



Government of South Australia

Department for Water

ANNUAL REPORT

2010–11

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DEPARTMENT FOR WATER

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Copies of the annual report are available from:

The Department for Water's website at www.waterforgood.sa.gov.au or by contacting +61 8463 6800

30 September 2011

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30 September 2011

The Hon Paul Caica MP
Minister for Environment and Conservation
Minister for the River Murray
Minister for Water
Parliament House
North Terrace
ADELAIDE SA 5000

Dear Minister

I have great pleasure in submitting the Department for Water's annual report for the financial year ending 30 June 2011.

This report has been prepared in accordance with the:

- *Public Sector Act 2009*
- *Public Sector Regulations 2010*
- *Freedom of Information Act 1991*
- *Whistleblowers Determination Act 1993*
- *Public Finance and Audit Act 1987*
- *Department of the Premier and Cabinet Circular PC013 – Annual Reporting Requirements.*



Scott Ashby
CHIEF EXECUTIVE
DEPARTMENT FOR WATER

Chief Executive's statement

This is the first annual report by the Department for Water (DFW) since it was formed on 1 July 2010 to lead the management of South Australia's water resources and water policy.

It has been a year of intensive activity, with the new department ensuring much of the important work of the previous Department of Water, Land and Biodiversity Conservation continued without interruption. Critically, for both the department and the State, it was also the year that the long period of drought conditions broke and the department found itself shifting from drought response to the management of high flow in the River Murray. By early 2011 these conditions resulted in the highest River Murray flow for nearly 18 years and returned much-needed life to the river and its ecosystems.

However, one good year of flow does not undo the years of damage caused by drought and the department will continue its work on a number of programs aimed at reducing and managing salinity, protecting the environment, sensibly managing available water and diversifying the State's water resources.

The implementation of key actions in the *Water for Good* plan continues to be a major focus of the department, which is also responsible for reporting on whole-of-government progress on the plan. The first *Water for Good* Annual Statement was issued in November 2010 and found that of the 94 actions, six had been achieved, 66 were on track, 18 were within reach, two were unlikely, one was not achieved within the action timeframe and one (construction of a temporary weir at Pomanda Island) was no longer applicable. I am proud to say that the department has helped to progress or complete more than 90 per cent of the 94 actions.

The preparation of draft water industry legislation was an important milestone for the department and the State. An exposure draft of the Water Industry Bill was tabled in Parliament in November 2010 to enable consultation to occur. The Bill provides a legislative framework to support a contemporary and emerging water industry by promoting efficiency, competition and innovation, while protecting the interests of consumers, public health and the environment. It will give South Australia, for the first time, an integrated approach to the water industry and will introduce greater transparency and independently regulated prices, as well as an independent Water Industry Ombudsman.

The Goyder Institute for Water Research was established as a collaboration between the State Government, through the Department for Water, CSIRO, Flinders University, the University of Adelaide and the University of South Australia. The South Australian Government has committed \$25 million over five years, with CSIRO and the three universities providing matching contributions to create a \$50 million research institute. The institute aims to support world-leading water resource policy and management in South Australia through scientific research, and, in doing so, underpins the sustainable development of the State.

The department worked with the Institute on one of its first achievements – a high-level scientific review of the *Guide to the proposed Basin Plan*. In particular, it assessed the

implications for South Australia of the three environmental water recovery scenarios outlined in the Guide. This critical report has been provided to the Murray-Darling Basin Authority to help inform the development of the proposed Basin Plan and it will be used by the South Australian Government in formulating its response to the proposed Basin Plan. This response will be prepared by the department and represents a vital stage in the State's push for a long-term sustainable future for the River Murray and the Murray-Darling Basin.

Another significant piece of work by the department was the coordination of a State Government response to the MDBA on the Guide.

One of the major programs for which the department is responsible, the Upper South East Dryland Salinity and Flood Management Program, was concluded this year, along with the Reflows Program. The completion of the network of drains to remove saline groundwater was the culmination of 20 years' work.

The department worked with Natural Resources Management Boards on the development of water allocation plans. The water allocation plan for the Peake, Roby and Sherlock Prescribed Wells Area was adopted in January 2011. A number of draft water allocation plans were completed and released for consultation in 2010-11. These included plans for Tintinara Coonalpyn, the Mallee, the Eastern Mount Lofty Ranges and the Western Mount Lofty Ranges.

The department developed and negotiated a new schedule to the Murray-Darling Basin Agreement that will provide South Australia for the first time with the right to store water in upstream dams. It also secured Commonwealth funding approval for more than \$90 million for the Riverine Recovery Project.

We completed a regional demand and supply statement for the Eyre Peninsula Natural Resources Management region and began work on a statement for the Northern and Yorke Natural Resources Management region.

Groundwater assessments were completed for some non-prescribed areas of the State to provide information on aquifers and their resources. The department worked with the National Centre for Groundwater Research and Training to establish the \$3.3 million Willunga Super Science site – one of five in Australia.

During the year the department also took on the responsibilities of the former Commissioner for Water Security, Robyn McLeod. I acknowledge the strong and positive contribution made by Ms McLeod during her term.

A great deal of work has gone on within the department to improve business efficiency and increase public access to the range of information held by us. The launch of the WaterConnect website enabled us to provide all water-related data and other technical information in one place.

I commend the professionalism and commitment of staff during 2010–11. Their skill and dedication have enabled us to not only achieve our statutory responsibilities but also contribute to the State's economic and environmental sustainability.

I thank Minister Caica, the Minister for Water, for his support and advice throughout the year.

I am extremely proud to lead the department and I look forward to another busy and fruitful year.

A handwritten signature in black ink, appearing to be 'SA', with a long horizontal stroke extending to the right.

Scott Ashby
CHIEF EXECUTIVE

Highlights of 2010–11

The department's key 2010–11 achievements are highlighted below. Further information can be found in the body of this report.

- Delivered South Australia's response to the *Guide to the proposed Basin Plan*
- Established the Goyder Institute for Water Research
- With the Goyder Institute, completed a review of the science underpinning the *Guide to the proposed Basin Plan*
- Produced the first *Water for Good* annual statement
- Developed and negotiated jurisdictional agreement to a water storage right and improved water sharing arrangements under the Murray-Darling Basin Agreement
- Negotiated and successfully delivered 305 gigalitres (GL) of environmental water to priority sites along the South Australian River Murray, including the Lower Lakes
- Received Commonwealth funding approval for the Riverine Recovery Project
- Completed a regional demand and supply statement for the Eyre Peninsula Natural Resources Management region and commenced a statement for the Northern and Yorke Natural Resources Management region
- Completed the Upper South East Dryland Salinity and Flood Management Program and the Reflows Program
- Undertook groundwater assessments for non-prescribed areas in the Northern and Yorke, Alinytjara Wilurara, SA Arid Lands, Kangaroo Island and SA Murray-Darling Basin Natural Resources Management regions as part of the groundwater program, to report on the suitability of aquifers as potential water supply sources
- Worked with the National Centre for Groundwater Research and Training to establish the \$3.3 million Willunga Super Science site
- Established the Indigenous Groundwater Scholarship program
- Launched the WaterConnect website to provide public access to water data and other technical information and also launched a new departmental intranet site to improve business efficiency
- Developed an awards program, including a Premier's award, to recognise the achievements of communities, individuals, schools, businesses, industry and government
- Developed the Stormwater Strategy.

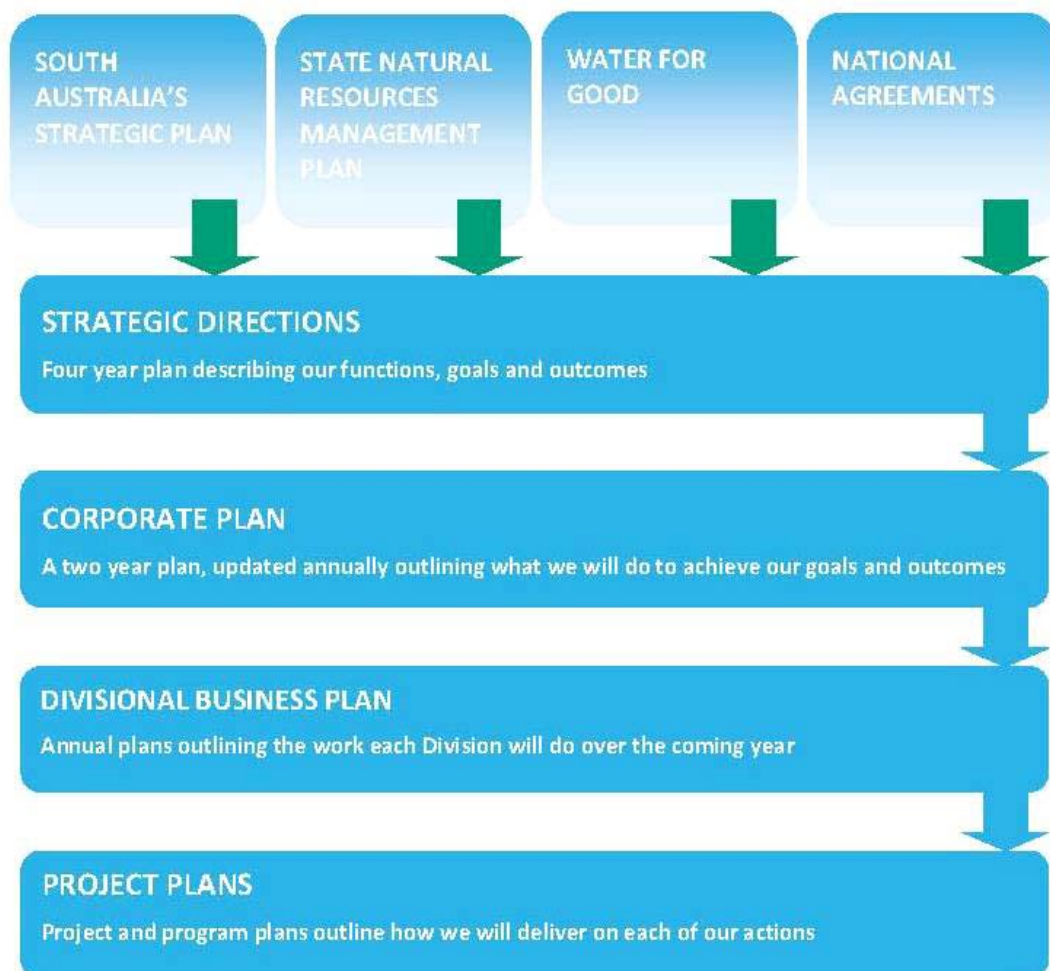
Roles, Functions and Objectives

The department leads the management of South Australia's water resources. It advises the Government and the South Australian community on the quantity, quality, use and availability of water resources.

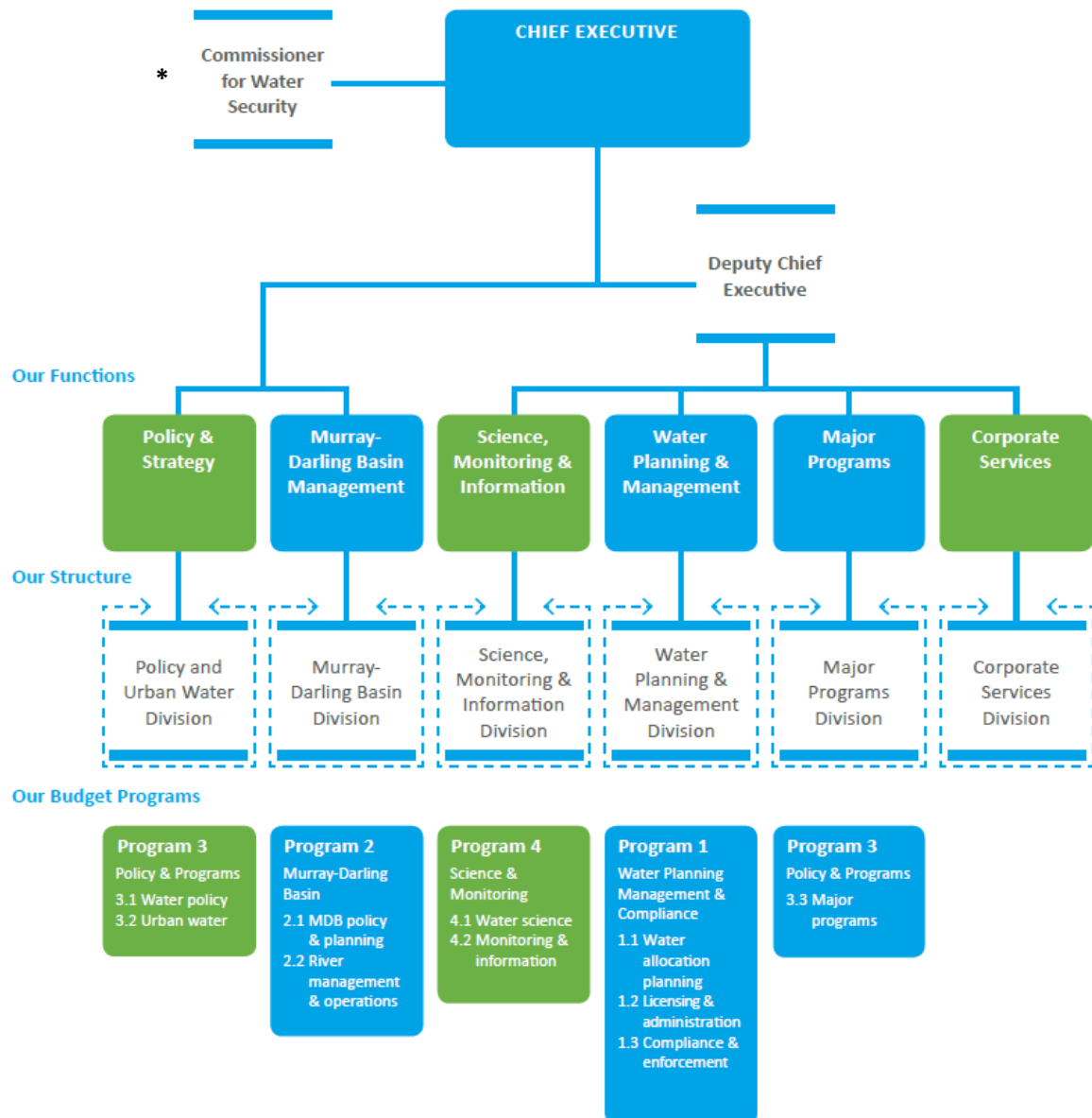
Its purpose is to ensure that there are always sufficient and sustainable water resources in South Australia for our health, our economy, our environment and our lifestyle.

Its work is directed by the legislation it administers, the South Australian Strategic Plan, *Water for Good*, the State Natural Resources Management Plan, the national water reform agenda and the National Water Initiative.

Planning Framework



Corporate structure



* In February 2011 the Government accepted a recommendation from the Commissioner for Water Security that the position was no longer required as the state emerged from drought. Her duties, and the operation of the Water Security Council, were transferred to the department at the end of March 2011.

Corporate priorities

Building the new department and embedding new priorities

The transition to the new department involved building a new identity and structure while also retaining existing business.

South Australia's High Performance Framework

This whole-of-government framework is designed to help agencies achieve higher performance by introducing a consistent set of criteria and tools for assessing and improving performance. In April 2010 the previous Department of Water, Land and Biodiversity Conservation finalised a performance review against the framework which identified strengths in employee and external stakeholder engagement, managing the triple bottom line and the organisational values framework. Opportunities to improve performance were also identified and the Department for Water has embraced these in its new structures and culture.

Major asset and infrastructure manager

The department manages a total asset portfolio of more than \$400 million covering assets such as drainage channels, bridges, weirs, regulators, drainage inlets, sea outlets, waste disposal stations, technical monitoring equipment, buildings, salt disposal basins and stormwater control structures.

Project management and delivery

The department is delivering a number of on-ground and reform programs within a sound project management framework.

Workplace safety and wellbeing

The department prioritises the safety and wellbeing of its people and is reinforcing the importance of creating and upholding a culture where everyone is accountable for protecting their safety and that of others. Continuous improvement of the safety system is being driven through integrating safety and wellbeing into divisional business plans and involving senior management in the review and development of key safety measures.

Legislation administered by the department

Ministry for the River Murray

The department assists the Minister for the River Murray in the administration of these Acts:

Ground Water (Qualco-Sunlands) Control Act 2000

Reduces the risk of waterlogging, land salinisation and increased levels of salinity in the River Murray caused by irrigating land in the Qualco-Sunlands irrigation area.

Irrigation Act 2009

Provides a framework for managing and operating shared infrastructure for irrigation or drainage purposes associated with primary production in the State; makes related amendments to the *Natural Resources Management Act 2004*; and repeals the *Irrigation Act 1994*.

Murray-Darling Basin Act 2008

Facilitates the operation of an agreement between the Australian Government, New South Wales, Victoria, Queensland, South Australia and the Australian Capital Territory to promote and coordinate effective planning and management for the equitable, efficient and sustainable use of the water and other natural resources of the Murray-Darling Basin; makes related amendments to the *Development Act 1993*, the *Groundwater (Qualco-Sunlands) Control Act 2000*, the *Natural Resources Management Act 2004*, the *River Murray Act 2003* and the *Waterworks Act 1932*; repeals the *Murray-Darling Basin Act 1993*.

Renmark Irrigation Trust Act 2009

Provides for the continuation of the Renmark Irrigation Trust to manage and operate certain shared infrastructure for irrigation or drainage purposes in the area around Renmark; makes related amendments to the *Natural Resources Management Act 2004*; and repeals the *Renmark Irrigation Trust Act 1936*.

River Murray Act 2003

Provides for the protection and enhancement of the River Murray and related areas and ecosystems by ensuring that all activities under related legislation and programs are assessed for their potential impact on the River Murray system.

River Murray Waters Agreement Supplemental Agreement Act 1963

Ratifies and approves an agreement between the Prime Minister of the Australian Government and the Premiers of New South Wales, Victoria and South Australia in respect to the waters of the Darling River stored at Menindee in the State of New South Wales in the connected series of lake storages collectively known as the Menindee Lake Storage.

River Murray Waters (Dartmouth Reservoir) Act 1971

Ratifies and approves an agreement relating to financial assistance for the construction of the Dartmouth Reservoir.

Water (Commonwealth Powers) Act 2008

Refers certain matters relating to water management to the Commonwealth Parliament; amends the *Water Management Act 2000* and other Acts; and repeals the *Murray-Darling Basin Act 1992*.

Ministry for Water

The department assists the Minister for Water in the administration of these Acts:

Metropolitan Drainage Act 1935

Authorises the construction of works for the drainage of land periodically flooded by the River Torrens, the River Sturt and Keswick and Brownhill Creeks.

Sewerage Act 1929

Consolidates Acts providing for the sewerage and cleansing of the metropolitan area and other places.

South Australian Water Corporation Act 1994

Provides for the provision of water and sewerage services; establishes a corporation for that purpose; and for other purposes.

Water Conservation Act 1936

Consolidates Acts relating to the conservation of water.

Waterworks Act 1932

Consolidates Acts relating to water supply.

Ministry for Environment and Conservation

The department assists the Minister for Environment and Conservation in the administration of these Acts:

Groundwater (Border Agreement) Act 1985

Approves and provides for carrying out an agreement for the management of groundwater adjacent to the border of South Australia and Victoria.

Lake Eyre Basin (Intergovernmental Agreement) Act 2001

Ratifies and approves an agreement between Commonwealth, Queensland, Northern Territory and South Australian Governments to provide for the establishment of arrangements for the management of water and related natural resources in the Lake Eyre Basin Agreement area.

Natural Resources Management Act 2004

Promotes sustainable and integrated management of the State's natural resources; makes provision for the protection of the State's natural resources; and repeals the Animal and Plant Control (Agricultural Protection and Other Purposes) Act 1986, the Soil Conservation and Land Care Act 1989 and the Water Resources Act 1997.

South Eastern Water Conservation and Drainage Act 1992

Provides for the conservation and management of water and the prevention of flooding of rural land in the South East of the State.

Upper South East Dryland Salinity and Flood Management Act 2002

Provides for a scheme to protect and improve the environment and agricultural production in the Upper South East through the proper conservation and management of water and the initiation or implementation by the Government of the State of works and environmental management programs and other initiatives; and for other purposes.

Relationship with other organisations

In performing its roles this year the department worked closely with other State agencies, including the Department of Environment and Natural Resources, the Environment Protection Authority, SA Water, the Department of Treasury and Finance, the Department for Transport, Energy and Infrastructure, Zero Waste SA, the Department of the Premier and Cabinet and Primary Industries and Resources SA.

The department also had a close working relationship with the Natural Resources Management Council and the State's eight regional Natural Resource Management (NRM) boards.

The Chief Executive was the State Government appointee to the Basin Officials Committee, established under the Australian Government's *Water Act 2007*. Together with the Murray-Darling Basin Authority (MDBA), the committee oversees management of river operations and natural resource management programs in the Murray-Darling Basin. It also provides advice to the authority and reports to the Murray-Darling Basin Ministerial Council.

The Chief Executive is a member of a number of other committees and boards, including the Commonwealth of Australian Governments (COAG) Water Reform Committee, the eWater Cooperative Research Centre High Level Steering Committee, the Water Security Council, the Goyder Institute for Water Research Board, the Adelaide Desalination Project Steering Committee, the Stormwater Taskforce and the Metropolitan Adelaide Service Delivery Project Steering Committee.

The Chief Executive is also a member of the national Environment and Water Standing Committee, the Natural Resource Management Standing Committee, the Senior Officials Water Reform Meeting and the State Government Planning Coordinating Committee.

The department has representatives on the Border Groundwaters Agreement Review Committee and administers the South East Water Conservation and Drainage Board. It also administered the Upper South East Program Board, which had its final meeting on 24 June 2011.

Departmental officers are members of many national committees and working groups with the aim of ensuring a coordinated and consistent approach to water resources management priorities, such as the management of the River Murray. Of particular importance was the ongoing relationship with the MDBA.

The department worked with the State Emergency Service during the River Murray high flow event during the year. This included collaborating on an advertising and community awareness campaign when a Flood Watch was issued in December 2010.

The department also worked with the Stormwater Management Authority and the Local Government Association.

Relationship to South Australia's Strategic Plan

The department was lead agency for the following targets in 2010–11:

T3.9 Sustainable water supply

South Australia's water resources are managed within sustainable limits by 2018

T3.10 River Murray – flows

Increase environmental flows by 500 GL in the River Murray by 2009 as a first step towards improving sustainability in the Murray-Darling Basin, with a longer-term target of 1500 GL by 2018

T3.11 River Murray – salinity

South Australia maintains a positive balance on the Murray-Darling Basin Commission (now Authority) salinity register

The department also supports the delivery of other targets, including:

T1.1 Economic growth – exceed the national economic growth rate by 2014

T1.14 Total exports – Treble the value of South Australia's export income to \$25 billion by 2014

T1.2 Competitive business climate – Maintain Adelaide's rating as the least costly place to set up and do business in Australia and continue to improve our position internationally

T1.5 Business investment – Exceed Australia's ratio of business investment as a percentage of the economy by 2014

T1.7 Performance in the public sector – customer and client satisfaction with government services

T1.8 Performance in the public sector – government decision-making

T1.9 Performance in the public sector – administrative efficiency

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

Operations and Deliverables for 2010–11

The format of this report is based on actions contained in the Department for Water's Corporate Plan 2010–12. As such, some reporting will cover progress to date rather than completion.

WATER FOR OUR COMMUNITIES

A healthy working River Murray

Develop a coordinated South Australian Government response to the proposed Basin Plan

The MDBA is responsible for developing a Basin Plan for the integrated and sustainable management of water resources in the Murray-Darling Basin. Due in 2012, the Basin Plan will set new sustainable diversion limits on water extractions from surface water and groundwater sources in the Murray-Darling Basin.

In 2010–11 the department led the South Australian Government's response to the MDBA's *Guide to the proposed Basin Plan* (the Guide), the first stage of a three-stage process in developing a final Basin Plan. The response was based on careful analysis informed by South Australian scientists, policy makers, irrigators and the broader community. It addressed environmental water requirements, key environmental assets, catchment risks, socio-economic issues, water quality and salinity issues, critical human water needs and state water resource plan requirements. A copy of the response is available on the Water for Good website (www.waterforgood.sa.gov.au).

In developing this response, community input was sought through public meetings and engagement with key stakeholder and interest groups (including irrigation and industry groups, environmental groups, Aboriginal communities and a science workshop with leading South Australian scientists facilitated through the Goyder Institute for Water Research).

The South Australian Government response to the Guide and the department's ongoing engagement with the MDBA through multilateral and bilateral processes throughout 2010–11 contributed to the development of the proposed Basin Plan.

In addition to leading the South Australian Government's response to the Guide, the department worked with the Goyder Institute to undertake a high-level scientific review of the Guide, and in particular, the implications for South Australia of the three environmental water recovery scenarios (3000 GL, 3500 GL and 4000 GL). The review delivered a number of key technical reports and a synthesis report, summarising the key findings and implications. The synthesis report has been provided to the MDBA to help inform the

development of the proposed Basin Plan and will be used by the South Australian Government in formulating its response.

In 2010–11 the department led the development of South Australian Government submissions to three Commonwealth parliamentary inquiries, including the House Standing Committee on Regional Australia inquiry into the impacts of the Murray-Darling Basin Plan on regional communities; the Senate Standing Committee on Rural Affairs and Transport inquiry into the management of the Murray-Darling Basin; and the Senate Standing Committee on Legal and Constitutional Affairs inquiry into the provisions of the *Water Act 2007*. The department supported the Minister for the River Murray in his representation before the House Standing Committee on Regional Australia at a public hearing held in February 2011.

