

# ANNUAL REPORT 2005-06

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**Government  
of South Australia**

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Department of Water,  
Land and Biodiversity  
Conservation

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# **Introduction**

The Department of Water, Land and Biodiversity Conservation has pleasure in submitting to the Minister for the River Murray and the Minister for Environment and Conservation its Annual Report covering the financial year ending 30 June 2006.

**Rob Freeman**  
**Chief Executive**

# Chief Executive's Overview

The Department of Water, Land and Biodiversity Conservation (DWLBC) took significant steps during 2005-06 to ensure the sustainable development of the State's precious natural resources.

The commencement on 1 July 2005 of all remaining provisions of the *Natural Resources Management Act 2004* has seen an acceleration of activity to support the Natural Resources Management (NRM) Council and eight regional NRM boards. The State Natural Resources Management Plan 2006 – which establishes the state's policy for the management of natural resources – was finalised and adopted by the Minister for Environment and Conservation. The plan is the first of its kind in Australia. While the development of the plan required considerable effort in partnership with the NRM Council to set a 50-year vision and ten-year targets, the focus will now shift toward assisting the NRM Boards to action on-ground works to achieve these targets and goals.

DWLBC also made significant inroads into improving the condition and management of water resources in South Australia.

The National Water Initiative (NWI) is Australia's blueprint for national water reform. This year SA completed its NWI Implementation Plan and had it accredited by the National Water Commission (NWC). Numerous South Australian project proposals were submitted to the NWC for consideration of funding, and more than \$28 million was made available for SA projects.

The department continued to inject significant resources toward meeting Target 3.1 of South Australia's Strategic Plan to increase environmental flows by 500 GL (billion litres) in the Murray-Darling and major tributaries by 2008 as a first step towards improving sustainability in the Murray-Darling Basin. The longer-term target is to reach 1500 GL by 2018. The department assisted the Minister for the River Murray to present to the May 2006 meeting of the Murray-Darling Basin Ministerial Council a water recovery package that meets South Australia's share of the 500 GL.

Work also continued to better manage the precious water resources of the Mt Lofty Ranges through a process called "prescription". This improved management will secure water supplies for all users in the region, including the environment. During 2005-06 the department conducted extensive consultation with the community to develop and implement these new management arrangements. Detailed technical investigations were also undertaken during the year to define the capacity and nature of the region's water resources.

The *Water Proofing Adelaide, A Thirst for Change 2005-2025* strategy was released in July 2005. This strategy aims to establish a blueprint for the management, conservation and development of Adelaide's water resources to 2025. It includes 63 strategies for the management, conservation and development of Adelaide's water resources to 2025. It includes strategies for the management of water resources of both the Mt Lofty Ranges and the River Murray. Implementation of the strategies will provide 37 GL per annum from water conservation initiatives, and 33 GL per annum from stormwater, roof runoff and recycled water.

While this work to protect and enhance our natural resources was taking place across the State, there were also key achievements within the department. The department developed and implemented customer service initiatives including service timeframes that will enable us to measure our customer service levels, and a new mechanism to enable our customers to provide us with valuable feedback. These customer service initiatives will contribute to meeting South Australia's Strategic Plan target for SA to "lead Australian governments in timely and transparent government decision-making within five years".

Further details about these and other projects can be found in this annual report.

It is important to recognise that while we worked extremely hard over the year to reach these positive results, they were not achieved solely because of the efforts of the department. The valuable partnerships formed with communities, other agencies, private enterprise, and local and Australian governments were crucial to delivering sustainable natural resources management in South Australia.

I am confident that these effective partnerships, together with the hard work and dedication of our staff, will allow DWLBC to continue to achieve natural resources management excellence into the future.

**Rob Freeman**  
**Chief Executive**  
**Department of Water, Land and Biodiversity Conservation**

# Highlights of 2005-06

## Natural Resources Management (NRM) Arrangements in SA

South Australia moved into a new era of integrated natural resources management on 1 July 2005 when the new *Natural Resources Management Act 2004* came into full operation. This legislation changed the way that natural resources are managed in SA.

