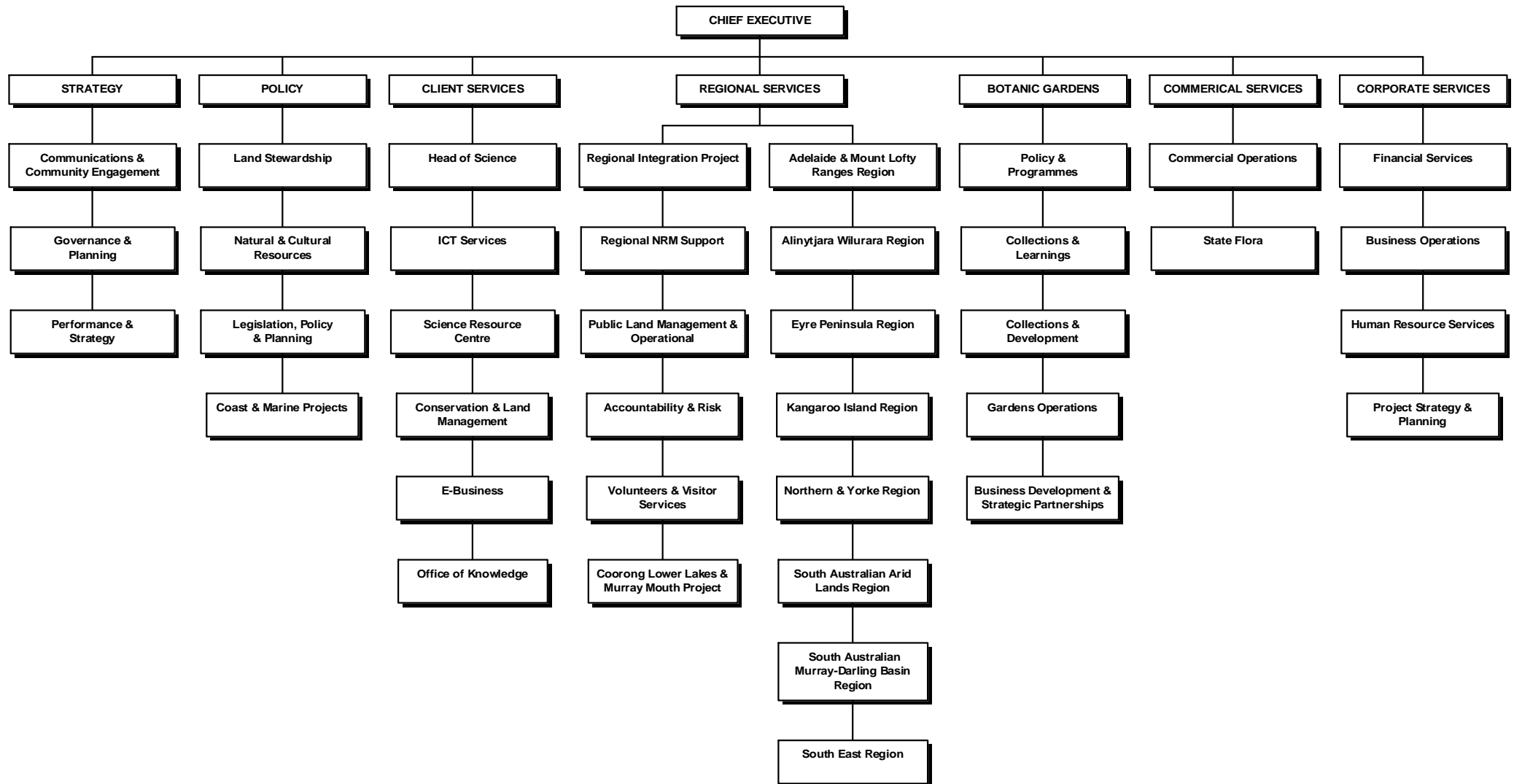
I acknowledge the contributions made by all of the hard working people associated with the department. I thank Minister Caica for his confidence and guidance. I also thank my portfolio colleagues, Scott Ashby, Helen Fulcher and Vaughan Levitzke for their support.



Allan Holmes

CHIEF EXECUTIVE

Organisational Structure (as at 30 June 2011)



ABOUT DENR

The Department of Environment and Natural Resources (DENR) was created 12 months ago to bring together environmental conservation and natural resources management. It supports the State's eight regional Natural Resources Management (NRM) boards, and a range of other statutory boards and committees.

DENR is responsible for the sustainable management of the State's public land including national parks, marine parks, botanic gardens and the coastline, along with nature conservation, heritage conservation and animal welfare. It also coordinates fire management activities across the State's public land, including implementation of a prescribed burning program in partnership with the CFS, SA Water and Forestry SA.

DENR is reforming the delivery of on-ground activities through an integrated regional service by providing a single point of contact for the community for NRM and conservation inquiries and services.

The Department's vision *is a sustainable and prosperous South Australia where natural resources are used wisely and a healthy environment is understood to be the basis of a good quality of life.*

GOVERNANCE STATEMENT

The new DENR came into effect on 1 July 2010 as a result of changes to the Environment and Conservation Portfolio including:

1. the combining of the former Department for Environment and Heritage (DEH) and the Natural Resources Management Division and State Flora operations of the former Department of Water, Land and Biodiversity Conservation.
2. the formation of a new Department for Water.

DENR aspires to be a well-run organisation that makes sound decisions. Appropriate structures, systems and processes are in place to guide DENR decisions and to ensure that DENR undertakes its duties and obligations in an ethical, responsible and professional manner.

DENR's governance arrangements are derived from its legislative framework, Corporate Plan, directorate and regional business and branch plans, boards and committees and accountability and compliance systems.

The Environment and Conservation Portfolio

DENR reports to the Minister for Environment and Conservation and is one of the agencies within the Environment and Conservation portfolio. The other agencies are the Department for Water, the Environment Protection Authority and Zero Waste SA.

- The Department for Water aims to ensure that there are sufficient and sustainable water resources in South Australia for our health, our economy, our environment and our lifestyle.
- The Environment Protection Authority seeks to achieve a clean, healthy and valued environment that supports the social and economic wellbeing for all South Australians now and in the future.
- Zero Waste SA works to eliminate waste or its consignment to landfill and advances the development of resource recovery and recycling based on an integrated strategy for the State.

ORGANISATIONAL STRUCTURE

DENR's organisational structure comprises seven directorates (each led by an Executive Director¹) grouped by function. All directorates work with the eight regions to implement the directions set by the DENR Corporate Plan. The budget is allocated on a directorate basis.

Three major programs and five sub-programs have replaced the eight programs that existed under the former DEH structure. The new program structure is:

Program	Sub-program
1. Natural Resource Stewardship	1.1. Policy
	1.2. Regional Delivery
	1.3. Client Services
2. Agency Leadership and Support	2.1 Strategy
	2.2 Corporate Services
3. Botanic Gardens	Nil

An illustration of DENR's organisation structure as it existed on 30 June 2011 is provided on page 5.

Strategy Directorate

The Strategy Directorate is responsible for the strategic direction and positioning of DENR, the development of organisational capability and the evaluation and reporting of its performance. Strategy plays an external role in supporting the Chief Executive and Minister in their roles as leaders and ambassadors for the department, in managing cross-government relations, and in leading the communication between DENR and the public. Strategy works internally to produce the Corporate Plan and coordinate its translation into business plans, to ensure appropriate governance and risk management systems are in place and to manage internal DENR communications.

The directorate's key roles include:

- Support the Chief Executive, the Minister and the Executive to do their jobs well.
- Set the strategic direction for DENR and help the department align activity to the corporate direction.
- Influence perception and understanding of DENR, in the department, in government and across the community.
- Develop DENR's culture and capacity to deliver the Corporate Plan and to be a highly professional department.
- Establish DENR's accountability framework and tools – whole-of-department reporting and internal reporting and evaluation.

¹ The Corporate Services and Commercial Services Directorates are led by the one Executive Director.

Policy Directorate

The Policy Directorate provides policy advice to advance the government's environmental and natural resources management priorities and support its statutory responsibilities. This includes developing strategic and procedural policy that guides decision-making at the agency, regional, State and national levels.

The Policy Directorate has an integral role in assisting DENR to meet its Corporate Plan goals by providing policy leadership, development and advice across the agency.

The directorate's responsibilities include:

- Developing, reviewing and evaluating the effectiveness of strategic policy to deliver the government's environmental and natural resource management priorities (including legislation, strategy and planning frameworks).
- Developing procedural policy that provides direction for on-ground implementation (including policies, guidelines and plans) and providing policy advice on current and emerging issues to other directorates, DENR Executive, the Minister and the State Government.
- Influencing state and national land-use planning and development policy and reform.
- Contributing to broader state, national and international policy agendas.
- Supporting and providing advice to peak statutory bodies and committees, including Ministerial Committees.

The Executive Director, Policy, holds the statutory position of Director of National Parks and Wildlife under the *National Parks and Wildlife Act 1972*.

Client Services Directorate

The Client Services Directorate support the department's environment and conservation responsibilities through customer focussed professional, advisory, information and transactional services to government and the public. In addition the directorate has four key outcomes:

- Ensuring science and research underpins policy development and decision-making about conservation; includes taxonomic, genetic and ecological.
- Developing a flexible and sustainable ICT model and improving information and sharing and knowledge building
- Developing strategic alliances to deliver positive outcomes for our partners, stakeholders and the community
- Providing effective and efficient transactional services to our stakeholders and the community

Regional Services Directorate

The Regional Services Directorate works with the regional Natural Resources Management (NRM) boards to provide integrated environmental and natural resources services, including management of public land (parks, reserves and Crown Lands).

The directorate has four primary roles:

- Engaging the community and supporting NRM boards to deliver eight regional NRM plans.

- Managing national parks and reserves including conservation and volunteer activities, fire management and the provision of visitor facilities and services.
- Co-managing national parks and reserves with Aboriginal people and communities.
- Implementing the long-term plan for the Coorong, Lower Lakes and Murray Mouth.

Botanic Gardens Directorate

The Botanic Gardens Directorate manages and promotes the Botanic Gardens and State Herbarium as a cultural and scientific institution, focussing on plants, people and culture, and encouraging its use for public enjoyment and recreation. The Botanic Gardens has a significant role in development of sustainable urban landscapes, providing environmental education and community awareness of the importance of plants and contributes to habitat restoration through ex situ seed conservation programs.

The Botanic Gardens Directorate supports the Board of the Botanic Gardens and State Herbarium, linking conservation, science and education programs with DENR objectives. The Executive Director holds the statutory position of Director, Botanic Gardens and State Herbarium under the *Botanic Gardens and State Herbarium Act 1978*.

The directorate has five primary roles:

- Develop and manage the State's premier botanical collections and displays (Collections).
- Enable and influence the community and government to minimise the ecological footprint of public and private landscapes (Sustainability).
- Advance community understanding of the relationship between plants, people, gardens and human health and wellbeing (Health and Wellbeing).
- Advance the scientific understanding and conservation of biodiversity (Biodiversity).
- Continually engage with different communities to learn from and to inspire one another and to encourage greater social inclusion and community development (Connecting with People).

Commercial Services Directorate

The Commercial Services Directorate operates the commercial activities in major parks and reserves of South Australia to provide a return on the investment and enable DENR to make further investment in programs, activities and infrastructure for the betterment of the environment.

The directorate's responsibilities include key commercial sites, products, user pays services, tour operator relationship management, and retail outlets at key sites, including sales of DENR's publications, brochures and printed materials.

Corporate Services Directorate

The Corporate Services Directorate supports DENR to be a high performing government department, including offering financial, asset management, human resources and occupational health and safety policies and services.

The directorate's responsibilities include:

- Financial management and business analysis.
- Procurement and records management services.

- Project, asset lease management and facility management support.
- Human resource policies and services.
- Developing strategies to attract and retain the best people to achieve the department's goals.
- Providing systems to make DENR a safe place to work and visit.

DENR CORPORATE PLAN

The DENR *Corporate Plan 2010-2014* sets the strategic directions for DENR, defines the organisational characteristics and values that DENR seeks to foster, and lists priorities for 2010-2014.

DENR's vision is a sustainable and prosperous South Australia where natural resources are used wisely and a healthy environment is understood to be the basis of a good quality of life. To achieve this, DENR's Corporate Plan sets three goals:

- The environment is conserved and natural resources are used sustainably.
- The environment is valued and enjoyed.
- The environment is integral to development decisions.

The Plan also contains organisational development roles and priorities which address the corporate and administrative functions required to support the delivery of the three goals.

The DENR Corporate Plan is implemented through directorate regional business and branch plans that detail actions required to deliver the goals, roles and priorities in the Corporate Plan and their associated budgets and resources.

The culture of DENR is based on the values set out in the Corporate Plan:

- We work well with people.
- We bring out the best in ourselves and others.
- We get the right things done.

DENR's strategic directions are also informed by the State Natural Resources Management (NRM) Plan and, for regional activities, the regional NRM plans prepared for the eight NRM regions in South Australia.

SOUTH AUSTRALIA'S STRATEGIC PLAN

South Australia's Strategic Plan 2007 (SASP) sets out the medium to long-term direction for the whole of South Australia. The Plan has six interrelated objectives for which DENR has some role to play in supporting the government's vision for South Australia. Specifically, DENR has a lead responsibility for achieving four SASP targets from Goal 3 – Attaining Sustainability.

Progress assessed towards each lead target is included in this report.

T3.1 – Lose no species: Lose no known native species as a result of human impacts

No species are known to have been lost from South Australia over the past decade.

As recommended by the independent SASP Audit Committee, DENR has selected 20 indicator species which represent a cross-section of threatened native plant and animal species from terrestrial, freshwater and marine environments. Population and recovery trends amongst the 20 selected species have been variable in 2010-11. Some species (including SA Mainland Tammar Wallaby, Small-flowered Daisy-bush and Southern Right Whale) have continued to show signs of recovery, due to ongoing threat abatement or active management and in some cases, improved seasonal conditions. Some species (including Giant Cuttlefish and Australian Sea Lion) have continued to decline. Some species which previously declined under drought conditions are now starting to show signs of recovery (including Black-eared Miner, Yarra Pygmy Perch and Murray Hardyhead) – in many cases this is a result of improved seasonal conditions, combined with active recovery efforts. The longer term trends of these species will become clearer with future measurement.

Overall, progress towards the target continues to be 'steady or no movement', and target achievability continues to be 'within reach'.

T3.2 – Land biodiversity: by 2010 have five well-established biodiversity corridors aimed at maximising ecological outcomes particularly in the face of climate change

This target was rated as achieved by the SASP Audit Committee in 2010, following the release of five Naturelinks plans. Work to progress the delivery of the Naturelinks Program has continued in 2010-11.

In 2010-11 DENR set strategic directions for the NatureLinks Program to help focus efforts across the State. The strategic directions have been set to shift the program from what was seen as a government led initiative to a broader partnership approach that engages communities and partners in the delivery of biodiversity conservation outcomes.

New Guiding Principles have been developed for NatureLinks following a review of the scientific literature on landscape conservation. Prioritising conservation efforts within the East meets West, Flinders-Olary and Cape Borda to Barossa NatureLinks has continued through the use of a Landscape Assessment Framework and a Conservation Action Planning process.

DENR secured an additional \$1.7 million in funding for on-ground NatureLinks activities during the year. On-ground activities included large scale feral control programs, habitat and wetland restoration activities, and the engagement of landholders through incentives and property management planning.

Key partners attended a state-wide NatureLinks Partners Forum in June 2011. This will result in DENR working closely with the NRM Alliance Working Group to improve partnership arrangements for the delivery of NatureLinks.

Within the East meets West NatureLink corridor a Memorandum of Understanding was completed for *WildEyre*, which identifies how government and non-government organisations will work together to advance landscape conservation projects in this region.

T3.3 – Soil Protection: By 2014, achieve a 20% increase in South Australia's agricultural cropping land that is adequately protected from erosion

DENR is working in partnership with regional NRM boards, agricultural industry organisations and other state government agencies to achieve this target. During 2010-11 partnership projects were developed and implemented with the Eyre Peninsula, Northern and Yorke and SA Murray Darling Basin NRM Boards, Mallee Sustainable Farming Inc, Agriculture Excellence Alliance, SA No-Till Farmers Association and the Advisory Board of Agriculture. The projects encouraged the adoption of improved farming practices to prevent erosion including no-till seeding, retention of stubble residues, improved grazing management, planting perennial pastures and fodder shrubs and claying sandy soils to improve soil characteristics. Joint funding arrangements to implement the projects were developed through the 'Sustainable Dryland Agriculture Initiative' within the State Natural Resources Management Program. These projects will continue until June 2012.

Excellent progress towards the target has been achieved as a result of these initiatives. This improvement demonstrates the benefits of collaborative partnerships between government agencies, NRM Boards and industry, and the growing desire by farmers to reduce the risk of erosion and adopt more sustainable farming practices.

In addition, about 150 representatives from NRM boards, agricultural industry, farmer groups and agencies met within each agricultural region to discuss priority issues for investment and to develop initiatives that integrate sustainable agriculture and natural resources management activities at the local level. A key outcome has been the enhanced cooperation and sharing between the organisations and fostering of a considerable amount of goodwill.

In November 2010 and April 2011, seasonal reports on erosion protection in the State's agricultural cropping regions were completed. A telephone survey of land managers regarding their attitudes, knowledge and adoption of land management practices was completed in June 2011. The survey, conducted every three years since the year 2000, provides evidence on the adoption of sustainable farming practices and an objective basis to develop strategies and policies to achieve the soil protection target.

T3.4 – Marine biodiversity: by 2010 create 19 marine parks aimed at maximising ecological outcomes

This SASP target was achieved with the proclamation of the outer boundaries of a network of 19 marine parks on 29 January 2009.

Subsequently the outer boundaries of seven marine parks (1,2,10,13,14,18 and 19) were amended on 23 July 2009 following extensive consultation and public comment. The marine-parks network now covers about 44 per cent of state waters.

The State Government has undertaken an extensive early engagement process with the community to ensure that the people most likely to be affected by marine parks have a large say in the development of future marine park management plans.

Marine Park Local Advisory Groups were established throughout South Australia to develop early advice for the government on marine park zoning. The 13 Marine Park Local Advisory Groups and the Great Australian Bight Consultative Committee held a total of 68 meetings across South Australia during 2010 and 2011. The groups finalised advice on their preferred zoning arrangements in May 2011 after six months of deliberation and community discussion.

It is expected that draft marine park management plans will be released for formal public comment in 2011-12 with the aim of finalising the plans in mid-2012. Each draft management plan will be accompanied by an independently prepared impact statement describing the expected environmental, economic and social impacts of that draft plan to provide the community with an understanding of the effects of the proposals.

All-Agency SASP Targets

DENR also continues to contribute toward the achievement of other SASP targets under the following objectives:

- Objective 1: Growing Prosperity
- Objective 3: Attaining Sustainability
- Objective 5: Building Communities
- Objective 6: Expanding Opportunity

LEGISLATIVE STRUCTURE

DENR is an 'administrative unit' (usually referred to as a department or agency) within the South Australian Government as described in the *Public Sector Act 2009* (SA). DENR is required to comply with relevant administrative legislation that applies to departments including.

DENR is responsible for administering some of the Acts of Parliament that are committed to the Minister for Environment and Conservation, the Minister to whom DENR is accountable.

Administrative legislation

- *Acts Interpretation Act 1915* (SA)
- *Administrative Arrangements Act 1994* (SA)
- *Crown Proceedings Act 1992* (SA)
- *Copyright Act 1968* (Cth)
- *Development Act 1993* (SA)
- *Disability Discrimination Act 1992* (Cth)
- *Equal Opportunity Act 1984* (SA)
- *Freedom of Information Act 1991* (SA)
- *Occupational Health, Safety and Welfare Act 1986* (SA)
- *Ombudsman Act 1972* (SA)
- *Privacy Act 1988* (Cth)
- *Public Finance and Audit Act 1987* (SA)
- *Public Sector Act 2009* (SA)
- *Public Sector (Honesty and Accountability) Act 1995* (SA)
- *State Procurement Act 2004* (SA)
- *State Records Act 1997* (SA)
- *Whistleblowers Protection Act 1993* (SA)

Legislation administered by DENR

DENR derives its functions, authorities and responsibilities through legislation committed to the Minister for Environment and Conservation and legislation that applies generally to the public sector. The following legislation was administered by DENR during 2010-11:

- *Adelaide Dolphin Sanctuary Act 2005*
- *Adelaide Park Lands Act 2005*
- *Animal Welfare Act 1985*
- *Botanic Gardens and State Herbarium Act 1978*
- *Coast Protection Act 1972*
- *Crown Land Management Act 2009*
- *Crown Rates and Taxes Recovery Act 1945*
- *Dog and Cat Management Act 1995*
- *Heritage Places Act 1993*
- *Historic Shipwrecks Act 1981*
- *Lands for Public Purposes Acquisition Act 1914*
- *Marine Parks Act 2007*
- *National Parks and Wildlife Act 1972*
- *National Trust of South Australia Act 1955*
- *Native Vegetation Act 1991*
- *Natural Resources Management Act 2004*
- *Pastoral Land Management and Conservation Act 1989*
- *Wilderness Protection Act 1992*
- *Wilpena Station Tourist Facility Act 1990*

DENR BOARDS AND COMMITTEES

In 2010-11 DENR provided administrative support to the following boards and committees.

Adelaide Dolphin Sanctuary Advisory Board	Natural Resources Management (NRM) Council + Subcommittees
Adelaide's Living Beaches Steering Committee	
Animal Ethics Committee –Wildlife ²	Adelaide and Mount Lofty Ranges NRM Board
Animal Welfare Advisory Committee	Alinytjara Wilurara NRM Board
Board of the Botanic Gardens and State Herbarium	Eyre Peninsula NRM Board
Coast Protection Board	Kangaroo Island NRM Board
Consultative Committee – Adelaide	Northern and Yorke NRM Board
Consultative Committee – Kangaroo Island	SA Arid Lands NRM Board
Consultative Committee – Murraylands	SA Murray-Darling Basin NRM Board
Consultative Committee – Northern and Yorke	South East NRM Board
Consultative Committee – South East	Ngaut Ngaut Conservation Park Co-Management Committee
Consultative Committee – The Outback	Pastoral Board
Consultative Committee – West	South Australian Heritage Council
Displaced Effort Working Group	South Australian Heritage Council Register Committee
Dog and Cat Management Board	Scientific Working Group
General Reserves Trust	South Australian National Parks and Wildlife Council
Kangaroo Management Reference Group	Vulkathunha-Gammon Ranges National Park Co-Management Board
Maralinga Lands Unnamed Conservation Park Board	Wilderness Advisory Committee
Marine Parks Council of South Australia	Witjira National Park Board of Management
Marine Park – Local Advisory Groups	Yandruwandha Yawarrawarrka Parks Advisory Committee
Native Vegetation Council + Subcommittees	

² Other Animal Ethics Committees exist that are administered by other bodies pursuant to the Animal Welfare Act 1985.

PROGRAM STRUCTURE

DENR managed its business through three major programs and five sub-programs in 2010-11.

This annual report summarises each program's progress in 2010-11 and lists the 2011-12 targets.

Program 1: Natural Resource Stewardship

Aims to conserve natural systems and ensure the sustainable use of natural resources. It includes policy development, land-use decision making and delivery of the government's environment and natural resources management agenda across the State.

Policy Sub-program

Policy advice for DENR, government and partner organisations.

Highlights

- Introduction of amendments to the *Natural Resources Management Act 2004* to Parliament to refine, simplify and clarify administrative processes in the legislation.
- Finalisation of the proposed Nullarbor Wilderness Protection Area.
- Released *People and Parks: A Draft Visitor Strategy for South Australia's Parks and Reserves* for public consultation.
- Supported the Natural Resources Management (NRM) Council in a statutory review of the State Natural Resources Management Plan, which sets the direction for integrated management of the State's natural resources over the next decade and beyond.
- Drafting of Regulations commenced for the National Standard for Livestock Transport under the *Animal Welfare Act 1985*.
- Finalisation of a review of the Pet Shop Code of Practice to improve animal welfare within South Australia.
- Supported and received advice from 13 Marine Park Local Advisory Groups, the Great Australian Bight Consultative Committee and peak stakeholders on their preferred zoning for the State's 19 marine parks.
- Recycled 130,000 cubic metres of sand on metropolitan beaches by transporting sand from areas where it accumulates to areas of erosion, thereby maintaining Adelaide's beaches and assisting to minimise the risk of damage to public or private infrastructure from storm events.
- Updating of Regulations relating to hunting under the *National Parks and Wildlife Act 1972*.
- Commenced feasibility planning for development of new multi-day walks for the Flinders Ranges, and began developing a multi-day walk experience on Kangaroo Island.
- A Memorandum of Understanding for the Trans-Australia Eco-Link was signed by the South Australian Premier and the Chief Minister of the Northern Territory in December 2010.
- Developed and implemented projects to improve soil protection and land condition in partnership with Natural Resources Management boards and industry groups.
- Protected Areas on Private Land discussion paper released for public consultation.

Program commentary against strategic priority areas

With DENR support, the NRM Council commenced a statutory review of the State NRM Plan, which will set the direction for integrated management of the State's natural resources over the next decade and beyond. In the last 12 months this project has undertaken significant stakeholder consultation via a range of forums including representatives from NRM boards, local government, industry groups (including SA Farmers' Federation, SA Agriculture Alliance, SA Chamber of Mines and Energy) environmental groups and the SA Country Fire Service. Input to the review resulted in summarised key 'State and Condition' environmental reporting for South Australia. It is expected that the revised State NRM Plan will be provided by the NRM Council for endorsement by the Minister and released in the first quarter of 2012.

The *Native Vegetation (Miscellaneous) Amendment Bill 2011* was introduced into Parliament by the Minister on 22 June 2011. The Bill includes refinements to amendments previously introduced into Parliament in 2008. These refinements aim to update and improve administration of the Act. Targeted consultation on the additional amendments was conducted.

The *Habitat Restoration Planning Guide for Natural Resource Managers* was completed and released in May 2011. The booklet provides a guide to natural resource managers for general restoration activities (such as threat abatement and re-instatement of habitat) to prevent further decline of targeted species or species groups. It summarises major ecological concepts relevant to the restoration of terrestrial habitats and outlines key on-ground considerations that will improve project design and implementation.

In December 2010, the Native Vegetation Council endorsed the *Interim Framework for the Application of Regulation 5(1)(b) for Clearance Along Roads, Intersections and at Rail Crossings for Public Safety Purposes* under the *Native Vegetation Regulations* 2003. This important piece of policy defines the parameters around what might constitute clearance of roadside native vegetation to address an existing risk to public safety (that cannot be adequately resolved through other safety improvement options) and is exempt from requiring a Significant Environmental Benefit (SEB). This framework was achieved following targeted consultation and has been implemented for an initial 12 month period.

Continued systematic monitoring for changes in native vegetation condition using satellite imagery has resulted in the detection of a number of unauthorised clearances that have led to further investigation and successful prosecutions under the *Native Vegetation Act 1991*.

In 2010-11, recovery plans for 12 threatened plant species were finalised and approved under the *Environment Protection and Biodiversity Conservation Act 1999* by the Australian Government. Recovery plans for a further 38 threatened plant species, five threatened animal species and two threatened ecological communities were drafted and are in final edit stages for Australian Government approval.

Action plans and local recovery plans were also prepared for a further 364 plant species in the Mt Lofty Ranges and for the Black-footed Rock-wallaby (Waru) in the Anangu Pitjantjatjara Yangkuntjatjara Lands. In total, national, state or regional recovery plans or action plans have been prepared for 364 of the 487 (74 per cent) endangered and vulnerable plant and animal species listed under schedules 7 and 8 of the *National Parks and Wildlife Act 1972* threatened species schedules.

DENR supported the 2010 Primary Industries and Resources SA Locust Control program by undertaking risk assessments for populations of native plant and animal species likely to be at risk from Australian Plague Locust. The control program was successful in achieving its objectives, including minimising risk to other native wildlife species.

The Kangaroos on Reserves (population control) policy, procedure and standard was developed to provide a framework for the control of over-abundant kangaroos on DENR managed reserves.

The Koala Intervention policy, procedure and standards was developed to provide a framework to guide actions to intervene when koalas are posing a safety hazard to members of the public, are in dangerous

situations, or show clear signs of sickness or injury. For the first time in South Australia, this policy allows for suitably qualified and experienced wildlife rehabilitators to assist with the recovery, treatment, rehabilitation and release of koalas. DENR also provided expert advice and relevant supporting information to the Senate Inquiry into the health and sustainability of Australia's koala population.

An adaptive management approach has been used in the development of a Management of Grey-headed Flying-Fox policy and procedure. The adaptive management approach proved effective when relocating a small colony of Grey-headed Flying Foxes in the Adelaide Botanic Gardens.

The South Australian Government has supported the Commonwealth Government's nomination of the Piccaninnie Ponds Karst Wetlands as a Wetland of International Importance under the Ramsar Convention. The site, located in the State's South East, supports 61 species of conservation significance and provides habitat for 20 migratory bird species listed under international agreements.

The Minister for Environment and Conservation announced that the South Australian Government would be proceeding with the 900 000 hectare Nullarbor Wilderness Protection Area. This doubled the total area of land in South Australia given the highest form of environmental protection to 1.8 million hectares. The government has also announced its intention to establish a Wilderness Protection Area over the Nuyts Archipelago and Investigator Group of Islands. It is anticipated that both areas will be proclaimed by the Governor in the 2011-12 financial year. A total of 16 new parks and additions to existing parks were proclaimed. A draft Protected Area Strategy to guide future planning was released for consultation with key stakeholders during 2010-11.

During the year the number of partners engaged in the delivery of NatureLinks increased at a state-wide and regional level. The level of investment in NatureLinks also increased, with an additional \$1.7 million in external funding secured for NatureLinks on-ground activities. On-ground projects include habitat and wetland restoration works, and large scale feral animal control programs.

A Memorandum of Understanding for the Trans-Australia Eco-link was signed by the South Australian Premier and Northern Territory Chief Minister. The Trans-Australia Eco-Link is a joint initiative to establish a 3 500 kilometre-long corridor of connected landscapes and natural places from Spencer Gulf in South Australia to the Arafura Sea and Arnhem Land in the Northern Territory. Complementing NatureLinks, the project places importance on social, cultural and economic values. An implementation plan for the South Australian portion of the Eco-Link was prepared, in consultation with key partners and community groups, including the South Australian Arid Lands Natural Resources Management Board.

As the Commonwealth moves to implement its Carbon Farming Initiative, a review of the potential options for biodiversity offsets has been underway which will build on the recommendations of the 30-Year Plan for Greater Adelaide. Conservation planning, a review of SEB under the *Native Vegetation Act 1991*, and a review of the interaction between planning and native vegetation are all contributing to the development of policy advice.

DENR continued its partnership with the Future Farm Industries Cooperative Research Centre (FFI CRC). The FFI CRC is developing more sustainable farming systems based on perennial plants that contribute to soil protection, salinity management, biodiversity conservation and climate change adaptation strategies in broad-acre farming areas.

The department also continued to collaborate with NRM boards and industry groups to maintain three trial sites to develop productive fodder shrub options for more marginal cropping areas.

During 2010-11, 13 Marine Park Local Advisory Groups (MPLAGs) and the Great Australian Bight Consultative Committee (GABCC) provided advice to the South Australian Government on their preferred zoning for the State's 19 marine parks. Many MPLAG and GABCC members went to extensive lengths to engage their local community networks, holding local workshops and information days. To ensure transparency, all MPLAG and

GABCC meetings were open to the public and relevant material made available on the marine parks website.