The department also supported the Minister for the River Murray as South Australia's representative on the Murray-Darling Basin Ministerial Council, and the department's Chief Executive as South Australia's representative on the Basin Officials Committee, to lead the State's participation in strategic Murray-Darling Basin management, operations and policy matters.

Develop strategy to implement the Basin Plan in South Australia

In 2010–11 the department provided advice to other agencies and the South Australian Murray-Darling Basin Natural Resources Management Board regarding potential implementation requirements arising from the Basin Plan.

Much of the implementation of the Basin Plan, including the application of new sustainable diversion limits, will occur through State water resource plans. Existing water resource plans will be transitioned into the new management regime and new State water resource plans will be prepared, in consultation with water users and regional communities, ensuring they are consistent with the Basin Plan requirements.

Upon adoption of the final Basin Plan, the department will develop a comprehensive plan to implement Basin Plan reform within South Australia.

Represent South Australia's interests in progressing reform of the Murray-Darling Basin Agreement

The Murray-Darling Basin Agreement sets out the arrangements for the sharing and management of the Basin's water resources, particularly of the River Murray system. A healthy working River Murray is essential for South Australia's water security and a progressive social and economic future.

The agreement is being reviewed on two fronts: through statutory reviews to ensure consistency with the Murray-Darling Basin Plan and through states' input to an issues-based review of the agreement stemming from a First Ministers' agreement on contingency water sharing arrangements in 2009–10.

The department is leading the State Government's involvement in the issues-based review to examine options for improving the management of water resources in the Murray-Darling Basin, in particular the shared water resources of the River Murray System, to better meet future needs. Stage 1 was completed in April 2010 and focused on scoping the various jurisdictional issues with the agreement. Stage 2 commenced this year and will document existing operations, rules and procedures and address issues raised in Stage 1, and begin the development of a revised, or new, agreement.

During the year the department led South Australia's input to Stage 2 of the review, which will continue into 2011–12 but will not affect the timing and development of the Basin Plan by the MDBA.

The department was also closely involved in the development and finalisation of Schedule G (Accounting for South Australia's Storage Right) and Schedule H (Water Sharing During Tiers 2 and 3) to the Murray-Darling Basin Agreement.

The schedules give effect to South Australia's right to carry over and store entitlement water for future critical human water needs and private carryover in the major upstream storages, and to implement a new reserves policy and tiered system for water sharing during dry periods. They provide SA with greater flexibility in managing the timing of the delivery of its water entitlements.

Schedule G provides South Australia with a formal storage right for the first time, which presents the opportunity to develop a long-term carryover policy for water entitlement holders. More than 300 GL of entitlement water can potentially be stored for CHWN.

The department began work to implement Schedules G and H in 2011–12, including initiating the development of a long-term carryover policy for the River Murray and evaluating the need to coordinate other changes to departmental processes and systems.

River Murray system operations continued to be reviewed this year in a major project being conducted by the MDBA to improve river operations through the evolution of better operating strategies, rules, assessments and planning. This work also supports the review of the agreement and is of strategic and operational importance to South Australia due to its implications for water-sharing, delivery and accounting.

The department represented the State in negotiations on various river operations issues and was an active participant in the review through representation on the working group and steering committee for the project. The review will continue in 2011–12.

The implementation strategy for the *River Murray Act 2003* (SA) was reviewed during the year to assess the successes and opportunities for improvement in its administration. The review also considered the relevance of the priorities and strategies in the 2006

implementation strategy in light of recent developments for the River Murray, such as development of the Basin Plan and Murray Futures programs.

The statutory reporting requirements were met through the completion of the 2009–2010 Annual Report, which focused on achievements against priorities and outcomes of the implementation strategy.

Implement strategies and actions to maintain a positive balance on the Murray-Darling Basin Authority salinity register and ensure real-time management of River Murray salinity

Salinity is a significant issue for South Australia due to:

- Its location on the lower reach of the River Murray
- The natural geological structure of the Murray-Darling Basin in which the River Murray acts as a drain for salt out of the landscape
- The influence of human development in mobilising salt to the river
- The implications of salinity in terms of water quality for all uses (irrigation, environmental, critical human needs), including metropolitan Adelaide.

Salinity management therefore requires ongoing attention from South Australia, where the impacts occur largely through reduced water quality and degradation of the floodplains within the River Murray system.

South Australia is committed to managing salinity under the MDBA's Basin Salinity Management Strategy (BSMS). South Australia also recognises the importance of salinity management through actions and targets in key State- level strategies and plans including:

- *Water For Good* (Action 56): Maintain a positive balance on the MDBA's salinity register, and continue to implement strategies and actions to ensure the real-time management of salinity in the lower reaches of the River Murray so that water quality remains at levels suitable for human consumption
- South Australia's Strategic Plan Target T3.11: River Murray Salinity – South Australia maintains a positive balance on the MDBA's salinity register.

A salinity management program plan was developed in the first quarter of 2010–11 to cover major actions for the coming three years. Good progress has been made against the program milestones in the reporting period, as detailed below.

- South Australia's balance on the BSMS salinity registers remains in credit, following endorsement of the salinity registers by Murray-Darling Basin Ministerial Council on 26 May 2011
- Research, review, analysis and provision of advice on the water quality and salinity aspects of the Guide and proposed Basin Plan, as well as significant input to the science review of the Guide. Delivery of South Australia's obligations under Schedule B to the Murray-Darling Basin Agreement (annual report to the BSMS,

update of BSMS salinity registers entries and participation in the annual audit by the Independent Audit Group (IAG) – Salinity) with positive feedback from the auditors

- Active engagement with the MDBA to develop policy guidelines for accounting for salinity impacts of environmental watering
- Groundwater modelling to support annual update of entries on the BSMS salinity registers, including initiation of peer review of a number of South Australia's models with MDBA, enabling accreditation of the models and further update of BSMS salinity registers entries by November 2011
- Completion of a project quantifying the local risk of floodplain salinity to the River Murray. This identified specific mitigation strategies that could be driven by South Australia to ensure that water quality remains within target levels. It also enabled significant input to the MDBA project on the same issue (from a Basin perspective)
- Funding was secured from the MDBA to enable additional surface water monitoring of the recession of the recent high flow event. This information will improve insight to the salinity risk from various floodplains in the Riverland and enable the development of management strategies
- Implementation of key recommendations of the IAG December 2010 report was pursued; in particular, seeking opportunities to progress the Pike Salt Interception Scheme beyond Stage 1 (refer below)
- Completion of initial salinity assessment of proposed operation of the Chowilla environmental regulator (under construction). Further work is occurring to update the groundwater model to inform a more accurate salinity assessment.

Work commenced in 2010–11 for further progress in 2011–12 includes:

- Provision of further advice and input on the proposed Basin Plan's water quality and salinity management plan
- Revision of policy documents for the South Australian River Murray Salinity Zoning Policy to ensure the policy is consistent with the unbundled water licensing regime
- An annual water use report on River Murray irrigators to understand current patterns in irrigation water use and hence future salinity impacts
- A proposal for a cross-agency approach to the collection of crop data to support irrigation salinity assessments
- Discussion paper on land and water management planning to support future salinity management
- Development of a code of practice for irrigated agriculture aimed at improving irrigation efficiencies with the benefit of minimising salinity impacts of irrigation – a partnership project with the South Australian Murray-Darling Basin Natural Resources Management Board.

River Murray Salt Interception Schemes (SIS) were another important area of work this year. Salt interception is one of the key tools available for reducing salinity. A number of interception schemes have been constructed to intercept highly saline groundwater and transport it away from the River Murray for disposal into evaporation basins.

South Australia has seven operating schemes and an eighth under construction at Murtho in the Riverland. A ninth scheme at Pike River has also been identified and some works undertaken. Combined, the operating schemes intercept about 160,000 tonnes of salt per year and help to maintain the water quality of the River Murray. Works undertaken in 2010–11 include:

- Construction of the Murtho SIS continued with works expected to be completed in February 2012
- Construction of Pike SIS stage one completed
- Work was completed to ensure the long-term sustainability of the Noora Disposal Basin as the disposal location for intercepted saline groundwater from the Loxton, Bookpurnong, Murtho and Pike SIS
- The Loxton SIS is now operational and the salinity credits have been included on the MDBA BSMS salinity register
- Investigations were completed to determine the economic viability of extending the Woolpunda SIS and an approval submission will be presented to the MDBA for consideration in 2011–12.

Ensure the efficient operation of the River Murray, optimising outcomes for South Australia

Prolonged drought conditions from 2006 until mid-2010 highlighted the need to improve the management and operation of the River Murray in order to achieve the best environmental, economic and social outcomes for the State. In 2010–11 the department established the inter-agency South Australian River Murray Operations Coordinating Committee and South Australian River Murray Operations Working Group.

To facilitate these outcomes the Coordinating Committee and Working Group developed the first draft of South Australia's River Murray Operating Strategy in early 2011. This takes account of the key strategic environmental, economic and social outcomes for the River Murray in South Australia and identifies the strategic river operations needed to deliver these outcomes.

The Coordinating Committee and Working Group also developed the first iteration of South Australia's River Murray Annual Operating Plan for 2011–12. This will regularly be updated in response to water management activities and to account for changing resource conditions and environmental and consumptive demands. The plan, guided by the strategy, seeks to optimise the delivery of water resources to, and within, South Australia to:

- Accommodate the needs of all water users (within system constraints)
- Ensure that the requirements are fulfilled under the Murray-Darling Basin Agreement 2008 and the associated schedules (eg water sharing, trade and South Australia's storage right), the MDBA's River Murray System Annual Operating Plan and the Objectives and Outcomes Document for River Operations
- Provide a documented and transparent rationale for South Australia's River Murray operational decisions.

The department developed and forwarded South Australia's Deferred Water Storage and Delivery Plan for 2011–12 to the MDBA. This plan is the first to be sent to the authority under Schedule G of the Murray-Darling Basin Agreement 2008.

Significantly improved flow conditions in early 2010–11 enabled the barrages to be opened for the first time since 2006, allowing flow into the Coorong and through the Murray Mouth. As a result, Murray Mouth dredging operations ceased in December 2010 after continuous dredging since late 2002. An open Murray Mouth is now being naturally maintained. In addition, the wetlands that were actively disconnected from the main river channel to achieve water savings through the drought were all reconnected during this period.

In 2010–11, general water allocations (primarily for irrigation) reached 67 per cent plus carryover water, or a total allocation of 650 GL. From 1 July 2011 the water allocation for general purposes was 100 per cent – the first time since 2005–06. Water for critical human needs in 2011–12 was secured early in 2011–12.

Complete the Water Allocation Decision Framework for 2010–11 and 2011–12

The 2010–11 River Murray Water Allocation Decision Framework was developed to share and allocate the limited River Murray water resources received by South Australia during the recent protracted period of low water availability.

The framework was designed to optimise the allocation and use of River Murray water as it became available to South Australia. It supported the long-term sustainability and viability of South Australian communities reliant on the River Murray for critical human water needs, irrigation and industrial use.

The framework also provided water to mitigate and, where possible, arrest the further decline of environmentally significant sites along the River Murray, particularly Lake Alexandrina and Lake Albert. Providing additional water to the Lower Lakes assisted in mitigating the detrimental impacts that low water levels below Lock 1 at Blanchetown had on floodplains, riverbanks, levees and other structures.

The 2010–11 framework allocated water differently to previous frameworks by sharing water resource improvements between critical human water needs, general allocations (primarily irrigators) and the environment from the start of the water year. This ensured that the 201 GL

required for critical human water needs in 2011–12 was accumulated from improvements during 2010–11 and that the Government’s commitment to secure a 170 GL Lower Lakes environmental reserve for 2010–11 was achieved.

Due to significantly improved water resource conditions a water allocation decision framework is not required for 2011–12.

Undertake an estimation of the salt loads to the River Murray under future management and climate scenarios to support water allocation and management

River Murray modelling continued to be progressed, including further development of a flow and salt model to estimate salt loads under future management scenarios, working with eWater CRC to further develop and test the source rivers model, and River Murray modelling to support river operations and management.

Additionally, scenario modelling has been undertaken for the Loxton and Bookpurnong irrigation areas to assess the relative impact on salt loads to the river as a result of salt interception schemes, reduced irrigation due to drought and increased evapo-transpiration on the floodplain. This project is related to the River Murray modelling project, which assists in determining the flux of saline groundwater (salt loads) entering the River Murray.

Undertake a review of the science underpinning the proposed Murray-Darling Basin Plan

The Goyder science review of the Guide was commissioned by the State Government to review the implications for South Australia. The review was conducted by CSIRO as a member of the Goyder Institute, with staff from across the department working in close partnership with CSIRO throughout the project. Through peer-reviewed and critical scientific assessment, CSIRO assessed:

- Whether the environmental water requirements could be delivered under the three proposed Guide scenarios (3000 GL, 3500 GL and 4000 GL annual reductions in total Basin water use)
- Whether water quality and salinity targets could be met under the scenarios
- The socio-economic impacts of water reductions within South Australia under the proposed scenarios
- Optimal flow scenarios that could meet the South Australian Government’s environmental water requirements and the feasibility of delivering those flows.

The review delivered a number of key technical reports and a synthesis report that summarised the key findings and implications. Another result of the partnership approach was that departmental staff developed capacity and understanding of the key outcomes and findings from the science review as the project developed. The outcomes of the review have already had a tangible influence, providing important context and foundation to the ongoing negotiations between the MDBA and the department leading up to the release of the Basin Plan.

A diverse and sustainable portfolio of water sources

Produce a stormwater strategy

The *Stormwater Strategy: the Future of Stormwater Management* was developed by the department during the year with the Stormwater Management Authority, SA Water, the Adelaide and Mount Lofty Ranges Natural Resources Management Board, the Local Government Association and the Goyder Institute for Water Research. The strategy was publicly released on 5 July 2011. It provides a 'road map' for achieving the stormwater-related targets in *Water for Good*. Key components include:

- Developing an integrated blueprint for stormwater and wastewater for Greater Adelaide
- Transitioning Adelaide to a water sensitive city and acknowledging the need to manage urban water in an integrated way
- Achieving the Water for Good targets for stormwater harvesting, including the capacity to harvest 60 GL of water a year by 2050
- Addressing flood risk in existing and future developments
- Supporting appropriate research and encouraging innovation
- Allowing greater use of markets in stormwater management
- Providing leadership and an effective institutional framework for implementing the strategy.

The strategy also acknowledges the important role that water sensitive urban design can play in the future management of stormwater and with transitioning Adelaide to a water sensitive city. The strategy will guide the work of the Government for the next five years, after which it will be evaluated and updated as required.

Produce a Water for Good annual statement, including a review of the demand/supply balance for Greater Adelaide

The department is responsible for this function, including quarterly and annual reporting and five-yearly comprehensive reviews of *Water for Good*. Ongoing implementation of the plan's 94 actions is reported to the Water Security Council, the Minister for Water and the Department of the Premier and Cabinet.

The *Water for Good* Annual Statement 2010 was released by the Minister for Water on 23 November 2010. It reported on progress in implementing *Water for Good* and the demand and supply status of the Greater Adelaide region. The demand-supply assessment for Greater Adelaide in 2009–10 confirmed that no major demand or supply assumptions had changed and no new issues had arisen to warrant a review of the assumptions or the actions outlined in *Water for Good*.

The statement also included a progress report card, which uses the rating system used for South Australia's Strategic Plan to assess progress of the *Water for Good* actions. Six were

reported as achieved, 66 were on track, 18 within reach, two were unlikely, one was not achieved within the action timeframe, and one was assessed as not applicable (temporary weir at Pomanda Island).

Key progress implementing *Water for Good* includes:

- Construction of the \$1.83 billion Adelaide Desalination Plant is advanced, with completion of the 100 GL plant scheduled in late 2012
- Strong investment in stormwater projects to enable Greater Adelaide to exceed stormwater harvesting targets of 20 GL a year by 2013
- Progress on key wastewater projects, such as the \$76.25 million Glenelg to Adelaide Park Lands Recycled Water Project and the \$62.6 million Southern Urban Reuse Scheme, which is providing high quality recycled water to homes for fit for purpose use
- Implementation of a number of measures to educate the community and save water, such as the WaterWise Communities initiative and the H₂OME Rebate Scheme
- Investing in cutting-edge water research and innovation through the Goyder Institute
- The release in April 2011 of the Eyre Peninsula Demand and Supply Statement. Statements will be developed for all eight NRM regions by 2014
- The development of the Water Industry Bill, which was tabled in Parliament on 27 July 2011. The Bill proposes to appoint ESCOSA to licence and regulate prices for the water industry and improve customer and industry dispute resolution through an Ombudsman scheme.

The first comprehensive review of *Water for Good* will be undertaken in 2014.

Review and update stormwater management governance arrangements

Water for Good commits the Government to work with local government to review and update the governance of the Stormwater Management Authority (SMA) and the State-Local Government Stormwater Management Agreement.

The Stormwater Strategy highlights significant opportunities to reform the role and governance arrangements of the SMA to improve state and local government coordination of stormwater management and the administration of the Stormwater Management Fund.

The department is working with the Local Government Association to define possible future roles and arrangements for the SMA, with a focus on:

- Mechanisms for the SMA to play a more strategic coordination and leadership role
- A greater emphasis on stormwater infrastructure planning and the prioritisation of infrastructure projects across Adelaide
- Improving support arrangements and the availability of key skills to enable the SMA to fulfil its functions

- Leveraging additional funding opportunities for strategic infrastructure projects, including from the Australian Government and private parties
- Improving the legislative powers and provisions to support the timely delivery of stormwater management projects
- Improving membership and operational procedures in support of their functions.

New SMA arrangements will need to be part of a revised State – Local Government Stormwater Management Agreement.

Review the management arrangements for the protection of the Mt Lofty Ranges Watershed

The department has been working with the EPA through the Watershed Water Quality Improvement Plan steering committee to ensure that the progression of all *Water for Good* actions pertaining to the Mount Lofty Ranges Watershed occurs in an integrated fashion.

A draft vision and targets for the watershed have been developed by the department and will be progressed through the current steering committee arrangements. It is proposed that the vision and targets will be finalised for the consideration of the Water Security Council in early 2012.

Communities and industries valuing and using water wisely

Review of water-sensitive urban design (WSUD) approaches with the view to them being mandatory by 2013

Water-sensitive urban design is an approach to urban planning and design that integrates the management of the total water cycle into the land use and development process.

The department has been working with other agencies, key stakeholder groups and the Goyder Institute to develop a policy framework for accelerating the introduction of water sensitive urban design across the State. The framework will set targets for WSUD that are applicable to various developments and detail the role the Government will play to facilitate the adoption of WSUD technologies and practices, including its integration into the South Australian planning system.

Develop an awards program, including a Premier's award, to recognise the achievements of communities, individuals, schools, businesses, industry and government

Action 33 of *Water for Good* involves the development of an awards program to recognise achievements in water use and innovation. This is linked with Action 39, which aims to expand water education to raise South Australians' awareness of key water issues.

A project business plan found that the sponsorship of awards through other organisations' existing programs was more likely to target communities, individuals, schools, businesses, industry and government effectively by building on the profile of peak body awards.

To date the *Water for Good* awards program has committed to and sponsored:

- The Excellence in Water Security Award at the Local Government Managers Australia 2010 Leadership Excellence Awards
- The Australian Water Association's Premier's Water Medal from 2011 to 2013
- The KESAB Sustainable Communities Awards and the Water for Good Excellence Awards for schools and community groups
- The Innovation Award at the 2011 Water Industry Alliance annual awards ceremony
- The Excellence in Infrastructure Award at the Stormwater Industry Association's 2011 South Australian awards.

Communities able to respond to drought and be prepared for flood

Implement the Riverbank Collapse Hazard Plan

Riverbank collapse hazard has been managed within the department for more than 18 months. During 2010–11 the team conducted a re-evaluation of its work activities in the context of widespread changes to River Murray conditions. Above-average rainfall and inflows to the Murray-Darling Basin resulted in daily flows varying in the lower Murray between zero and 93,000 ML during this time.

The program's main responsibility is to co-ordinate South Australia's preparedness to respond and recover from riverbank instability in the lower reaches of the river from Blanchetown to Wellington. This work has been backed up by numerous investigations, risk assessments and ongoing monitoring efforts at affected sites.

The review process into riverbank collapse involved the creation of an international expert panel which met in October 2010 and February 2011. This group brought together risk management or geotechnical academics and practitioners from all over the world, including Professor David Petley of Durham University in the United Kingdom. The panel advised that, while the restoration of near-normal water levels was beneficial for riverbank stability, the damage done during the many years of drought and low water levels would continue to be present indefinitely.

Much of the damage is a one-way process of compaction, shrinkage, cracking and slumping. These sites will not naturally repair, so risk assessment studies take these factors into consideration. Mitigation activities have focused on the prevention of accidents, injuries or losses using site-closure, fencing and signage techniques.

Several sites remained closed, including parts of Caloote Landing, Riverfront Road at Murray Bridge and East Front Road at Mannum, because of risks to the public. East Front Road continues to deteriorate and recent collapses along this road supported the decision to close it at Easter 2010. Some sites were re-opened this year following re-appraisal of the risks, notably Ngaut Ngaut Conservation Park and Dickson Reserve at Tailem Bend.

During 2011–12 the program will continue to co-ordinate monitoring and mitigation at a variety of sites. A challenge is to find consistent evidence of stability at as many sites as possible, but where movement is still recorded fences and signs will need to stay in place until adequate longer-term plans can be developed in conjunction with landholders.

Mitigation efforts include communications to maintain public awareness of the risks at affected sites or to provide information on specific site activities. In addition, work safety training has been provided to organisations or individuals employed in jobs near the river. The program works closely with officers from South Australia's emergency services, in particular police, who have responsibility for coordinating any emergency responses to riverbank collapse.

Finalise the business plan for upgrading of Patawalonga Basin infrastructure

In June 2010 the Patawalonga Lake System (PLS) Infrastructure Maintenance and Operations Project Business Case identified that various works were required.

Monitoring indicated that remediation works were a priority before the 2011 winter stormwater flows. The department allocated \$990,000 in the 2010–11 budget to immediately repair a scour hole adjacent to the Northern Gates. That work was completed in April 2011.

A stability assessment of the Glenelg Gates has been undertaken by GHD Pty Ltd. The report concluded that the superstructure of the gates is showing significant deterioration due to the age of the structure and exposure to the elements. Funding has been allocated in 2011–12 and 2012–13 to undertake these works.

Complete the South Australian Flood Hazard Plan

The interstate floods and recent South Australian high flow event have resulted in a state-wide review of flood management.

Late in 2010–11 the department formed a flood inquiries taskforce, which will review and report to the Government on the Victorian and Queensland flood inquiries. These inquiries are expected to lead to reforms of flood management in South Australia.

The department is also leading a review into River Murray preparedness in consultation with State Government agencies and River Murray councils to ensure that lessons from the recent high flow event are incorporated into the management of future high flows and floods. A library of inundation mapping up to 1956 flood levels is also being prepared to aid future flood planning efforts. This work is expected to be completed by September 2011.

As a result of these activities and the flood risk assessment work described below, the Flood Hazard Plan has been postponed until late in 2011–12, when the underlying policy directions and risk-based priorities will be progressed.

Explore the need for dam safety legislation

Dam safety risk assessments form part of the exploration of the need for dam safety legislation. This work will be progressed in 2011–12.

Undertake a state-wide flood risk assessment to inform the State Emergency Risk Assessment System (SERAS) for the State Emergency Management Committee

As part of the implementation plan for the National Strategy for Disaster Resilience approved by COAG in February 2011, South Australia has committed to prepare emergency risk assessments for key State hazards by December 2011. The State Emergency Management Committee has endorsed this timeline within the State Emergency Risk Assessment System. The department has been undertaking flood risk assessment for the high flood risk areas of South Australia, in consultation with all relevant stakeholders. During 2010–11, risk assessments for the Gawler River and the ‘numbered creeks’ (First to Fifth Creeks) were completed. Similar studies for the Port River catchments of Western Adelaide and the South Australian River Murray have commenced. During 2011–12 these two studies and additional assessments of flood risk in the Patawalonga catchment and dam safety will be conducted.

WATER FOR OUR ENVIRONMENT

Surface water and groundwater resources being used sustainably

Implementation of the River Murray Water Allocation Plan, the *Natural Resource Management Act 2004* and the *River Murray Act 2003* continued as a significant program of work in 2010–11 to ensure security of water rights for River Murray water users under restricted allocations, and that transfer of these rights, where appropriate, occurred efficiently.

Unbundled water rights along the River Murray in South Australia, together with improved inter-jurisdictional trade processes ('interoperability'), presents a simpler, faster administrative process to trade water allocations.

Programs associated with the administration of the River Murray salinity zoning policy and support of South Australia's Murray-Darling Basin salinity reporting obligations, ensuring that effective water allocation transfers, water use monitoring and reporting, and implementation of South Australia's metered water use policy continued as a primary focus.

Allocations to irrigators come from the 1850 GL entitlement flow that South Australia is entitled to receive under the current Murray-Darling Basin Agreement. Of that total, all consumptive pool entitlement holders such as irrigators and other water users receive a total maximum of 650 GL in any one year, which is the equivalent of 100 per cent of what is available for allocation. In October 2010 the volume of water that could be allocated against these entitlements was increased to 67 per cent. The increase relatively early in the year, together with 228 GL of unused allocation carried over from 2009–10, took South Australia to its 650 GL cap under the River Murray Water Allocation Plan.

A summary of water allocation transfer activity to date in 2010–11 in comparison with 2008–09 and 2009–10 is detailed in the table below:

	2008-09		2009-10		2010-2011	
	No.	Volume (GL)	No.	Volume (GL)	No.	Volume (GL)
Trade into SA						
NSW	2262	317.4	434	210.2	75	191.0
VIC	300	22.5	478	64.4	38	213.0
Trade from SA						
NSW	10	0.3	24	4.2	27	16.8
VIC	63	4.7	71	17.8	214	316.9
Trade within SA						
Temporary	789	409.61	491	223.7	359	143.4

A summary of water entitlement transfer activity in 2010–11 and comparison with 2008–09 and 2009-10 is detailed in the table below.