A major part of these changes was the establishment of the NRM Council and eight regional NRM boards.

During the year the department coordinated significant achievements in relation to these new NRM arrangements, including:

- In January 2006, the movement of employees from pre-existing boards and groups into the eight NRM boards was substantially completed when 218 employees accepted employment with the NRM boards;
- The new NRM Council commenced meeting and was actively supported by the department;
- General Managers were appointed for each board;
- Training of authorised officers continued and compliance and enforcement under the new Act commenced on 1 July 2005;
- Asset transfer to NRM boards from pre-existing groups;
- Completion and distribution of a Governance Manual for all NRM boards; and
- A CD containing policies and procedures was produced and distributed.

Further information about the State's new NRM arrangements can be found from page 19.

## State NRM Plan

The *State Natural Resources Management Plan 2006* was finalised in 2005-06 following a comprehensive consultation process. The Minister for Environment and Conservation adopted the Plan in January 2006.

This document sets out the strategic, state-level policy for the management of South Australia's natural resources for the next five years.

It also sets out a 50-year vision and an integrated conceptual framework for natural resources management, which seeks to address key risks and outcomes through a range of policies and strategies.

Further information about this Plan can be found on page 20.

## **Native Vegetation Clearance Offset by Significant Biodiversity Benefit**

Native vegetation is an important part of South Australia's natural landscape. South Australia has over-cleared its native vegetation, with less than 20% of vegetation remaining in most agricultural areas. Loss and decline of native vegetation leads to endangerment and extinction of plants, animals and associated genetic diversity. It can also contribute to salinity, erosion, acidity and soil compaction.

During 2005-06, the department facilitated the improvements of new arrangements to ensure that where the clearance of native vegetation is necessary, the clearance is offset in such a way that a net biodiversity gain (significant environmental benefit, or SEB) is achieved. This is a target of South Australia's Strategic Plan (Target 3.6).

The SEB may comprise of on-ground works such as revegetation or management of existing native vegetation, or a payment into the Native Vegetation Fund. The funds may then be used for rehabilitation or management of native vegetation.

For further information about significant environmental benefit and the clearance of native vegetation, see page 25.

## **National Water Initiative**

The National Water Initiative (NWI) is Australia's blueprint for national water reform.

The NWI represents the shared commitment of the Australian Government and state and territory governments to water reform. It recognises the need to increase the productivity and efficiency of Australia's water use, to service rural and urban communities, and to ensure the health of river and groundwater systems.

During 2005-06, the department facilitated the completion of South Australia's NWI Implementation Plan, which was accredited by the National Water Commission (NWC). Numerous South Australian project proposals were submitted to the NWC for consideration of funding, and more than \$28 million was made available for SA projects under the Australian Government Water Fund's Water Smart Australia (WSA) program.

Further detail of the department's NWI achievements can be found on page 20.

## **Water Resources in the Mt Lofty Ranges**

The water resources of the Mt Lofty Ranges have great social, economic and ecological importance to South Australia. Increasing demand for domestic, industrial and agricultural water supplies is placing these water resources under pressure.

During 2005-06, the department continued its work to better manage these precious water resources through a process called "prescription". This improved management will secure water supplies for all users in the region, including the environment.

Throughout the year the department conducted extensive consultation with the community to develop and implement these new management arrangements. Detailed technical

investigations also commenced during the year to better define the capacity and nature of the area's water resources.

Further information about water resources in the Mt Lofty Ranges can be found on page 21.

## **Patawalonga Lake System**

The department carried out extensive work during 2006-07 to improve the efficiency and performance of the Patawalonga Lake System.

The monitoring arrangements for the Patawalonga Lake system were improved to include a closed circuit television camera, four colour-coded water level indicators around the lake, and a real-time online monitoring system.

All of the recommendations of the 2003 GHD report into the system have now been implemented. Other activity during the year included research into fish life in the lake, establishment of an emergency plan, and extensive consultation with communities in the area.

The system responded well to storm events during the year, particularly the heavy rain event in the Adelaide Hills in November 2005.

For further information about the Patawalonga Lake System, see page 34.