The State Government also held meetings with peak marine park stakeholders who were given the opportunities to provide feedback on the draft zoning advice prepared by the MPLAGs and GABCC, as well as opportunity to provide advice outside the MPLAG process. Public information days and information sessions were held across the State to share information and gain further advice about community views and concerns. Advice from this engagement with peak stakeholders and the MPLAG and GABCC process is being used to produce draft management plans for formal public consultation. These draft plans will have regard to the 14 marine park design principles, as well as the government's policy commitments for marine parks.

The major objective of the *Adelaide's Living Beaches Strategy* is to protect coastal properties and infrastructure and maintain the amenity of Adelaide's beaches. The State Government approved a revised project scope for a total of nine kilometres of pipeline, to pump and discharge sand along the busiest sections of the coast, such as Glenelg, Brighton, Kingston Park and West Beach, with sand carting to be used in less busy sections.

During 2010-11 the dredging program at Holdfast Shores (Glenelg) and Adelaide Shores (West Beach) ensured that both harbours were navigable for boats throughout the year. The integration of this dredging work with the beach replenishment program continued to show substantial cost savings.

The maintenance of Adelaide's beaches ensured all vulnerable areas along the metropolitan coast met the dune buffer standard (that is, twice that required to withstand a 1-in-100 year storm).

Key challenges and initiatives for 2011-12

The State NRM plan will be finalised following a formal consultation process.

Continued development and consultation on potential amendments to the *National Parks and Wildlife Act 1972* on reserve classification will be a priority. Community engagement on the new system and the proposed concept of private reserves will be the main focus to ensure the community is consulted.

DENR will work closely with Aboriginal people to implement co-operative management arrangements over Flinders Ranges, Gawler Ranges, Lake Gairdner and Coorong National Parks. The department will continue to identify opportunities and consider how co-operative arrangements can be effectively applied to parks in South Australia.

Policies and strategies will be developed to respond to national programs such as the Carbon Farming Initiative to ensure that opportunities for South Australian land holders are maximised and any risks are managed.

DENR will continue to identify opportunities to integrate heritage policy with the priorities outlined in the 30-Year Plan for Greater Adelaide. This will involve increased collaboration with the South Australian Heritage Council, the Department of Planning and Local Government and the Department of the Premier and Cabinet to ensure better planning policy outcomes for heritage within South Australia and enhanced community engagement and celebration of the State's cultural heritage.

Finalisation and implementation of *People and Parks* visitor strategy will involve the engagement of local communities in a suite of projects including the Kangaroo Island Multi-day walk. This project may provide a significant economic return to the region, and likely to attract private sector investment. Private-sector partners are being sought for a multi-day walk experience on Kangaroo Island as an ideal region for an internationally recognised multi-day walk tourism product.

Work will be undertaken with relevant agencies, peak stakeholders and contractors to prepare the draft marine park management plans with zoning, associated impact statements, and a state-wide cost/benefit

assessment. This preparatory work is required to guide the formal state-wide community consultation process on draft management plans.

Negotiations with the preferred tenderer on the nine kilometre sand pumping pipeline will need to be finalised and result in a contract in the first quarter of 2011-12 to ensure substantial construction is completed by the end of the financial year. The open tender to procure dredging services for Glenelg and West Beach Harbours is also scheduled to occur in the first quarter of 2011/12.

On 22 July 2011, the Premier announced that mining will be banned in Arkaroola and that the area will be protected in perpetuity through special purpose legislation, and that the area would be nominated for National Heritage Listing with a view to being inscribed on the World Heritage List. In 2011-12, the Arkaroola Protection Bill will be tabled in Parliament to establish the Arkaroola Protection Area and protect its values through a permanent ban on mining. The Arkaroola protection area will be nominated for listing on the State Heritage Register, and a nomination submitted to the Australian Government for National Heritage Listing.

Targets

- Complete the review of the State NRM Plan for the NRM Council.
- Review, for the Native Vegetation Council, the *Guidelines for a Native Vegetation Significant Environmental Benefit Policy for the Clearance of Native Vegetation Associated with the Minerals and Petroleum Industry*.
- Support the passage of the *Native Vegetation (Miscellaneous) Amendment Bill 2011* through Parliament.
- Develop a Heritage Strategy for South Australia.
- Develop and release South Australia's draft marine park management plans for public consultation.
- Achieve substantial construction of the new sand pumping pipeline by 2012, and conduct an open tender and procure dredging services for Glenelg and West Beach Harbours.
- Prepare advice, in collaboration with other agencies, to inform a state policy to maximise opportunities and minimise risks for South Australian land holders to engage with the Commonwealth Carbon Farming initiative.
- Provide advice to the Minister about possible changes to the *Dog and Cat Management Act 1995*.
- Provide advice to the Minister on amendments to the *National Parks and Wildlife Act 1972* to implement a new reserve classification system and the concept of private reserves.
- Implement South Australian Government's position on conservation management options for the Arkaroola Wilderness Sanctuary.
- Finalise and release the Protected Area Strategy.
- Finalise and commence implementation of the *People and Parks* Strategy, including detailed planning for the delivery of multi-day walks on Kangaroo Island.
- Facilitate cooperative management arrangements over the Flinders Ranges, Gawler Ranges and Lake Gairdner National Parks.

CASE STUDIES:

The Habitat Restoration Planning Guide for Natural Resource Managers

The *Habitat Restoration Planning Guide for Natural Resources Managers* was developed to help improve on ground restoration outcomes. This was achieved using a goal-based approach to assess the state of a

landscape and develop appropriate management prescriptions to take that landscape to the desired outcome, using an adaptive management approach along the way.

The guide is applicable to the temperate agricultural regions in South Australia, which cross six Natural Resources Management (NRM) regions, each with a diverse range of landscapes that have been disturbed to varying degrees. Many habitat restoration scenarios are possible.

The guide summarises major ecological concepts relevant to the restoration of terrestrial habitats and outlines some on-ground considerations that could improve project design and implementation.

Nine habitat restoration planning workshops were held in 2011 across the agricultural regions of South Australia in conjunction with the local NRM boards. One hundred and fifty people were trained and provided with guides over a two month period. As at 30 June 2011, a further 190 guides had been provided to people involved in habitat restoration across South Australia and interstate.

The aim of the workshops was to use the approach outlined in the guide to improve outcomes of on ground restoration planning and implementation, encourage alignment with regional and State goals, and improve Significant Environmental Benefits (SEB) across South Australia.

Significant Environmental Benefit Grant 'Native habitat improvement by landholders, volunteers and indigenous youth'

This SEB Grant project commenced in January 2011 and covers three privately managed pastoral leased properties (Warraweena, Pinda Springs and Narrina) that encompass an important ecological corridor that links the Flinders Ranges National Park to the South with Vulkathunha-Gammon Ranges National Park to the North.

This project is a catalyst for encouraging the diversification of current land practices and engages landholders, volunteers and indigenous youth working together to protect native vegetation including the nationally (and State) listed vulnerable Menzel's Wattle and the State listed endangered Slender Bell fruit, and improve the habitat of the Yellow-footed Rock-wallaby. The project will run until 2013 with land stewardship and volunteer activities. It has potential to increase the capacity of local indigenous people so that in the long-term, the on-ground activities will be sustained by locals and with limited external financial support.

Co-management

The establishment of co-management arrangements over parks is an aspiration of many native title claimant groups and a key aspect in resolving native title claims in the State.

The co-management framework, created under the *National Parks and Wildlife Act 1972*, provides for the establishment of a progressive management system from an advisory committee to a co-management board, depending on the nature of the community aspirations and whether there is a need for staged involvement in park management. Where a co-management board is established, the park is placed under the management of the board, which either includes Aboriginal representation or an Aboriginal majority depending on whether it is over a Government held park or an Aboriginal-owned park.

There are currently five co-management agreements in place in South Australia, covering the Vulkathunha-Gammon Ranges National Park with the Adnyamathanha Traditional Lands Association; Witjira National Park with the Irwanyere Aboriginal Corporation, the Coongie Lakes National Park with the Yandruwandha Yawarrawarrka Traditional Land Owners; over the Mamungari Unnamed Conservation Park with the Maralinga Tjarutja and PilaNguru, and the Ngaut Ngaut Conservation Park with the Mannum Aboriginal Corporation.

In 2010-11, co-management negotiations were finalised over the Flinders Ranges National Park and the proposed new Aboriginal-owned Conservation Park at the Breakaways, north of Coober Pedy. In addition,

negotiations are also well advanced over the Lake Gairdner National Park and the Gawler Ranges National Park and it is expected that a co-management board and advisory committee (respectively) will be operational for these parks in 2011-12.

In 2011-12, negotiations will commence over parks within the Far West Coast and Ngarrindjeri native title claims, with the latter including the iconic Coorong National Park, where Ngarrindjeri elders are assisting Government in developing strategies for the recovery of the Lower Lakes and Coorong.

The co-management model in South Australia is a partnership with Aboriginal people that follows a single shared set of goals to manage land, and reflects a change in our thinking of combining traditional knowledge with contemporary park management.

Experience has shown that traditional knowledge and land management practices can inform and improve contemporary approaches to science and park management and enhance visitor experiences.

Regional Delivery Sub-program

Integrated delivery in the regions with a direct connection to natural resources management (NRM) boards.

Highlights

- In October 2010 a plan titled *Improving Natural Resource Management in South Australia: Regional Integration of South Australia's Environment and Natural Resource Management Delivery* was released to guide the development of a new integrated delivery model for natural resources management (NRM) and conservation services across the State.
- Established a Regional Integration Taskforce representing the interests of agricultural communities, environmental NGO's, local government authorities, Aboriginal communities, the NRM Council and regional NRM boards, to provide an engagement and communication network as well as a governance framework.
- Coordinated numerous volunteer programs including 130 Friends of Parks groups, 6 000 volunteers working in parks and reserves, 1 880 volunteers contributing across all components of the State NRM Program, and 4 000 people helping the Million Trees Program to plant 200 000 local native species across public land.
- Analysed the recommendations contained in the Victorian Royal Commission final report and confirmed the department's approach for reducing the impact of bushfires on public lands.
- Implemented the CLLMM revegetation and bioremediation project, funded through the Early Works project and the Commonwealth's \$10 million Lower Lakes Bioremediation and Revegetation initiative. In addition, the bund in the Narrung Narrows and the temporary flow regulator in the Goolwa Channel near Clayton were partially removed to allow the reconnection of the lakes and Coorong.

Program commentary against strategic priority areas

Regional integration will enhance the role of regional NRM boards by strengthening the leadership they provide to regional communities with respect to natural resources management issues. A 'one-stop-shop' interface for regional NRM services will enable more effectively and efficient delivery of conservation and natural resources management activities. The single service delivery portal and improved community engagement model builds on the achievements of the past, retains what has worked well and strengthens the relationships that already exist, while providing opportunity for further improvement.

The overarching model for regional integration reflects the six broad issues identified as being integral to the integration process:

- Aligning regional boundaries;
- Redesigning organisational structure;
- Improving community relationships and community interface;
- Clarifying governance and inter-governmental relationships;
- Integrating planning and investment; and
- Streamlining corporate and business services.

Significant steps have been achieved in bringing the work of regional NRM boards and DENR together. Eight Regional Managers were appointed in January 2011 as a first step towards establishing an integrated workforce in each region. Seven new regional NRM Board Presiding Members and a number of new board members were also appointed. Together they will determine regional priorities and contribute to the development of NRM Plans within their respective regions.

Furthermore key functional areas for combined regional business and management structures for each region have been determined and important ground work for integrating information technology, communication and business systems has been undertaken.

More than 130 Friends of Parks groups with approximately 6 000 volunteers contributed 23 600 days on over 1 450 projects in parks and reserves in areas such as biodiversity, education and promotion, heritage, trails and visitor management. Community partnerships in reserve management continue to be a success, including the Corporate Volunteering Partnership with the ETSA Utilities Employee Foundation for the Para Woodland Restoration Project and the Conservation Volunteers Australia partnership, for the management of Brookfield Conservation Park.

Approximately 4 000 people also assisted the Million Trees Program to establish 200 000 local native plants in the ground at over 50 sites across public land. The program has built strong partnerships with all metropolitan local councils, 12 State Government agencies and over 160 schools. The program has four main goals including on-ground works, community engagement, education, and collaboration with project partners.

In addition, NRM volunteer programs with 1 880 volunteers contributed over 80 000 hours of in-kind labour across all components of the State NRM Program.

Volunteer groups were supported in projects through grants such as NRM Community Grants, DENR Volunteer Support Grants, and in-kind contributions from DENR regions.

Development of a Volunteer Management Framework commenced to more effectively and safely manage volunteer involvement across the department's business.

Work to encourage park visitation continued across the State. The Premier announced Belair National Park will host the new WOMAD Earth Station event in October 2011 to raise awareness to environmental issues. Upgrades of the Gums and Main Oval facilities at Belair National Park precincts will provide for improved functionality, high quality visitor facilities, stabilisation of heritage structures and better protection of the site's conservation values.

Upgrades to the visitor centre and central access boardwalk at Seal Bay on Kangaroo Island commenced and new tours were introduced. Seal Bay attracts 110 000 visitors annually. Other upgrades completed include the redevelopment of the Lincoln National Park Surfleet campground and day visitor area, rationalisation of the Nullarbor National Park cliff top sites, upgrades of the Waterfall Gully to Mt Lofty Summit and Deep Creek Waterfall to Tapanappa Lookout trails continued and are on track.

The Wilpena Pound Visitor Centre refurbishment was implemented by DENR and the South Australian Tourism Commission in partnership with the current resort owners Anthology the Travellers' Collection.

The 2010-11 prescribed burning program concluded early due to ongoing wet conditions. Despite persistent rainfall over spring, summer and autumn, the program delivered 110 burns, treating 9 627 hectares, out of a proposed 119 burns covering 19 110 hectares on public lands managed by DENR, SA Water and ForestrySA. Overall, DENR completed 82 burns, resulting in 8 937 hectares being treated on DENR-managed land. In the Mount Lofty Ranges, 844 hectares were treated across DENR, ForestrySA and SA Water land as part of the Mount Lofty Ranges Fire Cooperative, under the Heads of Agencies Agreement for Fire Management on Public Land. This equates to 3 per cent of the treatable area of public lands in the Mount Lofty Ranges.

A plan to manage bushfire risk in the Onkaparinga Valley was adopted for implementation, bringing the total number of fire management plans to 13, covering approximately 49 per cent of the State. Another five plans are in development for reserves in the following areas: the central Eyre Peninsula; Northern Flinders Ranges; Cape Gantheaume on Kangaroo Island; the Alinytjara Wilurara region; and the South Para area of the Mount Lofty Ranges.

DENR's operational capacity was increased through a number of initiatives, including an increase in the aerial ignition capabilities and employment of an additional 26 seasonal fire crew employed to assist with prescribed burning and suppression activities, the expansion of cooperative programs between DENR, ForestrySA and SA Water, and the commissioning of a new Fire Operations Facility at Black Hill Conservation Park.

On 18 May 2011 the Australian Government announced \$118 million funding for the CLLMM Recovery Project, in addition to \$39 million previously provided for Feasibility Work, Early Works management actions, removal of the Narrung Bund, and up to \$9 million for the removal of the regulators at Clayton and in Currency Creek. Combined with the State Government contribution the total funding commitment to the CLLMM region is now more than \$186 million. The Project will run from 2011-12 to 2015-16.

Early Works components of the Recovery Project were continued in 2010-11 and have lead to the restoration of habitats, improved capacity and resilience of the system, protection of the region's ecological character, and have improved knowledge and understanding of the ecosystem.

The Bioremediation and Revegetation Project worked with local community groups, the Ngarrindjeri Regional Authority and federal and state bodies to improve ecosystem stability, resilience and biodiversity. This was achieved through aerial seeding and sedge planting, which stabilised over 2 600 hectares and over 1 600 hectares of exposed lakebed, respectively. Community groups propagated sedges and planted over 80 hectares to improve wetlands and shoreline habitats. Over 300 volunteers planted close to 150 hectares with native plants around the lakes and tributaries. Social and economic resilience in the region has been supported through the collaboration of the local community and governments.

The pumping of water into Lake Albert has been completed and was successful in maintaining water levels to inundate exposed acid sulfate lakebed sediments. The Narrung Bund was partially removed in September 2010, following improved inflows to the Lower lakes, with full removal now complete.

As a consequence of barrage outflows and subsequent reduced salinity levels, the proposal to pump saline water from the Coorong South Lagoon has been deferred. Feasibility studies carried out for the South East Flows Restoration management action have focussed on refinement of a preferred flow path. A decision point on whether to proceed with these inter-related management actions is expected in 2012.

The Meningie Wetland Project stabilised banks and revegetated the Meningie foreshore to increase habitat and enhance existing vegetation and visual amenity. Work continues, in conjunction with the community, to complete woodland planting, culvert naturalisation and construction of an interpretive trail.

DENR and the Ngarrindjeri Regional Authority (NRA) negotiated a funding agreement to support the Early Works phase of the Ngarrindjeri Partnerships management action. Aboriginal heritage assets, land and waters have been protected via heritage surveys, and the NRA has recruited six staff to provide specialist support.

Key challenges and initiatives for 2011-12

A single delivery portal for NRM and conservation services is under development for the eight NRM regions. This process is being overseen by a Regional Integration Taskforce and a number of auxiliary committees and working groups.

Central to the regional integration process and the work undertaken by the Regional Integration Taskforce, the following challenges and initiatives for the 2011-12 year have been identified;

- the development of a framework for delivering an integrated package of NRM and conservation services, the 'Annual Implementation Plan', will be developed and phased in across the eight NRM regions;
- the full integration of regional NRM boards and agency staffing arrangements;
- improving NRM delivery through an increased emphasis on collaborating, partnering and engaging local communities; and
- strengthening the capacity of the NRM boards to deliver their roles and responsibilities as defined in the *Natural Resources Management Act 2004*.

As the largest land manager in the State, DENR must attempt to keep pace with rapidly changing environmental factors such as climate change, urban expansion into the rural-urban interface, demographic change in rural areas, decline in availability of volunteers, and increased accountabilities, responsibilities and community expectations.

Research indicates that bushfires will become more common and increasingly difficult to control. Traditionally, attempts to manage an increased bushfire threat have been with increased suppression resources, but despite advancements in suppression capabilities and technology, the impact of bushfires is increasing. Global focus is now shifting to fuel and vegetation management, which has significant impacts for land managers such as DENR.

As a result, DENR will be challenged to increase its fire management capabilities further to ensure its public lands are effectively managed to maintain and enhance the protection of human life and property and the conservation of natural, cultural and environmental values. Achieving this will require the delivery of strategic fire management activities across DENR-managed land and in particular, reducing fuels in 5 per cent of high risk areas annually through a rolling program of prescribed burning, while also engaging, informing and educating the community on the role of fire in the landscape. DENR will also need to continue fostering relationships and collaborative partnerships with other agencies and stakeholders, by developing cooperative arrangements for planning and implementing strategies that minimise the risk and consequences of bushfire across all public lands.

A key challenge for 2011-12 is the finalisation of the funding agreement between the South Australian and Australian Governments to secure funding for the proposed full CLLMM Project. Flexibility within the funding agreements will be critical to ensuring the success of the CLLMM Project over the next five years.

One of the challenges for the CLLMM Program in 2011-12 will be the implementation of a new governance structure. The existing governance arrangements will be transitioned to a new model that includes a CLLMM Coordinating Committee as well as overarching *Murray Futures* governance and continued liaison with the Australian Government.

Following finalisation of funding arrangements the implementation of a comprehensive suite of management actions to ensure a healthy and sustainable future for the CLLMM region can begin. These management actions include:

- A vegetation program of up to \$39 million to stabilise the ecology through planting to restore habitat, pest management and protection of revegetated areas.
- Up to \$46 million, following an initial investigation phase, to reduce salinity levels in the Coorong South Lagoon.
- Up to \$6.3 million to build capacity in the region by supporting Ngarrindjeri Partnerships, the establishment of a Community Advisory Panel and the continuation of the Lakes Hubs at Milang and Meningie.
- An update of the Ecological Character Description for the site and development of a site operations manual.

The Long-Term Plan management actions will create ecological and community resilience in the region and manage and mitigate environmental, social and economic risks resulting from reduced certainty of water availability.

Targets

- The framework for delivering an integrated package of NRM and conservation services, the 'Annual Implementation Plan', is developed to a level of sophistication that will enable it to be phased in across the eight NRM regions.
- Determine the locations of the customer service centres for regional communities to access advice and services to support delivery of NRM activities.
- Allocate \$2 million to deliver over 130 projects as part of the NRM community grants scheme to increase the community in-kind labour contribution to NRM to 81 000 hours.
- Develop a new volunteer strategy for DENR to increase communities' and volunteers involvement in natural resources management in South Australia.
- Implement projects and activities under the Million Trees Program to achieve 200 000 local native plants established across public land throughout Greater Adelaide.
- Continue with a rolling program of prescribed burning and other works on DENR-managed land, including five per cent treatment in high fire risk areas.
- Develop and promote opportunities for communities to be informed and educated on fire management.
- Implement the full CLLMM program, with management actions detailed in the Long-Term Plan and business case to be undertaken with funding from the Commonwealth Government.

CASE STUDIES:

Regional Integration

One of the Regional Integration Plan's strategies, to improve the delivery of environment and natural resources management in South Australia, is to 'Manage the change process in a consultative way'. To support this priority a Change Management Working Group was formed.

A major focus for the Change Management Working Group has been the formation and maintenance of the Change Champions Network by recruiting staff from around the State to support DENR and the eight regions through the integration process.

The Change Champions Network was established in March 2011 when they met for the first time for a full day of discussion and networking. On that day the Change Champions provided valuable input into the development of their role and formalised this in a role statement to provide clarity.

The Champions attended further training in June 2011 and will participate in another group workshop later in the year to share stories and build their understanding of change management.

Change Champions are promoting two-way communication and providing a conduit between staff and management to facilitate change in a positive way. They are assisting with the development and distribution of information with a consistent and constructive approach. The Change Champions are there to support and encourage staff to have input into the change process.

There are now almost 50 Champions operating in the network interacting with staff at all levels, as well as internal and external stakeholders, to effectively manage change for themselves and others.

CLLMM Bioremediation and Revegetation Project

The two year emergency response 'Lower Lakes Bioremediation and Revegetation Project' commenced on 1 July 2009 and was completed on 30 June 2011. The project was designed and implemented to address the environmental (and social) affects of critically low water levels in Lake Alexandrina, Lake Albert, the Goolwa Channel and the tributaries of Currency Creek and Finniss River, and the many associated islands.

Crucial to the success of the project was the partnership approach to development and delivery with community, Ngarrindjeri and other agencies. The partnerships were crucial to defining the key issues and defining response projects within the scope of the Bioremediation and Revegetation Project.

Continuing from a successful first year, DENR engaged the Goolwa to Wellington Local Action Planning Association Inc., the Milang and Districts Community Association Inc., the Ngarrindjeri Regional Authority, Ngarrindjeri Ruwe Contracting and Rural Solutions SA (PIRSA) to deliver specific elements of the Bioremediation and Revegetation Project. Within DENR, the Coorong, Lower Lakes and Murray Mouth Program also engaged the South East Region and the South Australian Murray-Darling Basin NRM Board to deliver pest management, planning and Coorong related services.

The 2010-11 year proved particularly challenging with significant changes to the landscape and community outlook due to unpredicted inflows from floods that reversed the drying-out situation. Rapid inflows filled Lake Alexandrina to pool level by October 2010. The project was adapted by working with partners to shift the focus from stabilisation to recovery.

The recovery phase focussed on restoring degraded ecosystems by revegetating, controlling pests and improving planning to achieve the best environmental outcomes possible for the investment made.

Key achievements during 2010-11 include the planting of approximately one million plants; the participation of ten community nurseries, three Ngarrindjeri nurseries, three commercial nurseries and State Flora to propagate over 700 000 plants for the 2010-11 planting program. Construction of 46km of shoreline fencing to prevent stock access and the involvement of Ngarrindjeri people in propagation, planting and heritage assessments for all on-ground works were also significant highlights.

State NRM Program – NRM Community Grants

As a key part of the State NRM Program 134 projects totalling \$2 million were supported through the NRM Community Grants in 2010-11.

The Minister for Environment and Conservation announced the funding on 28 February 2010 to support community, conservation and school groups to undertake valuable local land care, coast care and water care projects in each of the State's eight NRM regions.

The funding assists the significant work that volunteers and communities participate in protecting South Australia's unique biodiversity, which in turn supports the NRM regional priorities and contributes to a number of South Australia's Strategic Plan targets.

Groups undertaking projects include landcare groups, conservation groups, schools, Aboriginal groups, Friends of Parks, Progress Associations, and many others.

Small grants up to \$10,000 and medium grants between \$10,001 and \$30,000 were available to groups who have up to twelve months to complete their project.

A snapshot of funded projects include:

- \$30,000 for the Aboriginal Lands Trust of South Australia to provide support for Aboriginal land care officers in the SA Arid Lands, Northern and Yorke, Eyre Peninsula and Alinytjara Wilurara regions;
- \$29,700 for the Urrbrae Agriculture High School to develop a wetland to recycle stormwater for irrigation purposes; and
- \$30,000 for Birds Australia to help conserve South Australia's migratory and beach-nesting birds.

The NRM Community Grants are a component of the State NRM Program, which provided \$14 million for natural resources management activities that contributed towards the achievement of our regional and State NRM targets, and the targets within *South Australia's Strategic Plan*.

The NRM Community Grants recognise the value of volunteers and community involvement, and will continue to support community based projects.

Client Services Sub-program

Technical services, advice and information, largely to external clients.

Highlights

- Nineteen Business Improvement Initiatives (BIs) were undertaken to improve business efficiencies and increase Information Communication Technology (ICT) capability. Fourteen projects were completed on time and on budget, with another five to be completed in early 2011-12.
- Commenced the implementation of *Science Directions 2010-2015* to improve strategic directions, including the effectiveness of investment priorities for research partnerships, and enhance scientific capabilities to inform policy and decision-making.
- The State Herbarium collection has reached one million plant specimens, which includes 700,000 records entered into databases. The Eric Jackson Reference Herbarium, a plant identification library was relocated and expanded to enable greater access to those in the wider community who are interested in plant identification.
- Completed coastal assessments for the South Australian coastline.
- Established the NRM Research and Innovation Network to improve strategic scientific partnerships between government and tertiary institutions.
- Completed the Spatial Information and Online Mapping systems upgrade of spatial delivery systems to a new technology platform to improve capabilities and support user needs.
- Commenced an eCommerce project to develop online transactional systems for parks passes to improve service delivery and ICT capability.

Program commentary against strategic priority areas

Client Services Sub-program facilitates a provision of scientific knowledge, and environmental and natural resources information that aids decision-making. A range of scientific and other centralised services are also provided to the government and the public.

Business Improvement Initiatives (BIs) were undertaken to achieve a number of different business improvement outcomes. This included the development of new information systems to enhance business efficiency and operational capacity:

- A project to improve the Crown Lands workflow system commenced to improve delivery of external services, and to provide better return on investment (over a 10-year period).
- Scanning and digitisation of the South Australian Heritage Register and South Australian Shipwreck Register was completed.
- A new pastoral field data capture system was developed which improves the efficiency of the pastoral lease assessment process.
- A wildlife permit review was undertaken to improve technological solutions and capabilities to support Fauna Permits, Wildlife Destruction, and Commercial Kangaroo Management.
- Projects to improve delivery of services through improved technologies within the department included the development of an online Learning and Development System, and replacement of the existing NRM Investment Grants database.
- Projects to redevelop existing information technology systems to utilise improved technologies and business solutions to improve delivery capabilities, including e-Commerce and product finder initiatives, intranet redevelopment project, and aerial film database redesign.
- Studies were undertaken to investigate new technology business solutions with the aim of improving information management and delivery capabilities. These included a Virtual Desktop Infrastructure (VDI) pilot to review the delivery of standard desktop services.
- During the year a video conferencing facility was trialled at selected sites to allow staff separated by distance to meet, and communicate more effectively. Completion of this project is expected in early 2011-12.

The Enterprise Business Information Strategy (EBIS) commenced in 2009 to provide cost-effective and sustainable investment strategies for the departments' information technology systems, whilst ensuring suitable governance of information. Work commenced to rationalise the DENR applications portfolio footprint and migrate existing applications to a sustainable support model.

Client Services continued to provide ICT systems, hardware, software and tools to the DENR Fire Program during 2010-11. Geographic Information Systems (GIS), spatial and topographic information and mapping services were provided for the delivery of products, information and services to support the prescribed burning and other fire management programs.

The newly updated online mapping applications for NatureMaps and Fire Management Map Portals were released following the technical upgrade from the ArcIMS to ArcGIS Server. The updated NatureMaps, an interactive online mapping site, was released in April 2011, and continues to be a premier internet application for access to environmental spatial information.

Fire Management Maps, which support the public consultation process for Fire Management Plans for DENR managed land, was released in June 2011. It is a next-generation online mapping application that has a simple, intuitive, user interface, and uses caching technology to deliver fast performance and rich cartography.

DENR has continued to demonstrate leadership within the Resource and Infrastructure Cluster (R&IC) through the endorsement of the Memorandum of Administrative Arrangement and Data Sharing Agreements. The primary initiative is the Spatial Data Sharing Initiative (SDSI). The establishment of the SDSI technical environment was completed in collaboration, to support and improve access and sharing of spatial data across-government.

A comprehensive discovery process of ICT and systems was undertaken for natural resources management (NRM) offices throughout the State in readiness for the connection to the DENR network.

DENR continued coordinating the preparation of Coastal Conservation Assessments and Action Plans for NRM regions. These guide investment priorities by state and local government, the NRM boards and community groups in protecting areas of high coastal conservation value, and are funded through NRM and Commonwealth Caring for Country Grants. In 2010–11, assessments were completed for the South East and Eyre NRM Regions.

Due to the combined impacts of coastal erosion and coastal development, ongoing protection works have been required at Beachport for a number of years. DENR managed grant funding from the Coast Protection Board to assist Wattle Range Council to protect town infrastructure through coast protection measures in 2010-11. Client Services is responsible for managing the expenditure of these funds to repair, lengthen and strengthen groynes.

The South Australian Heritage Fund is administered by DENR to allocate grants for projects across the State to repair and restore significant State Heritage places. A total of twenty four grants were approved during 2010-11. Nine grants were allocated in the up to \$25 000 category and fifteen grants in the \$10 000 category. Project works included, re-roofing, brick and stonework repairs, salt damp restoration, painting and a conservation management plan to guide future heritage conservation works.

Key challenges and initiatives for 2011-12

Reforming delivery arrangements for NRM future directions will continue to be a focus during 2011-12, including support to the integration of the single service delivery portal in the regions.

Planning for the integration of NRM business information systems will be undertaken. This includes undertaking the ICT integration of all desktop, laptop, storage, server and network services for all eight NRM regions. Development of a sound implementation plan has commenced.

Implementing the Resource Infrastructure Cluster Arrangement in 2011-12 to support the implementation of the SDSI will enhance across-government sharing of spatial and online mapping functions.

Client Services will continue to improve the effectiveness of research partnerships and investment priorities in order to inform decision-making and policy development.