	2008-09		2009-10		2010-11	
	No.	Volume (GL)	No.	Unit Shares	No.	Unit Shares
Entitlement Trade						
Permanent	233	49.9	472	84,182,012	278	30,439,635
Temporary*	789	409.61	21	1,020, 880	12	1,831,340

*Temporary entitlement trade statistic is the same as the allocation trade statistic as licences were still bundled in 2008-09 and delineation cannot be made between allocation trade and temporary entitlement trade.

Establish an Environmental Water Reserve

Environmental water is essential to maintain the health of the river, its wetlands and estuarine ecosystems. Action 86 in *Water for Good* requires the establishment of a statutory South Australian Environmental Water Reserve, through amendments to the *Natural Resources Management Act 2004*. This is being progressed through the current Act's review process.

Establishment of associated state-wide environmental water management arrangements are being progressed through improved administrative arrangements in the department.

The department's environmental water management function was established when the previous South Australian River Murray Environmental Manager function transferred from the South Australian Murray-Darling Basin Natural Resources Management Board into the department's Murray-Darling Basin division in 2010. The function includes leadership and strategic direction in environmental water management in the South Australian Murray-Darling Basin.

Determine the environmental water requirements for key River Murray sites in South Australia and develop a strategic framework for environmental water management

In 2010–11 determination of environmental water requirements for River Murray ecosystems in South Australia was a priority for the department. This included a comprehensive, evidence-based assessment of the water needs of the River Murray ecosystems in South Australia. The results of this work are informing the State's input to the proposed Basin Plan process and water allocation planning for the River Murray Prescribed Watercourse.

Environmental watering involves the provision of water to support key environmental assets and functions to provide ecological benefit and contribute to a healthy working river. It ensures that important environmental values of the South Australian River Murray, its wetlands and floodplains, Lakes Alexandrina and Albert, and the Coorong are maintained.

A strategic environmental watering framework is being developed that outlines objectives and targets for managing environmental water under different water availability scenarios. The framework is underpinned by the following key principles:

- Implement a consistent approach – develop a consistent and robust approach to delivering water to priority sites
- Base decisions on robust, defensible science – ensure that all management actions are justified by the best available scientific information
- Establish resource condition – identify and document current condition of water resources to provide a baseline for future management
- Optimise management – optimise the management and use of environmental water resources to deliver the best possible ecological outcomes
- Implement adaptive management – monitor environmental water resources and outcomes to enable an adaptive management regime to be implemented which responds to changes in water resource conditions.

The environmental watering framework will provide overarching guidance for the development of annual environmental watering priorities, which will form the basis of water bids to The Living Murray and Commonwealth Environmental Water Holder. During 2011–12 this framework will be further developed and refined based on the outcomes from recent watering events.

The department continues to work with the Commonwealth Environmental Water Holder and the MDBA to inform whole-of-Basin environmental water management arrangements and to optimise South Australia's environmental water needs.

***Implement new/amended Water Allocation Plans for the Barossa, Tatiara, Lower Limestone Coast, Tintinara Coonalpyn, Marne Saunders, River Murray, Western Mount Lofty Ranges and Eastern Mount Lofty Ranges Prescribed Water Resources;
Ensure allocations are maintained at sustainable limits in the Baroota, Kangaroo Flat, Tatiara and Tintinara Coonalpyn Prescribed Water Resources***

The water allocation plan for the Peake, Roby and Sherlock Prescribed Wells Area was adopted in January 2011. A draft amended water allocation plan for Tintinara Coonalpyn has been completed and consultation began late in 2010–11.

A draft amended water allocation plan for the Mallee was completed. Consultation has been completed and the plan has been forwarded to the Minister for consideration for adoption. A draft water allocation plan for the Western Mount Lofty Ranges was completed and consultation was undertaken in mid 2010–11. The Adelaide and Mount Lofty Ranges NRM Board is reviewing submissions received. A draft water allocation plan for the Eastern Mount Lofty Ranges was completed and consultation commenced in May 2011.

Support was provided to the Eyre Peninsula NRM Board in the drafting of a new water allocation plan for the Musgrave and Southern Basins Prescribed Wells Areas and to the Adelaide and Mount Lofty Ranges NRM Board in the drafting of a new water allocation plan which covers the Northern Adelaide Plains and Central Adelaide Prescribed Wells Areas.

All licences have now been volumetrically converted in the Barossa and extensive consultation has benefited the process.

The draft Western and Eastern Mt Lofty Ranges water allocation plans have undergone extensive consultation processes which have been supported by the department, which has also developed processes to allocate water to existing users of these resources. The department will begin the formal consultation phase around existing user reasonable requirements during 2011–12. A staged release of licences is expected to commence from the date of the adoption of the water allocation plan.

The process for issuing licences to existing users in the Kangaroo Flat area was finalised and licences were expected to be issued by the end of July 2011. Work was also undertaken on determining allocations to existing users in the Baroota area. The volumes expected to be allocated will provide for current levels of development.

Initiate negotiations with Victoria to review the Border Groundwaters Agreement

Discussions continued through the year on the scope and program for a review of the Border Groundwaters Agreement. A key focus of the review is to bring the agreement into line with contemporary water policy, and in particular with the requirements of the National Water Initiative. South Australia continues to lead the nation in water policy development in areas such as volumetric conversion of allocations and accounting for the impacts of forestry on water resources. Such a strong policy position will help to influence the basis of a reviewed agreement.

Progress the development of the South East Water Strategy

A draft strategy was prepared to coordinate all water management in the region. It has provided valuable guidance to the South East Water Science Review, development of the South East environment program and the budget bid which was successful in attracting \$5.4 million for 2011–12 to improve the long-term operation and management of the South East drains and floodways to achieve improved social, environmental and economic outcomes.

Water-dependent ecosystems are protected and can adapt to climate change

Facilitate the successful implementation of the Coorong and Lower Lakes Long-Term Plan

During the year the department supported the Department of Environment and Natural Resources (DENR) in progressing the plan. Key activities included the finalisation of the Australian Government's due diligence assessment, commencement of negotiations with the

Australian Government on the development of a project schedule and continuing on-ground works to support the health of this Ramsar-listed wetland.

Facilitate the successful implementation of the Coorong Connect Drainage System

The department and DENR continued to work on a project that proposes to divert water that currently drains from the South East catchment to the ocean, into the south lagoon of the Coorong. The focus was on investigations and assessments that were required in order for the project advisory group to make a recommendation to the Minister on the preferred alignment for the project. The recommendation will be based on the following criteria: volume delivered to the Coorong, cost, the impact on the SE community, traditional owners' views and perspectives and the impact on the South East environment.

A recommendation on the preferred alignment is expected in September 2011 and the project will then progress to the concept design stage.

Develop environmental water bids to the Living Murray and Commonwealth Environmental Water Holder and implement watering projects at priority sites

Delivery of environmental water plays a vital role in supporting the future health of South Australia's River Murray and its floodplains and wetlands. Over the past five years environmental watering has ensured the maintenance of drought refuges, prevented the loss of species and habitat and enabled re-colonisation and re-establishment of species and ecosystem functions when higher flows returned. The environmental watering undertaken in the years prior to 2010–11, although limited in scale, has provided an important foundation for the recovery process.

Environmental water bids for 2010–11 were developed and submitted to the MDBA's The Living Murray Program (TLM) and the Commonwealth Environmental Water Holder (CEWH). These proposals were based upon a site selection and prioritisation process undertaken in late 2009–10, prior to the drought breaking. A workshop with ecologists and wetland managers identified priority assets for watering. The criteria used to prioritise 2010–11 watering sites built on the knowledge, experience and monitoring information from previous watering actions.

The department worked closely with other South Australian Government agencies, including the South Australian Murray-Darling Basin Natural Resources Management Board, DENR, the CEWH and community organisations to support actions to deliver environmental water to priority sites. Input was also sought from various non-government organisations such as Local Action Planning associations, community trusts and landholders.

As 2010–11 progressed, flows in South Australia reached levels not seen since the early 1990s, resulting in the natural reconnection of the floodplain and wetlands to the main river channel. With the return of high flows the importance of the previous environmental watering effort to provide drought refuge and preserve species and habitat was reinforced. The improving river conditions required revision of the environmental watering program with

priorities changing as higher flows resulted in floodplain inundation and the natural filling of many wetlands.

During 2010–11 South Australia received 305,511 ML of environmental water for River Murray wetlands, floodplains and Lower Lakes. This included water received from the following sources:

- The MDBA TLM Program (157,347 ML) which consisted of 137 ML delivered to wetlands within the Chowilla floodplain and 157,210 delivered to the Lower Lakes
- The Commonwealth Environmental Water Holder (139,191 ML) which consisted of 154 ML for Carpark Lagoons on the Katarapko floodplain and 139,037 ML delivered to the Lower Lakes
- Private donations of 100 ML for watering priority wetland sites on the Pike Floodplain
- 8873 ML of return flows resulting from upstream environmental watering actions.

About 92 GL was delivered into Lake Alexandrina and Lake Albert from the SA environmental reserve for the Lower Lakes. South Australia also received significant volumes of unregulated flow that inundated many of the South Australian River Murray wetlands and some parts of the floodplain. The majority went to the Lower Lakes, Coorong and Murray Mouth icon site.

Environmental water provided during 2010–11 was used to enhance the natural high flow event. Additional environmental water increased the volumes released through the barrages from Lake Alexandrina to the Murray Mouth and Coorong estuary, thereby increasing connectivity, increasing the estuarine area and decreasing salinity levels in the Coorong. It also provided the opportunity for continued barrage fishway releases through winter of 2011, a critical time for the adult female congolli to move from Lake Alexandrina to the estuary and ocean to breed.

During early 2011 extensive work was undertaken on the development of environmental water proposals to the CEWH and TLM for proposed watering activities in 2011–12. These bids were submitted in May 2011 for the coming year. The focus of the next round of proposed environmental watering actions is to build on and consolidate the benefits of the 2010–11 high flows.

With increasing volumes of environmental water holdings available, the work of allocating, managing and delivering environmental water from the various sources is becoming increasingly complex. The department, in collaboration with a range of stakeholders, continues to put significant effort into the preparation of detailed watering proposals underpinned by robust science and monitoring. In addition to the development and implementation of watering actions, the department will continue to monitor and adapt to

emerging river conditions to ensure that available environmental water is used efficiently and effectively.

Complete the Riverine Recovery Plan 'Towards a new Functional River' as the next-generation River Murray Environmental Flows Strategy

The Riverine Recovery Project is one component of Murray Futures, South Australia's priority program funded by the Australian Government's Water for the Future initiative.

The project aims to achieve long-term improvements in the health of the riverine environment between Wellington and the South Australian border. It takes a holistic approach to river management that can be scaled according to the volume of water available, with the aim of re-establishing a resilient and functional ecosystem. It is one of the first of its type aimed at improving the efficiency of environmental water use and re-allocating these water savings for the benefit of the environment.

During 2010–11 the department secured \$86.7 million in funding following a comprehensive due diligence assessment of the business case submitted to the Commonwealth Department of Sustainability, Environment, Water, Population and Communities. The business case detailed a range of projects to be undertaken as part of the Riverine Recovery Project. This funding is in addition to \$9.2 million announced by the Australian and State Governments in March 2011 for the Riverine Recovery Project early on-ground works activities.

The Riverine Recovery Project includes:

- Major works to restore the health of the Pike and Katarapko floodplains. This will enhance environmental flows, encourage fish passage and habitat and enable connectivity of the floodplain and the river channel
- New infrastructure and investigations to improve wetland health by re-introducing more natural wetting and drying cycles
- Investigating opportunities for enhanced river operations through flow and weir pool manipulation to ensure optimal use of available water resources
- Information management to support decision making including monitoring various indicators of wetlands and floodplain health such as fauna, vegetation and water quality. This information will be used to track the results of project activities and inform the management of environmental water.

The project will contribute to more efficient and effective use of environmental water and deliver up to 15 GL of water savings to the Commonwealth Environmental Water Holder to help protect and restore environmental assets along the length of the River Murray. Riverine recovery will also contribute to improved ecological outcomes at key South Australian floodplains and wetlands. The project will be an important input to the Strategic Environmental Water Management Framework being developed by the department's environmental water management team during 2011–12.

Construct the Chowilla environmental regulator

The Chowilla floodplain is one of six icon sites under the MDBA's The Living Murray initiative. Other sites that are within or partly within South Australia are the Coorong, Lower Lakes and Murray Mouth icon site and the River Murray Channel icon site. These areas are identified as icon sites in recognition of their ecological, cultural and international significance.

The Chowilla floodplain contains wetlands and flowing waterways in a semi-arid environment and is recognised for its great diversity of both terrestrial and aquatic habitats which support populations of rare, endangered and nationally listed species and sites of Aboriginal and European cultural significance.

The ecological health of the floodplain has been in decline due to reduced flooding frequencies and durations. These threats have led to the death of long-lived vegetation, increasing soil salinity and a decline in floodplain fauna and flora. In particular, there has been extensive decline in the health of river red gum (*Eucalyptus camaldulensis*) and black box (*E. largiflorens*) woodlands. While the high flows experienced in 2010–11 (which inundated approximately 65 per cent of the floodplain) have provided relief, it is anticipated that ecological decline will continue in the absence of increased environmental flows.

Environmental watering projects have been underway on the Chowilla floodplain since 2004. These projects have provided water to 28 sites, with many being watered three or four times. The return of high river flows during 2010–11 meant these and other sites across the floodplain received water naturally for the first time in more than a decade.

The Chowilla Environmental Water Management Plan was reviewed and updated during the year. It identifies and discusses the works and measures required at the Chowilla icon site to achieve the following objectives:

- High value wetlands maintained
- Current area of river red gum maintained
- At least 20 per cent of the original area of black box vegetation maintained.

The plan describes the need for new engineering works and changes to existing structures on Chowilla that will enable the watering of thousands of hectares of floodplain and wetland, even under relatively low inflow conditions. In January 2010 work began on construction of an environmental regulator on Chowilla Creek and a number of ancillary structures.

As a result of high flows to South Australia during 2010–11, construction work ceased at the Chowilla regulator and ancillary structures sites in October 2010. The earliest expected recommencement date is November 2011, assuming flows remain below 20,000 ML/day. Once work recommences a further 18 months of construction activity will be required at Chowilla to complete the program of works.

When complete, the operation of these structures will enable inundation of up to one-third of the Chowilla floodplain under low flow conditions. This will help achieve the ecological objectives and preserve the values of the site.

The ecological benefits associated with operation of the Chowilla Creek environmental regulator include widespread improvement in vegetation condition, establishment of new floodplain and wetland plant communities, enhanced regional biodiversity, increased zooplankton abundance, additional habitat for small and medium-bodied native fish, freshening of groundwater systems, improved soil condition, rejuvenation of existing wetland habitats, increased habitat and breeding opportunities for water birds and frogs and greater river-floodplain connectivity.

In addition to the construction work, a range of other activities are in progress at Chowilla. Numerous ecological investigations have been undertaken by leading River Murray ecologists to identify benefits, impacts and risks associated with operation of the Chowilla Creek regulator and to ensure comprehensive operating, monitoring and risk management plans are developed. Consultation and communication activities also continued throughout 2010–11, with regular tours, media and presentations occurring. These activities are fundamental to delivering the Chowilla icon site objectives.

Finalise funding deed arrangements with the Commonwealth Government for the Coorong Lower Lakes and Murray Mouth Long-Term Plan

The Coorong, Lower Lakes and Murray Mouth project aims to ensure a healthy and sustainable future for the region. To be delivered over five years, it includes a vegetation and fish program, significant investment in infrastructure, following a feasibility assessment, to reduce salinity levels in the Coorong's south lagoon and a program to build capacity in the region by supporting the Ngarrindjeri to use their long-term knowledge and traditions to contribute to the restoration of the region.

This project is being delivered in partnership with the Department of Environment and Natural Resources. The Commonwealth completed due diligence on the project business case and has committed up to \$118 million in funding. The Commonwealth and State are negotiating the details of the project schedule.

Develop a framework to monitor and evaluate the effectiveness of environmental water requirements and provisions, as well as report and account for environmental water to underpin best practice environmental water allocation and management

The aim of this project is to provide a rigorous and consistent set of principles and guidelines by which to assess the effectiveness of environmental water requirements (EWR) and environmental water provisions (EWP). These principles will provide guidance on how to monitor and evaluate whether the environmental water provisions (defined through water sharing arrangements such as Water Allocation Plans) achieve the intended outcomes.

The focus of this work is on the monitoring, evaluation and reporting structures needed to create transparency and accountability for EWR and EWP. It is also aimed at improving the science and the assumptions that underpin the EWR and EWP.

The project is still in a scoping stage, ensuring appropriate connection is made with other relevant projects and initiatives. However, support and advice has been provided to a number of NRM boards and other DFW staff on the design and implementation of monitoring programs to facilitate effective evaluation of EWR and EWP. The framework will continue to be developed over the next 12 months.

Develop a tool to identify and classify water-dependent ecosystems (WDE) as well as assess potential risks to WDEs from water requirements, development and climate change

This project has developed a methodology that will significantly contribute to the State's ability to take a risk-based approach to water resource planning and management. This state-wide tool captures our current understanding of whether particular ecosystems are dependent on either groundwater resources or surface water resources, or a combination of both.

It also gives an indication of which ecosystems within the State are likely to be at risk from water resource development and identifies priority regions where we could improve our current knowledge and understanding. This tool has already been applied to a number of key initiatives and core functions within the department, including statutory assessments and an assessment of risks to water dependent ecosystems under a number of future climate scenarios.

This project has also significantly contributed to a National Water Commission project to develop a National Atlas of Groundwater Dependent Ecosystems.

WATER FOR OUR ECONOMY

Competitive and innovative water markets

Introduce new water industry legislation

One of the *Water for Good* actions is the introduction of a single water industry Act. Once passed, the legislation will represent a part of the biggest overhaul of water industry legislation in South Australia's history. It will repeal the outmoded *Waterworks Act 1932*, *Water Conservation Act 1936* and *Sewerage Act 1929* and create a single piece of legislation so South Australia can take an integrated approach to the water industry for the first time. An exposure draft of the Water Industry Bill was tabled in Parliament in November 2010 to enable further consultation to occur.

The Bill seeks to appoint the Essential Services Commission of South Australia (ESCOSA) as the independent regulator for urban and regional water and sewerage services, giving ESCOSA the power to regulate prices and standards for water and sewerage services. The legislation will also allow for an independent Water Industry Ombudsman, along with a Consumer Advisory Committee to ensure customers' complaints are investigated.

The consultation period for the exposure draft closed on 18 January 2011 and 36 submissions were received. During the consultation period a number of workshops and meetings were held with a broad range of stakeholders, including industry participants and local government.

Having considered feedback and stakeholder submissions, the Government has produced a Bill that balances local industry's need for a more level playing field with the community's need for water service delivery that is safe, reliable, affordable and environmentally sustainable. The Bill was planned to be introduced into Parliament during July 2011.

Water facilitating increased productivity and economic growth

Commence the FLOWS (Facilitating Long-term Outback Water Supplies) project to support sustainable mining development

This project is an initiative by the department to assess the extent and capacity of potential sources of groundwater in the Far North of the State to help underpin mining, energy and industry development and regional water security.

The initiative will analyse existing knowledge and generate new information on the groundwater resources of the Far North and any critical environmental, cultural and heritage values that would need to be considered in the use of these resources.

In addition, the Goyder Institute has been commissioned to address a number of the key knowledge gaps to enable the progression of the overall FLOWS initiative. The Goyder Institute Board has approved a two-year, Stage 1 project worth \$3.05 million.

Review the operation of the Special Water Licence under the Roxby Downs Indenture

A review of the operation of the Special Water Licence under the Roxby Downs Indenture was undertaken and options for wellfield management were prepared for the Olympic Dam Taskforce negotiations with BHP Billiton as part of the revisions to the Roxby Downs Indenture for the proposed mine expansion.

CSIRO was engaged by the department to undertake the independent review of the management and monitoring of the BHP Billiton's wellfields in the Great Artesian Basin. BHP Billiton accepted the report and is undertaking further analysis and measures in response to the report's recommendations.

Assess water-related impacts associated with the Supplementary EIS for the proposed Olympic Dam expansion and provide advice to the Olympic Dam Task Force

An assessment of water-related impacts associated with the supplementary Environmental Impact Statement for the proposed Olympic Dam mining expansion was undertaken and a response was provided to the Olympic Dam Task Force. The assessment and recommendations by the department will form part of the South Australian Government's response to the SEIS and the setting of conditions of development approval for the mine expansion if it is approved.

Complete the Upper South East Dryland Salinity and Flood Management Program and the Reflows Program

The Upper South East Dryland Salinity and Flood Management (USE) Program, funded from the National Action Plan for Salinity and Water Quality and the Australian Government Water Fund, was finalised within budget on 30 June 2011. Final reports and audited financial statements will be compiled in 2011–12. The USE Program Board held its final meeting on 24 June 2011.

Phase three of the USE Program met its obligations with all agreed outputs delivered. The *Upper South East Dryland Salinity and Flood Management (Extension of Project) Amendment Act 2009* has a sunset clause of 19 December 2012 which provides the legislative basis for the compensation elements, any compliance and the release of a drainage network management strategy.

Key achievements included:

- Construction of more than 704.5 km of drains and floodways
- Development of the biodiversity offset scheme and the establishment of nearly 18,000 hectares of management agreements to protect the ecological assets of the region.

- Development of the Adaptive Management Scheme
- Salt land agronomy
- Reverse of the decline of 40,000 ha of wetlands and native vegetation.

The South Australian Government has allocated an additional \$5.4 million in 2011–2012 for the establishment of an integrated South East drainage and flood management program. Elements of this funding package include an Upper South East maintenance program, continued investment in improving adaptive management and investigations for the long-term health of wetlands and species. This funding will also enable the proposed South Eastern Drainage and Management Board to be established and appropriately resourced, as well as the necessary investigations required to establish a levy to support an effective drainage system into the future.

It is anticipated that the draft South East Drainage System Operations and Management Bill would be introduced into Parliament in 2011–12. This Bill will assist in the future operation, management and maintenance of both the Upper South East and Lower South East drainage systems.

WATER REFORM

Leading in national water reform

Review the water allocation planning process

The Water Planning and Management division of the department is leading a program of reform designed to improve the water planning process and reforms to the systems and process used to manage water licensing.

The reform program has a number of key projects, some of which began in 2010–11. Projects have commenced to consider the specific roles and responsibilities of key partners in the water planning process. In addition, a project focused on identifying key state-wide policies required to support water allocation planning has commenced. These projects are supported by the Water Planning Taskforce, which was established in late 2010 and whose members represent both the department and Natural Resources Management boards.

In relation to systems reform, the department has committed to, and has begun implementing, the National Compliance and Enforcement Framework (NCEF) in relation to compliance-related responsibilities. The NCEF is a five-year project, with staged implementation designed to move the department's compliance strategies to a nationally consistent and more risk-based approach. In addition, the commissioning of the online forms project has seen the establishment of a pilot form delivered with the expectation that over coming months a number of other forms will be migrated to the online environment. The pilot form is the well driller's permit, of which approximately 3500 are received each year and for which there are eight manual variations. This form has now been condensed into one online form with a view to significantly reducing the burden on applicants as well as improving processing efficiency within the department.

Incorporation of forest water requirements into the water allocation planning process

Implementation of the state-wide policy framework, Managing the Water Resource Impacts of Plantation Forests, released by the State Government in 2009, progressed through the Natural Resources Management (Commercial Forests) Amendment Bill.

The Bill was introduced into Parliament on 24 November 2010 by the Minister for Environment and Conservation, with debate deferred until later in 2011. It included two legislative tools to manage forest water impacts (forest water licences and an expanded forest permit system) in the *Natural Resources Management Act 2004*. Several changes were made to respond to feedback provided by the forestry and agricultural industries during consultation on the previous version of the Bill that was introduced in 2009.

The Lower Limestone Coast Water Allocation Plan Taskforce, established in early 2010 and convened by the department and PIRSA, continued to meet throughout 2010–11 reviewing science and developing policy to inform the new Lower Limestone Coast Water Allocation

Plan. The taskforce prepared a draft policy issues discussion paper designed to serve three broad purposes; provide high-level policy guidance for the Lower Limestone Coast Water Allocation Plan, provide policy and operational details on how forest water licences or an improved permit system would operate and serve as a starting point for further discussions on how to manage localised areas of over-allocation and/or over use of water resources in the region.

A Stakeholder Reference Group, which includes representatives from peak industry bodies from the forestry, wine, dairy, potato and dryland farming industries, has met several times since September 2010 and has made a significant contribution to the draft discussion paper developed by the taskforce.

To inform the discussion paper, the taskforce has also overseen the development of:

- The South East Water Science Review managed by the University of Adelaide and incorporating scientific input from relevant leading authorities. It is one of the most comprehensive studies focused on the hydrology, hydrogeology, ecology and land use capability in the region ever undertaken
- A groundwater model by Aquaterra for the Wattle Range area of the Lower Limestone Coast, to predict groundwater responses under various forest management scenarios
- A South East regional profile developed by PIRSA that outlines the relative economic contribution of various industry sectors and their likely growth prospects in the future.

The taskforce, with input from the reference group, is considering feedback received during a four-week public consultation on the discussion paper that closed on 20 April 2011. A revised policy paper will be produced which recognises this input.