## **River Murray**

### **River Murray Environmental Flows**

Governments of the Murray-Darling Basin have committed \$500 million to fund the *First Step* of recovering an additional average annual flow in the River Murray of 500 GL. The *First Step* water recovery is aimed at achieving specific and localised ecological benefits at six icon sites along the River Murray.

The department assisted the Minister for the River Murray to present to the May 2006 meeting of the Murray-Darling Basin Ministerial Council a water recovery package that meets South Australia's share of the 500 GL.

South Australia's water recovery package includes the transfer of SA Government-owned water to *The Living Murray* initiative. It also includes projects for feasibility assessments of innovative market options for water purchase or lease, and investment triggers for on-farm water efficiency measures. In addition, South Australia committed \$12 million to the Goulburn–Murray Water Recovery Package in Victoria.

On 19 May 2006, South Australia presented a water recovery package to the Murray-Darling Basin Ministerial Council for South Australia's 35 GL share of the 500 GL, over the next three years. In addition, South Australia has committed \$12.09 million to the Goulburn-Murray Water recovery Package in Victoria.

Further information about River Murray Environmental Flows can be found on page 38.



## **Release of the *Environmental Flows for the River Murray Strategy***

The strategy *Environmental Flows for the River Murray – South Australia’s framework for collective action to restore river health 2005-2010* was released in October 2005 after an extensive consultation process conducted by the department.

The strategy establishes directions and priorities for the recovery, delivery and management of flows in the River Murray in South Australia for the next five years.

The strategy is now being implemented with clearly identified actions, lead responsibilities, identified partners and timeframes. Further information can be found on page 40.

## **Bookpurnong Salt Interception Scheme**

Salt Interception Schemes (SIS) operating in South Australia prevent hundreds of tonnes of salt from entering the River Murray every day. The schemes intercept highly saline groundwater before it enters the river. This saline water is then pumped to disposal basins.

During 2005-06, DWLBC managed considerable activity in relation to salt interception schemes. The Bookpurnong SIS was completed during 2005-06, and will be officially opened in September 2006.

Work on another scheme at Loxton continued during the year, with the completion of the stage 1 pipe-laying contract. The construction of a directional bore was also completed and a trial to review its performance began. Construction will continue on the project for the next two years.

For further information about Salt Interception Schemes in South Australia see page 45.

## **Murray Mouth Dredging and Boat Access**

Dredging at the Murray Mouth continued in 2005-06 as drought conditions throughout the Murray-Darling Basin resulted in below-average flows down the River Murray and through the barrages.

Because of the ongoing dredging - which began in October 2002 - there was widespread public demand to allow boat passage past the Murray Mouth. The department developed its dredging procedure to allow dredging to be concentrated on the southern side of the channel over the peak boating period from October until April. This allowed safe boat passage on the northern side of the dredging equipment.

Further information about dredging operations at the Murray Mouth can be found on page 45.

## **Lower Murray Reclaimed Irrigation Area (LMRIA) Program**

The department's Lower Murray Reclaimed Irrigation Areas (LMRIA) Program aims to restore the health of the River Murray while also providing a base for a sustainable irrigation industry. The program includes works to ensure water use is metered and prevent discharge of polluted run-off to the River.

Private Irrigation Districts Trusts and Private Irrigators are invited to sign a Funding Deed with the Minister for the River Murray to receive funds for on-ground rehabilitation works. Signing of the Deeds has proceeded well with 18 of the 22 Deeds being signed. Rehabilitation works were undertaken in 17 districts, with many now being well advanced.

During the year seven of the nine government districts converted to self-managing private irrigation trusts. One of the other two districts has formally resolved to seek final Ministerial approval to convert, and one district (Mobilong) was retired from irrigation.

Further information about the LMRIA Program can be found on page 46.

# Statement of Purpose

**“To ensure that South Australia’s natural resources are managed in an ecologically sustainable manner that supports the wellbeing of present and future generations.”**

This chapter outlines the department’s vision, mission, role and strategic priorities during 2005-06.