Targets

- Implement the Crown Lands business improvement initiatives.
- Continue to implement the Enterprise Business Information Strategy (2010-2014) to align ICT and business outcomes and increase ICT capability for better business outcomes.
- Continue to implement *Science Directions 2010-2015* to raise the profile of science research and analysis functions in the department.
- Continue to implement collaborative arrangements established through the Resource and Infrastructure Cluster (R&IC) cluster for sharing of technical infrastructure and spatial information across-government agencies.

- Increase the number of electronic transactional services delivered to stakeholders and the community in order to improve services and reduce costs.
- Publish online a large number of species taxonomic descriptions for the Flora of South Australia.

CASE STUDIES:

Virtual Desktop Infrastructure Pilot

The objective of the Virtual Desktop Infrastructure (VDI) pilot was to investigate the available technologies and analyse the value for the department whilst increasing business capability and reducing operational and support costs.

Virtual desktop infrastructure (VDI) is the practice of hosting a desktop operating system within a virtual machine (VM) running on a centralised server.

The pilot undertook three user group trials based in; the central business district (CBD), metropolitan, and regional sites for a period of three weeks. A range of measures were monitored and analysed, including user feedback. A number of benefits were gained by undertaking such a pilot and outcome recommendations were summarised in a formal report to guide potential future directions.

In addition to the VDI pilot a Return on Investment Study was undertaken to investigate a full cost benefit analysis. The outcomes from this analysis will inform future strategic directions for VDI directions for the department.

New plant and animal records in Innamincka Regional Reserve

A biological survey conducted of the Marqualpie Land System has uncovered plants and animals that have not previously been recorded in the area.

The Marqualpie Land System is an unusual area of jumbled dunes in the north-east of Innamincka Regional Reserve. Several minor watercourses intrude into the dune complex providing a variety of ephemeral wetland habitats. Good winter rains prior to the survey in 2008 (though nothing like the last two years) produced a major flush of plant growth and the mass flowering of many species during the September survey. Native fauna activity was also high, with the abundant resources stimulating breeding and attracting large numbers of birds to the area.

Eighty-seven plants, including the rare *Frankenia cupularis* and *Swainsona oligophylla*, seven mammals, forty birds and four reptiles were recorded that had never previously been found in the study area.

The new mammal species included the Desert Mouse (*Pseudomys desertor*), which was recorded fifteen times (most likely the result of breeding during favourable conditions), and the Long-tailed Planigale (*Planigale ingrami*), the smallest of all marsupials and one of the smallest mammals.

Bird diversity was high with 106 species recorded, including the vulnerable Brolga (*Grus rubicunda*) and Australian Bustard (*Ardeotis australis*), as well as the rare Glossy Ibis (*Plegadis falcinellus*), Grey Falcon (*Falco hypoleucos*) and Flock Bronzewing (*Phaps histrionica*). The abundance of grass species present at the time of survey also resulted in the presence of vast numbers of Budgerigars (*Melopsittacus undulatus*).

The Saltbush Slender Bluetongue (*Cyclodomorphus venustus*) and Desert Skink (*Liopholis inornata*) were new finds for the area, while the presence of the Pin-striped Ctenotus (*Ctenotus ariadnae*) was significant as it is only known in three widely separated areas in the north of the State.

The project was funded by Santos with fieldwork conducted jointly by DENR staff from the Science Resource Centre and members of the Scientific Expedition Group (SEG).

The findings have been collated into a DENR report titled A Biological Survey of the Marqualpie Land System South Australia which can be accessed at:
http://www.environment.sa.gov.au/Knowledge_Bank/Information_data/Biological_Survey_of_South_Australia/Biological_surveys/Targeted_smaller_area_surveys.

Program 2: Agency Leadership and Support

Provides strategic direction and positioning of DENR, the development of organisational capability, evaluation and reporting of its performance, and the provision of a range of business support services.

Strategy Sub-program

Departmental strategic direction, governance and community engagement.

Highlights

- Launched a Corporate Plan setting the strategic directions for the new department and outlining the priorities for 2010-14.
- Launched a new citizen centric website for DENR that provides up-to-date information about DENR's products and services, with 'web 2.0' capacity for interactive community engagement.
- Produced a quarterly publication called Landscapes which presents a collection of stories that celebrate the environmental achievements of the department.
- Ran a series of free community events under the Stirring the Possum banner aimed at engaging the community and the corporate sector in creating a sustainable South Australia.
- Reviewed the way that South Australia's Parks are being marketed to the community to engage the next generation of park users and to promote the role of parks in creating a healthy community.
- Developed a governance framework that outlines how the department is governed and controlled, taking into account legislation, DENR planning strategies and accountability and compliance mechanisms.
- Developed a legislative compliance framework and register which sets out all of DENR's legislative obligations, delegations, policies and other related information.
- Implemented a policy development toolkit to provide direction and guidance for staff in the development of policies that meet DENR's responsibilities under the Acts assigned to the Minister for Environment and Conservation, as well as whole-of-government Acts and instruments.
- Developed a new policy and procedure for delegations and sub-delegations within DENR to ensure they are managed effectively and consistently across the department.
- Released a discussion paper for targeted stakeholder consultation on South Australia's Strategic Plan environmental targets that aligns with DENR's corporate direction.

Program commentary against strategic priority areas

The Strategy sub-program ensures the Corporate Plan goals and priorities are translated into business plans and oversees implementation, monitoring, reporting, and evaluation of corporate performance. Strategy is also responsible for the development and maintenance of governance, risk-management and organisational-development systems.

The department's activities have been aligned to the strategic directions in the new Corporate Plan through the development of directorate business plans, regional business plans and branch business plans. A new

process for scanning emerging issues, and checking this work against the department's strategic directions, has also been developed.

A Governance Framework was developed which explains how DENR is run and how decisions are made taking into account legislation, DENR planning strategies, and accountability and compliance mechanisms. A package for all managers and online training for staff will be rolled out during 2011-12.

A legislative compliance framework and register was developed to assist DENR to implement a coordinated, organisation-wide approach to compliance with a large number of Acts and Regulations which govern its daily operations.

A revised framework for community engagement is being developed to support policy development and project delivery across the department. This framework will help engage South Australians in caring for the environment and the sustainable use of our natural resources. Priority areas identified for community engagement were managing the impacts of climate change, biodiversity conservation, marine conservation, natural resources management, prescribed burning, land stewardship, the management of the Coorong, Lower Lakes and Murray Mouth, and encouraging people to visit national parks and botanic gardens.

Communicating with the community and stakeholders occurs across multiple platforms. As well as the more traditional mediums like media liaison, publications, web and public relations, DENR now uses new media and 'web 2.0' functionality. This means that DENR can target messages and engage the community in a way that works for them.

Key challenges and initiatives for 2011-12

The Strategy sub-program will continue to focus on supporting the Minister and the Chief Executive, liaise across-government agencies and lead communication between the department and the public. This includes setting the department's strategic directions, governance and corporate planning advice, administered legislation and policy, and the development of frameworks, systems, processes and communication strategies to support DENR staff to do their work.

A cultural development plan is being developed for implementation in 2012, based on the Corporate Plan values of building a culture that makes DENR a worthwhile and enjoyable place to work, and a culture that delivers results. This plan supports the major changes brought about by the new structure and functions of the department.

A management framework for grants, contracts and procurement is to be developed. This, combined with the roll-out of the Governance Framework and legislative compliance register, will involve the development of appropriate information and training packages as part of the leadership development program within the department.

Central to the regional integration process, the Strategy Sub-program will continue to work collaboratively across the department to address specific regional queries, or resolve issues around governance and planning. Major initiatives identified for 2011-12 include:

- The review and development of standard delegation templates, and supporting information to help the eight regions implement their delegations.
- A project to establish the framework within which the vehicle to deliver an integrated package of NRM and conservation services, the 'Annual Implementation Plan' is to be phased in across the eight NRM regions. This plan will detail both DENR and board work to be delivered in a region and managed by the Regional Manager.
- Working with regional managers to develop a governance statement for boards that reflect changes to South Australian Government policies, and support to the boards.

Targets

- Develop a cultural development plan to support the delivery of the DENR Corporate Plan.
- Review the department's planning, reporting, monitoring and evaluation framework.
- Run a series of free community events under the Stirring the Possum banner aimed at engaging the community and the corporate sector in creating a sustainable South Australia.
- Implement a new brand for Parks to increase the value placed by the public on South Australia's protected area network.
- Develop and implement a grants management toolkit for administration of grants.
- Implement the legislative compliance and delegations framework to be used by DENR staff.

CASE STUDIES:

DENR Governance Framework

In 2010-11, the Governance and Planning Branch, Strategy Directorate developed a suite of documents to assist staff to understand how DENR is governed. The *DENR Governance Framework* and associated documents were released across the agency in June 2011.

The Governance Framework assists DENR staff to have a clear understanding about how the organisation is structured and organised, and about the policies that guide how they go about their work. To be clear about our accountability as public sector staff, employees also need to be clear about the agency's legislative mandate (or the Acts under which DENR operates).

The suite of governance documents includes:

- **DENR Governance Framework** – which outlines DENR's governance 'structure' or how the agency is managed.
- **What you need to know to work in the public sector**– a guide that supports the Framework and provides information on how the agency functions in the context of the South Australian public sector.
- **Governance Checklist**– a tool to assist with decision-making and applying governance principles.

The DENR Governance Framework and Checklist were distributed to all agency staff. In early 2011-12 the Chief Executive will actively engage with staff in a conversation about the importance of good governance in DENR, and managers will continue the discussion directly with their work groups.

Engaging people in nature in new ways

Persuading people to care for the environment when it means changing their lifestyle can be a tough sell. So how do you get the community engaged? – By making it *fun!* This was the topic of conversation at a special *Stirring the Possum – The Green Transfer* held as part of the Australian Marketing Institute's, Marketing Week 2010.

Hosted by DENR Chief Executive, Allan Holmes, this event included a keynote speech from Jutta Friese, the General Manager of Marketing for Volkswagen (VW) Group Australia, and brainchild behind the VW 2009 Fun Theory campaign. Jutta then joined an expert panel consisting of a market research expert and a creative director, to debate the challenges of changing people's behaviour through compelling communications.

This lively discussion was followed up by three leading South Australian Advertising agencies pitching their idea for getting people into Parks.

The night was the most popular session on the Marketing Week program and highlighted the value of creativity and new ideas in engaging the community – especially when it comes to young people.

Many of the ideas presented on the night have been incorporated into the longer-term marketing strategy for South Australia's protected area network.

Corporate Services Sub-program

Financial, facilities and asset, commercial records, lease and risk management, human resources and occupational health and safety.

Highlights

- Introduced the whole-of-government e-Procurement online purchasing system in association with Shared Services SA.
- Implemented a central business district strategic accommodation plan and commenced a regional accommodation review.
- Progressed elimination of occupational health, safety and welfare system non-conformances.
- Finalised a pilot Workforce Planning Process designed to assist managers to identify any potential shortfalls in the capabilities required to meet planned future business needs.
- Developed an online Learning and Development system for DENR staff.
- Recommenced the department's leadership and management development framework with the conclusion of the 2010 Emerging Leaders Program.
- Developed an online Manager's Toolkit to provide a quick and convenient 'one-stop shop' style reference repository for managers.
- Reformed a recruitment advertising system and support to enable DENR to attract quality candidates quickly, cheaply and effectively.
- Completed the build phase of the Electronic Document and Records Management System (EDRMS) and established pilot groups to review and test operation of the software.
- Completed transition and audit of approximately forty commercial leases, and progressed collection of identified rental arrears.
- Continued procurement training across DENR and to the eight NRM boards as part of the regional integration process.
- Completed a number of projects in the Capital Works Program including:
 - Stage 2 of Lincoln National Park road and facility upgrade;
 - Stage 2 of Waterfall Gully to Mt Lofty Summit Trail upgrade;
 - Stage 1 Heysen Trail upgrade in Deep Creek Conservation Park;
 - Seal Bay Visitor Centre Refurbishment;
 - Belair National Park Entry Precinct Upgrade;
 - Nullabor Lookouts Upgrade;
 - Western Entrance Adelaide Botanic Gardens; and

- Black Hill Operations Facility.

Program commentary against strategic priority areas

Corporate Services contributed significantly to the business support processes as a result of the machinery-of-government changes that took effect from 1 July 2010 in which certain natural resources management functions and State Flora operations transferred from the former Department of Water Land and Biodiversity Conservation (DWLBC) to DENR.

During 2010-11 further enhancements were made to DENR's new electronic time and leave management system, as well as delivering projects aimed at rationalising reporting and reducing corporate overhead costs.

The Project Management Framework (PMF) supports the initiation, planning, delivery and evaluation phases of a project. The PMF has been used in Business Operations of Corporate Services, Regional Services and Botanic Gardens for delivery of Annual Capital Expenditure Budget (CAPEX) projects and DENR Maintenance programs.

Corporate Services continued to deliver the Annual Provisions Program which is a series of minor works programs that addresses DENR's major life-cycle replacement and minor works strategies.

The department's commercial operations were supported with improved cost-reflective pricing analysis, as well as initiatives to improve inventory management and the automation of sales recording.

Online systems for arranging accommodation, booking tours and accessing entry and fee information were trialled for Kangaroo Island and a new online Parks Passes system is also being developed.

All external reporting and Treasury deadlines were achieved during the year with the targeted Treasury quality ratings being achieved.

An online Learning and Development system was developed to enable managers to effectively manage the learning needs of their staff and to create administrative efficiencies across the department. The system enables greater accountability for employee development, including tracking the currency of required OHSW and other compliance related training and the ability to report accurately on training expenditure. During the development phase, a user group of representatives from each directorate was involved in providing comment on the initial scoping of the project and the online system.

Recruitment advertising systems and support have been reformed to enable DENR to attract quality candidates quickly, economically and effectively which also supports better decision-making while expediting selection processes.

Extending the implementation of Outcome and Competency-Based Role Descriptions has also been a focus this year. The identification and development of technical and professional competencies has proven to be an integral component in supporting the ongoing and effective use of the Role Description templates.

Workforce planning helps line managers to identify the 'right' workforce to achieve their current and future business goals, and guides them in how to get and keep the right workforce. A pilot process was successfully finalised early in the year which incorporated the development of tools and templates designed to assist managers to identify any potential shortfalls in the capabilities required to meet planned future business needs.

Key challenges and initiatives for 2011-12

DENR is currently undergoing significant change as reforms to natural resource management are being implemented through supported corporate functions.

Wider implementation of the workforce planning process across the department is a major priority in the coming year that will assist in managing the resultant challenges of restructuring.

The EDRMS project is combining with the Intranet Redevelopment project to become the iShare project. This will see the fast tracking of the EDRMS roll-out to align with the updated intranet so that benefits of both projects can be realised simultaneously.

The introduction of the new iShare platform for delivery of intranet services in DENR will necessitate the transition of all HR information from the existing intranet site to the new environment.

The PMF will continue to be promoted through training, monitoring and updating to enable consistent delivery of goods and services, and infrastructure components of DENR projects.

Targets

- Continue the roll-out of the new EDRMS across DENR as part of a three-year transition.
- Utilise the iShare platform for integration of existing workflows linking PMF, procurement and EDRMS.
- Implement the Leadership Development Framework to ensure leaders and managers are equipped with the right skills to deliver DENR's business outcomes effectively.
- Launch an online Learning and Development system and e-learning modules.
- Complete the review of existing Human Resource policies and procedures to realign them with the new *Public Sector Act 2009*.
- Implement and evaluate the Aboriginal Workforce Strategy to support DENR's commitment to attract, support, develop and retain Aboriginal and Torres Strait Islander peoples.
- Undertake phase 2 of the review of the chart of accounts, including replacement of the existing Budget Support System that loads budgets, and monitors externally funded projects for potential carryover into a subsequent financial year.
- Integrate modules to the new time and leave management system for fire management and weekly paid employees by December 2011.
- Achieve at least a medium rating from the Department of Treasury and Finance for the quality and timeliness of DENR's monthly budgeting and reporting.
- With Shared Services SA, deliver financial statements to the Auditor-General within 42 calendar days of 30 June.
- Continue the review of regional accommodation through the Regional Integration Project, and commence implementation of associated outcomes as agreed with all stakeholders.
- Complete DENR's strategic asset management plan, including regional, park and garden asset management plans to ensure assets are aligned with the department's service delivery strategies.
- Complete the Review of DENR Asset Management Framework, a management tool that focuses on maintaining and rationalising existing assets and, where corporate agreement has been reached, building new assets.
- Deliver the Capital Works Program including:
 - Completion of Seal Bay Boardwalk and Beach Access Upgrade;
 - Completion of Main and Gums Oval Precinct Upgrade within Belair National Park;
 - Completion of stage 1 of Seal Bay and Flinders Chase Road Upgrade;

- Completion of final stage of Lincoln National Park Road and Facility Upgrade;
- Completion of Heysen Trail Upgrade within Deep Creek National Park;
- Completion of Waterfall Gully to Mt Lofty Summit Trail Upgrade;
- Completion of Boardwalk at Wabma Kadarbu; and
- Completion of Shared use Trail at Craighburn Farm.

CASE STUDIES:

Building the Capability of our Emerging Leaders

The purpose of the Emerging Leaders Program is to identify talented, high potential individuals and develop their leadership capability to become eligible for future DENR leadership roles. The program has a long-term succession planning focus providing the opportunity for leadership skills to be developed in targeted individuals at an early stage, which can be built on as their career progresses within DENR specifically or the South Australian public sector generally.

The program is run over a six-month timeframe and is based upon key competency areas outlined in the South Australian Executive Service (SAES) competency framework, and tailored to suit the level of participants.

Participants undertake a number of structured classroom based learning elements, such as 'Shaping Strategic Thinking and Change' and 'Forging Relationships and Engaging Others', as well as a number of active learning elements such as discussion forums and group projects.

The inaugural Emerging Leaders Program was launched in September 2008. Since the launch, the demand for places on the program has been exceptional, resulting in the launch of a second program during 2010 and a third commencing in early 2011.

Early feedback has indicated that there have been significant positive behavioural changes in participants as a result of the Emerging Leaders Program, including increased personal motivation and confidence. The ability to take on additional responsibilities and demonstrate effective leadership techniques also benefited some staff who undertook the program.

Continued evaluation of all participants and managers formally assesses the level of impact of the Emerging Leaders Program in DENR.

Electronic Time-Management Solution

As part of business improvement initiatives, an online web-based time and leave management system has been introduced to replace a paper-based process across the department.

As well as rationalising reporting and reducing corporate overhead costs, the new system also assists staff to create a flexible workforce through the management of flexi-time, TOIL and overtime consistent with Commissioner's Standard 3.1 and the *Public Sector Act 2009*.

Enhanced data-capture of leave and time-attendance and reporting capabilities has improved time-management for the majority of staff who use the system. Activity-based recording and analysis of time has been introduced partially, which has also led to delivering improvements to the management of decision-making processes, project tracking, and improved audit controls.

In 2010-11, during implementation of the new time and leave management system, an extensive review of DENR's processes, systems and practices was conducted to further identify opportunities for increased productivity and efficiency. The outcome resulted in the decision to transition weekly paid, casual and

contractor employees and to integrate fire-record timesheets and human resource forms to the new system. The enhancements are expected to be introduced during 2011-12.

Program 3: Botanic Gardens

Management of the natural and cultural resources of the Botanic Gardens to advance plant appreciation, knowledge and conservation through our natural and cultural collections and programs.

Highlights

- Completed the visitor accessibility and safety upgrade of Botanic Park including finalisation of the Plane Tree Drive car park modifications and pedestrian and bicycle pathways.
- Completed a greenhouse gas assessment to provide preliminary recommendations for emission reductions across the Botanic Gardens, this being the first step towards achieving carbon neutrality.
- Commenced construction of the First Creek Wetland and Aquifer Storage and Recovery (ASR) project which will ultimately reduce Adelaide Botanic Garden's reliance on potable mains water, as well as providing an educational facility for schools, community and industry.
- Launched the Native Garden Trail and brochure, as part of the Native Garden Initiative, promoting and demonstrating the use of native plants in South Australian gardens.
- Completed construction of the new landscape elements for the Garden of Health and finalised the development of the new western entrance precinct.
- Delivered education and community programs to build capacity in existing and emerging kitchen gardens in schools and communities in South Australia. Developed concept designs for a Kitchen Garden in the Adelaide Botanic Garden.
- 57 per cent of South Australia's listed threatened native plant species are now conserved in the Adelaide Botanic Garden's Seed Conservation Centre seed bank as a result of extensive field collection activity within South Australia.
- Plant procurement has been facilitated for targeted, focus collections in all three Botanic Gardens and has provided further support for the Garden's tree replacement programs.
- Planted 209 trees in the Adelaide Botanic Garden and Botanic Park as part of an active replacement program to preserve the ongoing tree canopy.
- The Garden successfully delivered 9 major events for the 2010-11 major event program with in-excess of 100,000 visitors across three gardens.

Program commentary against strategic priority areas

In 2010-11, improvements were made to the Botanic Gardens Seed Conservation Centre facilities including installation of emergency power and a break down alarm system to protect the valuable seed collections and installation of a seed X-ray machine for the seed laboratory which will enable faster and more accurate seed viability testing.

The Seed Conservation Centre is currently holding in secure storage, 57 per cent of South Australia's listed rare and threatened plant species. Opportunities for utilising seeds that are stored in the seed bank for restoration and revegetation purposes continue to be explored within regions. Significant collection progress has been achieved with a total of 241 seed collections made during 2010-11, 98 of these species collected being new to the Seed Conservation Centre Seed Bank. In all, 71 of the species collected in the year are listed as rare or threatened under the *National Parks and Wildlife Act 1972*, and 30 of these are new collections to the Seed Bank. 76 per cent of the year's collections have been or are currently being tested for germination rates.

Partnerships continue to be an important element in helping to ensure conservation of the South Australian flora. Santos Limited provide continued support for the seed conservation program, and a restoration technologies research project with Iluka Resources Limited provides research findings for the development of landscape restoration techniques for degraded environments.

The Garden of Health has been completed in the Adelaide Botanic Garden and will be an important educational resource for students and the public. The opening of the Garden of Health and the new Western Entrance to the Adelaide Botanic Garden in early July 2011 will improve visitor accessibility and provide greater connection between the Garden and the North Terrace cultural precinct, including the universities. A Kitchen Garden program has been established, in partnership with other government and non-government organisations, to educate young people in particular as to the importance of fresh food to their health and wellbeing. Concept plans for development of a Kitchen Garden in the Adelaide Botanic Garden have progressed.

Approximately 45,000 school children have utilised the Botanic Gardens through both formal and informal plant-based learning programs. Disadvantaged schools are specifically targeted to participate in any special events with the support of a Department of Education and Children's Services Education Officer. Nearly 6 000 students from disadvantaged schools have visited the Botanic Garden during the year.

The Botanic Gardens of Adelaide continues to have a high approval rating of 93 per cent, measured through an annual visitor survey, with an approximate 1.8 million visitors enjoying the garden sites each year.

A major exhibition, *The Garden of Ideas*, was held over a 5 month period from October 2010 until February 2011 in the Santos Museum of Economic Botany. The exhibition attracted over 27 000 people and included 45 rare works from 10 different cultural institutions from around Australia (libraries, galleries and museums). It was also linked to a sister exhibition at Carrick Hill and a major publication.

Traditional plant knowledge continues to be incorporated into community and school education programs. Indigenous and other cultural groups were involved in presentation of the World Environment Day education trail in the Adelaide Botanic Garden, an event which attracted over 1 600 school students as well as teachers, parents and helpers.

Programs with an indigenous focus continued, such as making fire, making glue and the Aboriginal Food and Plant Trail were conducted by Taoundi indigenous guides on a regular basis, which engaged a significant proportion of school students. Taoundi indigenous guides also delivered Aboriginal Food and Plant Trail guided walks to public visitors at the Botanic Gardens.

Plants and plant collections continue to be used to engage the community and school children on the extensive use and knowledge of plants by indigenous people. As an example, the Garden of Health contains a number of beds of Australian plants with direct connection to traditional medicine and use.

In addition, Aboriginal people are engaged in developing interpretative materials and messages for major Botanic Garden developments, including the First Creek Wetland and Garden of Health.

The First Creek Wetland and ASR project is being delivered in partnership with the Adelaide and Mount Lofty Ranges Natural Resource Management Board and Commonwealth Government – Water for Good initiative. It will reduce potable water usage for irrigation and ensure that the Gardens have access to a secure water supply, reducing demand on the River Murray and freeing up valuable potable water for human consumption.

The First Creek Wetland project will provide a site which will inspire and educate the community and industry about the value of water. The Gardens use approximately 100 megalitres of water annually, and it is anticipated that this project will be able to meet the Garden's water requirements.

In 2010-11 external restoration work to the Santos Museum of Economic Botany was completed, including the reinstatement of gold leaf to the lettering on the southern façade, repair and conservation of the rendered façade and reinstatement of wall colour and line work. This complements the major work of the last few years - including the restoration and refurbishment of the interior and re-staging of the historic collections in their original display cases and cabinets.

A Green Infrastructure framework and prospectus was completed and distributed to potential project partners, building on the success of the Sustainable Landscapes project. A cross-agency steering committee has coordinated development of a working paper for Green Infrastructure and design principles for urban open space. The Green Infrastructure Working Paper aims to raise the prominence of Green Infrastructure by illustrating its values and benefits and recommending opportunities for Greater Adelaide, in the context of increasing urban density.

The Sustainable Landscapes project has continued to provide relevant advice and information to government, industry and community on appropriate landscaping techniques and materials for the South Australian environment. A number of interpretative resource materials have been developed, including the Landscapes Alive Plant Selector online tool which has been completed for the whole of South Australia, with plant data available for every local government area in the State.

Key challenges and initiatives for 2011-12

The Botanic Gardens must continue to demonstrate efficient management, application and use of water and ways of reducing reliance on potable mains water.

Additional partnerships with external organisations will be pursued in order to secure the threatened plant species held in secure seed bank storage, and to ensure development of knowledge of the biology of these species for their effective use in restoration programs into the wild.

The establishment of a small colony of grey-headed flying fox in the Adelaide Botanic Garden and Botanic Park in 2010-11 presents an ongoing management challenge. Due consideration must be made of the severe and damaging impact that these threatened species may have on the valuable and historical tree collections of the Botanic Gardens as well as potential negative impact on garden users and visitors.

Targets

- Complete earthworks for the First Creek Wetland and ASR project, commence planting of appropriate wetland plant species and begin implementation of the education and interpretative elements.
- Opening of the western entrance of the Adelaide Botanic Garden, including the launch of the completed Garden of Health.
- Continue the focus on collection, study and long-term storage of South Australian plant species through the Botanic Gardens Seed Conservation program and active engagement in national and international collaborative conservation partnerships.
- Finalise the design for a kitchen garden in the Adelaide Botanic Garden and continue delivery of associated programs to support community health and education.
- Continue a planting and replacement program to preserve the Botanic Gardens mature tree canopy with a minimum of 50 new trees being planted.
- Undertake a remodelled Sustainable Landscapes program using the green infrastructure framework to maintain and improve urban liveability and to drive sustainability and resilience to climate change.
- Ongoing engagement with the Hills Botanic Gardens (Mount Lofty and Wittunga Botanic Gardens) community support groups.

- Commence preparatory work towards developing a master plan for the Wittunga Botanic Garden.
- Stage seven major cultural events in the Botanic Gardens of Adelaide.

CASE STUDY:

The Kitchen Garden Initiative

People are increasingly becoming disconnected from where food comes. Particularly in disadvantaged areas, they have less opportunity to physically engage in gardening, cooking and the communal sharing of food.

Research shows that people engaging in edible gardening programs are physically and mentally healthier, with stronger social connections, than people who do not. Gardeners are also more likely to understand and value the natural environment. For students, kitchen gardens positively influence food choice, self esteem, social skills, nutrition knowledge, and cooking skills.

Over 140 schools in South Australia have edible gardening programs, and more than 60 community gardens have been established across the State.

The Botanic Gardens Kitchen Garden Initiative, a partnership based in the Adelaide Botanic Garden, will build on these existing initiatives. The Botanic Gardens of Adelaide, with support from Santos and SA Health, is working to support the development of kitchen gardens in homes, schools and communities in Adelaide by providing information, resources and capacity building.

A Steering Committee was established to guide the program, with representatives from SA Health, Department for Education and Children's Services, NRM Education, Stephanie Alexander Kitchen Garden Foundation (SA), the Nursery and Garden Industry Association (SA), Blanco Catering and Evolve, a not-for-profit community organisation.

To date, the project has been working with schools and community organisations, local government, SA Health staff and community gardeners to facilitate training, the sharing of resources and the development of networks. Concept design for a full kitchen garden in the Adelaide Botanic Garden, with facilities for demonstration cooking and hands-on student engagement, has been completed.

Highlights include:

- *Plant It, Grow It, Eat It*, a major community event with over 2,000 members of the public attending and 20 community organisations involved.
- Community Reference Group created to guide delivery and create networks.
- Workshops such as *Grant Writing for Beginners*, *Starting a Community Garden*, *Vegetable Growing for Community Foodies* held, with demand for more.
- Over 250 students attending *Where Does Food Come From?* pilot program in the Adelaide Botanic Garden.
- Volunteer brokerage connecting volunteers with school and community gardens.
- *Community Gardens of South Australia*, a guide to local community gardens, completed.
- *E-updates* to alert community gardeners about events, resources and grants.

ABORIGINAL RECONCILIATION STATEMENT

DENR acknowledges Australia's Aboriginal and Torres Strait Islander peoples as the traditional custodians of the country's lands, waters, plants and animals.

We recognise and respect that traditional lands or 'country' are central to the spiritual lives and living culture of these people.

We acknowledge the suffering and injustice experienced by Aboriginal and Torres Strait Islanders as a result of colonisation, past actions and loss of country.

We aspire to a positive future based on a greater understanding between Aboriginal and non-Aboriginal Australians and endeavour to build strong relationships with Aboriginal and Torres Strait people built on mutual courtesy, respect and equity.

We will work cooperatively with Aboriginal and Torres Strait Islander people to conserve country, plants, animals and culture and strive to achieve reconciliation in our daily work.

Agenda

DENR recognises that cooperation between the department and Aboriginal people should lead to advances in health and well being, employment and economic opportunities, and increased public awareness of the value of Aboriginal culture and heritage.

DENR's Reconciliation Committee is responsible for furthering these advances, by:

- supporting the development and implementation of initiatives that help DENR achieve the State Government's reconciliation objectives;
- driving DENR's reconciliation activities; and
- monitoring the implementation of the DENR Reconciliation Action Plan.

DENR has four areas of reconciliation activities:

- Land, Sea and Biodiversity,
- Heritage and Native Title,
- Communications and Awareness, and
- Employment and Training.

Land, Sea and Biodiversity

DENR recognises the profound spiritual and cultural connection of Aboriginal people to land, sea and country, and that Aboriginal involvement in planning and caring for country can both reinforce cultural understanding and improve environmental outcomes.

DENR supports land and sea management programs on Aboriginal lands with Aboriginal land managers and communities.

One of the successful partnerships is the KukaKanyini pilot project at Watarru in the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands. With support from APY Land Management and the Watarru community, the KukaKanyini project ensures that the country, biodiversity, culture, health and socio-economic concerns of APY peoples are monitored.

Additional alliances include DENR's regional ecologists working closely with Aboriginal people and other partners on programs that require scientific and traditional knowledge, such as the Black-flanked Rock-wallaby (*Warru*) Recovery Project.