Rollout of the Water Planning and Management Cost Allocation (WPM) System

As part of its implementation of the National Water Initiative and Action 81 in *Water for Good*, the department has begun a process to identify and recover its water planning and management costs. In 2010–11 it engaged independent experts to determine an indicative level of eligible water planning and management costs incurred by the department. A model was prepared that mapped these costs against water users in a transparent manner. *Water for Good* committed the Government to starting the process of cost recovery from 2011–12. For 2011–12, there is only one new cost recovery initiative, which will affect SA Water. Work is continuing on a set of arrangements by which additional water planning and management costs can be recovered from other water users in future years.

Modern legislation and policies to support the efficient and effective delivery of water and wastewater services

Introduce legislation to establish a new drainage infrastructure management authority for drain and floodway assets in the South East

The South East Drainage System Operation and Management Bill is being developed to manage and maintain both the Upper and Lower South East drainage systems, comprising approximately 2583 kilometres of drains and 1980 kilometres of structures including bridges, culverts, inlets, sea outlet structures and regulators. The proposed legislation will address drainage, salinity and flooding issues in the region, benefiting not only the region's valuable wetlands and environmental assets, but also helping to further improve agricultural productivity.

Achievements this year included completion of public consultation on the draft South East Drainage System Operation and Management Bill and revision of the South East Drainage System Operation and Management Bill in light of comments received during public consultation.

Formalise the working relationship with SA Water

In the context of the new Water Industry Bill, the department has been working with SA Water to establish a Memorandum of Understanding that will drive how the two agencies work together and support each other in the management of the State's water resources.

Water pricing that reflects the true value of water

Commence development of a state-based third party access regime in conjunction with the Department of Treasury and Finance

The Water Industry Bill commits the Government to publishing a report regarding third-party access to water and sewerage infrastructure one month after the commencement of this section. The report will include, among other things, details of the various options for third-party access, the procedures for seeking access, access pricing principles and the ability to maintain health and environmental standards.

The department will support the Department of Treasury and Finance in the development of the state-based third-party access regime.

Modern water licensing, compliance and enforcement regime

Undertake water management system reform including:

- ***Implementation of the Centralised Accounts Receivable System (CARS)***
- ***Participation in the development of a common registry system for water licensing***

The Centralised Accounts Receivable System (CARS) is an information technology asset that provides a data exchange between multiple financial systems. It also delivers a customer relationship management interface enabling a customer view of transactions which is unable

to be achieved in the Water Information and Licensing Management Application (WILMA). CARS was developed and implemented to build capacity within departmental systems to more effectively manage accounts receivable transactions associated with water licensing business. The system was introduced in September 2010 and was populated with transitioned data from over 10 years for almost 100,000 transactions totalling approximately \$250 million.

A post-implementation review of CARS identified some further enhancements in functionality and capacity to deliver a more effective service. Ongoing operation of WILMA and CARS requires the provision of hosting and application maintenance services by DFW to ensure the system functions as designed and that users can access critical data relating to applications, invoices, levies and payments.

Finalise and implement a debt recovery framework

The framework outlines the process for recovering outstanding debt within the department. The debt recovery remedies are different for invoices relating to water levies, penalties and meter rentals raised in WILMA from those raised by other divisions of the department. To assist in the recovery of debts for invoices relating to water levies, an escalation to enact provisions of the *Natural Resources Management Act 2004* to suspend or cancel a water management authorisation can be used. The Debt Recovery Framework is fully integrated with the Corporate Policy for Accounts Receivable and must be adhered to as part of the framework.

The framework supports the voluntary compliance model introduced within the department to nurture voluntary participation in a fair water system. It is assumed all water authorisation holders are willing to pay their debts until such time as reminders fail to settle the debt. Should all reasonable efforts fail to recover the debt, it will be escalated for assessment and consideration of further recovery action.

SCIENCE, POLICY AND TECHNOLOGY

Knowledge of the state, condition and availability of water resources

Develop comprehensive online reporting of state and condition of prescribed groundwater resources for prescribed water areas (PWA)

Groundwater status reports have been developed to fulfil a commitment of the department's groundwater program, as reflected in *Water for Good* and the corporate plan. Groundwater status reports were completed for the Baroota, Clare Valley and Barossa Prescribed Water Resource Areas, Central Adelaide Plains, Northern Adelaide Plains, McLaren Vale, Southern Basins and Musgrave Prescribed Wells Areas and for Kangaroo Flat.

The reports contain factual information and analyses of groundwater level and salinity trends. They will be updated annually for all prescribed groundwater resources within six Natural Resources Management regions. Status reports contribute significantly to a number of other projects undertaken by internal and external stakeholders, including demand and supply statements, monitoring network optimisation and water allocation planning.

Undertake groundwater assessments for non-prescribed areas in the Northern and Yorke, Alinytjara Wilurara, SA Arid Lands, Kangaroo Island and SA Murray-Darling Basin NRM regions

Phase One groundwater assessments were completed for the non-prescribed regions of the Eyre Peninsula, Alinytjara Wilurara and Northern and Yorke NRM regions. Draft Phase One groundwater assessments reports for non-prescribed Kangaroo Island and Arid Lands NRM regions are nearing completion. Planning for Phase Two assessments has begun and will build on a number of identified linkages to other projects and work groups. These include demand and supply statements, monitoring network optimisation and FLOWS. A program of stakeholder engagement is planned to identify state priority needs for more detailed Phase Two groundwater assessment.

Design, plan and implement an optimum monitoring network considering consolidated monitoring needs in NRM regions

Funding from the groundwater program has enabled the continuation of the State Water Monitoring Network Optimisation project capital works program. During 2010–11 a mix of major repairs, replacement and/or upgrades to the State's water monitoring infrastructure was undertaken, resulting in the completion of nine new monitoring wells and six new gauging stations.

Other works under the capital program included stabilisation works to protect two major weir structures, the upgrading of 20 existing monitoring platforms, and the installation of 30 new telemetered groundwater monitoring platforms and 165 standalone groundwater monitoring platforms.

Other key milestones for the program included the completion of a series of NRM-based regional reports reviewing the location and spatial frequency of water resource monitoring programs (to aid in determining sufficiency of monitoring data), a published map outlining the current state of the monitoring networks and the publishing of 24 water monitoring procedures. All of the listed outputs will contribute to improving data collection efficiencies, data reliability, timeliness and accuracy.

Complete a risk assessment analysis and modelling of potential impacts from climate change on priority water resources areas

A first-order risk assessment of the relative risk of climate change impacts to all of South Australia's significant water resources was completed and published in a technical report (DFW 2011/01). As a foundation for detailed modelling of climate change impacts on water resources, a method for selecting and downscaling climate projections was developed and published in a technical report (2011/02).

Detailed modelling of climate change impacts on the prescribed water resources of the Northern and Yorke NRM Region was undertaken and the results presented in a technical report. The results of the climate change impact modelling have been provided for use in the Northern and Yorke NRM regional demand and supply statement.

Detailed modelling of climate change impacts on the prescribed water resources of the Eyre Peninsula NRM Region is complete and the results will inform the Eyre Peninsula Regional demand and supply statement review. A technical report presenting these results is now in the latter stages of preparation. An assessment of the relative risks of climate change impacts to water dependent ecosystems has been undertaken and is presented in the technical report that is currently in draft form.

Throughout 2010–11 support has been provided to the development of the Goyder Institute priority project on climate change, helping to ensure that it promotes the objectives of the department's Impacts of Climate Change on Water Resources project.

Milestone delivery dates for the project have been aligned with the planned timeframes for development of supply and demand statements.

Establish an integrated hydro-ecological monitoring site within the Lake Eyre Basin

The Lake Eyre Basin (LEB) Ministerial Forum is required to review the state and condition of the watercourses and catchments within the LEB Agreement Area. The LEB Rivers Assessment is a monitoring program designed to assess the condition of watercourses and catchments and ultimately contribute to the sustainable management of the Lake Eyre Basin river systems.

This project constitutes the South Australian component of the LEB Rivers Assessment and has established and collected information at 20 key representative ecological monitoring sites. This will be supported by the establishment of an additional five telemetered

hydrological stations at strategic locations within the LEB. The hydrology sites are due to be installed over the next few months and will better inform the links between hydrology and ecological health. This will ultimately allow for more rigorous assessment of the potential risks to the environmental assets of LEB from water resource development.

This is a highly collaborative long-term program, involving a number of divisions within the department, the South Australian Research and Development Institute and cross-border, multi-jurisdictional partnerships. It is also forging links with the mining and petroleum sector, particularly around data and information sharing.

The integrated monitoring network established through this project is delivering on the LEB Rivers Assessment, a key component the LEB Ministerial Forum. A number of sites have been established throughout the LEB. This project forms the foundation upon which the health of the LEB will be reported. By collecting environmental and hydrological data at the same sites, we will also better understand the links between hydrology and ecological health. This ultimately allows for more rigorous assessment of the potential risks to the environmental assets of LEB from water resource development.

Complete the South East Science Review

The department has overseen the development of the South East Science Review managed by the University of Adelaide and incorporating scientific input from relevant leading authorities. The review was released at the beginning of the public consultation period for the Draft Lower Limestone Coast Water Allocation Plan Policy Issues-Discussion Paper on 24 March 2011.

Understanding of future water demand and supply opportunities

Develop regional demand and supply plan for Eyre Peninsula NRM region

Regional demand and supply statements are high-level documents providing a long-term (40-year) overview of water demand and supply for each of South Australia's NRM regions. They outline the state and condition of all water resources in a region for drinking and non-drinking quality water, list major demands on these water resources and identify likely timeframes for any possible future demand-supply gap.

In April 2011 the department released the Eyre Peninsula demand and supply statement, projecting likely supplies and demand for water in the region (both for drinking and non-drinking purposes) under different population and climate change scenarios to 2050.

The statement's projections highlighted that under a worst-case scenario of high population growth and climate change impact it is projected that there will be a shortfall in the supply of drinking quality water in the Eyre Peninsula region by 2017–18, or in the context of a low population growth and climate change impact scenario by 2022–23.

The statement will be annually reviewed to ensure it provides a strategic view of the future water security of the region.

Develop regional demand and supply plan for Northern and Yorke NRM region

Development of the Northern and Yorke Demand and Supply Statement has progressed in consultation with SA Water, the local NRM Board, Primary Industries and Resources SA and local councils.

The statement is expected to be finalised in early 2012.

Enhanced community and industry access to quality water information

Provide Commonwealth Water Act Regulations data to the Bureau of Meteorology

The department has continued to supply data to the Bureau of Meteorology throughout the year as required under the Commonwealth Water Regulations 2008. In addition, the department completed work on four bureau-funded projects to enhance water information at both a State and national level. These included:

- The installation of IP (Internet Protocol) telemetry at 145 surface or groundwater monitoring sites across the State, providing better and more cost-effective access to near real-time water information
- The development of a nationally consistent stream network and surface water catchment datasets
- The migration of State groundwater data to the National Groundwater Information System
- Continued contribution to the development of the National Water Account.

Establish the WaterConnect website to facilitate access to water-related technical information

The WaterConnect website was launched on 21 October 2010 and provides public access to the latest information about South Australia's water resources in a single web-based portal. This information includes technical reports, mapping products and status reports on key water resources. The site also hosts water trade, licence and permit information to enable water licence holders to view the status of their license and water allocations online.

WaterConnect also provides access to a range of informative web-based business applications. These include the provision of access to real-time and historical information from monitoring sites across the State, information on riverbank collapse events and risks along the River Murray, and River Murray inundation maps for the recent high river levels.

Improved knowledge through scientific collaboration

Establishment of the Goyder Institute for Water Research

Formal approval for the establishment of the Goyder Institute for Water Research was provided during the last quarter of 2009–10. The institute was established to provide an enhanced science capacity to help secure and manage the State's water supply, while also positioning South Australia as a world leader in water innovation and science. An institute board was established as part of the governance structure and is chaired by Dr Ian Chessell. About \$14 million (cash and in kind) worth of initial priority projects have already been commissioned by the institute.

Work with the National Centre for Groundwater Research and Training (NCGRT) to ensure that South Australia's priority groundwater research needs are being addressed

The department continued to collaborate with Flinders University to ensure the success of the National Centre for Groundwater Research and Training. The department worked closely with the centre as it confirmed its research projects, established the \$3.3m Super Science site at McLaren Vale and developed a joint Aboriginal Groundwater Scholarship program.

Department activities associated with the SuperScience site included the drilling of a total of 13 wells in the McLaren Vale prescribed well area to study the interaction between stream flow and groundwater and the effects that the injection of treated effluent would have on the receiving aquifer. An additional 30 wells will be drilled next financial year to further research the flows from the fractured rock highlands into the basin and the interactions between surface and groundwater resources in this area.

Further develop an international knowledge exchange program

Under the Memorandum of Understanding between the Government of Manitoba, Canada and the Government of South Australia, an exchange has been established between the Manitoba Water Stewardship Department and the Department for Water.

As Flood Hazard Leader the department is building capacity and experience in major flood preparedness in South Australia, in particular ahead of the forecast flood in the River Murray. The province of Manitoba is a leader in flood preparedness and risk mitigation. Two DFW staff members were selected to undertake a three-month exchange to Manitoba during March to June 2011. They were engaged in the full range of flood preparedness activities, as well as the response to a 1-in-300-year flood event in 2011 and declaration of a state of emergency.

HIGH PERFORMANCE

A leading performer in the South Australian public sector where people choose to work

The department delivered some significant business improvement initiatives over the year. A number were a direct result of utilising South Australia's High Performance Framework as a means for self-assessing the department's strengths and opportunities for improvement.

Establish strategic Key Performance Indicators (KPIs) for the department and investigate strategies to embed more robust KPIs at the program level

Review and update the department's project management framework to ensure it supports all levels of our business

In ratifying the High Performance Framework the department committed to a number of performance improvement initiatives. Key amongst these was the establishment of a planning pathway for the prioritisation of work and the management of departmental risk. The department now has a planning hierarchy, commencing with its Strategic Directions 2010–2014 document and including the Corporate Plan, divisional plans and individual project plans. This discipline is now embedded within the department.

Improve departmental records management, specifically focusing on:

- ***Cleansing of records (historic) as per the department's records disposal schedule***
- ***Investigating the viability of an electronic document and records management system(EDRMS)***

In late 2010 State Records endorsed a new, department-specific records disposal schedule and a thorough cleanse of historic records created and maintained by the former Department for Water Land and Biodiversity Conservation (DWLBC) was implemented. Various offsite storage spaces housing DWLBC records were cleared, via a sentencing and archival process, and the lease tenure terminated.

Improve departmental reporting, including:

- ***Executive risk reporting***
- ***SASP target reporting***
- ***Governance around whole-of-government reporting obligations***

The department has significantly invested in managing risk and the disciplines associated with that task. An audit and risk committee has been established underpinned by a risk management framework that has been endorsed by the Chief Executive and communicated throughout the department. All divisions have completed risk registers and these are validated through the audit and risk committee with appropriate mitigation strategies for significant risks.

Additionally, the department has improved its executive risk reporting by introducing the corporate quarterly report. This provides executive with a current state of key departmental indicators and project progress and is used to assist in managing the department.

A number of other corporate governance tools have been used or implemented in establishing the governance of the new department. An assessment against the Protective Security Framework was undertaken, resulting in the endorsement of an agency security plan. The department's commitment to the State's Promoting Independence Strategy has seen the development of an endorsed disability action plan. These plans have further identified improvement tasks as the department embraces a continuous improvement loop through planning, implementation and evaluation of key responsibilities.

Review SASP targets and governance arrangements and participate in the community consultation process

The department has provided input into the update of South Australia's Strategic Plan, specifically in relation to the existing sustainable water supply target (T3.9) and the River Murray targets (T3.10 and T3.11). It has also participated in related consultation exercises.

Positive collaborative working relationships with stakeholders, government and industry

Provide technical and executive support to the Water Security Council

The department continued to provide technical and executive support to the Water Security Council. The council has been established as an advisory committee that provides the Minister for Water and the Minister for the River Murray with a formal mechanism for identifying and addressing issues of strategic importance on water security in a coordinated way across government.

During 2010–11 the council met five times. It discussed issues associated with the implementation and reporting of *Water for Good* actions, the Government response to the development of the Murray-Darling Basin Plan, stormwater projects, water industry legislation and management of the River Murray floodplain and levee banks.

Provide technical, policy and executive support to the Commissioner for Water Security

The department provided technical, policy and executive support to the Commissioner for Water Security until the Commissioner left the position on 31 March 2011. Since April the department has assumed responsibility for these functions.

Provide support to the South East Water Conservation and Drainage Board

The department provides administrative support to the South Eastern Water Conservation and Drainage Board. The board is a separate entity established under the *South Eastern Water Conservation and Drainage Act 1992*. It is accountable to the Minister for Environment and Conservation for its actions in administering the Act, which provides for the conservation and management of water and the prevention of flooding of rural land in the South East of the State.

Board staff have productive working relationships with landholders, local government, the South East Natural Resources Management Board, the Department of Environment and

Natural Resources and other relevant stakeholders to ensure the drainage systems that serve the South East are managed in a manner that contributes to the improvement of agricultural productivity and sustainable management of natural resources in the South East.

An organisation with demonstrated commitments to its people, safety and wellbeing

Develop a workplace safety and wellbeing system that meets the WorkCover performance standards for self-insurers

The department's Safety Management System aims to address the SA Strategic Plan

Objective 2: Improving Wellbeing: Target 2.11: Greater Safety at Work. Safety Management System activities occur within a framework comprising seven key safety programs:

- Safety culture and accountability
- Emergency preparedness
- Hazard management
- Employee health and wellbeing
- Training and capability
- Continuous improvement
- Injury management.

The four key criteria of the Safety and Wellbeing in the Public Sector 2010–15 Strategy (SWIPS) are addressed within an implementation plan which aims to move the department's safety management system towards a culture of resilience through continuous improvement processes. The following actions from the plan for 2010-11 have been achieved:

Commitment to management of safety and wellbeing

- The Chief Executive Commitment Statement has been re-issued to reflect the new department and key criteria of SWIPS
- All occupational health, safety and welfare (OHSW) and injury management (IM) policies and procedures have been converted to Department for Water templates
- Work Cover registration has been amended to reflect the department's organisational structure
- Nominations for OHSW roles have been sought and networks of personnel established
- Methodology for addressing requirements of SWIPS wellbeing framework have been developed and a gap analysis conducted
- Performance management discussions have been conducted across the department, including identification of training and development requirements to meet core OHSW competencies
- An OHSW site has been established on the department's intranet to improve access to critical safety information.

Accountability for safety and wellbeing performance

- All policies and procedures have been reviewed for inclusion of executive responsibilities where appropriate
- The department's executive has been provided with quarterly reports on achievement against SWIPS targets, including costs associated with work-related injuries
- OHSW planning at divisional level has been conducted in conjunction with the business planning cycle
- OHSW&IM training for managers and supervisors has been implemented
- The department continued to invest in safety and wellbeing initiatives, such as communications systems (safety log-in) for staff required to work in remote areas, health promotion initiatives, employee assistance services and the provision of trained bullying and harassment contact officers.

Integrated risk management

- An electronic hazard and risk reporting and investigation system (HIRMS) has been introduced together with training of key staff
- Risk registers have been maintained to record and track OHSW risk factors including actions in place to mitigate risk
- A new template for assessing risk in the field has been developed and trialled
- Corrective action registers have been maintained to monitor implementation of control measures
- Requirements of a new first aid code of practice have been implemented at all work locations
- The bushfire safety policy has been reviewed to incorporate government principles for catastrophic fire danger days
- Departmental safe work instructions have been reviewed and a library uploaded to the intranet
- Review of contact and communication processes for isolated field work has been undertaken and GPS tracking devices introduced
- The information package for riverbank cracking and collapse has been reviewed and promulgated to departmental and those from other agencies which perform work along the River Murray.

Effective measurement and evaluation

Evaluation of the department's OHSW&IM System against the Performance Standards for Self- Insurers was undertaken by the WorkCover Corporation. One non-conformance was corrected and WorkCover registration has been renewed at level 1C.

A safety system review has been completed with the following strategic outcomes:

- evaluation, reporting and management review processes strengthened
- more robust key performance indicators developed for seven key safety programs
- a new model and template for OHSW&IM performance reporting implemented

- OHSW Committee terms of reference updated to include key management review functions.

Performance against the SWIPS targets has been monitored and reported on a quarterly basis to executive, and internal auditing of the OHSW and injury management system has been ongoing, through an annual audit schedule.

Consultative Arrangements

Consultation with employees occurs through the department's OHSW committee and health and safety representative network. Following the establishment of the department in July 2010, a new OHSW committee, with employee and management representatives from all divisions, was convened and its terms of reference reviewed. The department has health and safety representatives at most major worksites.

The OHSW committee met on seven occasions during 2010–11. Attendance by management representatives was 95 per cent and employee representatives 93 per cent. Actions of the committee have focused on:

- Review and endorsement of a range of policies and procedures, notably:
 - Remote and isolated work
 - Emergency response and contingency planning
 - Hazard management
 - Hazardous substances and dangerous goods management
 - Safe boating
 - Drugs and alcohol
 - Working at heights
- Development of strategies to address the SWIPS Workplace Wellness strategy
- Changes to contingency arrangements and communications equipment for fieldwork
- The department's WorkCover evaluation against Performance Standards for Self-Insurers.

Responsible Officer Report

No potential or alleged breaches of sections 58B and 58C of the *Workers Rehabilitation and Compensation Act 1986* were identified during 2010–11. A new partnership plan with WorkCover is being developed reflecting the terms of the department's renewal of registration.

Implement the Aboriginal Employment Strategy 2009–11, with particular focus on increasing the number of Aboriginal staff within the agency

The department does not manage any public sector-wide equal opportunity employment programs on behalf of the public sector.

The Aboriginal Employment Register has been actively promoted and utilised. The department launched two new scholarships aimed at Aboriginal people during the year. These

included an Aboriginal Groundwater Scholarship in partnership with the National Centre of Groundwater Research and Training, with two cadetships offered through this process and a third, the Indigenous Gavin Wanganeen Scholarship, offered to an Aboriginal student at the University of South Australia.

The department has employed four graduates during the year and three Aboriginal employees through the relevant employment opportunity programs. A graduate development program has been run jointly with the Department for the Premier and Cabinet and a number of other agencies to provide networking, support and development.

A range of training has also been provided across the department including disability awareness training and an Aboriginal cultural insights program, as well as participation in the Indigenous Student Career Pathways Conference facilitated by Flinders University.

Implement the Organisational Capability Plan 2009–11, with particular focus on:

- ***A revitalised recruitment process supported through technology***
- ***A three-year collaborative research project with the University of South Australia on work-life balance***

The Organisational Capability Plan was endorsed in June 2009 to guide the work of the Human Resources Unit over the coming two years. The plan was structured around the following strategic priorities:

- Develop a sustainable workforce
- Support, develop and recognise our employees
- Build leadership and management capability now and for the future
- Getting it right internally.

The department's recruitment processes have been streamlined and simplified, supported by the competency-based job descriptions which were implemented in 2008. This has allowed the department to significantly reduce the application criteria, trial an application form approach and enable recruitment across multiple positions due to generic job descriptions. Unfortunately the implementation of e-recruitment has been delayed due to the whole-of-government business case investigation process that has been under way since late 2010.

The collaborative research project with the University of South Australia has been a key piece of work in identifying the reasons why staff take up flexible working arrangements and the positive and negative implications it has on them, their colleagues and the department as a whole. This project has involved interviews with key personnel and a whole-of-agency survey, and will move into focus groups over the coming 12 months.

Taking a strategic approach to management and leadership development, including a management development program to equip and support our managers

The department established a leadership development program in 2010, with new training programs commencing in October of that year. There are 24 programs designed for staff and management and the initiative recognises that leadership goes beyond what is expected of the

department's managers. Leadership is shown at all levels by building our capabilities in the following areas:

- **Communication that counts:** We communicate clearly and openly and provide honest, ongoing feedback
- **Achievement oriented:** We respond positively to change and use resources effectively to ensure high quality results
- **Strategic focus:** We promote a clear sense of shared purpose and direction
- **Effective relationships:** We nurture our internal and external relationships and collaborate to facilitate shared learning
- **Personal commitment:** We display high levels of professionalism and integrity and maintain a strong commitment to our personal development.

The leadership development program features a targeted suite of development options to support all leaders – employees not currently in a people management role, employees entering into a leadership role for the first time, and employees who have been in a leadership role for some time.

The program has also been designed to meet the specific developmental needs of employees, as identified in performance management and development discussions. These have highlighted the need for development opportunities in project management, managing financials, presentation and negotiation skills, and writing in government.

Review of our facilities, including the development of a strategic accommodation plan

The department's Corporate Services Division completed a strategic accommodation plan document in October 2010. This identified the existing accommodation portfolio and ensured management of the portfolio would suit accommodation needs until 2014.

The department leases accommodation in 11 buildings within South Australia – three central business district (CBD), six metropolitan and two regional. It also owns three regional offices.

Staffing reductions have occurred since the formation of the department. As a result, one metropolitan and one CBD site were relinquished at the expiry of their leases. One further CBD site has been also been reported to the Department of Transport, Energy and Infrastructure as surplus to the department's needs and available for government sublease.

The department's leased regional accommodation is located at Berri and Mount Gambier. Lease tenures at both locations were renewed this year aligning with the department's strategic intent.

The regional office accommodation owned by the department is located at Naracoorte, Murray Bridge and Millicent. Growth is predicted in the Naracoorte and Millicent offices in the 2011–12 year.

Recognition of service excellence

Launch and expand a new departmental intranet site to improve business efficiency

An effective intranet site enables agency staff to share information more efficiently. The department's intranet site, the WaterShed, was launched when the department was formally established. The content management system enables divisions of the department to create, update and edit their own content.

The WaterShed supports a paperless environment by providing critical business forms electronically. It has improved the efficiency of internal communication and made it easier for staff to locate business information and resources.