## Our Vision

*Natural resources used sustainably to enhance quality of life*

## Our Mission

- South Australia’s natural resources managed in an integrated and holistic way.
- Community, industry, governments and other stakeholders working together to achieve high quality natural resources management outcomes.
- Improved health and productivity of our biodiversity, water, land and marine resources.
- There is greater capability and willingness to invest in natural resources management.
- Wise resource allocation provides for the best social, environmental and economic outcomes.

## Our Role

The department has three overarching roles, which are:

- To contribute to the achievement of goals and targets identified within South Australia’s Strategic Plan;
- To provide advice and regulatory support to Government and the community regarding the management of South Australia’s natural resources; and
- To facilitate the sustainable allocation and use of the State’s natural resources.

## Strategic Priorities

DWLBC has identified six strategic priorities to assist in achieving fundamental change in natural resources management over the next five years and contribute to the achievements of key points and targets in South Australia's Strategic Plan.

- **Restore the Health of the River Murray**

It is well recognised that reduced flow and increasing salinity in the River Murray are seriously affecting the ecological health of the lower one-third of the river system. If this decline is allowed to continue, it will seriously impact on the viability of the industries and communities that depend upon it.

- **Deliver Effective Reporting on the State and Condition of the State's Natural Resources**

An integrated, whole-of-government approach will be required if Government is to receive the type and quality of information necessary for it to confidently make policy and investment decisions to secure the integrity of our natural resources.

- **Halt the Decline in Quality and Extent of Native Vegetation**

South Australia has over-cleared its native vegetation and much of the remaining vegetation is not being managed appropriately. This is contributing significantly to biodiversity decline, land degradation, and loss of ecosystem services.

- **Protect and Enhance the Natural Resources of the Mt Lofty Ranges**

The Mt Lofty Ranges is the State's most important natural, social and economic region. The region supplies over 60 per cent of Adelaide's water, contributes 31 per cent of the State's total primary production farm gate revenue, and supports a \$50 million tourist industry. Continuing development, pollution and increasing competition for water are placing the region's natural resources under stress.

- **Implement NRM Reforms**

Significant opportunities exist within the natural resources management sector to improve connections between stakeholders and to integrate decision-making processes. Reform of existing legislative, administrative and operational processes can unlock potential synergies and result in quantum leaps forward.

- **Sustainable Agricultural landscapes**

Substantial improvements have been made in farming practices over recent decades, however there remain significant challenges to achieving sustainable agricultural landscapes. The key issues of concern include the continuing loss of native species and ecosystems, declining capacity of the soil resource, climate change, water management, species selection, invasive plant and animal species, and market creation and access.

# **Roles of the Department by Division**

## **Strategic Policy Division**

The Strategic Policy Division focuses on the development of policy to ensure that natural resources management allows sustainable development to occur within an integrated framework, informed by and inclusive of all relevant parties. It is the custodian for natural resources management policy developed across the department and facilitates implementation of key policy initiatives.

## **Knowledge and Information Division**

The Knowledge and Information Division has a key role in natural resources information collection, management and provision. This includes information relating to the state and condition of natural resources, potential impacts of proposed management actions and monitoring and evaluation.

The Division also plays a key role in brokering between researchers, Government agencies, industry and the community to ensure that the State's highest priority NRM research and development needs are addressed.

The work undertaken by the Knowledge and Information Division fosters integrated and informed decision-making and underpins the achievement of economic, social and environmental outcomes for the State, including targets identified in South Australia's Strategic Plan.

## **Infrastructure and Business Division**

The Infrastructure and Business Division leads the development and delivery of infrastructure and remediation programs and commercial businesses, and manages NRM assets to achieve sustainable natural resources use.

## **Land and Biodiversity Services Division**

The Land and Biodiversity Services Division is responsible for technical advice, project management, and support for NRM issues focusing on land management and biodiversity conservation, specifically native vegetation management, pastoral land management, pest animal and plant control, land management, revegetation, and irrigation.

## **NRM Support Division**

The NRM Support Division supports the Ministers, the NRM Council and the Chief Officer to fulfil their statutory responsibilities under the *Natural Resources Management Act 2004*.