Heritage and Native Title

Five Cooperative Management Arrangements (CMAs) have been created with local Aboriginal groups. They relate to the Vulkathunha-Gammon Ranges National Park, Mamungari Conservation Park, Ngaut Ngaut Conservation Park, Witjira National Park and Coongie Lakes National Park. Under these arrangements, traditional knowledge and contemporary park management skills contribute to park management and reconciliation. Negotiations are advanced over parks including the Flinders Ranges National Park, Lake Gairdner National Park, the Gawler Ranges National Park and a proposed new Aboriginal-owned conservation park at the Breakaways, north of Coober Pedy.

South Australia is subject to 23 native title claims. DENR is involved in negotiations over these claims with the Attorney-General's Department, which is the lead negotiator on behalf of the South Australian Government.

The *Aboriginal Heritage Strategy* fosters cooperation between Aboriginal communities and the department's field staff in protecting Aboriginal cultural heritage on parks and Crown land, and ensures field staff are trained in native title and Aboriginal heritage issues.

Communications

The DENR Aboriginal Partnerships Unit (APU) provides policy advice and develops strategic initiatives and programs for cooperative management of natural and cultural heritage. APU liaises with Aboriginal communities about DENR publications, signs and heritage matters.

The South Australian Government recognises the interests of Aboriginal people, acknowledging the profound connection to land by Aboriginal people and communities across the State. This recognition has taken the form of the 'Welcome to Country Protocol' (a written or spoken expression of acknowledgment of Aboriginal peoples' connection with the land).

Botanic Gardens of Adelaide works with Aboriginal businesses to deliver community and school educational activities to promote awareness, appreciation and understanding of how plants are used in Aboriginal life, and of the ongoing connection Aboriginal people have with their plants and country.

Employment and Training

At 30 June 2011 Aboriginal people were identified as 2.8 per cent of DENR's workforce, exceeding *South Australia's Strategic Plan target* of two per cent. Aboriginal employees are represented across ASO1 – ASO7 levels and equivalent.

As part of DENR's reconciliation plan, the agency continued to implement its Aboriginal Workforce Strategy, engaging a project officer to manage this until June 2012. Highlights during 2010-11 include a 1 ½ day seminar for over 30 Aboriginal employees from around the State, and creating employment pathways for Aboriginal students into future employment through secondary and tertiary scholarships.

The Kuka Kanyini project provides realistic and relevant training and development opportunities in land management for Watarru community members in the APY Lands. Co-management initiatives also provide for Aboriginal employment in park management.

FINANCIAL COMMENTARY

Financial Overview

The Department of Environment and Natural Resources (DENR) was renamed on the 1 July 2010 (formally Department for Environment and Heritage) after the transfer in of the Natural Resources Management (NRM) Group and State Flora functions from the Department for Water (formally Department of Water, Land and Biodiversity), by Public Sector (Reorganisation of Public Sector Operations) Notice 2010.

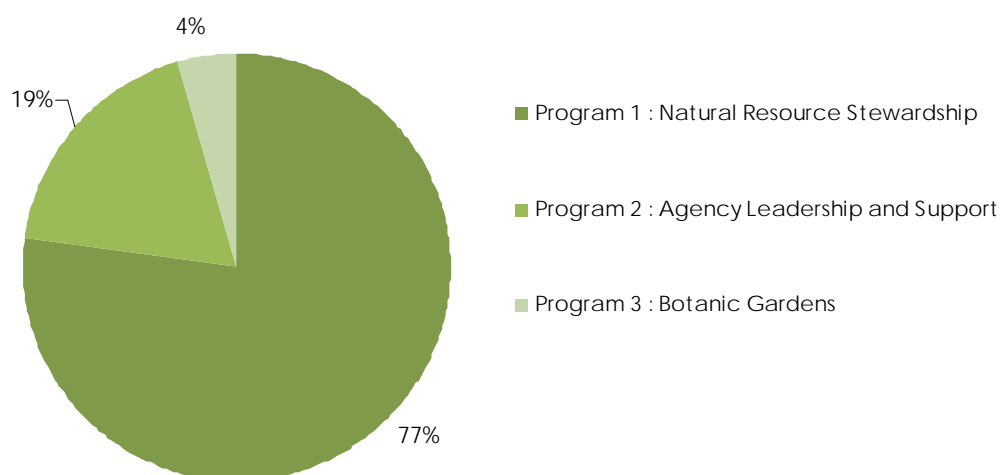
With effect from the 1 July 2010, the department's program structure was also re-aligned to three core programs, which are as follows:

- Natural Resource Stewardship;
- Agency Leadership and Support; and
- Botanic Gardens.

The audited DENR financial statements are published on the department's internet site www.environment.sa.gov.au. The following report makes comparison between the budget, as tabled in Parliament in September 2010, as part of the 2010-11 Portfolio Statements, and an abridged version of the actual financial statements as at 30 June 2011. The abridged report is formatted to include the Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; and Statement of Changes in Equity.

The budget does not reflect changes made during the financial year by the Department of Treasury and Finance, approved through Cabinet Submissions, or new externally funded projects commissioned. Material variances arising from these changes will be reported in the enclosed variance analysis.

Program Expenditure



Actual Expenditure by Program

The three major programs in terms of actual expenditure are Natural Resource Stewardship (77 per cent), Agency Leadership and Support (19 per cent) and Botanic Gardens (4 per cent).

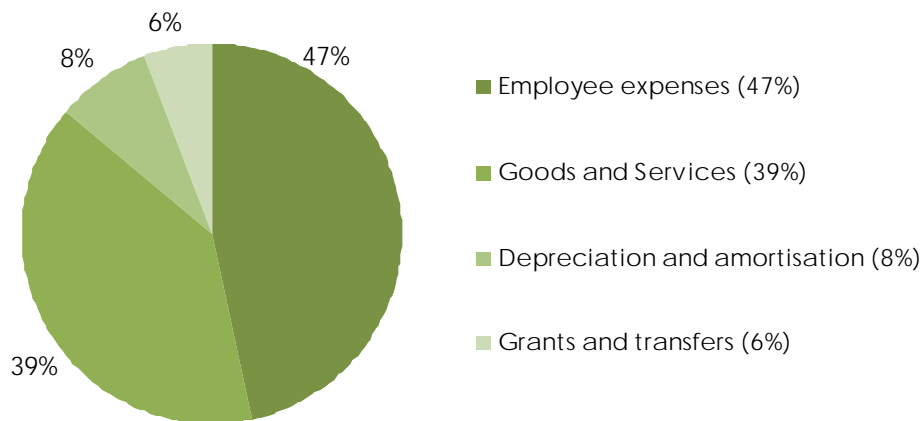
Income Statement

SUMMARY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 JUNE 2011

	Budget 2010-11 (\$'000)	Actual 2010-11 (\$'000)
Operating expenses	194 455	217 135
Operating revenues	59 282	58 386
Net cost of providing services	135 173	158 749
Revenues from Government	136 273	148 555
Net Result	1 100	(10 194)
Other Comprehensive Income	–	2 441
Total Comprehensive result	1 100	(7 753)

The department's budgeted operating result showed a positive comprehensive result. The actual comprehensive result was a net deficit of \$7.753 million. This includes \$2.441 million as a result of a revaluation of property, plant and equipment in accordance with the three year revaluation cycle.

Operating Expenditure



Actual Operating Expenditure by Program

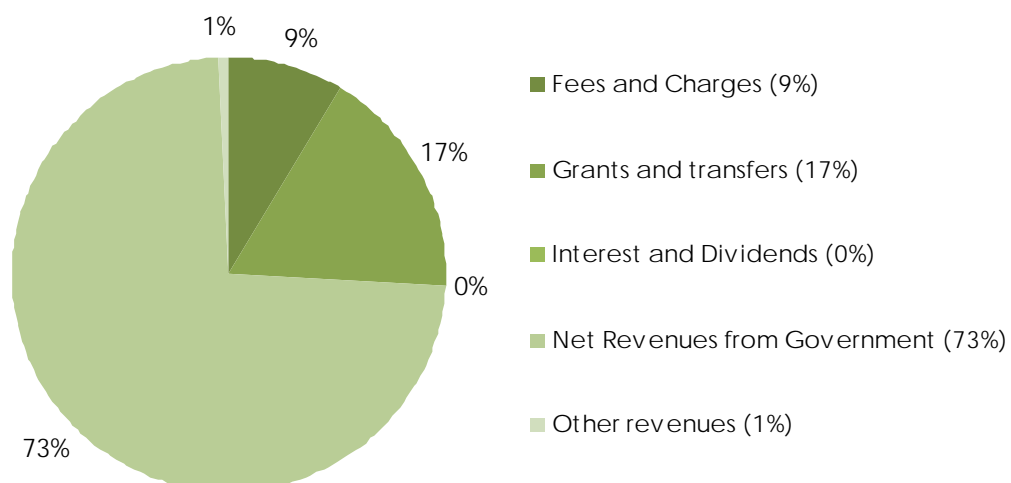
Operating expenses were approximately \$22.7 million higher than expected, largely as a result of:

- unbudgeted additional expenditure relating to State NRM program (\$11.8 million). Funding was provided post original budget;
- unbudgeted additional expenditure relating to Lower Lakes and Coorong projects (\$6.2 million). Funding was provided post original budget;
- additional one-off expenditure relating to TVSP payments funded from Treasury contingencies (\$4.3 million);
- additional expenditure (\$2.8 million) associated with the recruitment of additional seasonal fire fighters in 2010-11. Funding was provided post original budget;
- unbudgeted expenditure resulting from the accounting treatment associated with the transfer of Assets (managed by DENR under the Capital Works Program) to the Board of the Botanic Gardens and State Herbarium on completion (\$2.3 million);
- an increase in expenditure relating to projects funded by external parties (\$1.6 million);
- unbudgeted expenditure relating to prior period capital project costs (\$0.9 million) not capitalised (non cash expenditure);

This is offset by:

- reduced depreciation and amortisation expenses (\$4.1 million) due to assets reaching the end of their useful lives;
- reduced in expenditure in relation to carryovers from 2010-11 (\$3.7 million).

Operating Revenues



Actual Operating Revenue

Operating revenue was approximately \$0.9 million lower than budgeted, primarily as a result of:

- lower revenue relating to Lower Lakes and Coorong projects (\$5.6 million). Funding was adjusted post original budget.

This is offset by:

- an increase in revenue relating to operating projects funded by external parties and other government agencies (\$4.1 million);
- an increase in revenue relating to Capital projects funded by external parties and other government agencies (\$0.6 million).

Net revenue from government was approximately \$12.3 million higher than budget for 2010-11 as a result of:

- an increase in appropriation related to NRM activities (\$9 million). Funding was provided post original budget;
- an increase in appropriation related to Lower Lakes and Coorong projects (\$9.4 million);
- additional one-off expenditure relating to TVSP payments (\$3.5 million);
- increase in appropriation revenue related to additional fire fighting resources during 2010-11 (\$1.7 million).

This is offset by:

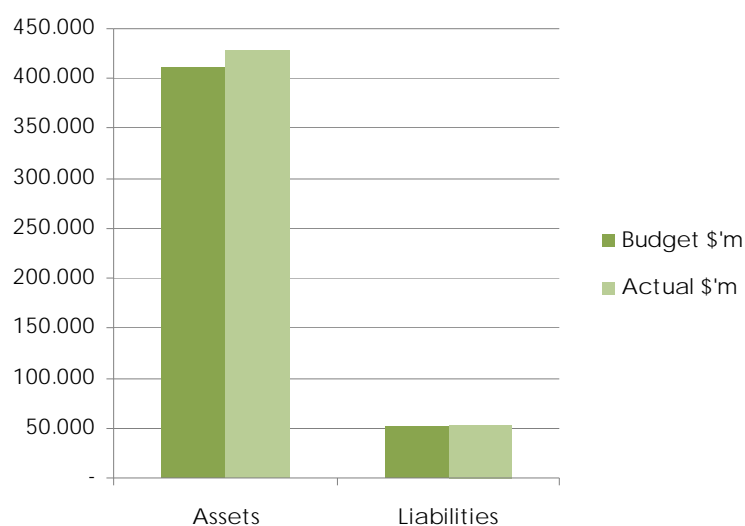
- an reduction in appropriation related to the Adelaide Living Beaches project that was approved for carryover into future years (\$11.3 million).

SUMMARY STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2010

	Budget 2010-11 (\$'000)	Actual 2010-11 (\$'000)
Current assets	96 565	112 692
Non-current assets	315 540	314 897
Total assets	412 105	427 589
Current liabilities	28 758	32 112
Non-current liabilities	23 174	21 939
Total liabilities	51 932	54 051
Net assets	360 173	373 538
Equity	360 173	373 538
Equity at 30 June 2010	–	371 505
Surplus/(deficit) for the year	–	(7 753)
Net Increment for Asset First time recognition	–	4 468
Net Increment for Asset Valuation adjustments	–	4 537
Net Assets received from Administrative Restructure	–	781
Equity	360 173	373 538

Net Assets and Equity is approximately \$13.4 million higher than expected.

Assets and Liabilities



	Budget 2010-11 (\$'000)	Actual 2010-11 (\$'000)
Cash flows from operating activities:		
Payments	173 418	204 895
Receipts	59 282	64 644
Cash flows from Government	136 273	148 555
Net cash provided by operating activities	22 137	8 304
Cash flows from investing activities:		
Payments	28 272	15 453
Receipts	–	6
Net cash used in investing activities	(28 272)	(15 447)
Cash flows from financing activities:		
Payments	–	(8)
Receipts	–	–
Net cash provided by financing activities	–	–
Net increase (decrease) in cash held	(6 135)	(7 135)
Cash at 1 July 2009	90 466	102 639
Cash at 30 June 2010	84 331	95 504

Current Assets for the department are \$16.1 million higher than budget, primarily due to increased cash balances (\$11.2 million) and increase receivable (\$5.7 million).

Non Current Assets are broadly in line with the 2010-11 budget.

Current Liabilities are \$3.3 million higher than budget primarily due to above budget payables.

Non Current Liabilities are \$1.2 million lower than budget primarily due to employee entitlements being below budget.

Cash Flow Statement

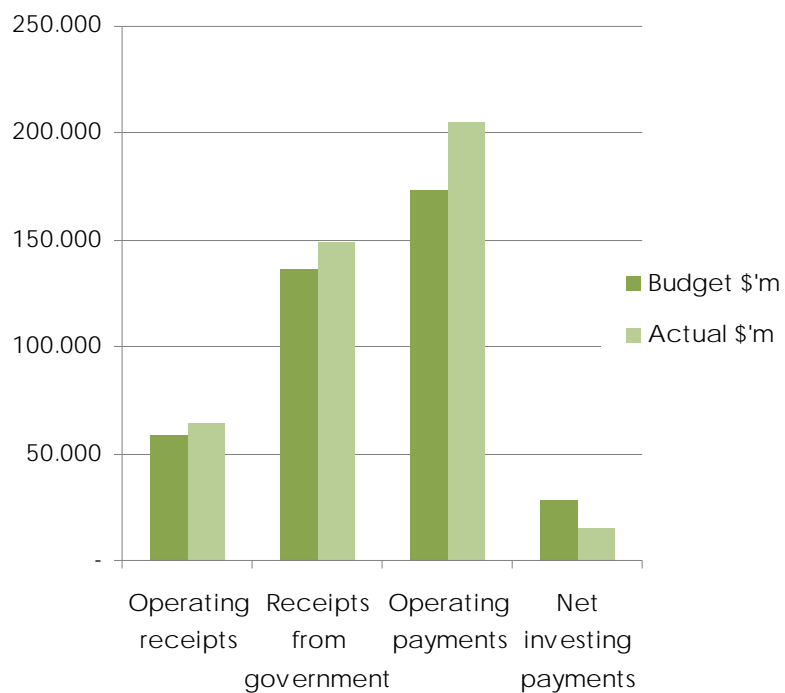
SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

The department's budget provided for a net decrease in cash of approximately \$6.1 million. The actual result was a decrease of \$7.1 million.

The operating cash increase of \$11.2 million is explained, in general, by the same influences that impacted on the Income Statement.

The offsetting reduction in investing payments of \$13 million is primarily due to expenditure on the Adelaide Living Beaches project being deferred to 2011-12 and 2012-13.

Cash Receipts and Payment



APPENDICES

Public Lands and Coastal Conservation

SPECIAL CIRCUMSTANCE SALES UNDER THE *CROWN LAND MANAGEMENT ACT 2009*

LAND DESCRIPTION	MARKET VALUE	CONSIDERATION
Section 770 Hundred of Bookpurnong	\$90 000	\$4 050
Section 520 Hundred of Waikerie	\$50 000	\$6 000
Allotment 17 DP48103 Hundred of Gordon	\$69 000	\$2 350
Section 594 Hundred of Gordon	\$144 000	\$3 700
Allotment 15 DP78812 Hundred of Gordon	\$200 000	\$3 775
Sections 183 and 184 Hundred of Wonoka	\$28 000	\$6 000
Sections 301, 302, 303 and 304 Hundred of Wonoka	\$39 000	\$6 000
Sections 86 and 164 Hundred of Wonoka	\$19 000	\$6 000
Section 1512 Berri Irrigation Area	\$29 500	\$6 000
Section 94 Hundred of Geegeela	\$250 000	\$6 000
Section 398 Hundred of Gordon	\$144 000	\$6 000
Sections 18, 158, 159, 288 Hundred of Oladdie	\$52 000	\$6 000
Sections 141, 148, 149, 179 & 184 Hundred of Waterhouse	\$335 000 + \$760 000 + \$920 000	\$6 000
Sections 72, 73, 74, 75, 76, 77 & 87 Hundred of Ross	\$1 975 000 and \$1 175 000	\$6 000
Sections 64, 65, 66, 67, 68, 69, 70, 71 & 90 Hundred of Ross	\$1 40 000 + \$860 000 + \$660 000	\$6 000
Allotment1 DP42520 Berri Irrigation area	\$99 000	\$6 000
Section 495 Hundred of Waikerie	\$35 000	\$6 000
Allotment 3 DP36523 Hundred of Cadell	\$19 000	\$6 000

Sections 22 & 26 Hundred of Palkagee	\$920 000	\$6 000
Pieces 500 & 501 DP84322 Hundred of Ridley	\$475 000	\$1.00

As required by section 25(3) of the *Crown Land Management Act 2009*, details of Crown Land that has been sold without a market process or for less than market value, due to special circumstances justifying private sale or lower purchase values, must be set out in the annual report.

Perpetual Leases

A number of perpetual leases still exist within the State. Many of these leases have been traded for near market value, meaning that a similar price is being paid to purchase a Crown perpetual lease as to purchase a freehold title. The Report of the Select Committee on the *Crown Lands (Miscellaneous) Bill 2002* recommended that these lessees in certain areas be required to convert their leases to a freehold title if the lessee sold their lease.

Under this arrangement, lessees were issued a title for their agreed purchase price plus a cost of:

Single Perpetual Lease	\$6 000 or twenty times the annual rent whichever is the greater, except where a lower purchase price is fixed PLUS documentary fees
Multiple Perpetual Leases	\$6 000 for up to 4 leases; \$1 200 for each additional lease in the application up to 10, \$900 for each between 10-20 and \$600 for any leases above 20 or twenty times the rent, whichever is the greater PLUS documentary fees.
War Service	The purchase price nominated in the lease (or portion commensurate with area for a partial surrender) PLUS documentary fees.
Waterfront Land	Purchase is conditional on the lessee handing back waterfront land held under the lease and arranging survey of an adequate waterfront reserve. Due to the loss of land and survey costs, the purchase price is reduced to \$1.

The following leases have been issued Certificate of Title in this manner:

*Please note that the nominated Market Value was taken from the Valuer-General's site value.

There have been another class of properties that have been sold without a market process or for less than market value due to special circumstances to honour previous agreements or for community reasons. These have been sold as follows:

LAND DESCRIPTION	MARKET VALUE	CONSIDERATION	PURPOSE
Allotment 3003 DP86822 OH (Andamooka)	\$88 000	\$0	Roxby Downs as required by <i>Roxby Downs (Indenture Ratification) Act 1982</i>

LAND DESCRIPTION	MARKET VALUE	CONSIDERATION	PURPOSE
Allotment 518 DP59312 Hundred of Strathalbyn	\$74 000	\$0	Langhorne Creek Historic School handback

Human Resource Management

Details of human resources management within the Department of Environment and Natural Resources for 2010-11 are outlined in the following tables.

EMPLOYEE NUMBERS, GENDER AND STATUS

Total Number of Employees		
Persons	1 184	
FTEs	1 098.3	<i>(FTEs shown to 1 decimal place)</i>

Gender	% Persons	% FTEs
Male	52.03	55.06
Female	47.97	44.94

Number of Persons During the 2010-11 Financial Year	
Separated from the agency	221
Recruited to the agency	310

Number of Persons at 30 June 2011	
On Leave without Pay	35

NUMBER OF EMPLOYEES BY SALARY BRACKET

Salary Bracket	Male	Female	Total
\$0 - \$50 399	158	171	329
\$50 400 - \$64 099	133	161	294
\$64 100 - \$82 099	195	158	353
\$82 100 - \$103 599	110	71	181
\$103 600+	20	7	27
TOTAL	616	568	1,184

Note: Salary details relate to pre-tax income excluding super and FBT. Non-executive employees on salary sacrifice arrangements are shown as pre-sacrifice values. Executive employees are shown as the value of the financial benefits component of their Total Remuneration Package Value excluding super. Non-financial benefits and allowances are excluded for all employees. The salary brackets have been constructed as an approximation for the level of responsibility, and are based on the current remuneration structures of the PS Act Administrative Services Stream with consideration of the Operational, Professional, Technical and Executive Streams.

STATUS OF EMPLOYEES IN CURRENT POSITION

FTEs	Ongoing	Short-Term Contract	Long-Term Contract	Other (Casual)	Total
Male	398.55	71.11	122.11	13.01	604.78
Female	306.73	68.41	85.09	33.3	493.53
TOTAL	705.28	139.52	207.2	46.31	1 098.31

PERSONS	Ongoing	Short-Term Contract	Long-Term Contract	Other (Casual)	Total
Male	402	72	124	18	616
Female	342	75	90	61	568
TOTAL	744	147	214	9	1 184

EXECUTIVES BY GENDER, CLASSIFICATION AND STATUS

	Ongoing		Term Tenured		Term Untenured		Other (Casual)		Total				
Classification	Male	Female	Male	Female	Male	Female	Male	Female	Male	%	Female	%	Total
EXEC0C	0	0	0	0	1	0	0	0	1	3.8	0	0	1
EXEC0E	0	0	0	0	1	0	0	0	1	3.8	0	0	1
SAES1	0	0	0	0	15	7	0	0	15	57.7	7	26.9	22
SAES2	0	0	0	0	2	0	0	0	2	7.7	0	0	2
Total	0	0	0	0	19	7	0	0	19	73.1	7	26.9	26

AVERAGE DAYS LEAVE PER FULL TIME EQUIVALENT EMPLOYEE

<i>Leave Type</i>	2007-08	2008-09	2009-10	2010-11 *
Sick Leave	6.87	6.36	6.46	7.6
Family Carer's Leave	0.95	0.97	0.99	1.34
Miscellaneous Special Leave	0.58	0.54	0.6	0.64

*Average FTE used for 2010-2011 calculations = 1092.96 (figure is FTE's Full-time Equivalents)

ABORIGINAL AND/OR TORRES STRAIT ISLANDER EMPLOYEES

Salary Bracket	Aboriginal Employees	Total Employees	% Aboriginal Employees	Target* (%)
\$0 - \$50 399	17	329	5.17	2
\$50 400 - \$64 099	12	294	4.08	2
\$64 100 - \$82 099	3	353	0.85	2
\$82 100 - \$103 599	1	181	0.55	2
\$103 600+	0	27	0	2
TOTAL	33	1 184	2.79	2

* Target from SASP

NUMBER OF EMPLOYEES BY AGE BRACKET BY GENDER

Age Bracket	Male	Female	Total	% of Total	2011 Workforce Benchmark*(%)
15-19	1	3	4	0.34	6.4
20-24	17	24	41	3.46	10.4
25-29	49	67	116	9.8	11.0
30-34	62	100	162	13.68	10.1
35-39	79	80	159	13.43	10.3
40-44	86	83	169	14.27	11.0
45-49	94	78	172	14.53	11.5
50-54	88	73	161	13.6	11.4
55-59	117	36	153	12.92	9.4
60-64	20	18	38	3.21	5.5
65+	3	6	9	0.76	3.0
TOTAL	616	568	1 184	100	100.0

* Source: Australian Bureau of Statistics Australian Demographic Statistics, 6291.0.55.001 Labour Force Status (ST LM8) by sex, age, state, marital status – employed – total from Feb78 Supertable, South Australia at May 2011.

CULTURAL AND LINGUISTIC DIVERSITY

	Male	Female	Total	% of Agency	SA Community*
Number of employees born overseas	95	78	173	14.61	20.3%
Number of employees who speak language(s) other than English at home	32	25	57	4.81	16.6%

* Benchmarks from ABS Publication Basic Community Profile (SA) Cat No. 2001.0, 2006 census.

TOTAL NUMBER OF EMPLOYEES WITH DISABILITIES (ACCORDING TO COMMONWEALTH DDA DEFINITION)

Male	Female	Total	% of Agency
5	6	11	0.9

TYPES OF DISABILITY (WHERE SPECIFIED)

<i>Disability</i>	Male	Female	Total	% of Agency
Disability Requiring Workplace Adaptation	0	2	2	0.2
Physical	4	3	7	0.6
Intellectual	0	0	0	0
Sensory	2	3	5	0.4
Psychological/Psychiatric	1	1	2	0.2

VOLUNTARY FLEXIBLE WORKING ARRANGEMENTS BY GENDER

	Male	Female	Total
Purchased Leave	4	5	9
Flexitime	502	488	990
Compressed Weeks	1	3	4
Part-time	36	192	228
Job Share Positions	0	1	1
Working from Home	2	6	8

Note: Employees may be undertaking more than one type of Flexible Working Arrangement at the same time. In this way, the total is unlikely to add to 100%.

DOCUMENTED REVIEW OF INDIVIDUAL PERFORMANCE MANAGEMENT

Employees with ...	% Total Workforce
A review within the past 12 months	73%
A review older than 12 months	N/A
No review	N/A

LEADERSHIP AND MANAGEMENT TRAINING EXPENDITURE

Training and Development	Total Cost	% of Total Salary Expenditure
Total training and development expenditure	\$1 975 207	2.93%
Total leadership and management development expenditure	\$355 537	0.53%

Equal Employment Opportunity Programs

SA Government Youth Training Scheme and the Trainee Employment Register

During 2010-11 DENR participated in the South Australian Government Youth Training Scheme, continuing to employ seven trainees in the three year horticultural discipline and recruiting a further three Horticultural Trainees in 2011. DENR expects to recruit a further three trainees in horticulture, in 2011-12 as existing trainees graduate from TAFE.

SA Public Sector Aboriginal Recruitment and Development Strategy and the Aboriginal Employment Register

At 30 June 2011 Aboriginal people identified as 2.8 per cent of DENR's workforce, exceeding South Australia's Strategic Plan target of two per cent. DENR sought referrals from the Aboriginal Employment Register for potential placement in vacancies. Four Aboriginal Learning on Country Trainees were placed utilising Commonwealth Working on Country funding.

DENR continued to implement its Aboriginal Workforce Strategy. Highlights include a 1 ½ day seminar for over thirty Aboriginal staff from around the State, and creating employment pathways for Aboriginal students into future employment through secondary and tertiary scholarships.

Strategy for Employment of People with Disabilities (which includes the Disability Employment Register)

DENR uses demographic data from employment forms to monitor the employment rate of people with disabilities. As at 30 June 2011, a total of 11 people were identified as having a disability.

Disability Action Plan

Outcome 1 – Ensure access to facilities and services

The *DENR Disability Policy Statement* outlines the principles and responsibilities of DENR managers and staff in implementing the government's *Promoting Independence Strategy* across the agency.

The DENR Procedure on *Promoting Independence for People with Disabilities* complements the policy statement. It informs key stakeholders of their responsibilities in developing and implementing DENR's *Disability Action Plan 2009-2011*, and its key elements of planning and policy development, consultation, promotion, monitoring and review, training, and reporting.

A visitor strategy called *People and Parks* has been developed to build community-based stewardship of parks, and to ensure that South Australia's national parks and marine parks meet the recreational needs of South Australians. *People and Parks* seeks to improve the protection of parks by enabling the growth of the tourism and recreation industries and engaging more people in the care of South Australia's parks. *People and Parks* identifies a suite of proposed initiatives including improving our understanding of the needs of economically, socially and mobility disadvantaged groups as a long-term priority.

Outcome 2 – Information and Communication

The DENR *Access and Equity Guidelines for Communication* provides guidance on how to address access requirements for people with disabilities in relation to communication, publications and information.

The new DENR website was launched in November 2010, and is accessible to people with disabilities that may use assistive technology to read or hear content on the site. In addition, the website is compliant with the Web Content Accessibility Guidelines (W3C) and it will be regularly audited to ensure it continues to meet this standard. The website also meets all the coding criteria for compliance with W3C Cascading Style Sheets (CSS) and HTML 4.01 Transitional.

Outcome 3 – Disability Awareness Training

The DENR Online Disability Awareness and Carers Recognition Training Program aims to improve DENR staff's disability awareness and understanding of carers. The program provides DENR staff with communication skills to effectively work with employees with disabilities; reasonable accommodations and how to provide these; skills in dealing with disclosure of a disability by an employee; and capacity to identify and deal with barriers to inclusion.

The online training allows DENR to assess staff levels of knowledge through a questionnaire embedded through the program. During 2010-11, 102 staff participated in disability awareness training through DENR's induction process.

Outcome 4 – Consultation and Complaints Process

All DENR managers are expected to take the *DENR Disability Policy Statement* into account when undertaking community consultation on an ongoing basis. An assessment of appropriate consultation mechanisms and audience is undertaken before the consultation.

A draft *DENR Complaints Resolution Policy*, which incorporates issues relating to people with disabilities, has been developed for consideration. An online complaints form has also been developed to assist in submitting a complaint or other feedback.

Outcome 5 – Compliance with the Disability Discrimination Act 1992 and Equal Opportunity Act 1984

A review of the government's Promoting Independence Strategy is currently being undertaken. As a result of the Promoting Independence Strategy, the department now takes a planned approach to meeting its obligations under the *Disability Discrimination Act 1992* and *Equal Opportunity Act 1984*, through the regular development, implementation and review of Disability Action Plans. A review of the DENR Disability Action Plan 2012-2014 is about to commence with key stakeholders across the agency.

A priority within DENR's Corporate Plan 2010-14 is to implement the People and Parks visitor strategy, including projects to encourage all people to experience the environment. DENR recognises the importance of connection and engagement with the community, and the challenge in making the parks, gardens, beaches and heritage assets it manages more accessible to the public, including people with disability and their carers.

Outcome 6 – Increased Employment Rates

DENR uses demographic data from employment forms to monitor the employment rate of people with disabilities. Identification is voluntary. DENR has set a baseline employment level of 14 staff with a disability, and is working towards the SASP Target 6.22 of doubling that number by 2014. One person was recruited during 2010-11 through the Disability Employment Register, coordinated by Disability Works Australia.