The site also contains departmental news, corporate publications, messages from the Chief Executive and executive, and links to key departmental applications and data held on the publicly accessible WaterConnect site.

As of 30 June 2011, 24 of the 41 business areas in the department had sites live or under development.

Build on the Water for Good website to provide readily accessible information on the role of the new Department for Water, South Australia's water resources and information to help South Australians improve water use practices

In response to Action 32 of *Water for Good*, the Water for Good website was developed in 2009. It has since been significantly expanded to include information on the roles, responsibilities and initiatives of the new department.

The site outlines the department's actions and policies to diversify water supply to ensure there are always sufficient and sustainable water resources for the State. Since the formation of the new department the site has been viewed by many international visitors due to the growing reputation of the *Water for Good* plan.

It is a platform for community consultation and engagement, media releases by the department and the Minister and a range of publications. It provides information on water planning, the State's rivers, groundwater, stormwater and wastewater and other water resources, and how to become involved in water saving initiatives.

The site is also home to the *WaterWise Communities* initiative.

Appendix A: Management of Human Resources

Gender reporting

The department approved the Women in Leadership Strategy, which reflects on the achievements to date and sets the direction for the next two financial years. The strategy reiterates the Chief Executive's commitment to providing a workplace that supports and encourages all staff to achieve to their full potential, whilst addressing the elements needed to support and encourage women in or aspiring to leadership roles.

In October 2010 the department won the Diversity@Work Award for the Advancement of Women in the Workplace. The formal recognition of the progress made by the department has provided additional opportunities to partner with and mentor other Government and private sector organisations in their gender diversity programs.

In 2010–11 the department committed \$30,000 to the management of the strategy and the operational requirements of the Women's Leadership Action Network and the Women's Interactive Network. The Women's Interactive Network, launched in June 2010, has continued to provide support and opportunities for women in the department.

The Women in Leadership program provides mentoring options for women who aspire to a leadership role and are seeking a senior female mentor.

Employee numbers, gender and status

Total Number of Employees		
Persons	385.0	
FTEs	367.0	<i>(FTEs shown to 1 decimal place)</i>

Gender	% Persons	% FTEs
Male	56.1	57.94
Female	43.9	42.06

Number of Persons During 10-11 Financial Year	
Separated from the agency	310
Recruited to the agency	54

Number of Persons at 30 June 2011	
On Leave without Pay	7

Number of employees by salary bracket

Salary Bracket	Male	Female	Total
\$0 - \$50 399	28	16	44
\$50 400 - \$64 099	41	62	103
\$64 100 - \$82 099	82	56	138
\$82 100 - \$103 599	53	31	84
\$103 600+	12	4	16
Total	216	169	385

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.

Status of employees in current position

FTEs	Ongoing	Short-Term Contract	Long-Term Contract	Other (Casual)	Total
Male	145.00	24.90	42.00	0.73	212.63
Female	103.43	27.75	23.20	0	154.38
TOTAL	248.43	52.65	65.20	0.73	367.01

PERSONS	Ongoing	Short-Term Contract	Long-Term Contract	Other (Casual)	Total
Male	146	26	42	2	216
Female	114	30	25	0	169
TOTAL	260	56	67	2	385

Executives by gender, classification and status

Classification	Term Tenured		Term Untenured		Total				
	Male	Female	Male	Female	Male	%	Female	%	Total
CEO			1		1	7			1
SAES1			6	4	6	43	4	29	10
SAES2			3		3	21			3
Total			10	4	10	71	4	29	14

Average days leave by full-time equivalent employee

Leave Type	2007-08	2008-09	2009-10	2010-11
Sick Leave	7.05	6.25	7.35	7.95
Family Carer's Leave	0.86	0.91	0.83	1.20
Miscellaneous Special Leave	0.81	0.80	1.00	1.15

Aboriginal and/or Torres Strait Islander employees

Salary Bracket	Aboriginal Employees	Total Employees	% Aboriginal Employees	Target*
\$0 - \$50 399	3	44	6.82	2%
\$50 400 - \$64 099	1	103	0.97	2%
\$64 100 - \$82 099		138		2%
\$82 100 - \$103 599		84		2%
\$103 600+		16		2%
Total	4	385	1.04	2%

**Target from SASP*

Number of employees by age bracket by gender

Age Bracket	Male	Female	Total	% of Total	2010 Workforce Benchmark*
15-19	1	0	1	0.26	6.1%
20-24	2	4	6	1.56	10.6%
25-29	20	21	41	10.65	10.5%
30-34	38	40	78	20.26	9.4%
35-39	24	24	48	12.47	11.2%
40-44	20	24	44	11.43	11.1%
45-49	30	8	38	9.87	12.2%
50-54	29	31	60	15.58	11.0%
55-59	37	10	47	12.21	9.2%
60-64	11	5	16	4.16	6.0%
65+	4	2	6	1.56	2.9%
TOTAL	216	169	385	100.0	100.0

*Source: Australian Bureau of Statistics Australian Demographic Statistics, 6291.0.55.001 Labour Force Status (ST LM8) by sex, age, Marital status – employed – total from Feb78 Supertable, South Australia at May 2010.

Cultural and linguistic diversity

	Male	Female	Total	% of Agency	SA Community*
Number of employees born overseas	24	25	49	12.73	20.3%
Number of employees who speak language(s) other than English at home	8	10	18	4.68	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	4	9	2.3

Types of disability (where specified)

Disability	Male	Female	Total	% of Agency
Disability Requiring Workplace Adaptation	5	2	7	1.8
Physical	1	1	2	0.5
Intellectual				
Sensory		1	1	0.3
Psychological/Psychiatric				

Voluntary flexible work arrangements by gender

	Male	Female	Total
Purchased Leave	1	1	2
Flexitime	150	127	277
Compressed Weeks	14	5	19
Part-time	9	39	48
Job Share	1	17	18
Working from Home		3	3

Documented review of individual performance management

Employees with ...	% of Total Workforce
A review within the past 12 months	89.09
A review older than 12 months	7.27
No review	3.64

Leadership and management training expenditure

Training and Development	Total Cost	% of Total Salary Expenditure
Total training and development expenditure	\$352 969	1%
Total leadership and management development expenditure	\$11 914	0.03%

Accredited training packages by classification

Classification	Number of Accredited Training Packages
ASO2	1
ASO3	3
ASO4	6
ASO5	1
ASO6	5
ASO7	2
OPS2	1
PO1	1
PO2	4
PO3	1
TGO0	2
TGO1	1
TGO5	1

Occupational Health, Safety and Injury Management

OHS notices and corrective action taken	
Number of notifiable occurrences pursuant to OHS&W Regulations Part 7 Division 6	0
Number of notifiable injuries pursuant to OHS&W Regulations Part 7 Division 6	0
Number of notices served pursuant to OHS&W Act s35, s39 and s40 (default, improvement and prohibition notices)	0

Agency Gross¹ Workers Compensation Expenditure for 2010-11 Compared with 2009-10²

EXPENDITURE	2010-2011 \$	2009-10 \$	Variation \$+ (-)	% Change + (-)
Income Maintenance	33 816.51	93 768	-59 951.49	-64%
Lump Sum Settlements Redemptions - Sect.42	0	2 000	-2000	-100%
Lump Sum Settlements Permanent Disability – Sect. 43	0	0	0	0%
Medical/Hospital Costs combined	23 516.66	53 152	-29 635.34	-55.8%
Other	8 726.87	2 576	+6 150.87	+238.7%
Total Claims Expenditure	66 060.04	151 496	-85 435.96	-56.4%

Note: there was a significant reduction in expenditure of \$85 434 compared to the previous financial year. However the major restructure of the department and associated changes in FTE make a meaningful interpretation of these figures difficult.

Meeting Safety Performance Targets³

	Base: 2009 -2010	Performance: 12 months to end of June 2011 *			Final Target
	Numbers or %	Actual	Notional Quart- erly Target **	Variat- ion	Numbers or %
1. Workplace Fatalities	0	0	0	0	0
2. New Workplace Injury Claims	5	3	5	-2	4
3. New Workplace Injury Claims Frequency Rate	5.16	4.33	4.9	-0.57	3.87
4. Lost Time Injury Frequency Rate ***	2.06	2.89	1.96	0.93	1.55
5. New Psychological Injury frequency rate	1.04	0	0.99	-0.99	0.78
6. Rehabilitation and Return to Work:					

¹ before 3rd party recovery

² Information available from IDEAS RS/SIMS (for detailed advice on data extraction contact PSWD)

³ Information available from IDEAS RS/SIMS (SWIPS target report)

6a. Early Assessment within 2 days	60%	100.00%	80.00%	20.00%	80%
6b. Early Intervention within 5 days	50%				90%
6c. days lost < 10 days	66.67%	0.00%	60.00%	60.00%	60%
7. Claim Determination:					
7a. Claims determined for provisional in 7 calendar days	0%				100.00%
7b. Claims determined in 10 business days	80%	100.00%	75.00%	25%	75.00%
7c. Claims still to be determined after 3 months	0%	0.00%	3.00%	3.00 %	3.00%
8. Income Maintenance Payments for Recent Injuries:					
2009/10 Injuries (at 24 months development)		\$1 309	\$12 755	-\$11 446	Below previous 2 years average
2010/11 Injuries (at 12 months development)		\$2 871	\$2 889	-\$18	
* Except for Target 8, which is YTD. For Targets 5, 6c, 7, 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. Lost Time Injury frequency rate (new claims): $\frac{\text{Number of new cases of lost-time injury/disease for year}}{1\,000\,000 \text{ Number of hours worked in the year}}$					

Note: The department met all targets other than Lost Time frequency rate. This was elevated because all 3 claims received by the department incurred lost time.

Whistleblowers Protection Act 1993

The Department for Water has appointed two responsible officers for the purposes of the *Whistleblowers Protection Act 1993* (WPA) pursuant to Section 7 of the *Public Sector Act 2009*. They are:

- John Winkworth, Manager Investigation Unit
- Brenda Anderson, Deputy Director Major Programs Division

There have been no instances of disclosure of public interest information to a responsible officer of the department under the WPA during the year ending 30 June 2011.

Appendix B: Account payment performance

Particulars	Number of accounts paid	Percentage of accounts paid (by number)	Value in \$A of accounts paid	Percentage of accounts paid (by value)
Paid by due date*	9,143	82.9%	85,308,374	62.3%
Paid late, within 30 days of due date	1,056	9.6%	37,730,521	27.6%
Paid more than 30 days from due date	828	7.5%	13,842,782	10.1%
	11,027	100%	136,881,677	100%

*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 Department and the creditor, payment should be within 30 days of the date of the invoice or claim. On some occasions the department received invoices significantly later than the invoice date, due to supplier invoicing processes. The department's Finance Committee regularly reviews the payment performance and considerable effort has been focused on keeping business units up-to-date on the status of their payment performance and on developing improved internal payment business processes.

Appendix C: Fraud

One instance of alleged fraud involving a contractor receiving benefits was referred to the Anti-Corruption Branch of SA Police.

Appendix D: Consultants

CONSULTANTS TO 30 June 2011	SERVICE PROVIDED	EXPENDITURE \$
Below \$10 000		
7 Minor Consultancies		14,586
\$10 000 - \$50 000		
Heritage Computing	Dr Noel Merrick - Independent Peer Review of Groundwater Model	10,000
Locher & Associates	Organisation review of Adelaide Licensing operations	19,055
Golder Associates Pty Ltd	Stability Risk Assessment and risk management options for sites at high risk of Riverbank collapse – in Dickson Reserve, Mannum Caravan Park and East Front Road	23,411
Lizard Drinking Pty Ltd	Review of Human Resources Management in the Water Planning and Management Division	25,500
Deloitte Finance Pty Ltd	Professional services rendered in relation to Cost Benefit analysis work	26,040
PricewaterhouseCoopers	Business review	30,000
Nous Group Pty Ltd	Design and facilitate planning and development workshop for Department Executives	42,368
Flinders University	Amata and Mimili water conservation plan research; working towards sustainable water communities on the APY lands	43,070
Sinclair Knight Merz	Stability Risk Assessment and risk management options for sites in Lower River Murray – Caloote Landing and Peter Sandercock site and investigation on effects of water level on riverbank stability	49,726

Over \$50 000		
Golder Associates Pty Ltd	Levee bank condition assessment and remediation options: Lower Murray between Mannum and Wellington, Neeta, Mypolonga and landslide risk assessment at Swan Reach	96,100
Murrapeena Heritage Association	Expert advice and management of Aboriginal heritage sites, including dealing with remains	134,244
Deloitte Finance Pty Ltd	Professional services rendered in relation to developing a business solution for water planning and management cost identification and reporting requirements	223,535
TOTAL EXPENDITURE		\$ 737,635

Appendix E: Overseas Travel

Staff from the department undertook the following business-related overseas travel.

Number of Employees	Destination/s	Reasons for Travel	Total Cost to Agency
1	California, USA	Attend, present and participate in the 2011 G'day USA Australia Week Water Series events, under invitation from Austrade, Americas Region and the G'day USA Committee.	\$5,661.69
2	Canada	Secondment in the Canadian province of Manitoba, as part of an exchange project between the South Australian Government and the Government of Manitoba to examine how flood hazards are managed and how we can learn from each other. These expenses were reimbursed by the Manitoba Water Stewardship.	\$6,553.17
1	Rome	Attend the Global Workshop on Digital Soil Mapping.	\$3,063.88

Appendix F: Asbestos Management

Category	Number of Sites		Category Description	Interpretation One or more items at these sites
	At start of year	At end of year		
1			Remove	Should be removed promptly.
2			Remove as soon as practicable	Should be scheduled for removal at a practicable time.
3	2	2	Use care during maintenance	May need removal during maintenance works.
4			Monitor condition	Has asbestos present. Inspect according to legislation and policy.
5			No asbestos identified / identified asbestos has been removed	All asbestos identified as per OHS&W Regulations 2010 (Division 2 – Asbestos) has been removed.
6			Further information required	These sites not yet categorised or some asbestos items do not have recommended actions.

Definitions

Category: The site performance score, determined by the worst item performance score at each site.

Number of sites in category: A count of how many sites have the corresponding site performance score, with separate counts done at the start and the end of each year.

Category description: Indicates the recommended action corresponding to the worst item performance score (recorded in the asbestos register by a competent person, as per OHS&W Regulations 2010 (Division 2 – Asbestos)).

Interpretation: A brief real-world example of what each category implies for a site.

Comments: As of 1 July 2010 the department had two government-owned office accommodation sites. These sites were inherited from the predecessor department, the Department of Water Land and Biodiversity Conservation.

Appendix G: Energy Efficiency Action Plan Reports

	Energy Use (GJ)	GHG Emissions (Tonnes CO ₂)	Business Measure (FTEs)
Base Year 2000/01*	1815	560	203.3
Base Year 2000/01 (MJ/FTE)	8,928		
2010/11			367.01
2010/11 (MJ/FTE)			
Portfolio Target 2010/11 (MJ/FTE)			
Final Portfolio Target 2014 (MJ/FTE)	6,696		

*Data is for the former Department of Water Resources

As of 1 July 2010 the department had four primary accommodation sites within the CBD, five metropolitan sites and seven country sites. These sites were inherited from the predecessor department, the Department for Water Land and Biodiversity Conservation (DWLBC). Other assets from DWLBC were transferred to Department of Environment and Natural Resources (DENR).

The baseline figures shown in this report still reflect consumption of the former Department for Water Resources (prior to DWLBC). Energy reduction achieved by the three previous departments has already surpassed the South Australian Strategic Plan target T3.13: Improve the energy efficiency of Government buildings by 25 per cent by 2014.

Significant energy management achievements

The department's accommodation presence has been reviewed and consolidated. One CBD and one metropolitan site have been relinquished at the end of lease tenure. Staff at both sites have been relocated and consolidated within existing office accommodation.

The department's new CBD lease ensured base building services supported the NABERS star rating. The star rating system identifies the building owner is committed to improving the building's greenhouse performance over the term of the lease.

Corporate Services has provided proactive advice to the department on how to optimise fleet utilisation and reduce fleet emissions via reviewing car and fuel types selected on all new vehicle orders.

Appendix H: Greening of Government Operations 2010/11

Energy management

The department has minimal ability to achieve further energy reduction as it has already surpassed cross-government targets. It continues to review best practice in energy saving measures and implement new and improved saving initiatives where possible and financially viable.

Office accommodation has been reviewed and a strategic accommodation plan endorsed. This plan ensures a sustainable accommodation portfolio until 2015. Two sites have already been closed and further consolidation options are being reviewed with other agencies within the portfolio.

Office sites can make minimal additional savings through fitting of new water efficient tap-ware and shower heads when required with low flow and aerating models.

Built Environment

The department has completed an accommodation upgrade at the Berri office using recycled furniture from two decommissioned sites. The unwanted furniture was recycled locally.

The department has implemented a trial to compare the ongoing operational costs of maintaining one (or two) large printing devices instead of multiple devices across an office floor. Employees' printing was defaulted to a common multi-function device that required a unique pin-code to enable printing to activate. Any print requests sent to the printer over the course of a day are stored until the employee is at the machine and enters the individual pin-code. Any documents in the print queue that have not been retrieved at the end of any day will automatically delete off the system each night.

The objective of using one unit and a personal pin-code system is to increase personal security, reduce wastage and to enable monthly reporting whereby the division's printing requirements, e.g. ratio of colour to black and white prints, can be tracked, analysed and reviewed.

Freedom of Information

This statement is published in accordance with subsection 9 (2) of the *Freedom of Information Act 1991*. Subject to certain restrictions, the Act gives members of the public a legally enforceable right to access information held by the South Australian Government. A comprehensive introduction to freedom of information (FOI) can be found on the State Records website (www.archives.sa.gov.au/foi).

Documents held by the department

Most documents held by the Department for Water are available in both hard and electronic copy and can be sorted into the following categories. *Under the Act documents within these categories may not necessarily be accessible for FOI applications.*

The categories include:

- Accounting records
- Personnel files
- Policy, procedure and guidelines
- Minutes of meetings and terms of reference
- Documents relating to the functions of the department's divisions
- Scientific and technical information and
- Departmental publications, plans and reports

Making an application

In accordance with the Act, applications for access to documents held by an agency must:

- Be made in writing (you may choose to write a letter or use the State Records application form)
- Specify that the application is made under the *Freedom of Information Act 1991*
- Be accompanied by a \$29.50 application fee (exemptions apply for Members of Parliament and pensioners or health card holders)
- Specify an address in Australia to which information can be sent
- Clearly identify the documents being sought or the matter to which they pertain
- Specify whether the documents contain information of a personal nature
- Specify the desired type of access to the document, such as inspection of the document at an arranged location or having a copy made.

Applications under the Act should be forwarded to:

FOI Officer

Department for Water

GPO Box 2834

SOUTH AUSTRALIA SA 5001

Phone: (08) 8463 7907

Fax: (08) 8463 7900

Email: michelle.griffiths@sa.gov.au

Appendix I: Financial performance

Department for Water
Annual Financial Statements

For the Year Ended 30 June 2011



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**To the Chief Executive
Department for Water**

As required by section 31 of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Department for Water 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
- Disaggregated Disclosures - Assets and Liabilities as at 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
- a Schedule of Assets and Liabilities attributable to administered activities as at 30 June 2011
- a Certificate from the Chief Executive and the Director Corporate 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

The Department for Water has deficiencies in its recording of groundwater monitoring assets resulting in the Department not identifying all assets that should be reported in this class of assets and including redundant and impaired assets in the reported value for the class of assets. Note 2(1) to the Department for Water financial statements records the Department's understanding of the deficiencies in the asset records.

The Department for Water was required to conduct an independent valuation appraisal of its groundwater monitoring assets for the year ended 30 June 2011 by Accounting Policy Framework III 'Asset Accounting Framework' issued pursuant to the Treasurer's Instructions. The groundwater monitoring assets form part of the Property, plant and equipment balance in the Statement of Financial Position.

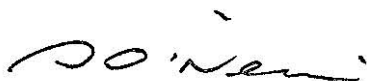
Note 2(1) to the financial statements also records that the Department for Water has not completed the independent valuation appraisal of the groundwater monitoring assets as required by Accounting Policy Framework III 'Asset Accounting Framework' but has deferred the revaluation of these assets until the year ended 30 June 2012.

As a result the recorded value of groundwater monitoring assets forming part of the Property, plant and equipment balance in the Statement of Financial Position as at 30 June 2011 may not reflect fair value.

It is not practicable to quantify the financial effect of the deficiencies in the recording of the groundwater monitoring assets and the deferral of the revaluation on the reported balances in the financial report.

Qualified Opinion

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraphs, the financial report gives a true and fair view of the financial position of the Department for Water 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
28 September 2011

My Annual Report to Parliament indicates that a modified IAR has been issued for the Department's financial report.

In addition, during the year audit management letters were forwarded to the Department detailing findings and recommendations from the audit. Responses to the letters and matters raised were received and will be followed up in the 2011-12 annual audit.

Finally, I would like to express my appreciation to the management and staff of Department for providing assistance during the year to my officers in the conduct of the annual audit.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'S O'Neill', with a small dot above the 'i'.

S O'Neill
AUDITOR-GENERAL

enc

Department for Water

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Department for Water:

- 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 for Water 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 for Water for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Scott Ashby
Chief Executive

22nd September 2011



Mark Cawthorne
Director, Corporate Services

20th September 2011

Department for Water
Statement of Comprehensive Income
For the Year Ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Expenses			
Employee benefit expenses	5	35 060	53 725
Supplies and services	6	38 882	58 620
Depreciation and amortisation expense	7	6 715	3 772
Grants and subsidies	8	63 338	139 320
Water recovery / acquisition expenses	9	2 650	7 124
Impairment loss	20, 21	8 619	-
Other expenses	10	306	296
Net loss from disposal of non-current assets	12	157	7
Total expenses		<u>155 727</u>	<u>262 864</u>
Income			
Revenues from fees and charges	13	6 694	11 581
Interest revenues	14	542	1 427
Grant revenues	15	49 119	152 950
Other revenues	16	75	1 680
Total income		<u>56 430</u>	<u>167 638</u>
Net cost of providing services		<u>99 297</u>	<u>95 226</u>
Revenues from / payments to SA Government			
Revenues from SA Government	17	103 116	113 059
Payments to SA Government	17	10 536	14 141
Total net revenues from SA Government		<u>92 580</u>	<u>98 918</u>
Net result		<u>(6 717)</u>	<u>3 692</u>
Other comprehensive income			
Changes in property, plant and equipment asset revaluation surplus	20	-	15 477
Total other comprehensive income		<u>-</u>	<u>15 477</u>
Total comprehensive result		<u>(6 717)</u>	<u>19 169</u>
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 for Water
Statement of Financial Position
As at 30 June 2011

	Note	2011 \$'000	2010 \$'000
Current assets			
Cash and cash equivalents	18	27 341	28 899
Receivables	19	11 637	16 346
Inventories	20	-	1 708
Total current assets		<u>38 978</u>	<u>46 953</u>
Non-current assets			
Property, plant and equipment	21	87 348	97 264
Intangible assets	22	12 295	14 357
Total non-current assets		<u>99 643</u>	<u>111 621</u>
Total assets		<u>138 621</u>	<u>158 574</u>
Current liabilities			
Payables	23	12 015	20 017
Employee benefits	24	2 668	5 291
Provisions	25	113	146
Total current liabilities		<u>14 796</u>	<u>25 454</u>
Non-current liabilities			
Payables	23	703	1 072
Employee benefits	24	7 322	9 364
Provisions	25	381	473
Total non-current liabilities		<u>8 406</u>	<u>10 909</u>
Total liabilities		<u>23 202</u>	<u>36 363</u>
Net assets		<u>115 419</u>	<u>122 211</u>
Equity			
Contributed capital	26	10 893	10 893
Asset revaluation surplus	26	50 093	50 196
Retained earnings	26	54 433	61 122
Total equity		<u>115 419</u>	<u>122 211</u>
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	27		
Contingent assets and liabilities	28		

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

Department for Water
Statement of Changes in Equity
For the Year Ended 30 June 2011

	Note No.	Contributed Capital	Asset Revaluation Surplus	Retained Earnings	Total
		\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2009		8 164	34 719	57 521	100 404
Net result for 2009/2010		-	-	3 692	3 692
Gain on revaluation of property, plant and equipment during 2009/2010	21	-	15 477	-	15 477
Total comprehensive result for 2009/2010		-	15 477	3 692	19 169
Transactions with SA Government as owner					
Equity contribution received		2 729			2 729
Balance at 30 June 2010		10 893	50 196	61 213	122 302
Change in accounting policy	21	-	-	(91)	(91)
Restated balance at 30 June 2010		10 893	50 196	61 122	122 211
Net result for 2010/2011		-	-	(6 717)	(6 717)
Equity transfer on asset disposal		-	(103)	103	-
Total comprehensive result for 2010/2011		-	(103)	(6 614)	(6 717)
Transactions with SA Government as owner					
Net assets transferred as a result of an administrative restructure	29	-	-	(75)	(75)
Balance at 30 June 2011		10 893	50 093	54 433	115 419