In 2005-06, the Division had a key role in providing support to regional NRM boards in their preparation of initial regional NRM plans and investment strategies and in the review of water allocation plans.

The Division also linked natural resources management to development planning and development approvals across a number of related operational Acts.

Through working with state and Australian government organisations support was provided to existing and new natural resources management funding programs through the administration of funds and related reporting arrangements.

## **Resource Allocation Division**

The work of the Resource Allocation Division is associated with the sustainable use and management of natural resources in South Australia, with a particular focus on water.

The work undertaken strongly supports the *growing prosperity* and *attaining sustainability* objectives of the South Australian Strategic Plan.

All of the employees within the Division liaise directly with community members on a day-to-day basis and as such support the *public face* of DWLBC.

Priorities for the Division in 2006/2007 include continuing to improve Customer Service, commencing the implementation of the National Water Initiative agenda for water licensing in SA, developing further partnerships with NRM boards in Compliance and Enforcement activities, amending and implementing water allocation plans, improving water licensing systems and proceeding with a number of prescription processes including the Eastern and Western Mount Lofty Ranges, the Central Adelaide Groundwater Area, the Far North Prescribed Wells area, Baroota, Kangaroo Flat and Greenock Creek.

## **National Water Initiative Division**

The National Water Initiative Division coordinates and drives the implementation of the NWI reforms in South Australia. This necessitates the collaboration of most Divisions within DWLBC as well as a number of other South Australian Government agencies and external parties such as irrigation trusts.

## **Corporate Services Division**

The Corporate Services Division provides strategic corporate and business services to the Chief Executive, all work groups in the department, and the Office of the Minister for the River Murray. These services support the delivery of the department's business through the ongoing development and support of its people, built infrastructure, work processes and systems.

# Legislation

## 1. Minister for Environment and Conservation

The administration of the following Acts is committed to the Minister for Environment and Conservation. DWLBC assists the Minister in the administration of these Acts.

### ***Dog Fence Act 1946***

An Act to provide for the establishment and maintenance of a dog-proof fences in the State in order to prevent the entry of wild dogs into pastoral areas; and for incidental purposes.

### ***Groundwater (Border Agreement) Act 1985***

An Act to approve and provide for carrying out an Agreement for the management of groundwater adjacent to the border of South Australia and Victoria; and for other purposes.

### ***Irrigation Act 1994***

An Act to provide for the irrigation of land in government and private irrigation districts.

### ***Lake Eyre Basin (Intergovernmental Agreement) Act 2001***

An Act to ratify and approve the Lake Eyre Basin Intergovernmental Agreement; and for other purposes.

### ***Native Vegetation Act 1991***

An Act to provide incentives and assistance to landowners in relation to the preservation and enhancement of native vegetation; to control the clearance of native vegetation.

### ***Natural Resources Management Act 2004***

An Act to promote sustainable and integrated management of the State's natural resources; to make provision for the protection of the State's natural resources.  
(Note: Specific provisions of this Act relating to the SA Murray-Darling Basin NRM Board have been conferred on the Minister for the River Murray)

### ***Pastoral Land Management and Conservation Act 1989***

An Act to make provision for the management and conservation of pastoral land; and for other purposes.

### ***River Torrens Acquisition Act 1970***

An Act to provide for the acquisition of certain lands comprising the River Torrens, or adjacent thereto; and for other purposes.

### ***South Eastern Water Conservation and Drainage Act 1992***

An Act to provide for the conservation and management of water and the prevention of flooding of rural land in the South East of the State; and for other related purposes.

### ***Upper South East Dryland Salinity and Flood Management Act 2002***

An Act to provide 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.

### ***Water Resources Act 1997***

An Act to provide for the management of the State's water resources and for other purposes. Only Parts 1 and 8 of this Act are still in operation to provide the legislative framework to collect levies for 2005-06.

In addition, sections 5, 6, 14, 19 and 29 of the ***Fruit and Plant Protection Act 1992*** have been delegated to the Minister for Environment and Conservation. DWLBC assists the Minister in the administration of these delegated powers.