Occupational, Health and Safety and Injury Management Report

Performance against the elements of the Safety and Wellbeing in the Public Sector 2010-2015 Strategy:

Commitment to the Management of Safety and Wellbeing

In line with DENR's commitment to the management of safety and wellbeing DENR Executive dedicate an Executive meeting each quarter solely to OHSW and Injury Management. At this meeting Executive focus on the strategic OHSW/IM issues, progress against the OHSW/IM Plan and monitor OHSW/IM performance. In relation to wellbeing, DENR has a corporate EAP Program which includes employee counselling, manager assistance, critical incident debriefing and team counselling where required.

Accountability for Safety and Wellbeing Performance

The Chief Executive has safety and wellbeing as part of his Performance Agreement with the Minister and in turn Executive Directors have safety and wellbeing as part of their Performance Agreements with the Chief Executive. The Chief Executive also receives monthly statistical reports in relation to OHSW, injury management and usage of the EAP.

All staff with supervisory responsibilities have OHSW and injury management as part of their Job Descriptions and are held accountable by their immediate manager.

Integrated Risk Management

DENR has a Corporate Risk Management Procedure where OHSW is integrated into a comprehensive risk management process. OHSW risks are included in the DENR Risk Register and also into contract management for all works, particularly major projects. DENR has also developed and implemented a Significant Hazard Procedure and a process to identify, assess and control OHSW risks.

Effective Measurement and Evaluation

The Responsible Officer (RO) is the Chairperson of the quarterly DENR Executive meeting focussing solely on OHSW and Injury Management. Progress updates against the DENR OHSW/IM Plan are provided at the meetings. A summary of key findings against internal audits are presented at this meeting and reports detailing findings and recommendations are sent to the appropriate Executive Directors and manager for actioning. In addition, the Executive Team receives a Monthly Corporate Report detailing results against key performance indicators such as Lost Time Injury Frequency Rates and costs. The Executive Team also receives reports against the Premier's Safety Targets arising out of the 'Safety in the Public Sector Strategy 2010 – 2015'. The RO receives Reports provided by DPC in relation to claims, costs and rehabilitation. Progress is also measured and monitored quarterly by the Chief Executive and the Executive Team.

WorkCover partnership plans and the Responsible Officer Report

A Partnership Plan with WorkCover was developed to address system and implementation non-conformances arising from the 2009 WorkCover Evaluation. OHSW system non-conformances have been addressed and closed out. OHSW implementation non-conformances will be assessed in the 2011 Evaluation.

As detailed in the Responsible Officer's Report provided to SafeWork SA, key activities implemented in 2010-11 have included the following:

- A revised DENR OHSW Policy was endorsed by Chief Executive in 2011.
- Key OHSW policies/SOPs have been developed/reviewed in line with WorkCover requirements. Injury Management Policy and supporting procedures have been reviewed in line with WorkCover requirements.

- A review of the OHSW Committee structure in DENR has been completed resulting in continuous improvement in relation to consultative mechanisms. The peak OHSW Committee has been abolished and the DENR Executive now meet quarterly with OHSW/IM the only agenda for the meeting.
- The following training/programs have been implemented at a corporate level: Manual Handling; StepBack; OHSW Committee Training; TapRoot; and OHSW/Injury Management training for managers/supervisors.
- The following programs and projects have been implemented at the corporate level:
 - Physiotherapists Program whereby Fourth Year Physiotherapy students undertake projects across the organisation associated with identified hazards;
 - Ergonomics Assessments Program;
 - Corporate Plant Risk Assessment Project; and
 - A Hazardous Substances Program has commenced.
- OHSW Internal Audits were undertaken in 2010-11 of a key aspect of DENR's OHSW system and OHSW legislation and reports made available to the relevant Executive Directors and regions/branches audited to implement corrective action.
- An Internal Audit was undertaken in 2010 of DENR's Injury Management system and recommendations arising from the Audit and the 2009 WorkCover Evaluation have been implemented in 2010-11.
 - A Customer Satisfaction Survey in relation to DENR's Injury Management system and DPC service delivery was undertaken in 2010.
 - A Training Needs Analysis system for OHSW/IM has been incorporated into the DENR Performance Review and Development Program and the Individual Performance Plan in 2010.

The following tables report the department's OHSW performance for 2010-11.

Table 1: OHS Notices and Corrective Action taken

Number of notifiable occurrences pursuant to OHSW Regulations Part 7 Division 6	Nil
Number of notifiable injuries pursuant to OHSW Regulations Part 7 Division 6	Nil
Number of notices served pursuant to OHSW Act s35, s39 and s40 (default, improvement and prohibition notices)	Nil

Table 2: Agency gross³ workers compensation expenditure for 2010-11 compared with 2009-10⁴

EXPENDITURE	2010-11 (\$)	2009-10 (\$)	Variation (\$) + (-)	% Change + (-)
Income Maintenance	\$187 213	\$81 117	+\$106 096	+57%
Lump Sum Settlements Redemptions – Sect.42	\$28 000	\$236 350	-\$208 350	-117%
Lump Sum Settlements Permanent Disability – Sect. 43	\$26 527	\$43 306	-\$16 779	-38%
Medical/Hospital Costs combined	\$115 264	\$91 083	+\$24 181	+26%
Other	\$34 825	\$19 498	+\$15 327	+78%
Total Claims Expenditure	\$391 829	\$471 354	-\$79 525	-17%

Significant effort has been made in 2010-11 to manage long-term claims to capitalise on the sustained reduction in the number of claims. There has been an increase in income maintenance for all claims due to changes in the structure of DENR and some staff members from the Department for Water being transferred to DENR.

Table 3: Meeting Safety Performance Targets⁵

	Base: 2009-10	Performance: 12 months to end of June 2011*			Final Target
	Numbers or %	Actual	Notional Quarterly Target**	Variation	Numbers or %
1. Workplace Fatalities	0	0	0	0	0
2. New Workplace Injury Claims	35	40	46	-6	36
3. New Workplace Injury Claims Frequency Rate	19.5	21.59	25.42	-3.83	20.07
4. Lost Time Injury Frequency Rate ***	7.8	10.79	11.65	-0.86	9.20
5. New Psychological Injury Frequency Rate	0.6	1.09	1.07	+0.02	0.84

³ Before 3rd party recovery

⁴ Information available from The Self Insurance Management System (SIMS)

⁵ Information available from Self Insurance Management System (SIMS) (SIPS Target report)

	Base: 2009-10	Performance: 12 months to end of June 2011*			Final Target
	Numbers or %	Actual	Notional Quarterly Target**	Variation	Numbers or %
6. Rehabilitation and Return to Work:					
6a. Early Assessment within 2 days	89%	75%	80%	-5.0%	80%
6b. Early Intervention within 5 days	100%	83.3%	90%	-6.7%	90%
6c. RTW within 5 business days	79%	72.2%	60%	+12.1%	60%
7. Claim Determination:					
7a New claims assessed for provisional liability within 7 days	No base as new	30%	100%	-70%	100%
7b. Claims determined in 10 business days	71.4%	78.3%	75%	+3.3%	75%
7c. Claims still to be determined after 3 months	11.4%	4.4%	3%	+1.4%	3%
8. Income Maintenance Payments for Recent Injuries:					
2009-10 Injuries (at 24 months development)		\$68 837	\$66 417	+\$2 419	Below previous 2 years average
2010-11 Injuries (at 12 months development)		\$46 323	\$43 013	+\$3 309	Below previous 2 years average

* Except for Target 8, which is YTD. For Targets 5, 6c, 7a and 7b, performance is measured up to the previous quarter to allow reporting lag.

** Based on cumulative reduction from base at a constant quarterly figure.

***Lost Time Injury Frequency Rate Injury frequency rate for new lost-time injury/disease for each one million hours worked. This frequency rate is calculated for benchmarking and is used by the WorkCover Corporation.

In relation to the Safety Performance Targets DENR is meeting or exceeding six of the twelve targets in relation to the Notional Quarterly Targets and marginally off Target 5. In relation to the 'claims still to be determined after three months', delays in obtaining independent medical appointments and also medical reports for determination have contributed to not meeting the target.

At the 12-month mark, the cost associated with income maintenance for injuries incurred in 2009-10 is \$2 417 above the allowable target and for 2010-2011 injuries \$3 309 above the target. In both financial years stress claims have contributed to increased costs for income maintenance. These claims have now been finalised.

Freedom of Information

Previously DENR has published each year a Freedom of Information Statement in the Annual Report.

This year the department has published the FoI Statement on its internet site. It can be viewed at www.environment.sa.gov.au

Contractual Arrangements

The Department of Environment and Natural Resources did not enter into any contractual arrangements in the year 2010-11 where the total value of the contract exceeded \$4 million and the contract extended beyond one year.

Consultants

Consultancies below \$10 000

There were 5 consultancies in 2010-11 that cost below \$10 000, with a total expenditure of \$32 088.

Consultants between \$10 000 and \$50 000

There were 6 consultancies in 2010-11 that cost between \$10 000 and \$50 000, with a total expenditure of \$136 729. A list of the consultants engaged including the nature of work undertaken is outlined below.

Consultant	Purpose of Consultancy
Price Waterhouse Coopers	Budgeting and forecasting system review
Areaba Pty Ltd	NRM – ICT Transition
Purvis Consulting	Corporate services review
Mr D RMutton	NRM integration
Johden Pty Ltd	NRM – Branding Workshop facilitation
Price Waterhouse Coopers	Regional Business Support review

Consultancies above \$50 000

There were no consultancies in 2010-11 that cost over \$50 000.

Fraud

There were no proven incidents of fraud in the 2010-11 financial year.

DENR has in place defined business procedures and internal controls to lower the risk of fraud occurring in the agency. Any anomalies identified are investigated internally and appropriate action taken.

Accounts Payable Report

Treasurer's Instruction 11 *Payment of Creditors' Accounts* requires public authorities to forward account payment performance reports to the Department of Treasury and Finance. The annual report should show the number and value of creditors' accounts paid and the extent to which those accounts have been paid in accordance with Treasurer's Instruction 11. Some broad comment on agency performance should be included in the report.

ACCOUNT PAYMENT PERFORMANCE

During 2010-11, DENR paid 84.46 per cent of all invoices by the due date. The accounts payable performance is summarised in the table below.

Particulars	Number of accounts paid	% of accounts paid (by number)	Value in \$A of accounts paid	% of accounts paid (by value)
paid by due date*	48 739	84.46%	\$110 315 728	72.86%
paid late, within 30 days of due date	6 519	11.30%	\$31 649 543	20.90%
paid more than 30 days from due date	2 446	4.24%	\$9 438 662	6.24%

*Note: The due date is defined under section 11.7 of Treasurer's Instruction 11 Payment of Creditors' Accounts. Generally, unless there is a discount or a written agreement between the public authority and the creditor, payment should be within thirty days of the date of the invoice or claim. Some agencies receive invoices significantly later than the invoice date, due to supplier invoicing processes. Agencies may choose to report against the date the invoice is first received rather than the date of invoice.

Overseas Travel

No of staff	Destination/s	Reasons for Travel	Total Cost to Agency
1	United States of America	To attend the International Seminar on the Management of Parks and Protected Areas, an integrated state-of-the-art course to examine strategies to conserve the world's most special places.	\$17 645
1	Singapore, United Kingdom, Thailand	To investigate propagation and production techniques in International Botanic Gardens Nurseries, to investigate areas where improvements can be implemented into the Adelaide Botanic Gardens Nursery	\$5 402
1	United Kingdom	To attend and present at the 4 th International Zoo and Aquarium Symposium in conjunction with the Annual Meeting of the IUCN SCC/Wetlands International Freshwater Fish Specialist Group conference.	\$10 716

No of staff	Destination/s	Reasons for Travel	Total Cost to Agency
1	United States of America, Hawaii	To undertake research at the University of Hawaii to work on research projects, and to conduct genetic research on plants grown under elevated CO2 levels.	\$4 530
1	China	To attend the International Symposium of Shanghai Chenshan Botanical Gardens.	\$2 500
1	India and Egypt	To meet with the joint Director of the Indian Botanic Gardens and the Industrial Section of the Indian Museum to view their extensive economic botany collections and work further on proposed Indian - Australian exhibitions. An ancillary visit to the Agricultural Museum and the Cotton Museum in Cairo was included in the trip.	\$8 847
1	London (UK), New York and Philadelphia (USA)	To gain professional development through International Public Gardens and Parks Departments and to attend the American Public Gardens Association International Conference.	\$11 417
1	Indian and Nepalese Himalayas via Singapore	To attend a meeting with the Head of Conservation Projects at the GB Pant Institute of Himalayan Environment Department in Gangtok to discuss and visit in situ and ex situ conservation projects and observe integrated pest management techniques.	\$3 330
1	Penang, Malaysia	To attend as a guest keynote speaker at the Penang Botanic Gardens Symposium titled 'Role of Penang Botanic Gardens: meeting the Challenges of the 21st Century'.	\$4 378
1	Sarawak Borneo	To visit natural sites of significant heritage value, including inspection of new tourism developments, and investigation of national park planning and development practices.	\$8 552
1	United Kingdom	To attend a Strategic Leadership Program and to undertake a series of visits with related International agencies and personnel.	\$49 031
Total Expenditure for 2010-11			\$125 703

Note: Overseas travel is defined in the Commissioner's Public Sector Management Standard 3.2, 'Travel' which states that: 'Travel within Australasia (including visits to New Zealand, Papua New Guinea and Australian Territories) is not subject to overseas travel requirements of this standard, unless it forms part of a more extensive itinerary encompassing other overseas destinations'. This report includes salary, travel, accommodation, meals and incidentals.

Greening of Government Operations Report

Energy Efficiency

In accordance with the requirements of the across-government Energy Efficiency Action Plan (EEAP), DENR's energy use for 2010-11 is presented in relation to previous annual consumption.

Total Energy Use

Table 1 below shows the total energy used by DENR in delivering its programs and services, listed in the end-use categories required for reporting to government. In accordance with the decision taken in 2005 by the Energy Efficiency Reference Group, which oversees implementation of the EEAP, DENR has determined its energy use from primary-source data. Complexities associated with this include continuing improvements in DENR's capture of this data, which results in apparent increased use in some categories.

<i>Table 1: Total DENR Annual Energy Use (Giga Joules - GJ)</i>						
	Office Light & Power	Other Buildings	Other Transport	Other Uses	Passenger Vehicles	TOTAL GJ
2000-01	15 849	16 596	3 016	8 158	17,955	61 574
2001-02	4 998	15 866	2 910	8 158	17 955	49 887
2002-03	4 576	16 717	2 805	8 158	17 955	50 211
2003-04	4 810	15 875	1 606	8 158	23 697	54 146
2004-05	6 963	14 790	1 787	6 993	23 813	54 346
2005-06	6 724	8 060	646	10 225	21 415	47 070
2006-07	3 836	15 590	2 059	12 335	22 721	56 541
2007-08	3 897	12 657	3 265	8 891	20 900	49 611
2008-09	3 109	14 034	2 142	11 426	19 824	50 535
2009-10	4 616	4 977	908	9 645	27 145	47 291
2010-11	4 975	5 191	478	9 166	27 948	47 758

Note: Office Light and Power is made up of Electricity Office. Other Buildings is made up of Electricity Other Buildings. Other Transport is made up of Avgas. Other Uses is made up of Diesel Other, Electricity Other Uses, ULP Other, Natural Gas and LPG Bottled/Bulk. Passenger Vehicles is made up of Diesel Vehicle, LPG Vehicle and ULP Vehicle. This data includes all fuels used by Fleet Vehicles. All fuel charged to fuel cards associated with DENR-owned vehicles and all fuel recorded on FRF001 and FRF002 forms. As of 31 July 2011 there were 273 Fleet Vehicles.

Buildings' Energy Use

South Australia's Strategic Plan (SASP) has a target to improve energy efficiency in government agency buildings by 25 per cent by 2014 – Target 3.13 (now 30 per cent by 2020 and Target 61). In addition to the office premises leased by DENR, the department owns and operates a buildings asset folio of 1403 structures that cover 92 630m² (these figures have been obtained from ARAMIS). These buildings have a range of energy requirements; the Bicentennial Conservatory, for example, is a very high consumer of natural gas, while many buildings in regional areas source their electricity from diesel-powered generators. Because of difficulties in accurately identifying energy use associated with these assets it has been necessary to report it across both the 'Other Buildings' and 'Other Uses' categories in Table 1 above. As a result DENR's total buildings energy use cannot be accurately calculated by simply aggregating that for 'Office Light & Power' and 'Other Buildings', which in turn means that overall progress towards SASP Target 3.13 cannot be determined.

A complete breakdown of the updated DENR energy data for use, emissions and cost, by type, is shown in Tables 2.1 - 2.3 on the following pages.

Table 2.1: Energy use (GJ) by year and energy type

	AVGAS	Diesel (Vehicle)	Diesel (Other)	Electricity (Office)	Electricity (Other buildings)	Electricity (Other uses)	LPG (Bottled/ bulk)	LPG (Vehicle)	Natural Gas	ULP (Vehicle)	ULP (Other)	TOTAL GJ
2000-01	1 451	11 327	8 060	15 849	1 659	98	1 240	2 116	13 670	4 513	1 565	61 548
2001-02	1 346	11 327	8 060	4 996	8 919	98	1 240	2 116	5 708	4 513	1 565	49 888
2002-03	1 240	11 327	8 060	4 576	8 918	98	1 240	2 116	6 559	4 513	1 565	50 202
2003-04	795 ¹	14 262	8 060	4 810	9 083	98	1 240	4 033	5 552	5 402	811	54 146
2004-05	1 426	16 973	6 539	6 539	5 249	229	1 527	3 136	8 189	3 703	360	53 834
2005-06	603 ¹	15 480	1 993	6 724	6 470	415	1 371 ²	2 707	7 853	3 271	183	47 070
2006-07	523 ³	17 089	10 036	3 836	8 105	936	2 563	3 343	5 463	3 825	821	56 540
2007-08	1 302	17 832	6 934	3 898	9 011	1 091	238	5 847	3 647	2 998	628	49 611
2008-09	1 102	15 861	7 492	3 109	7 363	3 048	2 003	5 847	4 900	2 589	654	50 535
2009-10	908	22 042	1 008	4 616	4 977	613	1 841	2 339	5 435	2 764	748	47 291
2010-11	470	23 343	1 222	4 975	5 191	650	1 895	1 833	4 868	2 772	531	47 750

¹ DENR plane grounded for major refit/repairs ² Understated total - usage data not available for West Region ³ Flying operations restricted in first half of year due to ongoing repairs

Table 2.2: Greenhouse Gas (GHG) emissions (tonnes) by year and energy type

	AVGAS	Diesel (Vehicle)	Diesel (Other)	Electricity (Office)	Electricity (Other buildings)	Electricity (Other uses)	LPG (Bottled/ bulk)	LPG (Vehicle)	Natural Gas	ULP (Vehicle)	ULP (Other)	TOTAL TONNES
2000-01	106	848	604	4 333	464	27	83	137	744	362	112	7 714
2001-02	99	848	604	1 398	130	27	83	137	310	362	112	4 110
2002-03	96	885	630	1 280	2 495	27	83	144	339	362	126	6 467
2003-04	61	1 114	630	1 345	2 541	27	83	275	287	434	65	6 862
2004-05	110	1 327	511	1 948	1 468	64	106	214	423	301	29	6 501
2005-06	47	1 211	156	1 881	1 809	116	93	185	406	266	15	6 185
2006-07	36	1 192 ¹	776	1 114	2 355	272	173	199	285	253 ¹	67	6 722
2007-08	2 091	1 245	484	910	3 029	255	239	139	187	201	42	8 821
2008-09	2 235	1 107	523	726	1 718	711	2 003	145	251	173	44	9 637
2009-10	60	625	70	987	1 064	131	110	140	278	191	51	3 707
2010-11	31	1 613	82	991	1 036	129	113	109	249	191	35	4 579

¹Reflects revision of emissions factors by AGO

Table 2.3: Energy cost (\$) by year and energy type (GST-exclusive amounts)

	AVGAS	Diesel (Vehicle)	Diesel (Other)	Electricity (Office)	Electricity (Other buildings)	Electricity (Other uses)	LPG (Bottled/ bulk)	LPG (Vehicle)	Natural Gas	ULP (Vehicle)	ULP (Other)	TOTAL \$
2000-01	54 795	233 564	167 545	569 383	89 094	8 486	21 537	33 900	104 163	104 920	36 357	1 423 744
2001-02	50 813	233 564	167 545	182 266	357 789	8 486	21 537	33 900	49 271	104 920	36 357	1 246 448
2002-03	46 828	233 564	167 545	162 492	357 789	8 486	21 537	33 900	62 868	104 920	36 357	1 236 286
2003-04	30 014	290 066	167 545	171 929	385 239	8 486	21 537	55 078	45 477	120 412	19 220	1 315 003
2004-05	48 776	408 838	161 350	293 972	251 110	11 071	39 508	48 145	65 766	98 405	9 771	1 436 712
2005-06	26 116	473 090	64 612	298 392	263 411	19 997	41 235	52 202	61 944	105 154	6 195	1 412 348
2006-07	22 037	523 508	249 252	169 083	312 168	29 495	53 164	77 789	43 154	123 673	28 502	1 631 823
2007-08	481 182	695 947	183 606	180 086	278 322	25 127	18 483	54 056	31 749	106 701	22 642	2 077 901
2008-09	58 005	546 497	246 869	151 881	233 962	38 024	81 861	53 476	45 211	88 374	23 428	1 567 589
2009-10	53 611	658 705	30 329	271 077	280 485	36 764	123 740	52 125	53 110	89 039	26 894	1 675 879
2010-11	26 423	772 256	34 308	328 267	342 539	42 817	81 398	42 167	38 727	94 697	18 495	1 479 555

Specific DENR Energy Management Achievements

- Fluorescent lighting to sections of offices and workshops at Cleland, Black Hill and the old Adelaide Gaol was upgraded to energy efficient units.
- A review was undertaken of all DENR owned remote area power supplies around the State to determine condition and suitability. This will inform future works and energy efficiencies for these sites.
- Foot lighting within the Kelly Hill Caves was upgraded to a more energy efficient type.
- Upgraded the power supply to buildings at Antro site, Bimbowrie Conservation Park.

DENR Water Management

DENR has increased its direct use of metered mains water from 153 808 kL in 2009-10 to 222 615 kL in 2010-11, at a total cost to DENR of \$324 463 which includes supply charges, service charges, sewerage charges and the 'Save the Murray Levy'.

Metered Mains Water Use 2010-11 – Water Use (kL)	
Total as per SA Water accounts for which DENR was charged for mains water usage	222 615

Note: Due to increased site occupancy, the usage figures has increased as a result of facilities and staff (incl. State Flora which are water intensive activities) transferred across from the Department of Water. Investment is in place for 2011-12 to provide water efficiencies at State Flora.

Specific DENR Water-Management Achievements

- Commenced the staged upgrading of the Mount Lofty Botanic Gardens irrigation infrastructure with the replacement of a key pumping main.
- Fitted a meter to the bore in the Adelaide Botanic Gardens to comply with prescription requirements.
- A pressure reduction valve was fitted to the Cleland Wildlife Park water supply to manage supply pressure.
- Installed filters to provide potable water at various locations not serviced by mains water supplies.

Paper Cost and Volume

DENR purchased 6 903 reams of A4 paper and 242 reams of A3 paper in 2010-11, at a total cost of \$43 234

The A4 paper consisted of 33 per cent non-recycled, 62 percent 100% recycled and 5 percent 50% recycled paper.

The A3 paper consisted of 11 percent non-recycled and 89 per cent 100% recycled paper.

The number of paper purchased in 2010-11 has decreased compared to 2009-10 – with approximate savings of \$5 370.

Note: Coloured paper has been included in these figures.

Asbestos Management in Government Buildings

Category	Number of Sites		Category Description	Interpretation One or more items at these sites ...
	At start of year	At end of year		
1	2	4	Remove	should be removed promptly.
2	11	12	Remove as soon as practicable	should be scheduled for removal at a practicable time.
3	13	12	Use care during maintenance	may need removal during maintenance works.
4	10	10	Monitor condition	has asbestos present. Inspect according to legislation and policy.
5	8	7	No asbestos identified / identified asbestos has been removed	(All asbestos identified as per OHSW 4.2.10(1) has been removed)
6	45	52	Further information required	(These sites not yet categorised)

DENR identified the following sites that required asbestos registers in 2010-11 and responded appropriately.

Category 1 Sites

Flinders Ranges National Park

DENR has worked in partnership with the Asbestos Unit in Department for Transport, Energy and Infrastructure (DTEI) for the asbestos identified at the Flinders Ranges National Park. This asbestos is the remnants of an old isolated asbestos mine which is in a very remote location where access is controlled and managed.

Althorpe Island

DENR also worked in partnership with DTEI to organise asbestos inspections for Althorpe Island. This Island had not been surveyed since 2004. The asbestos identified as part of this inspection for Althorpe Island was removed in April 2011.

South Neptune Island

DENR also worked in partnership with DTEI to organise asbestos inspections for South Neptune Island. This Island is extremely isolated and is not open to the general public. It had not been surveyed since 2004.

DENR has committed to work with DTEI to develop a management strategy for Neptune Island.

Innes National Park

Building 48 at Inneson is not accessible to the public, and remains locked at all times. A management plan is being developed for this building, which will include the management of the asbestos. This is not seen as a high risk from a DENR perspective as the building is not accessible and is locked to the public.

Category 2 Sites

DENR will analyse the asbestos registers in this category and will align asbestos removal with other scheduled works for that area as opportunity and resources allow.

Asbestos Removals

DENR has removed asbestos products from the following sites in 2010-11.

Region	Park	Type
Adelaide	Hallett Cove CP	Loose Materials
	Adelaide Goal	Sheeting
	Onkaparinga River NP**	Sheeting
	Belair National Park – Melville House Site**	Sheeting
Kangaroo Island	Cape Borda	Sheeting
Northern & Yorke	Althorpe Island	Sheeting, Rope, Loose materials and oven doors
Wittunga Botanic Gardens	Potting Shed**	Sheeting

**These sites are now asbestos free.

South Australian Asbestos Safety Action Plan

DENR is committed to the health, safety and welfare of employees, contractors and the public for its sites. This is done by;

- Annual asbestos surveys through DTEI
- Removal of asbestos where work is being carried out as part of a project
- Removal of asbestos which identifies as 'high risk' during annual surveys
- Use of the Strategic Asset Management Information System (SAMIS) to develop a systematic process to remove asbestos products and make sites asbestos free.

DENR has allocated funding to remove any asbestos that is identified as high risk for the 2011-12 financial year.

Whistleblowers Statement

The *Whistleblowers Protection Act 1993* encourages disclosure of maladministration and waste in the public sector and corrupt or illegal conduct generally, by providing the means by which disclosures may be made, and subsequent protection (from victimisation and civil or criminal liability) for those who make disclosures.

DENR has implemented a Whistleblowers Procedure that:

- specifies procedures by which disclosures of public interest information can be made within the department (by DENR employees and members of the public);
- identifies Responsible Officers to whom disclosures can be appropriately made; and
- specifies the procedures for handling complaints of victimisation as a result of whistleblower disclosures.

The Whistleblowers Protection Act requires the department to report on the number of occasions on which public interest information has been disclosed to a Responsible Officer of the agency. There were no disclosures during 2010-11.

Intellectual Property

DENR is committed to the whole-of-government Intellectual Property (IP) Policy. Currently DENR does not commercialise any IP and there are no IP ownership issues. The Chief Executive supports a culture where IP is recognised and appropriately managed.

FINANCIAL STATEMENTS

Department of Environment and Natural Resources

Annual Financial Statements

For the Year Ended 30 June 2011

Department of Environment and Natural Resources

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Department of Environment and Natural Resources:

- comply with relevant Treasurer's Instructions issued under Section 41 of the *Public Finance and Audit Act 1987*, and relevant *Australian Accounting Standards*;
- are in accordance with the accounts and records of the department; and
- present a true and fair view of the financial position of the Department of Environment and Natural Resources as at 30 June 2011 and the results of its operations and cash flows for the financial year.

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



Allan Holmes
Chief Executive

22 September 2011



Rob Denton-Brown
Director, Financial Services

22 September 2011



9th Floor
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chief Executive**Department of Environment and Natural Resources**

As required by section 31 of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Department of Environment and Natural Resources for the financial year ended 30 June 2011. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2011
- a Statement of Financial Position as at 30 June 2011
- a Statement of Changes in Equity for the year ended 30 June 2011
- a Statement of Cash Flows for the year ended 30 June 2011
- Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2011
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2011
- a Statement of Administered Financial Position as at 30 June 2011
- a Statement of Administered Changes in Equity for the year ended 30 June 2011
- a Statement of Administered Cash Flows for the year ended 30 June 2011
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2011
- notes, comprising a summary of significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Director Financial Services.

The Chief Executive's Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as the overall presentation of the financial report.

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

Basis for Qualified Opinion

Property, Plant and Equipment reported in the Statement of Administered Financial Position excludes unallotted Crown Land as the Department of Environment and Natural Resources has not been able to formulate a suitable methodology for determining a reliable measure of the value of these holdings.

In addition, limitations exist on the reliability of the base information used to determine the valuation of Crown Land Property, Plant and Equipment included in the Statement of Administered Financial Position.

This is disclosed in Note (c) to the Administered Financial Statements.

It is not practicable to quantify the financial effect of the excluded Crown Land or the unreliable base information used to determine the valuation of Crown Land Property, Plant and Equipment included in the Administered Financial Statements.