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 for Water
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		(36 298)	(53 122)
Payments for supplies and services		(47 508)	(62 144)
Payments of grants and subsidies		(69 169)	(153 252)
Water recovery / acquisition expenses		(2 650)	(7 836)
GST paid to the Australian Taxation Office		-	(434)
Other payments		(279)	(321)
Cash used in operations		<u>(155 904)</u>	<u>(277 109)</u>
Cash inflows			
Fees and charges		5 975	17 928
Grant receipts		55 745	157 487
Interest received		569	1 393
GST recovered from the Australian Taxation Office		6 069	18 151
Other receipts		83	1 848
Cash generated from operations		<u>68 441</u>	<u>196 807</u>
Cash flows from SA Government			
Receipts from SA Government		103 116	113 059
Payments to SA Government		(10 536)	(13 000)
Cash generated from SA Government		<u>92 580</u>	<u>100 059</u>
Net cash provided by operating activities	31	<u>5 117</u>	<u>19 757</u>
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(5 723)	(14 371)
Purchase of intangibles		(723)	(5 496)
Cash used in investing activities		<u>(6 446)</u>	<u>(19 867)</u>
Cash inflows			
Proceeds from sale of property, plant and equipment		-	8
Cash generated from investing activities		<u>-</u>	<u>8</u>
Net cash used in investing activities		<u>(6 446)</u>	<u>(19 859)</u>
Cash flows from financing activities			
Cash outflows			
Cash transferred as a result of restructuring activities		(229)	-
Cash used in financing activities		<u>(229)</u>	<u>-</u>
Cash inflows			
Capital contributions from government		-	2 729
Cash generated from financing activities		<u>-</u>	<u>2 729</u>
Net cash from/(used in) financing activities		<u>(229)</u>	<u>2 729</u>
Net (decrease)/increase in cash and cash equivalents		<u>(1 558)</u>	<u>2 627</u>
Cash and cash equivalents at the beginning of the period		28 899	26 272
Cash and cash equivalents at the end of the period	18,31	<u>27 341</u>	<u>28 899</u>

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

Department for Water
Disaggregated disclosures - expenses and income
For the Year Ended 30 June 2011 (Refer Note 4 for activity descriptions)

	Water Planning, Management and Compliance		Murray-Darling Basin		Policy and Programs		Science and Monitoring		Transferred Functions		TOTAL	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Expenses												
Employee benefit expenses	9 692	13 519	6 389	5 245	7 900	10 129	11 079	11 928	-	12 904	35 060	53 725
Supplies and services	4 562	5 752	11 555	11 868	12 140	16 412	10 625	15 336	-	9 252	38 882	58 620
Depreciation and amortisation	1 054	434	2 418	1 433	1 354	459	1 889	1 396	-	50	6 715	3 772
Grants and subsidies	10	1	29 830	28 089	27 943	104 587	5 555	893	-	5 750	63 338	139 320
Water recovery / acquisition expenses	-	-	2 650	7 124	-	-	-	-	-	-	2 650	7 124
Impairment loss	-	-	8 619	-	-	-	-	-	-	-	8 619	-
Other expenses	108	95	36	38	92	101	70	58	-	4	306	296
Net loss from disposal of non-current assets	-	-	157	-	-	7	-	-	-	-	157	7
Total Expenses	15 426	19 801	61 654	53 797	49 429	131 695	29 218	29 611	-	27 960	155 727	262 864
Income												
Revenues from fees and charges	1 186	1 038	129	1 914	2 206	1 972	3 173	3 941	-	2 716	6 694	11 581
Interest revenues	-	-	-	-	524	1 392	18	34	-	1	542	1 427
Grant revenues	1 091	573	9 113	10 680	34 897	124 829	4 018	9 947	-	6 921	49 119	152 950
Other revenues	32	-	17	1	11	633	15	15	-	1 031	75	1 680
Total Income	2 309	1 611	9 259	12 595	37 638	128 826	7 224	13 937	-	10 669	56 430	167 638
Net cost of providing services	13 117	18 190	52 395	41 202	11 791	2 869	21 994	15 674	-	17 291	99 297	95 226
Revenues from / payments to SA Government												
Revenues from SA Government	14 711	24 831	51 602	38 502	13 614	17 512	23 189	29 318	-	2 896	103 116	113 059
Payments to SA Government	-	-	10 536	14 141	-	-	-	-	-	-	10 536	14 141
Total Net revenues from SA Government	14 711	24 831	41 066	24 361	13 614	17 512	23 189	29 318	-	2 896	92 580	98 918
Net result	1 594	6 641	(11 329)	(16 841)	1 823	14 643	1 195	13 644	-	(14 395)	(6 717)	3 692

Department for Water

Disaggregated disclosures - assets and liabilities

For the Year Ended 30 June 2011 (Refer Note 4 for activity descriptions)

	Water Planning, Management and Compliance		Murray-Darling Basin		Policy and Programs		Science and Monitoring		Transferred Functions		TOTAL	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Assets												
Cash and cash equivalents	2 242	1 871	6 299	10 149	16 236	14 133	2 564	2 517	-	229	27 341	28 899
Receivables	1 671	2 162	1 102	1 102	6 956	7 574	1 908	5 122	-	386	11 637	16 346
Inventories	-	-	-	-	-	-	-	-	-	1 708	-	1 708
Property, plant and equipment	84	192	40 530	48 110	24 107	24 687	22 627	22 297	-	1 978	87 348	97 264
Intangible assets	2 970	3 372	237	535	308	643	8 780	9 807	-	-	12 295	14 357
Total Assets	6 967	7 597	48 168	59 896	47 607	47 037	35 879	39 743	-	4 301	138 621	158 574
Liabilities												
Payables	2 198	3 260	1 449	2 149	6 545	11 512	2 526	3 720	-	448	12 718	21 089
Employee benefits	2 766	3 225	1 904	1 683	2 089	2 765	3 231	3 613	-	3 369	9 990	14 655
Provisions	132	161	87	106	125	147	150	184	-	21	494	619
Total Liabilities	5 096	6 646	3 440	3 938	8 759	14 424	5 907	7 517	-	3 838	23 202	36 363

Department for Water
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For the Year Ended 30 June 2011

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Department for Water
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2011

1 Objectives of the Department for Water

The Department for Water's objective is to ensure that there are always sufficient and sustainable water resources in South Australia for our health, our economy, our environment and our lifestyle.

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, Treasurer's instructions and accounting policy statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

Except for the amendments to Australian Accounting Standards, AASB 2009-12, which the department 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 the department for the reporting period ending 30 June 2011. These are outlined in Note 3.

(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 the department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied 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; and
- 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 this financial report:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date are classified according to their nature.
 - (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
 - (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.

The department'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

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

The financial statements and accompanying notes include all the controlled activities of the Department for Water.

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 the department'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.

Transactions in relation to the Murray-Darling Basin Authority are reflected in both the department's controlled activities and also administered items.

(d) Transferred functions

The *Public Sector (Reorganisation of Public Sector Operations) Notice 2010* (dated 1 July 2010) declared that:

- Administrative activities previously undertaken by the department in relation to Natural Resources Management activities and for State Flora were transferred to the Department for Environment and Natural Resources (DENR) effective from 1 July 2010 (refer to Note 29); and
- Administrative responsibilities previously undertaken by the department in relation to Bio-Security activities were transferred to the Department of Primary Industries and Resources (PIRSA) effective from 1 July 2010 (refer to Note 29).

(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

The department is not subject to income tax. The department 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 the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

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.

(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 the department 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 notes accompanying the financial statements disclose income where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The department has attempted to identify all relevant transactions with SA Government entities / non-SA Government entities.

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.

Grants received

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

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

- Grants 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 grant (e.g. grant application) has been approved; agreement/contract is executed; and/or the grant is received.
- Grants 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 grants received or receivable under the agreement.

All grants received by the department have been grants 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.

Revenues from SA Government

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

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the department and the appropriation is recorded as contributed equity.

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.

Any gain on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting the cost of the asset from the proceeds at that time.

Other revenues

Other income includes revenues received from pastoral leases, donated assets and recouped operating expenses.

(i) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the department 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 notes accompanying the financial statements disclose expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The department has attempted to identify all relevant transactions with SA Government entities / non-SA Government entities.

The following are specific recognition criteria:

Employee benefit expenses

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

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the department to the superannuation plans 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 general purpose financial statements.

Depreciation and amortisation

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 as the item is considered to have a non-diminishing unlimited useful life.

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)
Buildings	10-60
Leasehold improvements	Life of lease
Groundwater monitoring wells	2-100
Patawalonga seawater circulation and Barcoo Outlet	7-97
Surface water monitoring network	8-69
Waste disposal stations	22
Salinity disposal schemes	28-86
Lower Murray embankments	200
Plant and equipment	3-42
Intangibles	3-12

Grants and subsidies

For grants and subsidies payable, the grant / subsidy will be recognised as a liability and expense when the department has a present obligation to pay the grant / subsidy and the expense recognition criteria are met.

All grants and subsidies paid by the department have been grants / subsidies with unconditional stipulations attached.

Resources provided free of charge

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value; and in the expense line items to which they relate.

Payments to SA Government

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy, taxation revenues and expiation fees received on behalf of the government and paid directly to the Consolidated Account.

Payments of \$10.536m were paid to the Consolidated Account in 2010-11 (2009: \$14.141m).

(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, the department has separately disclosed the amounts expected to be recovered or settled after more than twelve months.

(l) Assets

Assets have been classified 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.

Where an asset line item combines amounts expected to be settled within twelve months and more than twelve months, the department has separately disclosed the amounts expected to be recovered after more than twelve months.

The notes accompanying the financial statements disclose financial assets where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The department has attempted to identify all relevant transactions with SA Government entities / non-SA Government entities.

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.

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 or the goods/services have been provided under a contractual arrangement.

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

Inventories

Inventories include goods and other property held either for sale or distribution at no or nominal cost in the ordinary course of business. It excludes depreciable assets.

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.

The department's inventories included plants and materials held by State Flora and the Branched Broomrape Eradication Program. Pursuant to Machinery of Government changes the administration of these activities were transferred to DENR (State Flora) and PIRSA (Branched Broomrape Eradication Program) as at 1 July 2010.

The amount of any inventory write-down to net realisable value 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 also recognised in the Statement of Comprehensive Income.

Non-current assets

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

All non-current tangible assets with a value equal to or in excess of \$10 000 are capitalised.

Minor assets with an individual value of less than \$10 000 are expensed in the Statement of Comprehensive Income at the time of acquisition, with the exception of Groundwater Monitoring Wells and the Surface Water Monitoring Network due to the significant number and long useful lives of the assets contained within these classes. All assets for these classes have been recognised in the Statement of Financial Position regardless of their initial cost of acquisition.

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is equal to or in excess of \$5 million for infrastructure assets and \$1 million for other assets.

Revaluation of non-current assets

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

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. Pursuant to Accounting Policy Framework III Asset Accounting Framework, issued pursuant to the *Public Finance and Audit Act 1987* and pursuant to the department's own accounting policies, an independent valuation appraisal must be performed at least every five years.

A revaluation of the groundwater monitoring wells was scheduled for, and commenced in, 2010-11, however was not finalised as at reporting date. The revaluation process undertaken in 2010-11 highlighted limitations in the records of the recorded groundwater monitoring assets. The Department identified instances of previously unrecorded assets, potential redundant or impaired assets. These issues, along with an out-of-date independent valuation, led the Department to conclude that whilst the recorded balances of the assets currently disclosed in the statements may need to be varied, further investigation regarding the asset identification process and independent revaluation would need to be undertaken and completed in 2011-12 prior to any changes being reflected in the fair value of these assets. Impacts of the asset identification and revaluation work in respect of the groundwater monitoring wells will be reflected in the department's financial statements to be presented in the financial year ending 30 June 2012.

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 the revaluation surplus for that asset class.

In relation to the groundwater monitoring wells and surface water monitoring wells, accumulated depreciation as at the revaluation date has been eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets. For other property, plant and equipment assets that have been subject to an independent revaluation both the replacement cost and the associated accumulated depreciation have been presented on a gross basis.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Impairment

All non-current tangible and intangible assets are tested for indication 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 asset revaluation surplus.

Impairment was recognised for the department's Regulators. The accounting for this impairment is recognised in Note 21. An impairment was also recognised for the department's Water licences. The accounting for this impairment is recognised in Note 22.

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 infinite. The department has intangible assets with finite and infinite lives.

No amortisation is applied to water entitlements (included in acquired intangible assets) as these have been assessed as having an infinite term of future economic benefits.

The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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 *Intangible Assets* are expensed.

(m) Liabilities

Liabilities have been classified 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.

Where a liability line item combines amounts expected to be settled within twelve months and more than twelve months, the department has separately disclosed the amounts expected to be settled after more than twelve months.

The notes accompanying the financial statements disclose financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The department has attempted to identify all relevant transactions with SA Government entities / non-SA Government entities.

Payables

Payables include creditors, accrued expenses, GST payable, employment on-costs and Paid Parental Leave Scheme payable.

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 the department.

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.

The paid parental leave scheme payable represents amounts which the department has received from the Commonwealth Government to forward onto eligible employees via the department's standard payroll processes. That is, the department is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

All payables are measured at their nominal amount, are unsecured 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 payroll tax, WorkCover levies and superannuation contributions in respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

The department 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 and externally managed superannuation schemes.

(n) Leases

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

The department has not entered into any finance leases, but has entered into non-cancellable operating lease arrangements for office accommodation where the lessor effectively retains all of the risks and benefits incidental to ownership of the items held under the operating lease.

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.

(o) Financial guarantees

The department has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at reporting date (there was no material liability recognised for financial guarantee contracts in the previous reporting period).

(p) 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

The liability for salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date for 2009-10. In 2010-11 employees were paid on 30 June for the pay period ending 1 July 2011. This represents a prepayment of 1 day's salaries and wages, which has been recognised as an asset at 30 June 2011 at the remuneration rate for that day. Prepayments are included in Note 19.

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 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 the department's experience of employee retention and leave taken.

The unconditional portion of the long service leave provision is classified as current as the department does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of the long service leave relates to an unconditional legal entitlement to payment arising after ten years of service.

Provisions

Provisions are recognised when the department has a present obligation when, 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 the department 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 ongoing payments to employees as required under current legislation.

The department is responsible for the payment of workers compensation claims.

(q) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements 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.

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.

(r) Interests in Joint Ventures

Cooperative Research Centres

The department participates in a number of joint ventures through its interests in Cooperative Research Centres (CRCs).

While CRCs have the characteristics of joint ventures, they are not material to the department and no separate disclosure for 2011 has been made in accordance with the AASB 131 *Interest in Joint Ventures*.

A CRC is a research initiative of the Commonwealth Government established to pursue specific areas of research. One of the desired outcomes of a CRC is the creation of specific intellectual property with commercial value. There are usually a number of participants involved with CRCs, which also often have a significant research focus (eg Commonwealth Scientific and Industrial Research Organisation (CSIRO), universities and private sector bodies).

The funding of a CRC is usually coordinated through a Centre Agent who is appointed generally from one of the participating entities.

Transactions between the CRCs and the department are accounted for in terms of general revenue and expenditure.

In 2010-11, the department contributed \$0.659m in both cash and in-kind support to the CRC for E-Water.

In 2009-10, the department contributed \$1.369m in both cash and in-kind support for the following CRCs:

CRC for Future Farm Industries

CRC for Invasive Animals

CRC for Desert Knowledge

CRC for E-Water

Murray Darling Basin Authority

The department administers the State's interest in the Murray-Darling Basin Authority (MDBA). These transactions are reflected in the Administered Statements. Note A10 of the Administered Statements refers to changes in accounting for the MDBA, which came into being on 15 December 2008.

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, the Department for Water 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 the department 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 the department voluntarily changed its accounting policies in relation to the non-current asset threshold, increasing the threshold for asset capitalisation from \$5 000 to \$10 000. This threshold is now consistent with Accounting Policy Framework III *Asset Accounting Framework*. The decision to change the threshold has been treated as a voluntary change in accounting policy in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The change has been applied retrospectively, with restated balances as at 30 June 2010. This change is reflected in the Statement of Changes in Equity and in Note 21.

Except for the amending Standard AASB 2009-12, which the department 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 the department for the period ending 30 June 2011. The department 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, the department provides a range of services classified into the following activities:

Activity 1: Water Planning, Management and Compliance

To manage the prescribed water resources in South Australia, including the provision of planning and management advice and regulatory support for the government, the natural resources management (NRM) boards and the community. To facilitate the allocation, trading and sustainable use of water resources in South Australia.

Activity 2: Murray-Darling Basin

To develop policy, plans and programs, and manage river operations for the purpose of achieving a healthy, functioning River Murray that will continue to support communities, industries and ecosystems.

Activity 3: Policy and Programs

To provide a state-wide water policy focus and lead the delivery of Water for Good to develop policies and strategies with a focus on the diversification of urban water supplies, including stormwater harvesting.

Activity 4: Science and Monitoring

To provide scientific expertise and the application of knowledge for effective management of the state's water resources. Leadership in science with a primary focus on analysing water resource data, supporting sustainable economic development, undertaking scientific investigations to expand the government's knowledge base, promoting collaborative research alliances, improving policy and providing input to strategies aimed at sustainable management and use of the state's water resources.

The disaggregated disclosures schedules present expenses and income as well as assets and liabilities information attributable to each of the activities for the years ended 30 June 2010 and 30 June 2011.

Department for Water
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2011

5 Employee benefit expenses

	2011	2010
	\$'000	\$'000
Salaries and wages	26 839	37 114
Superannuation	3 091	4 504
Annual leave	2 409	3 172
Long service leave	998	2 186
Workers compensation	(38)	260
Targeted voluntary separation packages (refer below)	-	3 859
Board and committee fees	114	217
Payroll tax	1 647	2 413
Total Employee benefit expenses	35 060	53 725

Targeted voluntary separation packages (TVSPs)

	2011	2010
	\$'000	\$'000
Amount paid to these employees:		
TVSPs	-	3 859
Annual leave and long service leave paid during the reporting period	-	1 144
	-	5 003
Recovery from the Department of Treasury and Finance	-	3 635
Net cost to agency	-	1 368
Number of employees who received a TVSP during the reporting period:	-	29

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 or receivable by these employees for the year was \$3.240m (2010: \$3.363m).

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

	2011	2010
	No. of employees	No. of employees
\$130 700 – 140 699	1	2
\$140 700 – 150 699	4	-
\$150 700 – 160 699	2	2
\$160 700 – 170 699	3	3
\$170 700 – 180 699	1	-
\$180 700 – 190 699	-	2
\$190 700 – 200 699	-	3
\$200 700 – 210 699	2	-
\$220 700 – 230 699	-	1
\$240 700 – 250 699	1	1
\$250 700 – 260 699	1	1
\$290 700 – 300 699	1	-
\$300 700 – 310 699	-	1
\$310 700 – 320 699	-	1
\$330 700 – 340 699	1	-
Total number of employees	17	17

Accounting Policy Change

In accordance with the revised Accounting Policy Framework II *General Purpose Financial Statements Framework*, the department 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 70 for 2011 and 59 for 2010.

Department for Water
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2011

6 Supplies and services

	2011 \$'000	2010 \$'000
Contractors	23 314	34 455
Service level determination	2 112	2 735
Accommodation	4 043	4 527
Vehicles	1 554	2 272
Computing	1 774	1 044
Travel and accommodation	812	1 389
Printing, publishing and stationery	290	784
Telephones	483	669
Chemical analysis	66	645
Minor plant and equipment purchases	702	2 015
Consultancies	738	928
Materials and consumables	147	1 027
Equipment repairs and maintenance	316	365
Advertising, exhibition and promotion	170	2 430
Legal fees	473	419
Staff development	630	1 214
Other supplies and services	1 258	1 702
Total Supplies and services	38 882	58 620

Consultants

The number and dollar amount of consultancies paid/payable (included in Consultancies expense shown above) fell within the following

	2011 Number	2010 Number	2011 \$'000	2010 \$'000
Below \$10 000	7	65	15	220
Between \$10 000 and \$50 000	9	20	269	295
Above \$50 000	3	4	454	413
Total	19	89	738	928

Supplies and services provided by entities within the SA Government

The following supplies and services (included in the supplies and services expense amounts shown above) were provided by entities within the SA Government:

	2011 \$'000	2010 \$'000
Contractors	3 396	9 925
Service level determination	2 090	2 724
Accommodation	3 443	3 553
Vehicles	1 279	1 840
Computing	229	36
Travel and accommodation	2	17
Printing, publishing and stationery	13	78
Telephones	313	436
Chemical analysis	6	48
Minor plant and equipment purchases	3	6
Materials and consumables	-	9
Equipment repairs and maintenance	9	5
Advertising, exhibition and promotion	24	44
Legal fees	449	413
Staff development	23	30
Other supplies and services	300	471
Total Supplies and services provided by entities within the SA Government	11 579	19 635

7 Depreciation and amortisation expense

	2011 \$'000	2010 \$'000
Patawalonga seawater circulation and Barcoo outlet	495	355
Groundwater monitoring wells	595	584
Plant and equipment	363	508
Salinity disposal schemes	544	349
Surface water monitoring network	58	59
Waste disposal stations	130	108
Buildings	29	64
Lower Murray embankments	50	50
Regulators	1 017	813
Intangible assets	3 434	882
Total Depreciation and amortisation expense	6 715	3 772

Department for Water
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2011

8 Grants and subsidies

	2011	2010
	\$'000	\$'000
Murray Darling Basin Authority	27 667	24 388
Department of Primary Industries and Fisheries (QLD) - red imported fire ants	-	585
Irrigators - Lower Murray reclaimed irrigation areas	-	320
River Murray Improvement Program	1 232	1 411
Dog Fence Board - transfer of subsidy	-	463
Transfer to NRM Fund in respect of Appropriations allocated to the regional NRM Boards [1]	-	3 400
Murray Futures - Integrated Pipelines	-	87 028
Murray Futures - Lower Lakes, Coorong Adaptive Management	-	7 614
Murray Futures - River Industry Renewal	-	348
Murray Futures - Coorong, Lower Lakes and Murray Mouth Early Works	13 956	-
Branched Broomrape Eradication	-	420
Drought emergency measures	-	1 505
Stormwater projects	12 882	7 035
Goyder Institute	5 000	-
Other grants	2 601	4 803
Total Grants and subsidies	63 338	139 320

[1] Excludes appropriations received by the department under Administered Items (\$400 000) in respect of the SA Arid Lands NRM Board.

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

The following grants and subsidies (included in the grants and subsidies amounts shown above) were provided to entities within the SA Government:

	2011	2010
	\$'000	\$'000
River Murray Improvement Program	1 232	1 411
Dog Fence Board - transfer of subsidy	-	463
Transfer to NRM Fund in respect of Appropriations allocated to the regional NRM Boards [1]	-	3 400
Branched Broomrape Eradication	-	415
Murray Futures - Integrated Pipelines	-	6 973
Murray Futures - Lower Lakes, Coorong Adaptive Management	-	7 614
Murray Futures - River Industry Renewal	-	348
Murray Futures - Coorong, Lower Lakes and Murray Mouth Early Works	13 956	-
Drought emergency measures	-	1 505
Stormwater Projects	3 253	1 654
Other grants	339	2 063
Total Grants and subsidies paid/payable to entities within the SA Government	18 780	25 846

9 Water recovery / acquisition expenses

	2011	2010
	\$'000	\$'000
The Living Murray Water acquisition	2 650	-
Environmental water acquisitions - Lower Lakes	-	7 124
Total Water recovery / acquisition expenses	2 650	7 124

All payments were to entities within SA Government.

10 Other expenses

	2011	2010
	\$'000	\$'000
Bad and doubtful debts	52	5
Audit fees	192	241
Sundry	62	50
Total Other expenses	306	296

Other expenses paid/payable to entities within the SA Government

The following other expenses (included in the other expenses amounts shown above) were paid/payable to entities within the SA Government:

	2011	2010
	\$'000	\$'000
Audit fees	154	196
Sundry	12	25
Total Other expenses paid/payable to entities within the SA Government	166	221

Department for Water
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2011

11 Auditors remuneration

	2011 \$'000	2010 \$'000
Audit fees paid / payable to the Auditor-General's Department	154	196
Total Auditors remuneration	<u>154</u>	<u>196</u>
No other services were provided by the Auditor-General's Department.		