## **2. Minister for the River Murray**

The administration of the following Acts is committed to the Minister for the River Murray. DWLBC assists the Minister in the administration of these Acts.

### ***Ground Water (Qualco-Sunlands) Control Act 2000***

An Act to reduce the risk of waterlogging and salinisation of land and increased levels of salinity in the River Murray caused by the irrigation of land in the Qualco-Sunlands irrigation area; and for other purposes.

### ***Murray-Darling Basin Act 1993***

An Act to approve and provide for carrying out an agreement entered into between the Commonwealth, New South Wales, Victoria and South Australia with regard to the water, land and other environmental resources of the Murray-Darling Basin, and for other purposes.

### ***Renmark Irrigation Trust Act 1936***

An Act relating to the Renmark Irrigation Trust.

### ***River Murray Act 2003***

An Act to provide for the protection and enhancement of the River Murray and related areas and ecosystems; and for other purposes.

### ***River Murray Waters Agreement (Dartmouth Reservoir) Act 1971***

An Act to Ratify and Approve an Agreement relating to Financial Assistance for the Construction of the Dartmouth Reservoir; and for other purposes.

### ***River Murray Waters Agreement Supplemental Agreement Act 1963***

An Act to ratify and approve an agreement entered into between the Prime Minister of the Commonwealth and the Premiers of the States of New South Wales, Victoria, and South Australia respecting 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; and for other purposes.

In addition, specific provisions of the ***Natural Resources Management Act 2004*** relating to the SA Murray-Darling Basin NRM Board have been conferred on the Minister for the River Murray. DWLBC assists the Minister in the administration of these conferred powers.



# Relationship to Other Agencies

In 2005-06, the Department of Water, Land and Biodiversity Conservation reported to the Minister for Environment and Conservation and the Minister for the River Murray.

The department is one of four agencies in the Environment and Conservation and the River Murray Portfolios, the others being the Department for Environment and Heritage (DEH), the Environment Protection Authority (EPA), and Zero Waste SA.

The department is the joint owner with Primary Industries and Resources SA (PIRSA) of a service delivery agency Rural Solutions SA. The department is also the largest purchaser of services from Rural Solutions SA and plays an active role in its management and governance.

In performing its roles the department works closely with other agencies including DEH, EPA, PIRSA, the Department of the Premier and Cabinet, Department of Trade and Economic Development, Department of Administrative and Information Services, Department of Further Education, Employment, Science and Technology, SA Water (a government business enterprise) and the Department for Transport, Energy and Infrastructure.

DWLBC has extensive shared programs with the Australian Government through the Federal Department of Agriculture, Fisheries and Forestry, Federal Department of Environment and Heritage, and the National Water Commission. It also has a number of significant programs with Local Government.

The Chief Executive of DWLBC is Deputy President and one of four State Government appointees on the Murray-Darling Basin Commission, which oversees the management of the major river systems in the Murray-Darling Basin. He is also a member of the Primary Industries Standing Committee and the Natural Resources Management Standing Committee, which advise State and Commonwealth Ministers.

The department fosters strong partnerships with the community and non-government organisations such as the Local Government Association of SA, Conservation Council of SA, SA Farmers Federation, and industry representative groups.

# Programs, Objectives and Achievements in 2005-06

The Department of Water, Land and Biodiversity Conservation had two programs during the 2005-06 year:

- Program 1: Natural Resources Management
- Program 2: Natural Resources Management (River Murray)

The Natural Resources Management Program incorporates three sub-programs:

- 1.1 Natural Resources Management Services
- 1.2 Policy, Science and Information
- 1.3 Infrastructure Services

The Natural Resources Management (River Murray) Program incorporates three sub-programs:

- 2.1 Natural Resources Management Services (River Murray)
- 2.2 Policy, Science and Information (River Murray)
- 2.3 Infrastructure Services (River Murray)

The following pages provide detail of the department's achievements during 2005-06 under these programs. A fourth section "Statistics" provides key operational statistics from 2005-06.