As the integrity of Crown Land holdings and values administered by the Department of Environment and Natural Resources has not been ascertained, I am unable to form an opinion on the reasonableness of the values of Property, Plant and Equipment relating to Crown Lands, brought to account in the Statement of Administered Financial Position.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraphs, the financial report gives a true and fair view of the financial position of the Department of Environment and Natural Resources as at 30 June 2011, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



S O'Neill
AUDITOR-GENERAL
23 September 2011

Department of Environment and Natural Resources

Statement of Comprehensive Income

For the Year Ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Expenses			
Employee benefits expenses	5	99,561	92,401
Supplies and services	6	83,736	64,255
Grants and subsidies	7	12,420	4,214
Depreciation and amortisation	8	17,163	17,522
Net loss from disposal of non-current assets	9	2,806	3,624
Other expenses	10	1,449	1,027
Total expenses		217,135	183,043
Income			
Revenues from fees and charges	11	21,862	17,796
Grants and contributions	12	34,563	27,402
Interest revenues	13	238	160
Resources received free of charge	14	147	-
Other income	15	1,576	2,061
Total income		58,386	47,419
Net cost of providing services		158,749	135,624
Revenues from SA Government			
Revenues from SA Government	16	148,555	128,729
Total revenues from SA Government		148,555	128,729
Net result		(10,194)	(6,895)
Other comprehensive income			
Changes in property, plant and equipment asset revaluation surplus	28	2,441	(279)
Total other comprehensive income		2,441	(279)
Total comprehensive result		(7,753)	(7,174)

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

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

Department of Environment and Natural Resources
Statement of Financial Position
As at 30 June 2011

	Note	2011 \$'000	2010 \$'000
Current assets			
Cash and cash equivalents	17	95,116	102,639
Receivables	18	14,726	5,790
Inventories	19	1,567	1,202
Other assets	20	895	861
Total current assets		112,304	110,492
Non-current assets			
Receivables	18	41	42
Other financial assets	21	3	3
Property, plant and equipment	22	312,912	305,096
Intangible assets	23	1,941	2,357
Total non-current assets		314,897	307,498
Total assets		427,201	417,990
Current liabilities			
Payables	24	24,296	17,979
Employee benefits	25	6,722	8,388
Provisions	26	404	354
Other liabilities	27	683	834
Total current liabilities		32,105	27,555
Non-current liabilities			
Payables	24	1,707	1,650
Employee benefits	25	17,930	14,893
Provisions	26	1,371	1,167
Other non-current liabilities	27	889	1,220
Total non-current liabilities		21,897	18,930
Total liabilities		54,002	46,485
Net assets		373,199	371,505
Equity			
Asset revaluation surplus	28	187,111	184,751
Retained earnings	28	186,088	186,754
Total equity		373,199	371,505
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	30		
Contingent assets and liabilities	31		

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

nan

Department of Environment and Natural Resources

Statement of Changes in Equity

For the Year Ended 30 June 2011

	Note	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2009	28	185,656	190,502	376,158
Asset adjustments previously recognised:				
First time recognition of assets	28	-	3,169	3,169
ARAMIS revisions	28	-	2,581	2,581
Asset adjustments this reporting period:				
Asset capitalisation threshold change	28	-	(3,235)	(3,235)
Adjustments to reflect vehicles, plant and equipment and other asset classes at cost	28	(626)	632	6
Restated balance at 1 July 2009		185,030	193,649	378,679
Net result for 2009/10	28	-	(6,895)	(6,895)
Loss on revaluation of property, plant and equipment	28	(279)	-	(279)
Total comprehensive result for 2009/10		(279)	(6,895)	(7,174)
Balance at 30 June 2010	28	184,751	186,754	371,505
Net result for 2010/11	28	-	(10,194)	(10,194)
Gain on revaluation of PPE	28	2,441	-	2,441
Total comprehensive result for 2010/11		2,441	(10,194)	(7,753)
Asset adjustments - first time recognition of assets	28	-	4,468	4,468
Asset adjustments - ARAMIS revisions	28	-	4,537	4,537
Asset adjustments - asset revaluation surplus corrections	28	(81)	81	-
Net assets received from an administrative restructure	28	-	442	442
Balance at 30 June 2011	28	187,111	186,088	373,199

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

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

Department of Environment and Natural Resources

Statement of Cash Flows

For the Year Ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(100,908)	(93,992)
Payments for supplies and services		(90,256)	(75,046)
Payments of grants and subsidies		(13,144)	(4,349)
Other payments		(593)	(2)
Cash used in operations		<u>(204,901)</u>	<u>(173,389)</u>
Cash inflows			
Fees and charges		16,332	23,158
Receipts from grants and contributions		37,514	29,762
Interest received		246	145
GST recovered from the Australian Taxation Office		8,982	6,027
Other receipts		1,576	2,061
Cash generated from operations		<u>64,650</u>	<u>61,153</u>
Cash flows from SA Government			
Receipts from SA Government		148,555	128,729
Cash generated from SA Government		<u>148,555</u>	<u>128,729</u>
 Net cash provided by operating activities	 29	 <u>8,304</u>	 <u>16,493</u>
 Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(15,453)	(17,289)
Cash used in investing activities		<u>(15,453)</u>	<u>(17,289)</u>
Cash inflows			
Proceeds from the sale of property, plant and equipment		6	27
Cash generated from investing activities		<u>6</u>	<u>27</u>
 Net cash used in investing activities		 <u>(15,447)</u>	 <u>(17,262)</u>
 Cash flows from financing activities			
Cash inflows:			
Cash received from restructuring activities		(380)	-
Cash generated from financing activities		<u>(380)</u>	<u>-</u>
 Net cash used in financing activities		 <u>(380)</u>	 <u>-</u>
 Net decrease in cash and cash equivalents		 <u>(7,523)</u>	 <u>(769)</u>
 Cash and cash equivalents at the beginning of the period		 102,639	 103,408
 Cash and cash equivalents at the end of the period	 17	 <u>95,116</u>	 <u>102,639</u>

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

Department of Environment and Natural Resources
Disaggregated disclosures - expenses and income
For the Year Ended 30 June 2011

	<i>Activity 1: Natural Resource Stewardship</i>	<i>Activity 2: Agency Leadership and Support</i>	<i>Activity 3: Botanic Gardens</i>	TOTAL
	2011 \$'000	2011 \$'000	2011 \$'000	2011 \$'000
Expenses				
Employee benefits	75,400	18,884	5,277	99,561
Supplies and services	60,523	19,440	3,773	83,736
Grants and subsidies	12,101	211	108	12,420
Depreciation and amortisation	16,847	170	146	17,163
Net loss from disposal of non-current assets	1,317	1,490	(1)	2,806
Other expenses	1,298	71	80	1,449
Total: Expenses	167,486	40,266	9,383	217,135
Income				
Fees and charges	20,781	454	627	21,862
Grants and contributions	29,199	2,625	2,739	34,563
Interest	234	4	-	238
Resources received free of charge	-	147	-	147
Other income	968	551	57	1,576
Total: Income	51,182	3,781	3,423	58,386
Net cost of providing services	116,304	36,485	5,960	158,749
Revenues from/(payments to) SA Government				
Revenues from SA Government	250	148,305	-	148,555
Total: Net revenues from SA Government	250	148,305	-	148,555
Net result	(116,054)	111,820	(5,960)	(10,194)

22

Department of Environment and Natural Resources
Disaggregated disclosures - expenses and income
For the Year Ended: 30 June 2010

	Activity 1: Nature Conservation	Activity 2: Public Land - Visitor Management	Activity 3: Public Land - Fire Management	Activity 4: Public Land - Stewardship	Activity 5: Coast & Marine Conservation	Activity 6: Botanic Gardens Management	Activity 7: Heritage Conservation	Activity 8: Animal Welfare	Activity 9: Agency Support Services	Activity 10: Adaptive Mgmt of the Lower Lakes and Coorong	Activity 11: Knowledge and Information	TOTAL
	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000
Expenses												
Employee benefits	13,710	12,077	6,422	8,038	5,543	5,255	1,775	185	25,590	2,887	10,919	92,401
Supplies and services	14,507	8,727	2,230	2,642	4,686	3,028	1,059	36	14,260	5,591	7,489	64,255
Grants and subsidies	1,229	64	-	815	66	90	570	660	274	91	355	4,214
Depreciation and amortisation	7,750	7,749	77	163	149	87	150	-	661	4	732	17,522
Net loss from disposal of non-current assets	-	-	-	-	-	-	-	-	3,624	-	-	3,624
Other expenses	-	623	-	-	42	103	60	-	199	-	-	1,027
Total: Expenses	37,196	29,240	8,729	11,658	10,486	8,563	3,614	881	44,608	8,573	19,495	183,043
Income												
Fees and charges	1,124	9,767	1,004	3,004	708	571	321	3	160	-	1,134	17,796
Grants and contributions	6,873	89	12	643	561	1,903	113	-	3,218	13,805	185	27,402
Interest	75	80	-	5	-	-	-	-	-	-	-	160
Other income	64	331	484	25	194	27	10	-	503	4	419	2,061
Total: Income	8,136	10,267	1,500	3,677	1,463	2,501	444	3	3,881	13,809	1,738	47,419
Net cost of providing services	29,060	18,973	7,229	7,981	9,023	6,062	3,170	878	40,727	(5,236)	17,757	135,624
Revenues from/(payments to) SA Government												
Revenues from SA Government	-	-	-	-	-	-	250	-	128,479	-	-	128,729
Total: Net revenues from SA Government	-	-	-	-	-	-	250	-	128,479	-	-	128,729
Net result	(29,060)	(18,973)	(7,229)	(7,981)	(9,023)	(6,062)	(2,920)	(878)	87,752	5,236	(17,757)	(6,895)

16

Department of Environment and Natural Resources

Note Index

For the Year Ended 30 June 2011

Note Contents

Objectives and policies notes

- 1 Objectives of the Department of Environment and Natural Resources
- 2 Summary of significant accounting policies
- 3 New and revised accounting standards and policies

Activities note

- 4 Activities of the department

Expense notes

- 5 Employee benefits expenses
- 6 Supplies and services
- 7 Grants and subsidies
- 8 Depreciation and amortisation
- 9 Net loss from disposal of non-current assets
- 10 Other expenses

Income notes

- 11 Revenues from fees and charges
- 12 Grants and contributions
- 13 Interest revenues
- 14 Resources received free of charge
- 15 Other income
- 16 Revenues from/(payments to) SA Government

Asset notes

- 17 Cash and cash equivalents
- 18 Receivables
- 19 Inventories
- 20 Other assets
- 21 Other financial assets
- 22 Property, plant and equipment
- 23 Intangible assets

Liability notes

- 24 Payables
- 25 Employee benefits
- 26 Provisions
- 27 Other liabilities

Equity notes

- 28 Equity

Other notes

- 29 Cash flow reconciliation
- 30 Unrecognised contractual commitments
- 31 Contingent assets and contingent liabilities
- 32 Transferred functions
- 33 Remuneration of board and committee members
- 34 Events after the reporting period
- 35 Financial instruments / financial risk management
- 36 South Australian Heritage Fund

Administered items

Statement of Administered Comprehensive Income
Statement of Administered Financial Position
Statement of Administered Changes in Equity
Statement of Administered Cash Flows
Schedules of Expenses and Income Attributable to Administered Activities
Notes to and forming part of the Administered Financial Statements

20

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2011

1 Objectives of the Department of Environment and Natural Resources

The Department for Environment and Natural Resources (the Department) brings conservation and management of natural resources together. The Department is responsible for nature conservation, heritage conservation, animal welfare and natural resources management policy and planning. We collect and provide information and knowledge about the State's environment. We manage the State's public land, which includes our national parks, marine parks, botanic gardens and coastline. Our vision is a sustainable and prosperous South Australia where natural resources are used wisely and a healthy environment is understood to be the basis of a good quality of life.

This is achieved through commitment to the following goals:

- The environment is conserved and natural resources are used sustainably

Improving South Australia's rich heritage and diverse natural environments across public and private lands, and effective planning and delivery to maintain the natural resource assets that underpin the State's economy.

- The environment is valued and enjoyed

Encouraging all people to experience and value the environment, through management of public lands including investment in visitor infrastructure and facilities, and projects to build community capacity in natural resources management.

- The environment is integral to development decisions

Facilitating economic growth and work to help others recognise that sound environmental management and economic growth are complementary contributors to the sustainable growth of our State.

2 Summary of significant accounting policies

(a) Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

Except for AASB 2009-12, which DENR has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by DENR for the reporting period ending 30 June 2011.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying DENR's accounting policies. Areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes;
- the selection and application of accounting policies in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported;
- compliance with Accounting Policy Statements issued pursuant to Section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, which have been included in these financial statements:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items may be utilised. DENR has elected to utilise this threshold in relation to transactions applicable to revenue and expense items. The threshold has not been applied to financial assets and financial liabilities, i.e. all financial assets and financial liabilities relating to SA Government have been separately disclosed;
 - (b) expenses incurred as a result of engaging consultants;
 - (c) employee targeted voluntary separation package information;
 - (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
 - (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

DENR's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented.

(c) Reporting entity

DENR is a government department of the State of South Australia, established pursuant to the *Public Sector Act 2009*. DENR is an administrative unit acting on behalf of the Crown.

Ran

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2011

The financial statements and accompanying notes include all the controlled activities of DENR. Transactions and balances relating to administered resources are not recognised as departmental income, expenses, assets and liabilities. As administered items are significant in relation to DENR's overall financial performance and position, they are disclosed in the administered financial statements (schedule of administered items) at the back of the controlled General Purpose Financial Statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

(d) Transferred functions

The *Public Sector (Reorganisation of Public Sector Operations) Notice 2010* (dated 1 July 2010) transferred the Natural Resources Management Group (NRM Group) and State Flora from the Department for Water (formerly the Department of Water, Land and Biodiversity Conservation) to the Department for Environment and Heritage, effective from 1 July 2010. In addition, the department's name was changed to the Department of Environment and Natural Resources on this date. Refer to Note 32 for further information in respect of this machinery of government change.

(e) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(f) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

(g) Taxation

DENR is not subject to income tax. DENR is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents.

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

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

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

DENR prepares a Business Activity Statement on behalf of its controlled entities, administered items and other clients to which it provides business services under the grouping provisions of the GST legislation. Under the grouping provisions, DENR is liable for the GST payments and entitled to the GST receipts associated with these entities and items. The GST applicable forms part of the receivables and payables recorded in DENR's Statement of Financial Position and the GST cash flows recorded in DENR's Statement of Cash Flows.

(h) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

(i) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to DENR will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Contributions received

Den

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2011

Contributions are recognised as an asset and income when DENR obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (i.e. the amount can be reliably measured and the flow of resources is probable).

Generally, DENR has obtained control or the right to receive for:

- Contributions with unconditional stipulations - this will be when the agreement becomes enforceable i.e. the earlier of when the receiving entity has formally been advised that the contribution (e.g. grant application) has been approved; agreement/contract is executed; and/or the contribution is received.
- Contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by DENR have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Net gain on non-current assets

Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and is determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

Revenues from SA Government

Appropriations for program funding are recognised as revenues when DENR obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Other income

Other income consists of salaries and wages recoveries, sponsorships and donations, recoveries of insurance claims lodged with SAICORP and other sundry income.

(j) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from DENR will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Employee benefits expenses

Employee benefit expenses include all costs related to employment including wages and salaries, leave entitlements and non-monetary benefits. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by DENR to the superannuation plan in respect of current services of current departmental staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

Grants and subsidies

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

(k) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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

(l) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

(m) Receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable and other accruals.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 30 days after the issue of an invoice.

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2011

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that DENR will not be able to collect the debt. Bad debts are written off when identified.

(n) Inventories

Inventories include goods held either for sale or distribution at no or nominal cost in the ordinary course of business.

Inventories held for distribution at no or nominal consideration, are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

Bases used in assessing loss of service potential for inventory held for distribution at no or minimal cost include current replacement cost and technological or functional obsolescence.

Cost for all inventory is measured on the basis of the first-in, first-out method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

The amount of any inventory write-down to net realisable value/replacement cost or inventory losses are recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are recognised as an expense reduction in the Statement of Comprehensive Income.

(o) Financial assets

DENR measures financial assets at historical cost.

(p) Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

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

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

Heritage assets

In accordance with APF III Asset Accounting Framework, heritage assets are recognised in the Statement of Financial Position as part of the aggregate value of classes of assets to which they belong. Certain heritage assets and works of art that are unique due to their historical or cultural interest are not depreciated due to their long and indeterminate useful lives. Heritage assets that provide a functional service are recorded at depreciable fair value.

Land

Land comprising National, Conservation and Recreation Parks and Wilderness Protection Areas and Reserves, generally has restrictions on use imposed by statute or regulation. These restrictions have been taken into account by the independent valuers.

Administered property, plant and equipment relates to the Crown's interest in land leased to third parties under perpetual and other leases and annual licenses. However, limitations exist on the reliability of the base information used to determine the valuation of this land.

DENR is also custodian of unallotted Crown Land, by virtue of its responsibilities under the *Crown Land Management Act 2009*. This land is considered to be an administered asset. Unallotted Crown Land is not included in the Statement of Administered Financial Position as DENR has not been able to formulate a suitable methodology for determining a reliable measure of the value of these holdings.

(q) Revaluation of non-current assets

All non-current tangible assets are valued at written down current cost (a proxy for fair value). Revaluation of a non-current asset is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

DENR revalues its land, buildings and improvements, park infrastructure and roads, tracks and trails on at least a three year rolling basis. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, when they are revalued to fair value.

Property, plant and equipment assets due for revaluation are assessed to determine whether they should be classified as generic assets or unique assets.

Generic building, infrastructure and road assets are valued using a data dictionary approach. The data dictionary model is contained within DENR's ARAMIS system. The data dictionary model calculates a value for an asset based on description, grade / composition, condition and size / quantity. The model value is adjusted by a locality factor to take into account climatic conditions. The valuation model itself is reviewed every three years.

Unique assets are items which cannot be categorised within standard data dictionary groups. Assets that are deemed to be unique are externally valued by independent professional valuers.

The valuers used by DENR are as follows:

- 1 July 2008, valuation of land and unique property, plant and equipment items, Valcorp Australia Pty Ltd, Mr A.J. Lucas, MBA, BAppSc(Val), DipAcc, AAPI
- 1 July 2009, valuation of building ruins on national park lands, Valcorp Australia Pty Ltd, Mr A.J. Lucas, MBA, BAppSc(Val), DipAcc, AAPI, ASA and Mr F. Taormina, BAppSc(Val), AAPI

22

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2011

- 1 July 2010, valuation of Mutton Cove levee bank, lands and aviary, Valcorp Australia Pty Ltd, Mr A.J. Lucas, MBA, BAppSc(Val), DipAcc, AAPI, ASA and Mr F. Taormina, BAppSc(Val), AAPI

The fair value of unique items was determined by identifying a market buying price, estimated as written down modern equivalent replacement cost. The fair value of land and buildings was based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in revaluation surplus for that asset class.

(r) Impairment

All non-current tangible and intangible assets are tested for indications of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets, an impairment loss is offset against the respective asset revaluation surplus.

(s) Depreciation and amortisation of non-current assets

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as computer software, while depreciation is applied to tangible assets such as property, plant and equipment.

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

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

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land is not depreciated.

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

Class of asset	Useful Life (years)
<u>Property, plant and equipment</u>	
Buildings and improvements	5-70
Computing equipment	3-5
Furniture and fittings	5-20
Vehicles	3-40
Park infrastructure	4-60
Plant and equipment	3-25
Roads, tracks and trails	4-60
Other	3-60
<u>Intangible assets</u>	
Computer software (externally acquired)	3
Computer software (internally generated)	3-10
War services leases	45

(t) Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. DENR only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis. For the War Services Leases the rate of amortisation has been determined after reference to both the unexpired period of the leases and the rate of extinguishment of the leases.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10,000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

(u) Payables

Payables include creditors, accrued expenses, GST payable and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of DENR.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2011

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or the date the invoice is first received.

Employee benefit on-costs include superannuation contributions, WorkCover levies and payroll tax in respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

DENR makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

(v) Employee benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Wages, salaries, annual leave and sick leave

Salaries and wages for the pay period ending 1 July 2011 were prepaid on 30 June 2011, refer to Note 20. The liability for salaries and wages as at 30 June 2010 was measured as the amount at the reporting date.

The annual leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid. In the unusual event where annual leave is payable later than 12 months, the liability will be measured at present value.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

Long service leave

The liability for long service leave is recognised after an employee has completed 5.0 years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with DENR's experience of employee retention and leave taken.

Employee benefit on-costs

Employee benefit on-costs (payroll tax, workers compensation and superannuation) are recognised separately under payables.

Provisions

Provisions are recognised when DENR has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When DENR expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2011 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet. The provision is for the estimated cost of the ongoing payments to employees as required under current legislation.

DENR is responsible for the payment of workers compensation claims.

(w) Leases

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

DENR has entered into one or more operating leases.

Operating leases

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

Lease incentives

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

The aggregate benefit of lease incentives received by DENR in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight line basis.

(x) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating lease, capital and remuneration commitments arising from contractual or statutory sources and are disclosed at their nominal value.

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

rev

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2011

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

3 New and revised accounting standards and policies

In accordance with amendments to APS 4.8 within Accounting Policy Framework II *General Purpose Financial Statements Framework*, effective 1 July 2010, DENR has disclosed all employees whose normal remuneration is equal to or greater than the base executive level remuneration. Previously APS 4.8 within APF II required DENR to disclose all employees whose normal remuneration was equal to or greater than \$100,000. This change is reflected in Note 5.

In 2010-11, DENR has changed its asset recognition threshold from \$5 000 to \$10 000 in accordance with guidance detailed in APS 2.15 of APF III Asset Accounting Framework. As a result, items with a purchase cost of less than \$10 000 have been fully expensed upon acquisition. The impact of this change on retained earnings is disclosed in Note 28.

Except for AASB 2009-12, which DENR has early-adopted, the Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by DENR for the period ending 30 June 2011. DENR has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the department.

4 Activities of the department

In achieving its objectives, DENR provides a range of services classified into the following activities:

Activity 1: Natural resource stewardship

Aims to conserve natural systems and ensure the sustainable use of natural resources. It includes policy development, land-use decision making and delivery of the government's environmental and natural resources management agenda across the state.

Activity 2: Agency leadership and support

Provides strategic direction and positioning of DENR, the development of organisational capability, evaluation and reporting of its performance and the provision of a range of business support services.

Activity 3: Botanic gardens

Manages the natural and cultural resources of the Botanic Gardens and State Herbarium to advance plant appreciation, knowledge and conservation through our natural and cultural collections and programs.

The disaggregated disclosures schedules of expenses and income present information regarding DENR's activities for the years ended 30 June 2011 and 30 June 2010.

Following the transfer of the NRM Group and State Flora to DENR on 1 July 2010, DENR revised its program structure. Given the additional functions transferred during the year, it is impracticable to present comparative figures for the disaggregated disclosures using the new 2010-11 program structure. Therefore comparative figures for the disaggregated disclosures are presented in accordance with the 2009-10 program structure.

AASB 1052 Disaggregated Disclosures requires government departments to disclose the assets deployed and liabilities incurred that are reliably attributable to each of their activities. DENR cannot currently reliably attribute assets and liabilities across activities. Hence this additional disclosure has not been made.

20

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

5 Employee benefits expenses

	2011	2010
	\$'000	\$'000
Salaries and wages	70,306	61,595
Annual leave	6,603	5,430
Long service leave	2,318	2,708
Employment on-costs - superannuation	8,172	6,857
Employment on-costs - other	5,229	4,530
Targeted voluntary separation packages (refer below)	4,275	8,288
Board and committees fees	176	84
Other employee related expenses	2,482	2,909
Total Employee benefits expenses	99,561	92,401

Targeted voluntary separation packages (TVSPs)

	2011	2010
	\$'000	\$'000
Amount paid to these employees:		
TVSPs	4,275	8,288
Annual leave and long service leave paid during the reporting period	1,518	2,805
	5,793	11,093
Recovery from the Department of Treasury and Finance	(3,445)	(7,146)
Net cost to the department	2,348	3,947
Number of employees who received a TVSP during the reporting period	44	81

Remuneration of employees

The table below includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$8.135 million (2010: \$6.290 million).

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

	2011	2010
	No. of employees	No. of employees
\$127 500 – 130 699 *	-	3
\$130 700 – 140 699	9	5
\$140 700 – 150 699	4	7
\$150 700 – 160 699	4	1
\$160 700 – 170 699	4	1
\$170 700 – 180 699	1	2
\$180 700 – 190 699	3	1
\$190 700 – 200 699	-	3
\$200 700 – 210 699	3	1
\$210 700 – 220 699	1	1
\$220 700 – 230 699	-	1
\$230 700 – 240 699	2	-
\$240 700 – 250 699 **	-	1
\$250 700 – 260 699 **	1	1
\$260 700 – 270 699 **	-	1
\$280 700 – 290 699 **	1	-
\$290 700 – 300 699 **	1	-
\$300 700 – 310 699 **	-	1
\$310 700 – 320 699 **	1	-
\$330 700 – 340 699	1	1
\$340 700 – 350 699 **	1	1
\$350 700 – 360 699 **	1	1
\$380 700 – 390 699	1	-
\$430 700 – 440 699 **	1	-
Total number of employees	40	33

* This remuneration band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2009-10.

** This remuneration band includes an employee who received a TVSP payment.

The table includes TVSPs paid where the employee's normal remuneration exceeds the executive base level threshold. In 2010/11, 6 employees (2009/10: 6 employees) in the table received a TVSP.

Accounting Policy Change

In accordance with the revised Accounting Policy Framework II *General Purpose Financial Statements Framework*, DENR has changed its accounting policy and now discloses all employees who receive remuneration equal to or greater than the base executive remuneration level rather than all employees who receive remuneration equal to or greater than \$100,000. The impact of this change in accounting policy is the number of employees disclosed has reduced by 113 for 2011 and 62 for 2010.

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

6 Supplies and services

	2011	2010
	\$'000	\$'000
Accommodation and property management	10,465	9,066
Consultants	169	93
Contractors	4,306	4,196
Cost of goods sold	1,010	766
Auditors remuneration	256	264
Fee for service	35,609	21,888
General administration	7,739	6,292
Heritage advisors	441	472
Information technology & communication expenses	6,732	6,082
Minor works, maintenance & equipment	4,708	4,092
Monitoring fees	242	214
Sand replenishment	637	1,387
Scientific and technical services	861	618
Transportation	317	281
Travel and accommodation	1,563	1,342
Vehicle and aircraft	5,522	4,943
Other	3,159	2,259
Total Supplies and services	83,736	64,255

Consultants

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

	2011	2010	2011	2010
	Number	Number	\$'000	\$'000
Below \$10,000	5	8	32	38
\$10,000 to \$50,000	6	4	137	55
Total paid/payable to consultants engaged	11	12	169	93

Auditor's remuneration

Auditor's remuneration (included in supplies and services expense) represents amounts paid/payable to the Auditor-General's Department for audit services. No other services were provided by the Auditor-General's Department.

	2011	2010
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department	256	264
Total Audit fees	256	264

Supplies and services provided by entities within the SA Government

	2011	2010
	\$'000	\$'000
Accommodation and property management	4,908	5,065
Auditors remuneration	256	264
Fee for service	7,339	6,285
General administration	3,809	2,125
Information technology & communication expenses	223	-
Scientific and technical services	222	-
Total Supplies and services - SA Government entities	16,757	13,739

7 Grants and subsidies

	2011	2010
	\$'000	\$'000
Community organisations and associations	4,030	2,552
Grant refunds - Entities within the SA Government	231	3
Individuals - Heritage, fencing and other agreements	178	169
Local government	408	607
Entities within the SA Government	6,942	586
Universities	612	297
Other	19	-
Total Grants and subsidies	12,420	4,214

Grants and subsidies paid/payable to entities within the SA Government

	2011	2010
	\$'000	\$'000
Grant refunds - Entities within the SA Government	231	3
Entities within the SA Government	6,942	586
Total Grants and subsidies - SA Government entities	7,173	589

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

8 Depreciation and amortisation

	2011 \$'000	2010 \$'000
Depreciation		
Buildings and improvements	3,134	3,167
Computing equipment	420	591
Furniture and fittings	468	448
Vehicles	559	791
Park infrastructure	5,656	5,770
Roads, tracks and trails	6,122	5,957
Plant and equipment	371	353
Other	18	29
Total Depreciation	16,748	17,106
Amortisation		
Application software - internally generated	385	385
Application software - externally purchased	8	9
Other - war services leases	22	22
Total Amortisation	415	416
Total Depreciation and amortisation	17,163	17,522

Revision of accounting estimates

During the year, DENR reassessed the useful lives of property, plant and equipment assets, resulting in an increase in the estimated useful life of certain assets. This has resulted in a decrease of \$0.403m in the amount of depreciation calculated on these assets in 2010/11 compared to the amount that would have been expensed based on previous estimates of useful lives. The lower depreciation expense will also be reflected in future years.

Change in Accounting Policy

In 2010/2011, DENR changed its Asset Capitalisation Threshold from \$5 000 to \$10 000. This has resulted in a decrease of \$0.471m in annual depreciation.

9 Net loss from disposal of non-current assets

	2011 \$'000	2010 \$'000
Buildings		
Proceeds from disposal	-	6
Less net book value of assets disposed	(338)	(449)
Net (loss)/gain from disposal	(338)	(443)
Park infrastructure		
Proceeds from disposal	-	-
Less net book value of assets disposed	(865)	(1,691)
Net (loss)/gain from disposal	(865)	(1,691)
Roads, tracks and trails		
Proceeds from disposal	-	-
Less net book value of assets disposed	(1,337)	(1,256)
Net (loss)/gain from disposal	(1,337)	(1,256)
Vehicles		
Proceeds from disposal	6	8
Less net book value of assets disposed	(15)	(57)
Net (loss)/gain from disposal	(9)	(49)
Computing equipment		
Proceeds from disposal	-	11
Less net book value of assets disposed	-	-
Net (loss)/gain from disposal	-	11
Furniture and fittings		
Proceeds from disposal	-	2
Less net book value of assets disposed	(9)	(82)
Net (loss)/gain from disposal	(9)	(80)
Plant and equipment		
Proceeds from disposal	-	-
Less net book value of assets disposed	(248)	(116)
Net (loss)/gain from disposal	(248)	(116)
Total Assets		
Total proceeds from disposal	6	27
Less total net book value of assets disposed	(2,812)	(3,651)
Total Net loss from disposal of non-current assets	(2,806)	(3,624)

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

Assets transferred free of charge

These figures include the following assets transferred to the Board of the Botanic Gardens and State Herbarium free of charge. These assets primarily relate to the upgrade of Plane Tree Drive Infrastructure (\$1.944m)

	2011	2010
	\$'000	\$'000
Park infrastructure	743	1,639
Roads, tracks and trails	1,306	1,241
Vehicles	-	44
Furniture and fittings	11	-
Plant and equipment	227	157
Total Assets transferred free of charge	2,287	3,081

10 Other expenses

	2011	2010
	\$'000	\$'000
Bad and doubtful debts	(16)	(27)
Capital project costs not capitalised	871	859
Inventory revaluation decrement	594	-
Other	-	195
Total Other expenses	1,449	1,027

Other expenses paid/payable to entities within the SA Government

	2011	2010
	\$'000	\$'000
Capital project costs not capitalised	871	859
Total Other expenses - SA Government entities	871	859

11 Revenues from fees and charges

	2011	2010
	\$'000	\$'000
Admissions and guided tours	6,392	5,925
Fees, levies and licences	779	739
Property rental and related income	5,024	3,538
Other property related income	133	177
Sale of goods	3,803	1,899
Sale of professional services	2,693	1,330
Sale of support services	2,047	3,287
Sale of spatial information	842	828
Sale of freehold titles	149	73
Total Revenues from fees and charges	21,862	17,796

Fees and charges received/receivable from entities within the SA Government

	2011	2010
	\$'000	\$'000
Sale of professional services	863	-
Sale of support services	-	387
Sale of spatial information	200	200
Total Fees and charges - SA Government entities	1,063	587

12 Grants and contributions

	2011	2010
	\$'000	\$'000
Commonwealth government	8,076	5,522
Grants received from administered entities	2,107	1,439
Grants received from other entities within the SA Government	23,092	19,641
Private industry and local government	1,288	800
Total Grants and contributions	34,563	27,402

Grants and contributions received/receivable from entities within the SA Government

	2011	2010
	\$'000	\$'000
Administered entities	2,107	1,439
Other entities within the SA Government	23,092	19,641
Total Grants and contributions - SA Government entities	25,199	21,080

Contributions with conditions of expenditure

Contributions which have conditions of expenditure still to be met as at reporting date total \$6.573m (2010: \$6.314m)

DENR is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to DENR on the premise that these funds are expended in a manner consistent with the terms of the agreement. At reporting date these contributions relate to:

	2011	2010
	\$'000	\$'000
Resource conservation and management	6,573	6,314
Total Contributions with conditions of expenditure	6,573	6,314

Conditions attached to these contributions include the completion of program milestones, project acquittal and other project specific requirements.

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

13 Interest revenues

	2011	2010
	\$'000	\$'000
Interest on deposit accounts - from entities within the SA Government	231	154
Interest on deposit accounts - from entities external to the SA Government	7	6
Total Interest revenues	238	160

14 Resources received free of charge

	2011	2010
	\$'000	\$'000
Land and improvements	147	-
Total: Resources received free of charge	147	-

During the year, the Department for Families and Communities (Housing SA) transferred two transportation houses located on the Witjira National Park reserve to DENR at no cost.