12 Net loss from disposal of non-current assets

	2011 \$'000	2010 \$'000
Waste disposal stations		
Proceeds from disposal	-	-
Less: Net book value of assets disposed	157	11
Net loss from disposal	<u>(157)</u>	<u>(11)</u>
Plant and equipment		
Proceeds from disposal	-	8
Less: Net book value of assets disposed	-	4
Net gain from disposal	<u>-</u>	<u>4</u>
Total Assets		
Proceeds from disposal	-	8
Less: Net book value of assets disposed	157	15
Total Net (loss) from disposal of non-current assets	<u>(157)</u>	<u>(7)</u>

13 Revenues from fees and charges

	2011 \$'000	2010 \$'000
Sales of goods and services	4 709	9 532
Taxation revenue	734	759
Fees, levies and licences	1 144	1 168
Service recoveries	107	122
Total Revenues from fees and charges	<u>6 694</u>	<u>11 581</u>

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

The following fees and charges (included in the fees and charges revenues shown above) were received/receivable from entities within the SA Government:

	2011 \$'000	2010 \$'000
Sales of goods and services	2 792	4 903
Fees, levies and licences	21	20
Service recoveries	101	112
Total Fees and charges received/receivable from entities within the SA Government	<u>2 914</u>	<u>5 035</u>

14 Interest revenues

	2011 \$'000	2010 \$'000
Interest revenues from entities within the SA Government	530	1,426
Other interest	12	1
Total Interest revenues	<u>542</u>	<u>1,427</u>

Department for Water
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2011

15 Grant revenues

	2011 \$'000	2010 \$'000
(a) Grant revenues from the Commonwealth		
Department of Agriculture Fisheries and Forestry - Branched Broomrape Eradication Program	-	1 230
National Water Commission - National Water Initiative - Implementation	-	5 516
National Water Commission - National Water Initiative - South East	30	904
National Water Commission - National Water Initiative - Fractured Rock	30	247
National Water Commission - Restoring Flows to the Wetlands in the Upper South East of SA	232	5 055
Bureau of Meteorology	-	2 763
Murray Darling Basin Authority - Goolwa Channel	-	5 803
Murray Futures - Lower Lakes, Coorong Adaptive Management	-	12 539
Murray Futures - Riverine Recovery	8 706	2 025
Murray Futures - Integrated Pipeline	-	91 438
Murray Futures - River Industry Renewal	-	348
Murray Futures - Coorong, Lower Lakes and Murray Mouth Early Works	12 560	-
Stormwater Projects	10 068	5 110
Environmental Works and Measures Projects	-	612
National framework for compliance and enforcement systems	577	-
The Living Murray - Chowilla	1 646	-
The Living Murray - Lower Lakes, Coorong and Murray Mouth	852	-
Other	3 728	670
Total grant revenues from the Commonwealth	38 429	134 260
(b) Grant revenues from SA Government		
Lower Murray and Murray Mouth	546	-
Coorong and Lower Lakes Early Works	453	-
South East Confined Aquifer Well Rehabilitation Scheme	278	-
Riverbank collapse hazard	200	-
State NRM Program	-	5 893
Environmental Works and Measures Projects	153	106
Survival of Permanent Plantings	-	1 141
Lake Albert Water Level Management project	-	1 540
NWI GAB program	609	-
Other	529	871
Total grant revenues from SA Government	2 768	9 551
(c) Grant revenues from National Action Plan Joint Commonwealth and State Funding		
Salt Interception Scheme - Noora Basin	2 736	703
Salt Interception Scheme - Murtho	213	195
Salt Interception Scheme - Pike	2 075	-
Salt Interception Scheme - Other	-	84
Upper South East Program	2 361	6 390
Other	-	597
Total grant revenues from National Action Plan Joint Commonwealth and State Funding	7 385	7 969
(d) Grant revenues from other entities		
Branched Broomrape Eradication Program (Other State Governments)	-	1 021
Sundry grants and contributions	537	149
Total grant revenues from other entities	537	1 170
Total Grant revenues	49 119	152 950

Department for Water
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16 Other revenues

	2011	2010
	\$'000	\$'000
Operating expenses recouped	8	300
Pastoral leases	-	1 015
Other revenue	67	365
Total Other revenues	75	1 680

Other revenues received/receivable from entities within the SA Government

The following other revenues (included in the other revenues shown above) were received/receivable from entities within the SA Government:

	2011	2010
	\$'000	\$'000
Operating expenses recouped	-	243
Other revenue	-	86
Total Other revenues received/receivable from entities within the SA Government	-	329

17 Revenues from / payments to SA Government

	2011	2010
	\$'000	\$'000
Revenues from SA Government		
Appropriations from consolidated account pursuant to the <i>Appropriation Act 2008</i>	97 744	98 331
Appropriations under Contingencies	5 372	14 728
Total revenues from SA Government	103 116	113 059
Payments to SA Government		
Other payments to the Consolidated Account	10 536	14 141
Total payments to SA Government	10 536	14 141

The revenues from SA Government include \$25m (2010: \$22.1m) which was paid into the Save The River Murray Fund (the Fund), from the proceeds of the Save the River Murray levy which was introduced in the second quarter of the 2003-04 financial year. The Fund was established under section 100 of the *Waterworks Act 1932* (the Act) and monies credited to the Fund may only be applied to purposes set out in the Act. The total monies applied from the Fund were \$26.458m (2010: \$17.622m). A special purpose financial report is prepared for the Fund.

18 Cash and cash equivalents

	2011	2010
	\$'000	\$'000
Deposits with the Treasurer	27 312	28 860
Cash on hand and imprest accounts	26	31
Other	3	8
Total Cash and cash equivalents	27 341	28 899

Deposits with the Treasurer

Includes funds held in 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.

Interest rate risk

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

19 Receivables

	2011	2010
	\$'000	\$'000
Current		
Receivables	9 184	13 084
Less Allowance for doubtful debts	(95)	(43)
	9 089	13 041
Accrued interest	68	95
GST input tax recoverable	2 354	3 189
Workers compensation recoveries	21	21
Prepayments *	105	-
Total Current receivables	11 637	16 346

* This amount includes \$98 000 relating to a prepayment of 1 day's Salaries and Wages.

Department for Water

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Receivables from entities within the SA Government

The following receivables (included in the receivables shown above) were received/receivable from entities within the SA Government:

	2011 \$'000	2010 \$'000
Receivables	2 497	465
Less Allowance for doubtful debts	-	-
	2 497	465
Accrued interest	68	95
Workers compensation recoveries	21	21
Total Receivables from entities within the SA Government	2 586	581

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. The allowance for doubtful debts was increased by \$52 000 in 2010-11.

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. Receivables, prepayments 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.

20 Inventories

	2011 \$'000	2010 \$'000
Materials at cost	-	1 708
Total Inventories	-	1 708

Cost of inventories

The cost of inventories recognised as an expense for raw materials and consumables was nil (2010: \$1.389m). All inventories held by the department as at 30 June 2010 were transferred, pursuant to a Machinery of Government restructure, to the Department of Environment and Natural Resources and to the Department of Primary Industries and Resources. Refer Note 29 for further details.

21 Property, plant and equipment

	2011 \$'000	2010 \$'000
Land		
Independent valuation ⁽ⁱⁱ⁾	919	2 115
At cost ⁽ⁱ⁾	1 504	166
Total Land	2 423	2 281
Buildings and improvements		
Independent valuation ⁽ⁱⁱ⁾	1 022	3 079
At cost ⁽ⁱ⁾	380	123
Less Accumulated depreciation	(389)	(1 782)
Total Buildings and improvements	1 013	1 420
Groundwater monitoring wells		
Independent valuation ⁽ⁱⁱ⁾	17 924	17 924
At cost ⁽ⁱ⁾	1,241	221
Less Accumulated depreciation	(3 019)	(2 424)
Total Groundwater monitoring wells	16 146	15 721
Surface water monitoring network		
Independent valuation ⁽ⁱⁱ⁾	2 474	2 474
Less Accumulated depreciation	(233)	(175)
Total Surface water monitoring network	2 241	2 299
Waste disposal stations		
Independent valuation ⁽ⁱⁱ⁾	5 210	5 210
At cost ⁽ⁱ⁾	884	511
Less Accumulated depreciation	(2 780)	(2 994)
Total Waste disposal stations	3 314	2 727
Patawalonga seawater circulation and Barcoo outlet		
Independent valuation ⁽ⁱⁱ⁾	30 774	30 774
At cost ⁽ⁱ⁾	546	528
Less Accumulated depreciation	(7 176)	(6 681)
Total Patawalonga seawater circulation and Barcoo outlet	24 144	24 621

Department for Water
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Salinity disposal schemes		
Independent valuation ⁽ⁱⁱ⁾	44 972	44 972
Less Accumulated depreciation	(17 205)	(16 661)
Total Salinity disposal schemes	27 767	28 311
Lower Murray embankments		
Independent valuation ⁽ⁱⁱ⁾	10 062	10 062
Less Accumulated depreciation	(4 779)	(4 729)
Total Lower Murray embankments	5 283	5 333
Regulators		
At cost ⁽ⁱ⁾	10 167	10 167
Less Accumulated depreciation	(1 830)	(813)
Impairment loss	(8 337)	-
Total Regulators	-	9,354
Plant and equipment		
At cost ⁽ⁱ⁾	5 253	6 051
Less Accumulated depreciation	(3 798)	(4 596)
Total Plant and equipment	1 455	1 455
Capital works in progress		
Capital works in progress ⁽ⁱ⁾	3 562	3 742
Total Capital works in progress	3 562	3 742
Total Property, plant and equipment	87 348	97,264

Carrying amounts of property, plant and equipment

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

i At cost (acquisition cost)

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

ii Independent valuation

These assets are valued separately by independent professional valuers.

Impairment

The Regulators were impaired as at 30 June 2011 as the assets were partially submerged and no longer meeting their required functions. The accounting and consultancy firm Deloitte provided an independent assessment and expert opinion on the accounting treatment of the impairment. As a result of this assessment the written down value as at 30 June 2011 (\$8.337m) was considered to be impaired. The impairment is reflected in the Statement of Comprehensive Income.

Asset Revaluations

The following table details all revaluations undertaken in recent years for each class of asset:

Class of Asset	Date of Last Independent Valuation	Name of Valuer
Land and buildings	30 June 2009	Southwick Goodyear Pty Ltd
Groundwater monitoring wells*	30 June 2006	GHD Pty Ltd
Surface water monitoring network	30 June 2007	Valcorp Pty Ltd
Waste disposal stations	30 June 2009	Valcorp Pty Ltd
Patawalonga seawater circulation and Barcoo outlet	30 June 2010	Currie and Brown Pty Ltd
Salinity disposal schemes	30 June 2010	Currie and Brown Pty Ltd
Lower Murray embankments	30 June 2009	Valcorp Pty Ltd
Plant and equipment**	-	-

* A revaluation of the groundwater monitoring wells was scheduled for, and commenced in, 2010-11. The revaluation was not finalised as at reporting date, but will be completed in 2011-12. Impacts of the revaluation will be reflected in the department's financial statements that will be presented for the period ending 30 June 2012.

** Plant and equipment have been brought to account at cost or at officers' valuation for initial recognition purposes.

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Movement / reconciliation of property, plant and equipment

	Land	Buildings	Ground-water Monitoring Wells	Surface Water Monitoring Network	Waste Disposal Stations	Patawalonga Seawater Circulation
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2011						
Carrying amount at the start of period	2 281	1 420	15 721	2 299	2 727	24 621
Change in accounting policy	-	-	-	-	-	-
Adjusted opening balance	2 281	1 420	15 721	2 299	2 727	24 621
Additions	1 338	258	783	-	656	-
Transfers to/(from) capital work in progress	-	-	237	-	218	18
Transfers to intangible assets	-	-	-	-	-	-
Depreciation expense	-	(29)	(595)	(58)	(130)	(495)
Net revaluation increment/(decrement)	-	-	-	-	-	-
Disposals	-	-	-	-	(157)	-
Disposal through administrative restructuring	(1 196)	(636)	-	-	-	-
Impairment loss	-	-	-	-	-	-
Carrying amount at the end of period	2 423	1 013	16 146	2 241	3 314	24 144

	Salinity Disposal Schemes	Lower Murray Embank- ments	Regulators	Plant and Equipment	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	28 311	5 333	9 354	1 546	3 742	97 355
Change in accounting policy	-	-	-	(91)	-	(91)
Adjusted opening balance	28 311	5 333	9 354	1 455	3 742	97 264
Additions	-	-	-	320	1 408	4 763
Transfers to/(from) capital work in progress	-	-	-	189	(662)	-
Transfers to intangible assets	-	-	-	-	(926)	(926)
Depreciation expense	(544)	(50)	(1 017)	(363)	-	(3 281)
Net revaluation increment/(decrement)	-	-	-	-	-	-
Disposals	-	-	-	-	-	(157)
Disposal through administrative restructuring	-	-	-	(146)	-	(1 978)
Impairment loss	-	-	(8 337)	-	-	(8 337)
Carrying amount at the end of period	27 767	5 283	-	1 455	3 562	87 348

	Land	Buildings	Ground-water Monitoring Wells	Surface Water Monitoring Network	Waste Disposal Stations	Patawalonga Seawater Circulation
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2010						
Carrying amount at the start of period	2 281	1 484	16 305	2 358	2 439	18 990
Additions	-	-	-	-	443	497
Depreciation expense	-	(64)	(584)	(59)	(108)	(355)
Net revaluation increment/(decrement)	-	-	-	-	(36)	5,489
Disposals	-	-	-	-	(11)	-
Carrying amount at the end of period	2 281	1 420	15 721	2 299	2 727	24 621

	Salinity Disposal Schemes	Lower Murray Embank- ments	Regulators	Plant and Equipment	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	18 636	5 383	-	1 511	3 730	73 117
Additions	-	-	9 434	437	3 560	14 371
Transfers to/(from) Capital WIP	-	-	733	110	(843)	-
Transfers to/(from) Intangibles	-	-	-	-	(2 705)	(2 705)
Depreciation expense	(349)	(50)	(813)	(508)	-	(2 890)
Net revaluation increment/(decrement)	10 024	-	-	-	-	15 477
Disposals	-	-	-	(4)	-	(15)
Carrying amount at the end of period	28 311	5 333	9 354	1 546	3 742	97 355

Asset threshold

In 2010-11 the department voluntarily changed its accounting policies in relation to the non-current asset threshold, increasing the threshold for asset capitalisation from \$5 000 to \$10 000. The change in policy resulted in a net reduction in the asset carrying amount of \$91 000.

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Assets Not Recognised

Acquisition of Water Licences for Environmental Flows

While the department recognises certain water licences controlled by the Minister for the River Murray as intangible assets at 30 June 2010 (refer to Note 22), the acquisition and transfer of water licences for environmental purposes is generally expensed when such expenditure is incurred (refer previous comments here above).

The decision not to capitalise these expenditures is linked to the provisions of the Intergovernmental Agreement (the Agreement) signed in June 2004, to which the state of South Australia is a party.

The Agreement gives effect to a decision by the southern Murray-Darling Basin jurisdictions to commit \$500 million over five years to address water over-allocation in the Murray-Darling Basin with an initial focus on achieving specific environmental outcomes for six significant ecological assets along the River Murray.

The Living Murray Business Plan is provided for under Clause 13 of the Agreement and describes how the actions and milestones in the Agreement are to be achieved.

The department is acting to meet the agreed milestones and has acquired water licences for transfer to the eligible measures register and subsequently to the environmental measures register, consistent with this objective.

The transactions pertaining to the acquisition of water licences and subsequent application of these licences, together with other financial investments in eligible environmental measures, have been expensed on the basis that the future economic benefits attaching to these transactions are not expected to flow directly to the department. This excludes water licences that have been subject to temporary trading during the reporting period.

Upper South East Drainage Scheme

The department receives funding under the National Action Plan for Salinity and Water Quality to construct drainage assets for the Upper South Eastern Region of South Australia. On completion these assets are managed and maintained by the South Eastern Water Conservation and Drainage Board.

The future economic benefits that will be derived from these assets are expected to be received by the South Eastern Water Conservation and Drainage Board and not the department. As a consequence the amounts expended on these assets are recognised in the department's Statement of Comprehensive Income in the form of employee expenditures, operating costs and grant payments and are not capitalised.

Salt Interception Schemes

The department receives funding from the National Action Plan for Salinity and Water Quality, and contributes to the construction of the salt interception assets for the Bookpurnong and Loxton schemes. Upon completion these assets are managed and maintained by the Murray Darling Basin Authority, and the department funds its share of these costs.

The future economic benefits that will be derived from these assets are expected to be received by the Murray Darling Basin Authority and not the department. As a consequence the amounts expended on these assets are not capitalised, but are recognised in the department's Statement of Comprehensive Income in the form of employee expenditures, operating costs and grant payments.

22 Intangible assets

	2011 \$'000	2010 \$'000
Internally developed intangible assets		
Internally developed computer software - at cost (deemed fair value)	15 779	14 171
Less accumulated amortisation	(6 103)	(2 815)
Total: Internally developed intangible assets	<u>9 676</u>	<u>11 356</u>
Externally acquired intangible assets		
Computer and water licences	3 340	3 292
Less accumulated amortisation	(439)	(291)
Impairment loss	(282)	-
Total Externally acquired intangible assets	<u>2 619</u>	<u>3 001</u>
Total Intangible assets	<u><u>12 295</u></u>	<u><u>14 357</u></u>

Intangible Assets

The department recognises the following intangible assets:

• *Water Licences – acquired in the market*

While the acquisition and transfer of water licences for environmental purposes are generally expensed when such expenditure is incurred, there may be points during which the nature of such assets is transformed due to policy decisions. Ultimately these licences will be applied for environmental purposes and the accounting treatment will be to expense the purchases.

• *Water licenses – acquired at no cost*

An intangible asset for water licences has been recognised. The asset was initially acquired for nil consideration prior to 1 July 2005. A reliable fair value at the time of acquisition was not available. The assets were recognised for the first time at fair value as at 30 June 2006. Fair value was determined by observing prices in the water trading market as at 30 June 2006.

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• Intangible Assets (Computer software)

The internal development of software is capitalised by the Department when the expenditure meets the definition and recognition criteria of an intangible asset outlined in AASB 138 and when the amount of expenditure is greater than or equal to \$10 000, in accordance with APF III Asset Accounting Framework APS 2.15. All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed. Subsequent expenditure on intangible assets has not been capitalised. The department has capitalised the internal development of software for the Water Information and Licensing and Management Application system (WILMA). In addition, certain costs have been capitalised in respect of the Natural Resources Management Information System and other software specific to the department's core activities. Some intangibles are currently included in work in progress.

Impairment

The Water licences (acquired at no cost) and originally recognised at fair value (\$2.610m) as at 30 June 2006 were found to be partially impaired as at 30 June 2011. Based on current water prices an impairment of \$282 000 was recognised in the statements.

Intangible asset movement / reconciliation schedule

	Internally Developed \$'000	Externally Acquired \$'000	Total \$'000
2011			
Carrying amount at the start of the period	11 356	3 001	14 357
Additions - acquisitions	681	47	728
Additions - transfers from capital work in progress	926	-	926
Amortisation expense	(3 287)	(147)	(3 434)
Impairment loss	-	(282)	(282)
Carrying amount at the end of the period	9 676	2 619	12 295
2010			
Carrying amount at the start of the period	4 226	2 812	7 038
Additions - acquisitions	5 386	110	5 496
Additions - Transfers to/(from) capital work in progress	2 555	150	2 705
Amortisation expense	(811)	(71)	(882)
Carrying amount at the end of the period	11 356	3 001	14 357

23 Payables

	2011 \$'000	2010 \$'000
Current		
Creditors and accrued expenses	11 096	19 185
Employee benefit on-costs	919	832
Total Current payables	<u>12 015</u>	<u>20 017</u>

Current payables to entities within the SA Government

The following payables (included in the payables shown above) were payable to entities within the SA Government:

	2011 \$'000	2010 \$'000
Creditors and accrued expenses	7 581	6 915
Employee benefit on-costs	326	371
Total Current payables to entities within the SA Government	<u>7 907</u>	<u>7 286</u>

Non-current

	2011 \$'000	2010 \$'000
Employee benefit on-costs	703	1 072
Total Non-current payables	<u>703</u>	<u>1 072</u>

Non-current payables to entities within the SA Government

The following payables (included in the payables shown above) were payable to entities within the SA Government:

	2011 \$'000	2010 \$'000
Employee benefit on-costs	379	504
Total Non-current payables to entities within the SA Government	<u>379</u>	<u>504</u>

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2010 rate 45% to 35%. This rate is used in the employee benefit on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employee benefit on-cost of \$0.105m and employee benefit expense of \$0.611m.

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Interest rate and credit risk

Creditors and accruals are raised for all amounts due 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.

24 Employee benefits

	2011 \$'000	2010 \$'000
Current		
Accrued salaries and wages *	-	1 504
Annual leave	2 100	3 028
Long service leave	568	759
Total Current employee benefits	2 668	5 291

* In 2010-11 employees were paid on 30 June for the pay period ending 1 July 2011. This represents a prepayment of 1 day's salaries and wages, which has been recognised as an asset at 30 June 2011 at the remuneration rate for that day. Prepayments are included in Note 19.

Non-current

Long service leave	7 322	9 364
Total Non-current employee benefits	7 322	9 364

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the 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 liability of \$56 000 and employee benefit expense of \$56 000. 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 discount rate is experiencing significant movement.

25 Provisions

	2011 \$'000	2010 \$'000
Current		
Provision for workers compensation	113	146
Total Current provisions	113	146

Non-current

	2011 \$'000	2010 \$'000
Provision for workers compensation	381	473
Total Non-current provisions	381	473

Provision movement

Carrying amount at the beginning of the period	619	540
Additional provisions recognised	(39)	236
Transfer due to administrative restructure	(21)	-
Amounts used	(65)	(157)
Carrying amount at the end of the period	494	619

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 Division of the Department of the Premier and Cabinet.

26 Equity

	2011 \$'000	2010 \$'000
Contributed capital	10 893	10 893
Retained earnings	54 433	61 122
Asset revaluation surplus	50 093	50 196
Total Equity	115 419	122 211

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27 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	3 034	2 679
Later than one year but not later than five years	12 114	4 175
Later than five years	-	125
Total Operating lease commitments	<u>15 148</u>	<u>6 979</u>

The department's operating leases are non-cancellable and relate to office accommodation with penalty clauses equal to the amount of the residual payments remaining for the term of the lease. Options exist to renew the leases at the end of the term of the leases. Leases are payable one month in advance.

Remuneration commitments

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

Within one year	8 551	7 395
Later than one year but not later than five years	7 464	7 397
Total Remuneration commitments	<u>16 015</u>	<u>14 792</u>

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

Other commitments

Other expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:

Within one year	30 810	32 754
Later than one year but not later than five years	89 009	94 364
Total Other commitments	<u>119 819</u>	<u>127 118</u>

The department's other commitments are for agreements for projects under the Save The River Murray Fund where funds are payable to other agencies undertaking work on behalf of the department, contributions to the Murray Darling Basin Authority, infrastructure costs associated with the Living Murray – Water Recovery Program under inter-government agreements and management of biodiversity assets under the *Upper South East Dryland Salinity and Flood Management Act 2002* and cash and in-kind contributions to Co-Operative Research Centres.

28 Contingent assets and liabilities

The department is not aware of the existence of any contingent assets or liabilities.

29 Transferred functions

Transferred out

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2010 (dated 1 July 2010)* the administrative activities previously undertaken by the department in relation to Natural Resources Management (NRM) activities including State Flora were transferred to the Department for Environment and Natural Resources (DENR). This included 143 employees.

The administrative responsibilities previously undertaken by the department in relation to Bio-Security activities were transferred to the Department of Primary Industries and Resources (PIRSA). This included 72 employees.

The effective date of the above transfers is 1 July 2010.

	DENR	PIRSA
	\$'000	\$'000
Cash*	(388)	229
Receivables	386	-
Inventories	1,273	435
Property, Plant and Equipment	1,940	38
Total Assets	<u>3,211</u>	<u>702</u>
Payables	354	94
Employee benefits	2,675	694
Provisions	21	-
Total Liabilities	<u>3,050</u>	<u>788</u>
Total net assets transferred	<u>161</u>	<u>(86)</u>

* As at balance date the cash transfer of (\$388 000 deficit) relating to DENR had yet to occur.

Net assets transferred by the department as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

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30 Remuneration of board and committee members

The following members served on the boards and committees as listed below during the 2010-11 financial year:

Environmental Management Advisory Group - Upper South East

Aldersey A (appointed 01/07/2010) #	Merry R H *
Bachmann M R #	Meyer W S *
Breen R P	Mustafa S A #
DeJong M C #	Schilling J C #
England C R	Milne T *
Ganf G G *	Vears D (retired 30/07/2010) #
Geddes M C *	White J W *
Hutson J L *	Wood G (retired 30/11/2010) #
Herpich M #	

Water Security Council

Ashby S W #	Knight G R #
Caica P	O'Brien M F
Chessell C I (appointed 24/09/2010)	McLeod R L (retired 31/03/2011) #
Eccles C B (retired 31/03/2011) #	Nightingale I #
Hallion J V #	Ringham J F (appointed 20/12/2010) #
Holmes A N #	Rowse B G (appointed 08/12/2010) #
Howe A D (retired 20/12/2010) #	Wright J S (retired 08/12/2010) #

Upper South East Program Board

Alexander P J (retired 01/02/2011) #	Power N #
Bolster M C	Rasenberg P L
Collins T (appointed 01/02/2011) #	Stopp G W
Hedges S	Wickes R B
Johnson C C	Osborne J L
Longstaff B #	

Border Groundwater Review Committee

Hopton H J #
Johnson A W (appointed 01/07/2010) #
Mensforth L J (appointed 01/07/2010) #

South Australian Murray Darling Basin Plan Steering Committee

Ashby S W #
Eccles C B (retired 21/12/2010) #
Hoey, P J
Howe, D A (retired 21/12/2010) #
Maywald, K A

South Eastern Water Conservation and

Drainage Board Act Review Reference Group [1]

Aslin F W (retired 21/12/2010)	McLaren B N (retired 31/12/2010)
Kidman S J (retired 31/12/2010)	Ross J S (retired 31/12/2010)
Martin N K (retired 31/12/2010)	Talanskas M E (retired 31/12/2010) #

Denotes government employees

* Denotes nil remuneration

[1] The reference group disbanded 31/12/2010 as all work was completed. No meetings were held during the year and therefore no remuneration was paid to

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

	2011 No. of members	2010 No. of members
\$0 - \$9 999	25	37
\$10 000 - \$19 999	-	3
\$20 000 - \$29 999	1	-
\$30 000 - \$39 999	1	1
\$40 000 - \$49 999	-	1
\$50 000 - \$59 999	-	-
	27	42

Department for Water

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$93 000 (2010: \$189 000).

In accordance with the Department of the Premier and Cabinet's Circular PC016 *Remuneration for Government Appointment Part Time Boards and Committees*, government employees did not receive any remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions between members and the department are on conditions no more favourable than those that it is reasonable to expect the department 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 the relevant members.

31 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	27 341	28 899
Balance as per the Statement of Cash Flows	27 341	28 899
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by / (used in) operating activities	5 117	19 757
Less revenues from SA government	(103 116)	(113 059)
Add payments to SA government	10 536	14 141
Add/(less) non-cash items		
Depreciation and amortisation expense of non-current assets	(6 715)	(3 772)
Impairment of non-current assets	(8 619)	-
Bad debts expense	(52)	(5)
(Loss) on disposal of non-current assets	(157)	(7)
Movement in assets and liabilities		
(Decrease) in receivables	(4 659)	(5 153)
Increase in inventories	-	132
Decrease/(increase) in payables	6 968	(6 722)
Decrease/(increase) in employee benefits	1 296	(459)
Decrease/(increase) in provisions	104	(79)
Net cost of providing services	(99 297)	(95 226)

32 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	18	27 341	27 341	28 899	28 899
Receivables	19	9 157	9 157	13 136	13 136
Financial liabilities					
Payables	23	11 096	11 096	19 185	19 185

Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirement will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost) employee for staff on-costs which are determined via reference to the employee liability to which they relate.

Market risk

The department 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 the department as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

Department for Water
Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2011

Ageing analysis of Financial Assets

The following table discloses the ageing of financial assets and the ageing of impaired assets:

Financial assets item	Overdue for < 30 days	Overdue for 30–60 days	Overdue for > 60 days	Total
	\$'000	\$'000	\$'000	\$'000
2011				
Not impaired Receivables	387	13	302	702
Impaired Receivables	-	-	(95)	(95)
2010				
Not impaired Receivables	574	120	357	1 051
Impaired Receivables	-	-	(43)	(43)

Maturity analysis of financial assets and liabilities

All of the department's contracts for financial assets and financial liabilities mature within one year.

Credit risk

Credit risk arises when there is the possibility of the department's debtors defaulting on their contractual obligations resulting in financial loss to the department. The department measures credit risk on a fair value basis and monitors risk on a regular basis.

The department has minimal concentration of credit risk. The department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The department does not engage in high risk hedging for its financial assets.

Liquidity risk

Liquidity risk arises where the department is unable to meet its financial obligations as they fall due. The department is funded principally from appropriations by the SA Government as well as from grant payments received principally from the Commonwealth Government. The department 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. The department 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.

The department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

33 Events after the reporting period

The department is not aware of any events occurring after balance date that would materially affect the financial statements.

Department for Water
Statement of Administered Comprehensive Income
For the Year Ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Administered Expenses			
Employee benefit expenses		-	198
Supplies and services		6	43
Grants and subsidies	A2	7 183	47 212
Payments to Consolidated Account		265	423
Natural Resources Management payments	A3	9 186	12 505
Payments to South Eastern Water Conservation Drainage Board		2 018	1 969
Total Administered Expenses		18 658	62 350
Administered Income			
Revenues from SA Government	A4	7 569	25 870
Revenues from fees and charges	A5	8 914	7 529
Grant revenues	A6	1 931	22 727
Other revenues	A7	-	619
Total Administered Income		18 414	56 745
Net Result		(244)	(5 605)
Other Comprehensive Income			
(Loss) / gain on revaluation of interest in joint venture	A10	(7 946)	51 554
Total Other Comprehensive Income		(7 946)	51 554
Total Comprehensive Result		(8 190)	45 949

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 for Water
Statement of Administered Financial Position
As at 30 June 2011

	Note	2011	2010
		\$'000	\$'000
Administered Current Assets			
Cash and cash equivalents	A8	5 245	16 582
Receivables	A9	5 078	5 439
Total Current Assets		10 323	22 021
Administered Non-Current Assets			
Interest in joint venture	A10	710 113	718 059
Land	A11	-	32 938
Total Non-Current Assets		710 113	750 997
Total Assets		720 436	773 018
Administered Current Liabilities			
Payables	A12	3 872	4 397
Total Current Liabilities		3 872	4 397
Total liabilities		3 872	4 397
Net assets		716 564	768 621
Administered Equity			
Asset revaluation surplus		238 552	255 852
Retained earnings		478 012	512 769
Total Equity		716 564	768 621

The total equity is attributable to the SA Government as owner

Contingent assets and liabilities A14

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

Department for Water
Statement of Administered Changes in Equity
For the Year Ended 30 June 2011

	Note No.	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2009		204 298	518 374	722 672
Net result for 2009/10		-	(5 605)	(5 605)
Revaluation adjustment - interest in joint venture	A10	51 554	-	51 554
Total comprehensive result for 2009/10		51 554	(5 605)	45 949
Balance at 30 June 2010		255 852	512 769	768 621
Net result for 2010/11		-	(244)	(244)
Revaluation adjustment - interest in joint venture	A10	(7 946)	-	(7 946)
Total comprehensive result for 2010/11		(7 946)	(244)	(8 190)
Transactions with SA Government as owner				
Net assets transferred as a result of an administrative restructure		(9,354)	(34,513)	(43,867)
Balance at 30 June 2011		238 552	478 012	716 564

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 for Water
Statement of Administered Cash Flows
For the Year Ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		-	(198)
Payments for supplies and services		(6)	(43)
Payments for grants and subsidies		(7 183)	(47 212)
Payments to Consolidated Account		(250)	(813)
Payments for Natural Resources Management Boards		(9 243)	(11 706)
Payments for South Eastern Water Conservation Drainage Board		(2 018)	(1 969)
Cash used in operations		<u>(18 700)</u>	<u>(61 941)</u>
Cash inflows			
Receipts from Government		7 569	25 870
Fees and charges		9 153	7 236
Grant receipts		1 931	22 727
Other receipts		-	618
Cash generated from operations		<u>18 653</u>	<u>56 451</u>
Net cash (used in) operating activities		<u>(47)</u>	<u>(5 490)</u>
Cash flows from financing activities			
Cash outflows			
Cash transferred as a result of restructuring activities		(11,290)	-
Cash used in financing activities		<u>(11,290)</u>	<u>-</u>
Net (decrease) in cash and cash equivalents	A8	<u>(11 337)</u>	<u>(5 490)</u>
Cash and cash equivalents at the beginning of the period		16 582	22 072
Cash and cash equivalents at the end of the period	A8	<u>5 245</u>	<u>16 582</u>

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

All GST receipts and payments are recognised in the Department's Statement of Cash Flows

Department for Water

Schedule of expenses and income attributable to administered activities

For the Year Ended 30 June 2011

	Natural Resource Management	Qualco Sunlands	Stormwater Management Authority	DFW Corporate Administered Items	Eliminations	Program Total
	2011 \$'000	2011 \$'000	2011 \$'000	2011 \$'000	2011 \$'000	2010 \$'000
Expenses						
Employee benefit expenses	-	-	-	-	-	198
Supplies and services	-	-	-	6	6	43
Grants and subsidies	837	-	6 346	837	(837)	7 183
Payments to consolidated account	-	250	-	15	-	265
Natural Resources Management payments	9 186	-	-	-	-	9 186
Payments to South East Water Conservation Drainage Board	-	-	-	2 018	-	2 018
Total Administered Expenses	10 023	250	6 346	2 876	(837)	18 658
Income						
Revenues from SA Government	-	250	4 415	2 904	-	7 569
Revenues from fees and charges	8 914	-	-	-	-	8 914
Grant revenues	837	-	1 931	-	(837)	1 931
Other revenues	-	-	-	-	-	-
Total Administered Income	9 751	250	6 346	2 904	(837)	18 414
Net result	(272)	-	-	28	-	(244)
						(5 605)

Department for Water
Schedule of Assets and Liabilities attributable to administered activities
For the Year Ended 30 June 2011

	Natural Resource Management	Qualco Sunlands	DFW Corporate Administered Items	Program Total	
	2011 \$'000	2011 \$'000	2011 \$'000	2011 \$'000	2010 \$'000
Assets					
Cash & Cash Equivalents	2 986	250	2 009	5 245	16 582
Receivables	4 621	-	457	5 078	5 439
Interest in Joint Ventures	-	-	710 113	710 113	718 059
Land	-	-	-	-	32 938
Total Administered Assets	7 607	250	712 579	720 436	773 018
Liabilities					
Payables	3 064	250	558	3 872	4 397
Total Administered Liabilities	3 064	250	558	3 872	4 397
Net Assets	4 543	-	712 021	716 564	768 621

Department for Water
Notes to and forming part of the Administered Financial Statements
For the Year Ended 30 June 2011

A1 Summary of Significant Administered Accounting Policies

The department's accounting policies are contained in Note 2 'Summary of Significant Accounting Policies'. The policies outlined in Note 2 apply to both the department's controlled and administered items, unless otherwise noted below.

The Administered Items reflect an accumulation of the balances of each activity, furthermore transactions between individual activities have been eliminated in the administered financial statements.

Some activities have been restructured to assist in the interpretation of the financial transactions relating to the Natural Resources Management Fund (NRM Fund).

Specific provisions of the *Natural Resources Management Act 2004* (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 Natural Resources Management Boards);
- Water levies;
- Penalties relating to water levies;
- Expiation fees and other penalties.

Further commentary regarding these requirements under the NRM Act is provided hereunder.

(a) Natural Resources Management

The NRM Fund was established pursuant to subsection 117(1) of the 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.

(b) 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.

Transactions relating to the NRM Boards are separately shown against this program description, which reflects both revenues and expenses administered by the department in respect of the NRM Boards. These are:

(i) Grants

Grants include monies that had been previously distributed under the Animal Plant Control Commission and the Soil Conservation Council, for which the department received appropriations and paid to the Regional NRM Boards in the form of grants were as follows:

Regional NRM Board	2011	2010
	\$'000	\$'000
SA Murray-Darling Basin NRM Board	-	200
South East NRM Board	-	295
Northern and Yorke NRM Board	-	465
Kangaroo Island NRM Board	-	530
Alinytjara Wilurara NRM Board	-	700
South Australian Arid Lands NRM Board*	-	600
Eyre Peninsula NRM Board	-	610
	-	3 400

Note: pursuant to Machinery of Government changes effective 1 July 2010 the Department no longer makes payments to the regional NRM Boards. Payments are now recognised by the Department of Environment and Natural Resources (DENR).

* Total payments distributed to the NRM Boards included an additional \$0.400m received by the department, included in Revenues from Government. This represented administered appropriations received by the department in respect of the South Australian Arid Lands NRM Board.

Department for Water
Notes to and forming part of the Administered Financial Statements
For the Year Ended 30 June 2011

(ii) Water Levies

Water levies are collected by the department for prescribed water resources in regional NRM Boards 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.

Levies raised by the department during 2010-11 were \$8.038m (2010: \$6.757m). Unpaid levies at the end of the reporting period of \$1.551m (2010: \$2.350m) have been recognised as current receivables. Receivables factor in adjustments in respect of financial relief provided to River Murray licensees, to offset 38 percent of their liability to pay the NRM water levies.

Levies received, but not yet paid to DENR at the end of the reporting period were \$0.943m (2010 \$0.450m, to the regional NRM Boards). During the reporting period the following levies were raised in respect of the regions for which the levies were declared:

Regional NRM Board *	2011	2010
	\$'000	\$'000
SA Murray-Darling Basin NRM Board	4 734	3 740
South East NRM Board	2 129	1 811
Adelaide and Mount Lofty Ranges NRM Board	305	350
Eyre Peninsula NRM Board	387	385
South Australian Arid Lands NRM Board	412	404
Northern and Yorke NRM Board	71	67
	8 038	6 757

* Does not include penalties and other payments made or payable to regional NRM Boards. Refer Note A5.

(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.

In addition, to the penalties raised and received in respect of the NRM Act, penalties were also received (though not raised) during 2010-11 under subsection 133(1)(a) of the *Water Resources Act 1997* (WR Act).

Subsection 115(5) of the NRM Act and regulation 9(d) of the *Natural Resources Management (Financial Provisions) Regulations 2005* provide that section 116 of the NRM Act applies to, and in relation to, a penalty declared under section 115 as if it were a water levy. The effect is that the penalty (and including any interest) so declared must be paid to the regional NRM Board for the region in respect of which the penalty was declared.

The levies pursuant to subsection 115(5) were paid to the regional NRM Boards (via DENR in 2011), with the exception of unpaid penalty charges at the end of the reporting period of \$3.523m (2010: \$2.957m). Of this amount, \$0.457m (2010: \$0.462m) related to penalties raised under the WR Act and \$3.066m (2010: \$2.495m) under the NRM Act.

Penalties received under the NRM Act are payable to DENR (the regional NRM Boards in 2010) and at 30 June 2011 the amount payable was \$1.666m (2010: \$1.373m).

Penalties declared under subsection 133(1)(a) of the WR Act continued to be received during 2010-11, although no new penalties were raised. Penalties received under the WR Act and payable to the Treasurer's Consolidated Account at 30 June 2011 were \$0.558m (2010: \$0.543m).

(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 on an ongoing basis since 2004-05. An appropriation of \$1.002m was received by DFW to fund the payroll tax expenses of the NRM Boards for 2009-10. The 2010-11 reimbursement is being administered by DENR.

Department for Water

Notes to and forming part of the Administered Financial Statements

For the Year Ended 30 June 2011

(v) Expiation Fees and other Penalties under the NRM Act

Expiation fees and penalties are recovered in respect of offences against the NRM Act (eg 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. No fees and/or penalties of this type were collected during 2010-11.

(c) Qualco Sunlands

The *Ground Water (Qualco-Sunlands) Control Act 2000* (GW(QS)C Act) established a scheme to be managed by a Trust to prevent, and reverse, the salinisation and water logging of horticultural land due to irrigation induced factors. The department collects levies and pays instalments in accordance with the provisions of the GW(QS)C Act.

(d) 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 made progressive contributions to a single holding account. Disbursement of funds from the account is by agreement between the parties.

Pursuant to Machinery of Government changes the administration of this activity was transferred to DENR as at 1 July 2010.

(e) 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.

Pursuant to Machinery of Government changes the administration of this activity was transferred to DENR as at 1 July 2010.

(f) Centre for Natural Resource Management

The Centre for Natural Resource Management (Centre) with its Investment Advisory Board (Board) develops and maintains partnerships with regional NRM groups, scientists and researchers, business and industry, governments and agencies, so that integrated natural resource management across South Australia is based on world-class research and development. A primary role of the Centre and its Board is to create more sustainable environments through the development of new technologies and industries, which benefit the environment and are economically sustainable.

The Board makes decisions on the disbursement of National Action Plan (NAP) and other funds in relation to its portfolios of identified regional priority projects, and to the timeliness and quality of research provider delivery. The Board also oversees the stakeholder engagement process, brokers and builds relationships, alliances and partnerships, and seeks to leverage co-investment against NAP funding.

Pursuant to Machinery of Government changes the administration of this activity was transferred to DENR as at 1 July 2010.

Department for Water

Notes to and forming part of the Administered Financial Statements

For the Year Ended 30 June 2011

(g) Pastoral Board

Funds applied by the Minister, on the recommendation of the Board for research and publication of techniques for pastoral land management, for prevention or minimisation of pastoral land degradation and for rehabilitation of degraded pastoral land.

Pursuant to Machinery of Government changes the administration of this activity was transferred to DENR as at 1 July 2010.

(h) State NRM Program

The State NRM program is the SA Government's initiative to financially support the effective management of South Australia's natural resources. The program seeks to meet targets in both South Australia's Strategic Plan and the State NRM Plan.

Under the Caring for our Country program, the Commonwealth has removed the requirement for matching funding (as per NHT and NAP), however there is an expectation that South Australia will continue to contribute financial and in-kind support through a complementary State natural resources management program that is at least equivalent to the level of funding provided under previous programs. Therefore the State NRM program is complementary to the Commonwealth's 'Caring for our Country' initiative.

Pursuant to Machinery of Government changes the administration of this activity was transferred to DENR as at 1 July 2010.

(i) Caring for our Country

The Caring for our Country Program is between the Commonwealth of Australia ('the Commonwealth') and the State of South Australia ('the State') 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.

Pursuant to Machinery of Government changes the administration of this activity was transferred to DENR as at 1 July 2010.

(j) NRM Alliance Fund

The NRM Alliance Fund was established as a collaborative arrangement to facilitate the delivery of NRM science and research to a range of organisations including agencies of the Commonwealth of Australia, agencies of the South Australian Government, NRM Boards and private sector organisations, and for such NRM science and research to be provided to clients by one or more of the parties with the necessary expertise and capability. This fund was abolished as at 30 June 2010.

(k) South Eastern Water Conservation and Drainage Board

The South Eastern Water Conservation and Drainage Board (SEWCDB) was established pursuant to Division 1 of the *South Eastern Water Conservation and Drainage Act 1992*. The department supplies funding to the SEWCDB on a quarterly basis; the funding is sourced from appropriations provided by the Department of Treasury & Finance.

Department for Water

Notes to and forming part of the Administered Financial Statements

For the Year Ended 30 June 2011

A2 Grants and Subsidies	2011	2010
	\$'000	\$'000
DFW Corporate Administration Items	837	3 921
National Action Plan for Salinity and Water Quality	-	7 540
Natural Heritage Trust Grants	-	88
Centre for Natural Resource Management	-	97
Natural Resource Management	837	25
NRM Alliance Fund	-	773
Caring for our Country	-	19 178
State NRM Program	-	14 602
Transfer to Storm Water Management Authority	6 346	4 308
Pastoral Board	-	3
Elimination of intra program transactions	(837)	(3 323)
Total Grants and Subsidies	7 183	47 212

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

The following grants and subsidies (included in the grants and subsidies amounts shown above) were provided to entities within the SA Government:

	2011	2010
	\$'000	\$'000
DFW Corporate Administration Items	-	3 921
National Action Plan for Salinity and Water Quality	-	7 390
Natural Heritage Trust Grants	-	34
Centre for Natural Resource Management	-	12
Natural Resource Management	837	25
NRM Alliance Fund	-	607
Caring for our Country	-	18 828
State NRM Program	-	11 779
Elimination of intra program transactions	(837)	(3 323)
Total: Grants and subsidies paid/payable to entities within the SA Government	-	39 273

A3 Natural Resources Management payments	2011	2010
	\$'000	\$'000
Water levies	8 893	7 122
Grants to NRM Boards	-	3 800
Payroll tax	-	1 151
Penalties payable	293	432
Total Natural Resources Management payments	9 186	12 505

Note that all Natural Resources Management payments are paid to entities within the SA Government.

Department for Water

Notes to and forming part of the Administered Financial Statements

For the Year Ended 30 June 2011

A4 Revenues from SA Government	2011	2010
	\$'000	\$'000
Recurrent Appropriations	7 569	11 151
Appropriations received for the Minister's Salary	-	219
Transfer from Contingencies	-	14 500
Total Revenues from SA Government	7 569	25 870

A5 Revenues from Fees and Charges	2011	2010
	\$'000	\$'000
Water levies	8 038	6 757
Penalties	876	760
Other	-	12
Total Revenues from Fees and Charges	8 914	7 529

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

The following fees and charges (included in the fees and charges revenues shown above) were received/receivable from entities within the SA Government:

	2011	2010
	\$'000	\$'000
Water levies	-	2 910
Total Fees and charges received/receivable from entities within the SA Government	-	2 910

A6 Grant Revenues	2011	2010
	\$'000	\$'000
Natural Resource Management	837	6 403
Storm Water Management Authority	1 931	-
National Action Plan for Salinity and Water Quality	-	781
Natural Heritage Trust Grants	-	631
NRM Alliance Fund	-	574
Caring for our Country	-	17 522
State NRM Program	-	139
Elimination of intra program transactions	(837)	(3 323)
	1 931	22 727

Grant revenues received/receivable from entities within the SA Government

The following grant revenues (included in the grants revenues shown above) were received/receivable from entities within the SA Government:

	2011	2010
	\$'000	\$'000
Natural Resource Management	837	6 403
National Action Plan for Salinity and Water Quality	-	781
Natural Heritage Trust Grants	-	631
NRM Alliance Fund	-	454
Caring for our Country	-	176
State NRM Program	-	72
Elimination of intra program transactions	(837)	(3 323)
Total Grant revenues received/receivable from entities within the SA Government	-	5 194

Department for Water

Notes to and forming part of the Administered Financial Statements

For the Year Ended 30 June 2011

A7 Other Revenues

	2011	2010
	\$'000	\$'000
NRM Fund	-	91
National Action Plan for Salinity and Water Quality	-	455
Natural Heritage Trust Grants	-	47
Caring for our Country	-	26
Total Other Revenues	-	619

Other revenues received/receivable from entities within the SA Government

The following other revenues (included in the other revenues shown above) was received/receivable from entities within the SA Government:

	2011	2010
	\$'000	\$'000
NRM Fund	-	91
National Action Plan for Salinity and Water Quality	-	455
Natural Heritage Trust Grants	-	47
Caring for our Country	-	26
DFW Corporate Administered Items	-	-
Total: Other revenues received/receivable from entities within the SA Government	-	619

A8 Administered Cash Flow Reconciliation

Reconciliation of cash and cash equivalents at the end of the reporting period:	2011	2010
	\$'000	\$'000
Natural Resources Management	2 986	3 375
Qualco Sunlands	250	250
National Action Plan for Salinity and Water Quality	-	7 981
Natural Heritage Trust Grants	-	624
Natural Heritage Trust Extension	-	802
National Landcare Program	-	872
Natural Resource Management Alliance Fund	-	255
Caring for our Country	-	321
State NRM Program	-	143
The Department's Corporate Administrative Items	2 009	1 959
	5 245	16 582
Balance as per Administered Cash Flows	5 245	16 582

Reconciliation of net cash provided by / (used in) operating activities to net result:

Net cash provided by / (used in) operating activities	(47)	(5 490)
Movement in Assets and Liabilities		
Increase/(decrease) in receivables	(240)	295
Decrease/(increase) in payables	43	(410)
Net result	(244)	(5 605)

Department for Water

Notes to and forming part of the Administered Financial Statements

For the Year Ended 30 June 2011

A9 Receivables	2011	2010
	\$'000	\$'000
Receivables reflected as current assets at 30 June comprised the following:		
Water levies	1 551	2 350
Penalties	3 523	2 957
Accrued interest	-	50
Other	24	102
Less Allowance for doubtful debts	(20)	(20)
Total Receivables	5 078	5 439

Receivables from entities within the SA Government

The following receivables (included in the receivables shown above) were receivable from entities within the SA Government:

	2011	2010
	\$'000	\$'000
Accrued interest	-	50
Other	-	102
	-	152

A10 Interest in Joint Venture

During the year ended 30 June 2009, the agreements for the management of the assets and resources (the water) within the Murray-Darling Basin Commission were restructured. The transition date to the new arrangements was 14 December 2008.

Following the restructure, under the revised arrangements, the venturers no longer have a joint interest in net assets, but instead, they have a joint interest specifically in the infrastructure assets and water rights (as opposed to an interest in an entity controlling/holding the assets). The share in the individually controlled assets was transferred at transition in the original proportions of the share of the entity held by the individual jurisdictions as follows: New South Wales 26.67%; South Australia 26.67%; Victoria 26.67%; the Commonwealth Government 20%.

For the year ended 30 June 2011 the department recognised a decrease in its joint interest in MDBA assets of \$7.946m (2010: increase of \$51.554m), bringing the department's total recognition in the MDBA assets to \$710m (2010: \$718m)

A11 Land

The Pastoral Board is responsible for administering pastoral leases under the *Pastoral Land Management and Conservation Act 1989* (PLM&C Act). The unimproved value of land subject to these leases was valued at \$32 938 000 as at 30 June 2010.

The revenue generated by the pastoral leases is recorded within the department's Controlled items (Note 16) in accordance with the PLM&C Act, to cover the costs incurred by the department in administering the pastoral leases.

Pursuant to Machinery of Government changes the administration of the Pastoral Board and associated land holdings was transferred to DENR as at 1 July 2010.

Department for Water

Notes to and forming part of the Administered Financial Statements

For the Year Ended 30 June 2011

A12 Payables	2011	2010
	\$'000	\$'000
Payables reflected as current liabilities at 30 June comprised the following:		
Penalties - Treasurer's Consolidated Account	558	543
Penalties - Regional NRM Boards	1 666	1 373
Payroll Tax - Regional NRM Boards	-	371
Qualco - Treasurer's Consolidated Account	250	250
Water levies	1 372	1 355
State NRM Program	-	135
NRM Alliance Fund	-	255
Other	26	115
Total Payables	3 872	4 397

Payables to entities within the SA Government

The following payables (included in the payables shown above) were payable to entities within the SA Government:

	2011	2010
	\$'000	\$'000
Penalties - Treasurer's Consolidated Account	558	543
Penalties - Regional NRM Boards	1 666	1 373
Payroll Tax - Regional NRM Boards	-	371
Qualco - Treasurer's Consolidated Account	250	250
Water levies	1 372	1 355
NRM Alliance Fund	-	205
Other	-	107
Total Payables to entities within the SA Government	3 846	4 204

A13 Transferred functions

Transferred out

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2010 (dated 1 July 2010)* the administrative activities previously undertaken by the department in relation to Natural Resources Management (NRM) activities were transferred to DENR.

	DENR
	\$'000
Cash	11 290
Receivables	121
Property, Plant and Equipment	32 938
Total Assets	44 350
Payables	483
Total Liabilities	483
Total net assets transferred	43 867

A14 Contingent assets and liabilities

A contingent asset is acknowledged whereby the Minister for Water has an exclusive right to access 40ML per day from the Langhorne and Currency Creek pipeline. The Minister has not exercised this right. The department is not aware of the existence of any contingent liabilities.

Glossary

AMLR NRM	Adelaide and Mt Lofty Ranges Natural Resources Management Board
BOC	Basin Officials Committee
CBD	Central business district
CEWH	Commonwealth Environmental Water Holder
COAG	Council of Australian Governments
CRC	Cooperative Research Centre
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DENR	Department of Environment and Natural Resources
DFW	Department for Water
DWLBC	Department of Water, Land and Biodiversity Conservation
EMLR	Eastern Mt Lofty Ranges
EPA	Environment Protection Authority
GL	Gigalitre (one billion litres)
KPI	Key Performance Indicator
LGA	Local Government Association
MDBA	Murray-Darling Basin Authority
ML	Megalitre (one million litres)
NABERS	National Australian Built Environment Rating System
NRM	Natural Resources Management
OHS&IM	Occupational health, safety and injury management
Ramsar	The Convention on Wetlands, a treaty signed at Ramsar, Iran, in 1971
SIS	Salt interception scheme
SMA	Stormwater Management Authority
TLM	The Living Murray
WAP	Water allocation plan
WILMA	Water Information and Licensing Management Application
WMLR	Western Mt Lofty Ranges