15 Other income

	2011	2010
	\$'000	\$'000
Insurance recoveries	211	808
Salaries and wages recoveries	1,024	904
Sponsorships, donations, commissions and bequests	89	30
Other sundry revenue	252	319
Total Other income	1,576	2,061

Insurance recoveries consist of monies received as a result of claims lodged with SAICORP. Insurance claims are recognised as income when a claim has been lodged with SAICORP.

Other income received/receivable from entities within the SA Government

	2011	2010
	\$'000	\$'000
Insurance recoveries	211	808
Salaries and wages recoveries	817	312
Total Other income - SA Government entities	1,028	1,120

16 Revenues from SA Government

	2011	2010
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the Appropriation Act	144,763	120,564
Appropriations from contingency funds	3,792	8,165
Total Revenues from SA Government	148,555	128,729

Total revenues from government consist of \$129.105m (2010: \$105.137m) for operational funding and \$15.658m (2010: \$15.427m) for capital projects. There was no material variance between the amount appropriated and the expenditure associated with this appropriation.

17 Cash and cash equivalents

	2011	2010
	\$'000	\$'000
Deposits with the Treasurer	94,923	102,479
Cash on hand and imprest accounts	193	160
Total Cash and cash equivalents	95,116	102,639

Deposits with the Treasurer

This includes \$77.491m (2010: \$90.420m) held within the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use and can only be used in accordance with the Treasurer's or Under-Treasurer's approval.

Other short-term deposits

These are funds held on an "at call" basis with various commercial banking entities, and result from banking deposits in regional locations. Funds are only held in these accounts pending imminent transfer to DENR's normal banking arrangements with Treasury.

Interest rate risk

Cash deposits are recognised at their nominal amounts and interest is credited to revenue as it accrues. DENR invests surplus funds with the Treasurer. Interest is earned on the average monthly balance of the Wildlife Conservation Fund, General Reserves Trust account and SA Lower Lakes Bioremediation and Revegetation (CLMM) account. Interest is paid quarterly at the Department of Treasury and Finance's 90 day average overnight cash interest rate. All other deposits with the Treasurer do not earn interest.

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

18 Receivables

	2011 \$'000	2010 \$'000
Current		
Receivables	11,179	3,767
Less allowance for doubtful debts	(75)	(90)
	11,104	3,677
Accrued revenues	14	22
GST input tax recoverable	3,596	2,079
Workers compensation recoveries	12	12
Total Current receivables	14,726	5,790

Receivables from SA Government entities

	2011 \$'000	2010 \$'000
Receivables	3,084	2,329
Accrued revenues	14	22
Total Receivables from SA Government entities	3,098	2,351

Non-current

	2011 \$'000	2010 \$'000
Workers compensation recoveries	41	42
Total Non-current receivables	41	42

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired. An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2011 \$'000	2010 \$'000
Carrying amount at the beginning of the period	90	119
Amounts written off	-	(2)
Decrease in the allowance	(15)	(27)
Carrying amount at the end of the period	75	90

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

19 Inventories

	2011 \$'000	2010 \$'000
Inventories held for distribution at no or nominal amount		
Inventories held for distribution - at cost	413	375
Other inventories - at cost	-	20
Total Inventories held for distribution at no or nominal amount	413	395
Inventories held for resale - at cost		
Finished goods held for resale - at cost	1,154	807
Total Inventories held for resale - at cost	1,154	807
Total Inventories	1,567	1,202

20 Other assets

	2011 \$'000	2010 \$'000
Current		
Prepaid supplies and services	547	861
Prepaid employee benefits	346	-
Other	2	-
Total Other current assets	895	861

21 Other financial assets

	2011 \$'000	2010 \$'000
Non-current		
Equity in listed entities	3	3
Total Non-current other financial assets	3	3

22

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

22 Property, plant and equipment

	2011 \$'000	2010 \$'000
Land		
Independent valuation ⁽ⁱ⁾	175,233	171,557
At cost ⁽ⁱⁱ⁾	7,349	5,832
Total Land	<u>182,582</u>	<u>177,389</u>
Buildings and improvements		
Independent valuation ⁽ⁱ⁾	125,051	128,547
At cost ⁽ⁱⁱ⁾	6,796	1,721
Less accumulated depreciation	(81,186)	(81,320)
Total Buildings and improvements	<u>50,661</u>	<u>48,948</u>
Park infrastructure		
Independent valuation ⁽ⁱ⁾	160,097	158,355
At cost ⁽ⁱⁱ⁾	18,027	10,188
Less accumulated depreciation	(142,850)	(132,646)
Total Park infrastructure	<u>35,274</u>	<u>35,897</u>
Roads, tracks and trails		
Independent valuation ⁽ⁱ⁾	162,506	161,604
At cost ⁽ⁱⁱ⁾	8,344	5,989
Less accumulated depreciation	(147,605)	(144,641)
Total Roads, tracks and trails	<u>23,245</u>	<u>22,952</u>
Capital works in progress		
Capital works in progress	10,852	9,676
Total Capital works in progress	<u>10,852</u>	<u>9,676</u>
Vehicles		
At cost (deemed fair value) ⁽ⁱⁱⁱ⁾	10,816	9,726
Less accumulated depreciation	(7,228)	(6,513)
Total Vehicles	<u>3,588</u>	<u>3,213</u>
Computing equipment		
At cost (deemed fair value) ⁽ⁱⁱⁱ⁾	3,241	2,870
Less accumulated depreciation	(2,225)	(2,048)
Total Computing equipment	<u>1,016</u>	<u>822</u>
Furniture and fittings		
At cost (deemed fair value) ⁽ⁱⁱⁱ⁾	6,350	6,231
Less accumulated depreciation	(3,448)	(2,980)
Total Furniture and fittings	<u>2,902</u>	<u>3,251</u>
Plant and equipment		
At cost (deemed fair value) ⁽ⁱⁱⁱ⁾	5,176	5,097
Less accumulated depreciation	(3,675)	(3,458)
Total Plant and equipment	<u>1,501</u>	<u>1,639</u>
Other		
At cost (deemed fair value) ⁽ⁱⁱⁱ⁾	1,867	1,874
Less accumulated depreciation	(576)	(565)
Total Other	<u>1,291</u>	<u>1,309</u>
Total Property, plant and equipment	<u><u>312,912</u></u>	<u><u>305,096</u></u>

Carrying amounts of property, plant and equipment

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

i Independent valuation:

Generic assets are valued using the Data Dictionary model. Unique assets are items which can not be categorised within the standard Data Dictionary groups. These assets are valued separately by independent professional valuers. Refer to Note 2(q) for further details.

ii At cost (acquisition cost):

This class includes one or more items that have an acquisition cost exceeding \$1m. All assets within this class are temporarily held at cost pending revaluation that occurs no later than three years from acquisition date.

iii At cost (deemed fair value):

These assets have an acquisition cost below \$1m and are deemed held at fair value pursuant to Accounting Policy Framework III.

Movement reconciliation of property, plant and equipment

	Land	Buildings	Park infra- structure	Roads, tracks & trails	Vehicles	Computing equipment	Furniture & fittings	Plant & equipment	Other	Capital work in progress	2011 Sub-total	2010 Sub-total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2011												
Carrying amount at the start of period	177,389	48,948	35,897	22,952	3,213	822	3,251	1,639	1,309	9,676	305,096	
Opening balance adjustments MoG assets	1,196	620	16	-	66	-	1	41	-	-	1,940	
Additions	1,220	(22)	30	-	733	614	-	235	-	11,904	14,714	
Transfers to/(from) capital works in progress	-	3,412	2,498	3,617	-	-	129	201	-	(9,857)	-	
Depreciation expense	-	(3,134)	(5,656)	(6,122)	(559)	(420)	(468)	(371)	(18)	-	(16,748)	
Net revaluation increment/(decrement)	2,393	-	48	-	-	-	-	-	-	-	2,441	
Assets received for nil consideration	-	147	-	-	-	-	-	-	-	-	147	
Asset - First time recognition	384	84	2,139	1,682	162	-	-	17	-	-	4,468	
Disposals	-	(338)	(122)	(31)	(15)	-	2	(21)	-	-	(525)	
Disposals - transfers for nil consideration	-	-	(743)	(1,306)	-	-	(11)	(227)	-	-	(2,287)	
Aramis revisions upwards/(downwards)	-	944	1,167	2,453	(12)	-	(2)	(13)	-	-	4,537	
Capital WIP - expensed in current period	-	-	-	-	-	-	-	-	-	(871)	(871)	
Carrying amount at the end of period	<u>182,582</u>	<u>50,661</u>	<u>35,274</u>	<u>23,245</u>	<u>3,588</u>	<u>1,016</u>	<u>2,902</u>	<u>1,501</u>	<u>1,291</u>	<u>10,852</u>	<u>312,912</u>	

Row

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

2010

Carrying amount at the start of period	174,808	50,724	35,150	23,703	3,448	1,101	3,090	1,956	1,334	10,186	305,500
Transfers between classes	-	118	52	(341)	114	-	-	(109)	166	-	-
Additions	1,748	31	10	2	514	311	-	179	-	13,316	16,111
Transfers to/(from) capital works in progress	-	404	6,767	4,867	-	-	691	238	-	(12,967)	-
Depreciation expense	-	(3,167)	(5,770)	(5,957)	(791)	(591)	(448)	(353)	(29)	-	(17,106)
Net revaluation increment/(decrement)	40	114	(224)	(47)	-	-	-	-	(162)	-	(279)
Asset - First time recognition	793	432	1,126	568	5	1	-	69	-	-	2,994
Disposals	-	(449)	(52)	(15)	(13)	-	(82)	(4)	-	-	(615)
Disposals - transfers for nil consideration	-	-	(1,639)	(1,241)	(44)	-	-	(112)	-	-	(3,036)
Aramis revisions upwards/(downwards)	-	741	477	1,413	(20)	-	-	(30)	-	-	2,581
Capital WIP - expensed in current period	-	-	-	-	-	-	-	-	-	(859)	(859)
Other adjustments	-	-	-	-	-	-	-	(195)	-	-	(195)
Carrying amount at the end of period	177,389	48,948	35,697	22,952	3,213	822	3,251	1,639	1,309	9,676	305,096

23 Intangible assets

	2011 \$'000	2010 \$'000
Computer software - internally generated		
Computer software - at cost (deemed fair value)	3,189	3,189
Less accumulated amortisation	(2,137)	(1,752)
Total Computer software - internal	1,052	1,437
Computer software - externally generated		
Computer software - at cost (deemed fair value)	95	96
Less accumulated amortisation	(87)	(79)
Total Computer software - external	8	17
Other		
Revenue stream (War services freehold leases) - At cost (deemed fair value)	1,000	1,000
Less accumulated amortisation	(119)	(97)
Total Other	881	903
Total Intangible assets	1,941	2,357

Computer software

Internally developed computer software includes the Department's Crown Lands System (\$0.289m), ARAMIS Solution software (\$0.724m) and Topographical Database (\$0.039m). Externally acquired computer software relates to ARCGIS software (\$0.008m)

Revenue stream

The revenue stream relates to various property leases that were offered by the Commonwealth Government to ex-service personnel with Australian War Service history. A contract to purchase the right to this revenue stream from the Commonwealth Government by DENR was negotiated during the 2005/06 year, and is being amortised in accordance with the expected life of the revenue stream.

Intangible asset movement reconciliation schedule

	Computer software (Internal)	Computer software (External)	Revenue stream	2011 Sub-total	2010 Sub-total
	\$'000	\$'000	\$'000	\$'000	\$'000
2011					
Carrying amount at the start of the period	1,437	17	903	2,357	
Transfers between classes	-	(1)	-	(1)	
Amortisation	(385)	(8)	(22)	(415)	
Carrying amount at the end of the period	1,052	8	881	1,941	
2010					
Carrying amount at the start of the period	1,822	-	925		2,747
Additions - acquisitions	-	26	-		26
Amortisation	(385)	(9)	(22)		(416)
Carrying amount at the end of the period	1,437	17	903		2,357

24 Payables

	2011 \$'000	2010 \$'000
Current		
Accrued expenses	737	512
Creditors	22,040	16,170
Employment on-costs	1,519	1,297
Total Current payables	24,296	17,979
Current payables to SA Government entities		
	2011 \$'000	2010 \$'000
Accrued expenses	255	244
Creditors	4,026	3,845
Employment on-costs	1,519	1,297
Total Current payables to SA Government entities	5,800	5,386

2011

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

Non-current	2011	2010
	\$'000	\$'000
Employment on-costs	1,707	1,650
Total Non-current payables	1,707	1,650

Non-current payables to SA Government entities

	2011	2010
	\$'000	\$'000
Employment on-costs	1,707	1,650
Total Non-current payables to SA Government entities	1,707	1,650

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has changed from the 2010 rate of 45% to 35% and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2010 rate 10.5% to 10.3%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$0.246m and employee benefit expense of \$0.246m.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

25 Employee benefits

Current	2011	2010
	\$'000	\$'000
Accrued salaries and wages	11	2,261
Annual leave	6,003	5,038
Short-term long service leave	708	1,089
Total Current employee benefits	6,722	8,388
Non-current		
Long service leave	17,930	14,893
Total Non-current employee benefits	17,930	14,893

The total current and non-current employee expense (i.e. aggregate employee benefit plus related on-costs) for 2011 is \$30.940m (2010: \$26.228m).

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of long service leave liability has changed from the 2010 benchmark of 5.5 years to 5.0 years.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$0.241m and employee benefit expense of \$0.241m. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long term rate is experiencing significant movement.

26 Provisions

Current	2011	2010
	\$'000	\$'000
Provision for workers compensation	404	354
Total Current provisions	404	354
Non-current		
Provision for workers compensation	1,371	1,167
Total Non-current provisions	1,371	1,167
Provision movement		
Carrying amount at the beginning of the period	1,521	1,362
Additional provisions recognised	254	424
Reductions arising from payments	-	(265)
Carrying amount at the end of the period	1,775	1,521

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet.

27 Other Liabilities

Current	2011	2010
	\$'000	\$'000
Lease incentive	314	326
Unearned revenue	206	164
Other	163	344
Total Current other liabilities	683	834
Current other liabilities payable to SA Government entities	2011	2010
	\$'000	\$'000
Unearned revenue	116	42
Total Current other liabilities payable to SA Government entities	116	42

Ren

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

	2011 \$'000	2010 \$'000
Non-current		
Lease incentive	872	1,173
Unearned revenue	17	47
Total Non-current other liabilities	889	1,220

	2011 \$'000	2010 \$'000
Non-current other liabilities payable to SA Government entities		
Unearned revenue	17	47
Total Non-current other liabilities payable to SA Government entities	17	47

28 Equity

Equity represents the residual interest in the net assets of DENR. The State Government holds the equity interest in DENR on behalf of the community. The asset revaluation surplus is used to record increments and decrements in the fair value of property, plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2010	184,751	186,754	371,505
Asset adjustments - first-time recognition of assets ⁽ⁱ⁾			
Land	-	384	384
Buildings and improvements	-	84	84
Park infrastructure	-	2,139	2,139
Roads, tracks and trails	-	1,682	1,682
Vehicles	-	162	162
Plant and equipment	-	17	17
Sub-total first time recognition of assets	-	4,468	4,468
Asset adjustments - ARAMIS revisions ⁽ⁱⁱ⁾			
Buildings and improvements	-	944	944
Park infrastructure	-	1,167	1,167
Roads, tracks and trails	-	2,453	2,453
Vehicles	-	(12)	(12)
Furniture and fittings	-	(2)	(2)
Plant and equipment	-	(13)	(13)
Sub-total asset adjustments - ARAMIS revisions	-	4,537	4,537
Adjustments - error corrections			
Furniture and fittings - (asset revaluation surplus) adjustment	(39)	39	-
Computing equipment - (asset revaluation surplus) adjustment	(42)	42	-
Sub-total error corrections	(81)	81	-
Net result for the financial year	-	(10,194)	(10,194)
Net assets received from an administrative restructure	-	442	442
Net increment related to revaluations ⁽ⁱⁱⁱ⁾			
Land	2,393	-	2,393
Park infrastructure	48	-	48
Sub-total net increment/(decrement) related to revaluations	2,441	-	2,441
Balance at 30 June 2011	187,111	186,088	373,199

(i) First-time recognition of assets

Stocktakes and physical inspections of fixed assets located in parks and reserves during the year identified a number of pre-existing assets that were not recognised, in error, in prior reporting periods. These assets have been recognised for the first time in 2010/11.

(ii) ARAMIS revisions

ARAMIS revisions are changes to an asset's description, grade / composition, condition or size / quantity on the Data Dictionary system identified through regular infrastructure stocktakes and park re-surveys.

(iii) Net increment related to revaluations

During the year DENR revalued items of property, plant and equipment due for revaluation in accordance with its three year revaluation cycle. The valuations were obtained from Valcorp, Certified Practising Valuers and primarily related to the Mutton Cove Levee Bank and other unique land assets.

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

	Asset Revaluation Surplus	Retained Earnings	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2009	185,656	190,502	376,158
Adjustments - error corrections previously recognised			
Asset adjustments - first time recognition of assets ⁽ⁱ⁾			
Land	-	793	793
Buildings and improvements	-	432	432
Park infrastructure	-	1,258	1,258
Roads, tracks and trails	-	568	568
Vehicles	-	5	5
Computing equipment	-	1	1
Plant and equipment	-	112	112
Sub-total first time recognition of assets	-	3,169	3,169
Asset adjustments - ARAMIS revisions ⁽ⁱⁱ⁾			
Buildings and improvements	-	741	741
Park infrastructure	-	477	477
Roads, tracks and trails	-	1,413	1,413
Vehicles	-	(20)	(20)
Plant and equipment	-	(30)	(30)
Sub-total ARAMIS revisions	-	2,581	2,581
Sub-total adjustments previously recognised	-	5,750	5,750
Adjusted balance 1 July 2009	185,656	196,252	381,908
Adjustments - this reporting period			
Asset capitalisation threshold change ⁽ⁱⁱⁱ⁾			
Buildings and improvements	-	(311)	(311)
Park infrastructure	-	(1,893)	(1,893)
Roads, tracks and trails	-	(15)	(15)
Vehicles	-	(236)	(236)
Computing equipment	-	(108)	(108)
Furniture and fittings	-	(60)	(60)
Plant and equipment	-	(612)	(612)
Sub-total asset capitalisation threshold change	-	(3,235)	(3,235)
Adjustments to reflect vehicles, plant and equipment and other asset classes at cost ^(iv)			
Vehicles	(481)	416	(65)
Plant and equipment	-	168	168
Other	(145)	48	(97)
Sub-total adjustments to reflect assets at cost	(626)	632	6
Sub-total adjustments this reporting period	(626)	(2,603)	(3,229)
Restated balance 1 July 2009	185,030	193,649	378,679
Net result for the financial year			
Result per prior year financial statements	-	(7,382)	(7,382)
Asset capitalisation threshold change ⁽ⁱⁱⁱ⁾			
Depreciation	-	591	591
Net gain / loss from disposal of non current assets	-	45	45
Supplies and Services - minor works, maintenance and equipment	-	(149)	(149)
Sub-total net result for the financial year	-	(6,895)	(6,895)
Net increment/(decrement) related to revaluations ^(v)			
Land	40	-	40
Buildings and improvements	114	-	114
Park infrastructure	(224)	-	(224)
Roads, tracks and trails	(47)	-	(47)
Other	(162)	-	(162)
Sub-total net increment/(decrement) related to revaluations	(279)	-	(279)
Balance at 30 June 2010	184,751	186,754	371,505

⁽ⁱ⁾ First-time recognition of assets

Stocktakes and physical inspections of fixed assets located in parks and reserves during 2009-10 identified a number of pre-existing assets that were not recognised, in error, in prior reporting periods.

⁽ⁱⁱ⁾ ARAMIS revisions

ARAMIS revisions are changes to an asset's description, grade / composition, condition or size / quantity on the Data Dictionary system identified through regular infrastructure stocktakes and park re-surveys.

⁽ⁱⁱⁱ⁾ Asset capitalisation threshold change

In 2010-11, DENR changed its asset recognition threshold from \$5 000 to \$10 000 in accordance with guidance detailed in APS 2.15 of APF III Asset Accounting Framework. As a result, items with a purchase cost of less than \$10 000 have been fully expensed upon acquisition.

2

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

(iv) **Adjustments to reflect vehicles, plant and equipment and other asset classes at cost**

The vehicles, plant and equipment and other asset classes were independently revalued in prior years. However the fair value at the time of acquisition for all assets in these classes does not exceed \$1 million. Hence, in order to comply with guidance detailed in APS 3.3 of APF III Asset Accounting Framework, assets in these classes have been deemed to have been revalued to their fair values immediately following recognition at cost.

(v) **Net increment/(decrement) related to revaluations**

During the year the Department revalued items of property, plant and equipment due for revaluation in accordance with its three year revaluation cycle. The valuations were obtained from Valcorp, Certified Practising Valuers and primarily related to building ruins on National Park lands.

29 Cash flow reconciliation

	2011 \$'000	2010 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	95,116	102,639
Cash and cash equivalents disclosed in the Statement of Cash Flows	95,116	102,639
 Reconciliation of net cash provided by operating activities to net cost of providing services:		
Net cash provided by (used in) operating activities	8,304	16,493
Less revenues from SA Government	(148,555)	(128,729)
 Add/less non-cash items		
Depreciation and amortisation expense of non-current assets	(17,163)	(17,522)
Assets received free of charge	147	-
CWIP expensed	(871)	(859)
Revaluation decrements expensed	-	(195)
Net loss on sale or disposal of non-current assets	(2,806)	(3,624)
 Movement in assets and liabilities		
Increase/(decrease) in receivables	8,477	(3,707)
(Decrease)/increase in inventories	(908)	61
(Decrease)/increase in other assets	(169)	425
Decrease/(increase) in payables	(6,759)	1,211
(Increase)/decrease in employee benefits	1,305	765
(Increase)/decrease in provisions	(233)	(159)
Decrease/(increase) in other liabilities	482	216
Net cost of providing services	(158,749)	(135,624)

30 Unrecognised contractual commitments

	2011 \$'000	2010 \$'000
Operating lease commitments		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	5,194	5,445
Later than one year but not later than five years	9,906	14,903
Later than five years	3,399	3,594
Total Operating lease commitments	18,499	23,942

During the 2005/06 financial year, DENR received lease incentives for two leased properties amounting to \$3.28 million. These lease incentives are being amortised at a rate of \$328,000 per annum until 2015.

The operating leases held by DENR are related to property leases with penalty clauses equal to the amount of the residual payments remaining for the lease terms. The leases are payable one month in advance and DENR has the right of renewal. There are no existing or contingent rental provisions.

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is payable as follows:

Within one year	2,490	2,364
Total Capital commitments	2,490	2,364

DENR's capital commitments include amounts associated with the Adelaide Living Beaches Pipeline (\$1.679m), Seal Bay Boardwalk (\$0.374m), Belair Infrastructure/Facilities upgrade (\$0.271m) and Botanic Gardens Aquifer Storage and Recovery (\$0.166m).

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

Within one year	4,394	3,184
Later than one year but not later than five years	6,481	4,017
Total Remuneration commitments	10,875	7,201

Amounts disclosed include commitments arising from executive and other service contracts. DENR does not offer fixed-term remuneration contracts greater than five years.

31 Contingent assets and liabilities

DENR is not aware of the existence of any contingent assets and contingent liabilities.

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

32 Transferred functions

Transferred in

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2010*, the Natural Resources Management Group (NRM Group) and State Flora were transferred from the Department for Water (formerly the Department of Water, Land and Biodiversity Conservation) to the Department of Environment and Natural Resources (formerly the Department for Environment and Heritage). This included the transfer of 143 employees.

The effective date of the transfer was 1 July 2010.

Total income and expenses attributable to the Natural Resources Management Group (NRM Group) and State Flora were:

	State Flora	NRM Controlled	NRM Administered	Total
	\$'000	\$'000	\$'000	2011 \$'000
Expenses				
Employee benefits expenses	1,483	3,153	-	4,636
Supplies and services	982	2,925	170	4,077
Grants and subsidies	-	8,337	42,304	50,641
Depreciation	68	-	-	68
Other expenses	594	-	-	594
Total expenses	3,127	14,415	42,474	60,016
Income				
Revenues from fees and charges	1,906	247	1,415	3,568
Grants and contributions	-	138	26,791	26,929
Interest revenue	-	-	910	910
Other income	-	51	-	51
Total income	1,906	436	29,116	31,458
Net cost of providing services	1,221	13,979	13,358	28,558
Revenues from SA Government				
Revenues from SA Government	-	-	7,774	7,774
Total revenues from SA Government	-	-	7,774	7,774
Net Result	(1,221)	(13,979)	(5,584)	(20,784)

On transfer of the Natural Resources Management Group and State Flora, the Department of Environment and Natural Resources recognised the following assets and liabilities:

	NRM Alliance *	State Flora	NRM Controlled	NRM Administered	Total
	\$'000	\$'000	\$'000	\$'000	2011 \$'000
Assets					
Cash	203	(388)	8	18,658	18,481
Receivables	-	386	72	395	853
Inventories	-	1,273	-	-	1,273
Property, plant and equipment	-	1,654	286	32,938	34,878
Total assets	203	2,925	366	51,991	55,485
Liabilities					
Payables	-	69	287	824	1,180
Employee benefits	-	356	2,319	-	2,675
Provisions	-	21	-	-	21
Total liabilities	-	446	2,606	824	3,876
Total net assets transferred	203	2,479	(2,240)	51,167	51,609

Net assets assumed by DENR as a result of the administrative restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to the transfer. The net assets transferred were treated as a contribution by the Government as owner.

* Cash includes \$203 000 of unspent funds previously held under the NRM Alliance agreement. It was agreed by the NRM Alliance Board that a new agreement would be reached with the establishment of the Natural Resources Management Research and Innovation Network to replace the NRM Research Alliance. It was further agreed that the unspent funds should be applied to the new Network.

33 Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2010/11 financial year were:

South Australian National Parks & Wildlife Council

Russel V J
Fleming A I - (Term ended on 08/04/11)
McIntosh W R
Mills R J
Carr P F
Miller S - (Appointed on 07/10/10) *
Podaliak J - (Appointed on 23/06/11) *

Adelaide Dolphin Sanctuary Advisory Board

Andrews D J
Bossley M I
Cugley J A
Ditter S L S
Gibbs S E
Higgins-Desbiolles B F
Holt P R
Kavina C B
Watts T J - (Term ended on 29/03/11)

19

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

South Australian Heritage Council

Brine J M C
Gamaut C M
Leydon G J
Donaldson R T
O'Connell M B
Carr J M *
Staniforth M
Wigg C A

South Australian Heritage Council Register Committee

Bell P G
Burke H D
Brine J M C
Klenke A T
Marsden S E
McDougall K - (Term ended on 16/02/11)
Queale M W
Wigg C A
Savva M

Witjira National Park Board of Management

Ah Chee A
Ah Chee M R
Naylon-Fuschtei V T
Tjani H
Halliday L *
Magor A B *
Naismith T L *

**Vulkathunha-Gammon Ranges National Park
Cooperative Management Committee**

Coulthard C C
Coulthard J M
McKenzie P
Coulthard R R
Axford G B *
De Preu N D *
Leaman E G *
Toscano M *

Animal Welfare Advisory Committee

Committee has expired and no reappointments have yet been made.

Allery L A - (Term ended on 12/12/10)
Hazel S J - (Term ended on 12/12/10) *
Kidman S - (Term ended on 12/12/10)
Robb G - (Term ended on 12/12/10)
Starick W J - (Term ended on 12/12/10)
Noonan D E - (Term ended on 12/12/10) *
Lawrie S R - (Term ended on 12/12/10)
Carmichael I H - (Term ended on 12/12/10) *

Ngaut Ngaut Conservation Park Co-management Committee

Committee has expired and no reappointments have yet been made.

Campbell I M - (Term ended on 29/10/10)
Campbell I L - (Term ended on 29/10/10)
Hutchinson C - (Term ended on 29/10/10)
Gitsham J - (Term ended on 29/10/10) *
Martin M S - (Term ended on 29/10/10) *
Nussio D M - (Term ended on 29/10/10) *

Scientific Working Group

Cheshire A C *
Fairweather P *
Connell S D
Gillanders B *
Kirkman H *
Moller L *
Behergaray L *
Huveneers C *
Kinloch M A *
Shepherd S A *
Vandeleur H M
Kemper C - (Term ended on 30/11/10) *

Natural Resources Management Council

Russell V - (Term ended on 29/04/11)
Bell W A
Cheshire A C - (Term ended on 29/04/11) *
Keynes J L
Leake J E - (Term ended on 29/04/11)
Lester K J - (Term ended on 29/04/11)
Lewis F
Starick S R - (Term ended on 29/04/11)
Wickes R B
Ashby C D - (Appointed on 16/06/11)
Colbung K P - (Appointed on 16/06/11)
Foster B J - (Appointed on 16/06/11)
Inglis A R - (Appointed on 16/06/11)
Milne T I - (Appointed on 16/06/11)

Kangaroo Management Reference Group (KMRG)

Ackland T M
McBride M P
Pfitzner D B
Lindner J D
Mould J
Vickery F J
Lester K
Dodd C
Gyss A J
Tansell G *
Lewis A G
Lawrie S - (Resigned on 29/04/11)
Borda R
Starick S
Warwick R M

ALB Steering Group

Foreman G
Roberts I N
Iasiello W N

Coorong & Lower Lakes RAMSAR Taskforce

Coorong Taskforce wound up on 30/06/2010

Ball V M - (Term ended on 30/06/10)
Frears A P - (Term ended on 30/06/10) *
Geddes M C - (Term ended on 30/06/10)
Hill H - (Term ended on 30/06/10) *
Jones G E - (Term ended on 30/06/10)
Owen R D - (Term ended on 30/06/10)
Scobie K L - (Term ended on 30/06/10)

Wilderness Advisory Committee

Cohen B L - (Appointed on 21/09/10)
Bills C E M
Lesslie R G
Whalen M A
Leaman E G *

Wildlife Ethics Committee

Hough I J *
McGrath K R
Peters M D
Pullen F M
Smith I - (Appointed on 18/03/11) *
Hutchinson M N *
Davis K L *
Taylor L U
Boardman W - (Resigned on 28/02/11) *
Johnson L M
Manning B C
Schultz D - (Resigned on 30/10/10) *
West C D *
Kemper C M - (Appointed on 18/03/11) *
Bentley J - (Appointed on 31/10/10) *
Duffy A M - (Term ended on 30/10/10) *
Jensen D M - (Term ended on 30/10/10) *
Long K I - (Term ended on 30/10/10) *

Marine Parks Council of SA

Cheshire A C - (Term ended on 21/05/11) *
Coleman P S - (Term ended on 21/05/11)
Grady M
Owen P - (Term ended on 21/05/11)
Pyke C - (Term ended on 21/05/11)
Vandeleur H M - (Term ended on 21/05/11)
Stovell S - (Term ended on 21/05/11) *
Watts T J - (Term ended on 21/05/11)
Ellis D C - (Appointed on 01/07/10)
Milera D N J - (Appointed on 01/07/10 and resigned on 19/10/10)

YYP A Committee Coongie Lakes National Park

Allen C R
Guttie S L - (Term ended on 14/06/11)
Nicholls F M - (Term ended on 14/06/11)
Axford G B *
Crimes A C *
Linton V M *
Singleton R *
Wilson D L *

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

Natural Resource Management Council - Aboriginal Statewide Advisory Committee

This committee is currently in recess until new members are determined.

Binnell M R - (Term ended on 29/04/11)
Dodd C E - (Term ended on 29/04/11)
Lester K J - (Term ended on 29/04/11)
Liddle L M - (Term ended on 29/04/11)
Smith C L - (Appointed on 01/07/10 and term ended on 30/04/11)
Chester J - (Term ended on 29/04/11) *
Hartman T J - (Term ended on 29/04/11) *
Vickery F J - (Term ended on 29/04/11)
Lovegrove G - (Appointed on 04/09/10)
Wanganen K B - (Term ended on 29/04/11) *
Gollan M E - (Appointed on 02/08/10 and term ended on 29/04/11) *
Lester R H - (Term ended on 30/04/11) *

Natural Resource Management Council Assessment Sub-Committee

This committee has expired as the NRM Council no longer has a requirement for advice on regional NRM plans, investment strategies, processes and procedures. If regional plans need to be reviewed again then the NRM Council may reconvene the former committee or seek a new membership.

Ball C D *
Crisp A *
Leake J E
Melland R L *
Russell V
Starick S R
Stokes K J *

* Denotes nil remuneration

* Denotes government employees

Natural Resources Management Volunteer Committee

This committee is currently in recess until future direction is determined.

Liddle L M - (Term ended on 30/04/11)
MacDonald H C - (Term ended on 30/04/11)
Martin N K - (Term ended on 30/04/11)
Mitchell D E - (Term ended on 30/04/11)
Pedler J - (Term ended on 30/04/11)
Todd A J - (Term ended on 30/04/11)
Vickery F J - (Term ended on 30/04/11)
Woolford C - (Term ended on 30/04/11)
Keynes J L - (Term ended on 29/04/11)

Pastoral Board

Bartsch B D - (Term ended on 04/07/10)
Iwanicki I
Lillecrapp D G *
Linton V M *
McBride M P
Paulson L P - (Appointed on 12/08/10)
Wickes R B

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

	2011 No. of employees	2010 No. of employees
\$nil	58	20
\$1 - \$9 999	97	90
\$10 000 - \$19 999	1	-
\$20 000 - \$29 999	1	-
Total number of members	157	110

Individuals may be members of more than one Board, Committee or Group associated with the Department.

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees and super contributions. The total remuneration received or receivable by members was \$140 000 (2010: \$86 000).

During the 2010/11 financial year, members of the Board were paid superannuation of \$6 000 (2010: \$2 000).

On 1 July 2010, machinery of government changes resulted in the Natural Resources Management Group functions being absorbed into the Department of Environment and Natural Resources. Accordingly, the number of members and the total amounts for remuneration and superannuation payments have increased.

In accordance with the Department of the Premier and Cabinet's Circular Number 16, government employees did not receive any remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions between members and DENR are on conditions no more favourable than those that it is reasonable to expect DENR would have adopted if dealing with the related party at arm's length in the same circumstances.

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members.

34 Events after the reporting period

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

35 Financial instruments/financial risk management

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 Summary of Significant Accounting Policies.

Statement of Financial Position line item	Note number	2011		2010	
		Carrying amount	Fair value	Carrying amount	Fair value
		\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	17	95,116	95,116	102,639	102,639
Receivables	18	14,767	14,767	5,832	5,832
Financial assets	21	3	3	3	3
Financial liabilities					
Payables	24	26,003	26,003	19,629	19,629

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

Fair Value

DENR does not recognise any financial assets or financial liabilities at fair value. Refer to Note 2 Summary of Significant Accounting Policies and Notes relevant to financial assets and financial liabilities.

Credit risk

Credit risk arises when there is the possibility of DENR's debtors defaulting on their contractual obligations resulting in financial loss to the department. DENR measures credit risk on a fair value basis and monitors risk on a regular basis.

DENR has minimal concentration of credit risk. DENR has policies and procedures in place to ensure that transactions occur with customers with appropriate credit

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Currently DENR does not hold any collateral as security for any of its financial assets. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to note 18 for information on the allowance for impairment in relation to receivables.

Ageing analysis of financial assets

The following table discloses the ageing of financial assets, past due, including impaired assets past due:

Financial assets item	Current (Not overdue)	Overdue for < 30 days	Overdue for 30-60 days	Overdue for > 60 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2011					
Not impaired					
Receivables	13,296	357	91	1,023	14,767
Financial assets	3	-	-	-	3
Impaired					
Receivables	-	-	-	75	75
2010					
Not impaired					
Receivables	4,939	478	86	329	5,832
Financial assets	3	-	-	-	3
Impaired					
Receivables	-	-	-	90	90

Maturity analysis of financial assets and liabilities

The following table discloses the maturity analysis of financial assets and financial liabilities.

Financial statements item	Contractual maturities		
	< 1 year	1-5 years	Carrying amount
	\$'000	\$'000	\$'000
2011			
Financial assets			
Cash and cash equivalents	95,116	-	95,116
Receivables	14,726	41	14,767
Financial assets	-	3	3
Total financial assets	109,842	44	109,886
Financial liabilities			
Payables	24,296	1,707	26,003
Total financial liabilities	24,296	1,707	26,003
2010			
Financial assets			
Cash and cash equivalents	102,639	-	102,639
Receivables	5,790	42	5,832
Financial assets	-	3	3
Total financial assets	108,429	45	108,474
Financial liabilities			
Payables	17,979	1,650	19,629
Total financial liabilities	17,979	1,650	19,629

Liquidity risk

Liquidity risk arises where DENR is unable to meet its financial obligations as they are due to be settled. DENR is funded principally from appropriations by the SA Government. DENR works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. DENR settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

DENR's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

Market risk

DENR has no interest bearing liabilities as at the end of the reporting period. There is no exposure to foreign currency or other price risks.

A sensitivity analysis has not been undertaken for the interest rate risk of DENR as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

Department of Environment and Natural Resources
Notes to and forming part of the Financial Statements
For the Period Ended 30 June 2011

36 South Australian Heritage Fund

The South Australian Heritage Fund (formerly the "State Heritage Fund") was established under the *Heritage Places Act 1993* to conserve places of heritage value. The revenues, expenses, assets, liabilities, changes in equity and cash flows of the Fund are disclosed below. It is noted that these amounts also form part of and are incorporated within the Department's Financial Statements. When incorporating these amounts into the Department's Financial Statements all transactions between the Fund and the Department have been eliminated.

Statement of Comprehensive Income for the Year Ended 30 June 2011

	2011 \$'000	2010 \$'000
Expenses		
Supplies and services	1	-
Grants and subsidies	239	244
	<u>240</u>	<u>244</u>
Net cost of providing services	<u>240</u>	<u>244</u>
Revenues from SA Government	250	250
Net result	<u>10</u>	<u>6</u>

Statement of Financial Position as at 30 June 2011

	2011 \$'000	2010 \$'000
Current assets		
Cash	343	442
	<u>343</u>	<u>442</u>
Total assets	<u>343</u>	<u>442</u>
Current liabilities		
Payables	-	109
Total liabilities	<u>-</u>	<u>109</u>
Net assets	<u>343</u>	<u>333</u>
Equity		
Retained earnings	343	333
Total: Equity	<u>343</u>	<u>333</u>

Statement of Changes in Equity for the Year Ended 30 June 2011

	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2009	327	327
Net Result for 2009/10	6	6
Balance at 30 June 2010	333	333
Net result for 2010/11	10	10
Balance at 30 June 2011	<u>343</u>	<u>343</u>

Statement of Cash Flows for the Year Ended 30 June 2011

	2011 \$'000	2010 \$'000
Cash flows from operating activities		
Cash outflows		
Supplies and services	(1)	-
Grants and subsidies payments	(348)	(164)
Total Cash used in operations	<u>(349)</u>	<u>(164)</u>
Cash generated from SA Government	250	250
Net cash provided by operating activities	<u>(99)</u>	<u>86</u>
Cash at the beginning of the period	442	356
Cash at the end of the period	<u>343</u>	<u>442</u>

2011

Department of Environment and Natural Resources
Statement of Administered Comprehensive Income
For the Year Ended 30 June 2011

	2011 \$'000	2010 \$'000
Expenses		
Employee benefits expenses	256	243
Board member expenses	150	169
Supplies and services	1,900	2,323
Grants and subsidies	50,557	6,442
Depreciation	2,313	2,144
Other expenses	52	(40)
Total expenses	55,228	11,281
Income		
Revenues from fees and charges	3,546	2,110
Grants and contributions	26,910	190
Interest revenues	1,124	155
Resources received free of charge	3,347	3,036
Net gain from disposal of non-current assets	4,258	3,444
Other income	260	1,308
Total income	39,445	10,243
Net cost of providing services	15,783	1,038
Revenues from / payments to SA Government		
Revenues from SA Government	14,998	5,347
Payments to SA Government	(5,137)	(3,655)
Total revenues from / payments to SA Government	9,861	1,692
Net result	(5,922)	654
Other comprehensive income		
Changes in property, plant and equipment asset revaluation surplus	13,269	1,057
Total other comprehensive income	13,269	1,057
Total comprehensive result	7,347	1,711

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

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

22

Department of Environment and Natural Resources
Statement of Administered Financial Position
As at 30 June 2011

	2011 \$'000	2010 \$'000
Current assets		
Cash and cash equivalents	18,137	9,207
Receivables	2,124	298
Inventories	155	207
Other current assets	3	-
Total current assets	20,419	9,712
Non-current assets		
Receivables	4	12
Property, plant and equipment	136,067	89,092
Total non-current assets	136,071	89,104
Total assets	156,490	98,816
Current liabilities		
Payables	1,987	789
Other current liabilities	911	2,930
Total current liabilities	2,898	3,719
Total liabilities	2,898	3,719
Net assets	153,592	95,097
Equity		
Asset revaluation surplus	65,144	51,875
Retained earnings	88,448	43,222
Total equity	153,592	95,097

The total equity is attributable to the SA Government as owner

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

Department of Environment and Natural Resources

Statement of Administered Changes in Equity

For the Year Ended 30 June 2011

	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2009	50,821	41,295	92,116
Asset adjustments previously recognised:			
First-time recognition of assets	-	252	252
ARAMIS revisions	-	1,395	1,395
Error corrections	(3)	3	-
Asset adjustments this reporting period:			
Asset capitalisation threshold change	-	(403)	(403)
Adjustments to reflect vehicles, plant and equipment and other asset classes at cost	-	26	26
Restated balance at 1 July 2009	50,818	42,568	93,386
Net result for 2009/10	-	654	654
Gain on revaluation of property, plant and equipment	1,057	-	1,057
Total comprehensive result for 2009/10	1,057	654	1,711
Balance at 30 June 2010	51,875	43,222	95,097
Net result for 2010/11	-	(5,922)	(5,922)
Gain on revaluation of property, plant and equipment	13,269	-	13,269
Total comprehensive result for 2010/11	13,269	(5,922)	7,347
ARAMIS revisions	-	(19)	(19)
Net assets received from administrative restructure	-	51,167	51,167
Balance at 30 June 2011	65,144	88,448	153,592

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

new

Department of Environment and Natural Resources

Statement of Administered Cash Flows

For the Year Ended 30 June 2011

	2011 \$'000	2010 \$'000
Cash flows from operating activities		
Cash outflows		
Employee benefit payments	(260)	(309)
Board member remuneration payments	(118)	(103)
Payments for supplies and services	(4,401)	(2,211)
Payments of grants and subsidies	(49,733)	(6,442)
Cash used in operations	(54,512)	(9,065)
Cash inflows		
Fees and charges	3,065	2,355
Receipts from grants and contributions	25,962	190
Interest received	1,131	149
Other receipts	260	1,308
Cash generated from operations	30,418	4,002
Cash flows from SA Government		
Receipts from SA Government	14,998	5,347
Payments to SA Government	(5,137)	(3,655)
Cash generated from SA Government	9,861	1,692
Net cash used in operating activities	(14,233)	(3,371)
Cash flows from investing activities		
Cash outflows		
Purchase of property, plant and equipment	(91)	(200)
Cash used in investing activities	(91)	(200)
Cash inflows		
Proceeds from the sale of property, plant and equipment	4,596	6,629
Cash generated from investing activities	4,596	6,629
Net cash provided by investing activities	4,505	6,429
Cash flows from financing activities		
Cash inflows		
Cash received from restructuring activities	18,658	-
Cash generated from finance activities	18,658	-
Net cash provided by financing activities	18,658	-
Net increase in cash and cash equivalents	8,930	3,058
Cash and cash equivalents at the beginning of the period	9,207	6,149
Cash and cash equivalents at the end of the period	18,137	9,207

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

Department of Environment and Natural Resources
Schedule of Administered Expenses and Income attributable to Administered Activities
For the Year Ended 30 June 2011

	Botanic Gardens and State Herbarium	Crown Lands	Minister's Other Payments	Special Acts Allocation	Dog and Cat Manage- ment	Coast Protection Board	Caring For Our Country	Natural Heritage Trust Grants	NRM Fund	Native Vegetation Fund	Pastoral Board	National Action Plan for Salinity and Water Quality	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	2011 \$'000
Expenses													
Employee benefits expenses	-	-	-	256	-	-	-	-	-	-	-	-	256
Board member expenses	109	-	-	-	32	9	-	-	-	-	-	-	150
Supplies and services	495	374	-	-	751	110	-	-	17	153	-	-	1,900
Grants and subsidies	1,280	-	6,477	-	160	336	17,346	904	13,804	2,865	-	7,385	50,557
Depreciation	2,293	10	-	-	10	-	-	-	-	-	-	-	2,313
Other expenses	52	-	-	-	-	-	-	-	-	-	-	-	52
Total: Expenses	4,229	384	6,477	256	953	455	17,346	904	13,821	3,018	-	7,385	55,228
Income													
Revenues from fees and charges	964	-	-	-	1,146	21	-	-	-	1,415	-	-	3,546
Grants and contributions	119	-	-	-	-	-	17,672	183	8,924	-	-	12	26,910
Interest revenues	169	-	-	-	45	-	62	52	77	355	-	364	1,124
Resources received free of charge	2,287	1,060	-	-	-	-	-	-	-	-	-	-	3,347
Net gain from disposal of non-current assets	-	4,258	-	-	-	-	-	-	-	-	-	-	4,258
Other income	258	2	-	-	-	-	-	-	-	-	-	-	260
Total: Income	3,797	5,320	-	-	1,191	21	17,734	235	9,001	1,770	-	376	39,445
Net cost/(surplus) of providing services	432	(4,936)	6,477	256	(238)	434	(388)	669	4,820	1,248	-	7,009	15,783
Revenues from/(payments to) SA Government													
Revenues from SA Government	-	-	6,478	228	-	518	-	-	4,886	956	13	1,919	14,998
Payments to SA Government	-	(5,137)	-	-	-	-	-	-	-	-	-	-	(5,137)
Total: Revenues from/(payments to) SA Government	-	(5,137)	6,478	228	-	518	-	-	4,886	956	13	1,919	9,861
Net result	(432)	(201)	1	(28)	238	84	388	(669)	66	(292)	13	(5,090)	(5,922)
Other comprehensive income													
Changes in property, plant and equipment asset revaluation surplus	-	2,090	-	-	-	657	-	-	-	-	10,522	-	13,269
Total: Other comprehensive income	-	2,090	-	-	-	657	-	-	-	-	10,522	-	13,269
Total comprehensive result	(432)	1,889	1	(28)	238	741	388	(669)	66	(292)	10,535	(5,090)	7,347

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

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

20

Department of Environment and Natural Resources
Schedule of Administered Expenses and Income attributable to Administered Activities
For the Year Ended 30 June 2010

	Botanic Gardens and State Herbarium	Crown Lands	Minister's Other Payments	Special Acts Allocation	Dog and Cat Management	Coast Protection Board	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	2010 \$'000
Expenses							
Employee benefits expenses	-	-	-	243	-	-	243
Board member expenses	91	-	-	-	66	12	169
Supplies and services	595	692	-	-	909	127	2,323
Grants and subsidies	1,376	18	4,450	-	165	433	6,442
Depreciation	2,119	21	-	-	4	-	2,144
Other expenses	(40)	-	-	-	-	-	(40)
Total: Expenses	4,141	731	4,450	243	1,144	572	11,281
Income							
Revenues from fees and charges	982	(10)	-	-	1,115	23	2,110
Grants and contributions	180	-	-	-	10	-	190
Interest revenues	119	-	-	-	36	-	155
Resources received free of charge	3,036	-	-	-	-	-	3,036
Net gain from disposal of non-current assets	(86)	3,530	-	-	-	-	3,444
Other income	1,307	-	-	-	-	1	1,308
Total: Income	5,538	3,520	-	-	1,161	24	10,243
Net cost/(surplus) of providing services	(1,397)	(2,789)	4,450	243	(17)	548	1,038
Revenues from/(payments to) SA Government							
Revenues from SA Government	-	90	4,449	243	-	565	5,347
Payments to SA Government	-	(3,655)	-	-	-	-	(3,655)
Total: Revenues from/(payments to) SA Government	-	(3,565)	4,449	243	-	565	1,692
Net result	1,397	(776)	(1)	-	17	17	654
Other comprehensive income							
Changes in property, plant and equipment asset revaluation surplus	(201)	1,258	-	-	-	-	1,057
Total: Other comprehensive income	(201)	1,258	-	-	-	-	1,057
Total comprehensive result	1,196	482	(1)	-	17	17	1,711

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

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

Per

Department of Environment and Natural Resources
Notes to and forming part of the Administered Financial Statements
For the Year Ended 30 June 2011

Administered items of the Department of Environment and Natural Resources

(a) Reporting entities and strategic context

The activities of the administered items are:

Board of the Botanic Gardens and State Herbarium

The Board of the Botanic Gardens and State Herbarium was established under Section 6 of the *Botanic Gardens and State Herbarium Act, 1978* to ensure the maintenance and development of South Australia's Botanic Gardens and State Herbarium and to provide advice on relevant policies consistent with the provisions of the Act and with the objectives of the Minister for Environment and Conservation.

The department performs the following functions required for the operation of the Botanic Gardens and State Herbarium:

- managing, planning, accounting and control of recurrent, capital appropriation and funds allocated by the Board;
- monitoring the performance of the staff of the Botanic Gardens and State Herbarium;
- valuing and maintaining assets (including all public, recreational, institutional and administration buildings) not specifically controlled, bequeathed, vested in or assigned to the Board;
- determining risk management and occupational health and safety and welfare procedures.

However, the department cannot direct the Board to perform its functions and duties in a particular manner. As a result, the Board is not controlled by the department and has therefore been reflected in the Administered Financial Statements.

Crown Lands

Crown Lands is comprised of an account established by the Treasurer of South Australia to record receipts and payments associated with the sale of Crown land and other surplus South Australian government land and property. The net revenues from these sales are returned to the Department of Treasury and Finance's Consolidated Account.

Minister's Other Payments

Grants and subsidies payments of \$6.477m (2010: \$4.450m) approved by the Minister for Environment and Conservation were made to community organisations, associations and local government. This includes grants made to Zoo SA (\$5.126m), Adelaide City Council (\$1.343m) and other organisations (\$0.008m).

Special Acts Allocation

This item comprises salary and allowance payments for the Minister for Environment and Conservation.

Dog and Cat Management Board

The Dog and Cat Management Board was established under the *Dog and Cat Management Act 1995* to plan for, promote, and provide advice about the effective management of dogs and cats throughout South Australia, and oversee the administration and enforcement of the provisions of the Act.

The financial activities of the Board are administered through the Dog and Cat Management Fund in accordance with the Act.

All activities and functions of the Board are performed by DENR employees.

Coast Protection Board

The Coast Protection Board was established under the *Coast Protection Act 1972* to manage, maintain, develop and improve coast facilities that are vested in, or are under the care, control and management of the Board.

The financial activities of the Board are administered through the Coast Protection Fund in accordance with the Act.

All activities and functions of the Board are performed by DENR employees.

Transferred Administered Activities

Effective from 1 July 2010, under the machinery of government changes, a number of natural resource management and related administered activities were transferred from the Department for Water to the Department of Environment and Natural Resources. These are:

Caring for Our Country

The Caring for our Country Program is administered by the Commonwealth and South Australia Governments pursuant to clause 19(2) of the *Natural Heritage Trust of Australia Act 1997* (Commonwealth) and Section 5 of the *Natural Resources Management (Financial Assistance) Act 1992* (Commonwealth).

In March 2008 the Commonwealth announced Caring for our Country as an ongoing and integrated program, bringing together the delivery of the Natural Heritage Trust, National Landcare Program, Environmental Stewardship and Working on Country Programs. This program is fully Commonwealth funded and disbursed based on Commonwealth approval.

The goal of Caring for our Country is to provide an environment that is healthy, better protected, well-managed, resilient and provides essential ecosystem services in a changing climate. Caring for our Country has six National Priority Areas for Investment:

- (a) a national reserve system;
- (b) biodiversity and natural icons;
- (c) coastal environments and critical aquatic habitats;
- (d) sustainable farm practices;
- (e) natural resource management in remote and northern Australia;
- (f) community skills, knowledge and engagement.

Natural Heritage Trust and Natural Heritage Trust Extension

The Natural Heritage Trust (NHT) was established by the *Natural Heritage Trust of Australia Act 1997*. The Bilateral Agreement to deliver the Natural Heritage Trust Extension reflects the intention of the Commonwealth and SA Governments to work as joint investment partners, with the community and other stakeholders, in natural resource management activities including biodiversity conservation, sustainable use of natural resources and community capacity building and institutional change. Funding for NHT ceased on 30 June 2008 and all projects were completed by 31 December 2009.

Department of Environment and Natural Resources
Notes to and forming part of the Administered Financial Statements
For the Year Ended 30 June 2011

Post 31 December 2009, program finalisation continued with the receipt of project final reports and acquittals including the return of unspent funds by project proponents. In addition, the Commonwealth requested unspent funds held be returned and elected to allocate remaining funds held in the NHT holding account to existing State agency and Natural Resources Management Board competitive projects approved under the Caring for our Country Program in accordance with clause 13.2c and 20.4 of the 'Transitional Arrangement and Financial Agreement between the Australian Government and State of South Australia for implementation of Caring for our Country' during 2011-12.

Natural Resources Management Fund

The Natural Resources Management Fund (NRM Fund) was established pursuant to subsection 117(1) of the *Natural Resources Management Act 2004* (NRM Act). The Minister for Environment and Conservation (the Minister) administers the NRM Fund and may apply any part of the NRM Fund in making payments to the regional NRM Boards; in paying subsidies or making grants or other payments to NRM authorities or other persons or bodies for the purposes of the NRM Act. This may also include making any payment required, or authorised by or under the NRM Act or any other law. The balance of the NRM Fund at 30 June 2011 was \$0.268m (2010: \$3.375m).

Natural Resources Management Boards

The Natural Resources Management Boards (NRM Boards) were established pursuant to subsection 23(1) of the NRM Act. The department administers various revenues and expenses on account of the NRM Boards.

Specific provisions of the NRM Act require that the following revenues be paid into the NRM Fund prior to being applied for the purposes of the NRM Act:

- Government appropriations (controlled and administered allocated in respect of the regional NRM Boards);
- Water levies;
- Penalties relating to water levies;
- Expiation fees and other penalties.

The raising and collection of water levies, penalties and expiation fees are undertaken by the Department for Water. These funds are paid to the Department of Environment and Natural Resources to administer through the NRM Fund.

(i) Government appropriations

The department receives recurrent funding, which is administered through the NRM Fund and provided to regional NRM Boards to support business operations and the administration of the NRM Act.

	[2]	[1]
Regional NRM Board	2011	2010
	\$'000	\$'000
SA Murray-Darling Basin NRM Board	100	200
South East NRM Board	321	295
Northern and Yorke NRM Board	490	465
Kangaroo Island NRM Board	560	530
Alinytjara Wilurara NRM Board	740	700
South Australian Arid Lands NRM Board	1000	1000
Eyre Peninsula NRM Board	640	610
	3 851	3 800

[1] Administered through Department of Water, Land and Biodiversity Conservation [2] Administered through Department of Environment and Natural Resources

(ii) Water Levies

Water levies are collected for prescribed water resources under section 101 of the NRM Act. The levies are subsequently paid to the regional NRM Boards pursuant to subsection 116(1)(a)(ii)(A) of the NRM Act.

(iii) Penalties

Penalties declared in relation to the unauthorised or unlawful taking or use of water were raised pursuant to section 115 of the NRM Act.

(iv) Reimbursement of Payroll Tax

NRM Boards are compensated for the anticipated payroll tax expense they incur, with provision having been made in the Administered Items of the department's budget. An appropriation of \$1.035m (2010: \$1.002m) was received to fund the payroll tax expenses of the NRM Boards for 2010-11.

(v) Expiation Fees and other Penalties

Expiation fees and penalties are recovered in respect of offences against the NRM Act (e.g. for unlawful possession of animals or plants). Unlike penalties declared under section 115 of the NRM Act, they are not required to be paid to regional NRM Boards.

Native Vegetation Fund

The Native Vegetation Fund is established under Section 21 of the *Native Vegetation Act 1991*. The Fund is applied in achieving the following objectives:

- (a) the conservation, protection and enhancement of the native vegetation of the State and, in particular, remnant native vegetation;
- (b) the provision of incentives and assistance to landowners to encourage the commonly held desire of landowners to preserve, enhance and properly manage the native vegetation on their land;
- (c) the limitation of the clearance of native vegetation to circumstances in which the clearance will facilitate the management of other native vegetation or will facilitate the sustainable use of land for primary production;
- (d) the encouragement of research into the preservation, enhancement and management of native vegetation;
- (e) the encouragement of the re-establishment of native vegetation in those parts of the State where native vegetation has been cleared or degraded.

All activities and functions associated with the fund are performed by DENR employees.

Department of Environment and Natural Resources
Notes to and forming part of the Administered Financial Statements
For the Year Ended 30 June 2011

Pastoral Board

The Pastoral Board is responsible for the administration of the *Pastoral Land Management and Conservation Act 1989*. The Board provides advice to the Minister for Environment and Conservation on the policies that should govern the administration of pastoral land.

National Action Plan for Salinity and Water Quality

The National Action Plan (NAP) is a bilateral agreement between the Commonwealth and SA Governments signed in 2001 providing funds to address issues associated with salinity and water quality in priority regions in South Australia. The Commonwealth and the SA Governments make progressive contributions to a single holding account. Disbursement of funds from the account is by agreement between the parties. Funding for NAP ceased on 30 June 2008 with the majority of projects completed by 31 December 2009.

Post 31 December 2009, Commonwealth and State Ministers agreed that two infrastructure programs: Upper South East Flood Management and Drainage Program and Salt Interception Scheme be extended to 30 June 2011. All funding due has been received by the program proponents and final reporting obligations under the funding agreements are being finalised.

(b) Administered items' financial arrangements

The financial activities of the administered items are conducted through a number of deposit accounts with the Department of Treasury and Finance pursuant to the *Public Finance and Audit Act 1987*. The financial activities of Administered Items that do not have their own deposit account are conducted through the department's deposit account.

The department conducts a large number of activities directed towards meeting the administered items' objectives and responsibilities as specified in the legislation and/or other authoritative documentation that establishes the administered items. Many of the administered items, in accordance with the Acts, have delegated certain functions to officers within the department who provide technical and administrative support including the use of plant and equipment, office accommodation and various administrative services. The cost of the services provided that can be identified with the activities of the administered items and can be measured reliably are met by the administered items. Other support services that are not identifiable and/or cannot be measured reliably are provided free of charge and have not been recognised in the Administered Financial Statements.

(c) Administered items' summary of significant accounting policies

The Administered Financial Statements detail the sum of the individual administered items' revenues, expenses, assets, liabilities, changes in equity and cash flows. As such the principles of consolidation have not been applied in preparing the financial statements as the definition of an economic entity has not been satisfied. Accordingly, transactions between the individual administered items have not been eliminated.

In general, the administered items adopt the accounting policies of the department, as detailed in Note 2 of the department's financial statements. Deviations from these policies are as follows:

Property, plant and equipment

Administered property, plant and equipment includes the Crown's interest in land leased to third parties under perpetual and other leases and annual licenses. However limitations exist on the reliability of the base information used to determine the valuation of this land.

The department is also custodian of unallotted Crown Land, by virtue of its responsibilities under the *Crown Land Management Act 2009*. This land is considered to be an administered asset. Unallotted Crown Land is not included in the Statement of Administered Financial Position as the department has not been able to formulate a suitable methodology for determining a reliable measure of the value of these holdings.

Total property, plant & equipment as disclosed in the Statement of Administered Financial Position consists of assets belonging to the Botanic Gardens and State Herbarium (\$59.594m), Crown Lands (\$26.877m), Dog and Cat Management Board (\$0.133m), Coast Protection Board (\$6.004m) and Pastoral Board (\$43.460m).

Pastoral land revaluation

Under the *Pastoral Land Management and Conservation Act 1989* the Valuer-General must determine the rents to be paid on all pastoral leases. This requires the Valuer-General to determine the unimproved value of each pastoral lease and the appropriate rate of return for the land as a percentage of the unimproved value, considering the purpose for which it is used.

The land lease assets were revalued at \$43.460m as at 1 November 2010 by Mark William Kay and Andrew Weinmann, Supervising Valuers, State Valuation Office, Land Services Group, Department for Transport, Energy and Infrastructure. Rentals and unimproved values for the period 1 November 2009 to 31 October 2010 were determined with regards to:

- the most recent land type classifications and associated information;
- carrying capacities;
- property sales and price movements within the pastoral industry;
- prevailing market conditions;
- climatic conditions;
- property locations;
- access to markets.

Employee benefits

In general, administered items' utilise the services of contractors or DENR employees rather than recruiting and appointing employees in their own right. In the majority of cases, the services provided by DENR employees are provided free of charge. If, however, the services provided by DENR employees are directly attributable to the activities of an administered item and can be reliably measured, the services are charged to the administered item on a fee for service (cost recovery) basis. The liability for employee benefits arising from services rendered by DENR employees is not recognised in the administered financial statements as DENR is obligated to pay employees for services provided. Accordingly, employee benefits are recognised in DENR's financial statements.

Net gain from disposal of non current assets

The net gain from disposal of non-current assets is determined by comparing proceeds with carrying amount. Given a suitable methodology for determining a reliable measure of the value of unallotted Crown Land has not been identified, the carrying amount of all unallotted Crown Land sold is nil.

Re



For further information please contact:

Department of Environment and Natural Resources Phone Information Line (08) 8204 1910,
or see SA White Pages for your local Department of Environment and Natural Resources office.
Online information available at: www.environment.sa.gov.au

Permissive Licence

© State of South Australia through the Department of Environment and Natural Resources.
Apart from fair dealings and other uses permitted by the Copyright Act 1968 (Cth),
no part of this publication may be reproduced, published, communicated, transmitted,
modified or commercialised without the prior written approval of the Department of
Environment and Natural Resources.

Written requests for permission should be addressed to:
Communications and Community Engagement Branch, Department of Environment
and Natural Resources GPO Box 1047 Adelaide SA 5001

Disclaimer

While reasonable efforts have been made to ensure the contents of this publication
are factually correct, the Department of Environment and Natural Resources makes
no representations and accepts no responsibility for the accuracy, completeness or fitness
for any particular purpose of the contents, and shall not be liable for any loss or damage
that may be occasioned directly or indirectly through the use of or reliance on the contents
of this publication.

Reference to any company, product or service in this publication should not be taken
as a Departmental endorsement of the company, product or service.

© Department of Environment and Natural Resources | FIS 91283