# Program 1: Natural Resources Management

**Description/Objective:** The management of natural resources in South Australia, including the provision of advice and regulatory support for Government and community, and facilitating the allocation and sustainable use of natural resources.

## 1.1 Natural Resources Management Services

### NRM Implementation Program

On 1 July 2005, the *Natural Resources Management Act 2004* came into full operation, supporting the Natural Resources Management (NRM) Council and eight regional NRM boards already established under the Act.

DWLBC has continued to develop and implement institutional, governance, workforce and business arrangements to ensure that the objectives and reforms of the NRM Act are operational. Major achievements during the year included:

- The new NRM Council, with the active support of DWLBC staff, commenced operation;
- General Managers were appointed for each board;
- Training of authorised officers continued and compliance and enforcement under the new Act commenced on 1 July 2005; and
- Transfer of assets and liabilities from pre-existing boards and groups to NRM boards.

The human resources transition project focussed on the development and implementation of the principles, employment structures and terms and conditions of employment to support the movement of about 230 employees from 55 pre-existing boards and groups into the eight regional NRM boards. This was substantially completed in January 2006 when 218 employees accepted employment with the regional NRM boards. Eleven employees elected not to accept employment and remained under their existing employment arrangements, nevertheless working with the boards but under the oversight of the Chief Officer.

Subsequent to the transition project the new Natural Resources Management Boards Enterprise Agreement 2005-06 was negotiated and ratified by the Industrial Relations Commission on 6 June 2006.

A Business and Governance Framework completed in 2004-05 identified 11 elements requiring program development to ensure the regional NRM boards could meet their legal and statutory requirements. All activities have been completed or their completion has been negotiated with the relevant party.

A key output was the Governance Manual, which was distributed on 22 March 2006. This can be found online at: [www.dwlbc.sa.gov.au/nrm/arrangements/governance.html](http://www.dwlbc.sa.gov.au/nrm/arrangements/governance.html)

## **State NRM Plan**

In 2005-06, the department coordinated the finalisation of the *State Natural Resources Management Plan 2006* following a comprehensive consultation process. The consultation process identified many issues that were taken into account by the NRM Council in preparing the final Plan. The Minister for Environment and Conservation adopted the Plan in January 2006.

South Australia now has an innovative and visionary document that sets out the strategic, state-level policy for the management of natural resources in the State for the next five years. The Plan sets out a 50-year vision and an integrated conceptual framework for natural resources management, which seeks to address key risks and outcomes through a range of policies and strategies.

The Plan will be implemented through the activities of agencies and regional NRM boards. A detailed implementation strategy will be developed in 2006 to ensure that implementation is well coordinated.

## **Accreditation of NRM Funding Investment Strategies**

As part of the bilateral agreements between the Commonwealth of Australia and the State of South Australia, the department delivered the administrative responsibility for implementation of the National Action Plan for Salinity and Water Quality (NAP), the Natural Heritage Trust (NHT) and the National Landcare Program (NLP). Part of this function was the provision of guidance and coordination for the development of regional investment strategies.

In 2005-06, the Commonwealth and State Government Ministers approved investment strategies for NAP and NHT funding based upon accredited NRM plans. The approved funding was provided to the regional NRM boards and many of the projects have been completed. The remaining projects will be completed early in 2006-07.

## **National Water Initiative**

South Australia signed the National Water Initiative (NWI) in June 2004. The first major requirement of the NWI is for each jurisdiction to prepare an NWI Implementation Plan detailing how it intends to implement the agreed reforms within the established timeframes. DWLBC completed this plan for South Australia and it has been accredited by the National Water Commission (NWC).

DWLBC submitted numerous project proposals to the NWC for consideration of funding under the Australian Government Water Fund's Water Smart Australia (WSA) program. In October 2005, the Prime Minister announced \$18.3 million of WSA funds would be made available to South Australia. In April 2006, Parliamentary Secretary Malcolm Turnbull announced WSA funding of a further \$10.49 million. This funding was provided for the following projects:

- Sustainable Management in the Mt Lofty Ranges
- Virginia Pipeline Scheme Extension
- Stormwater Harvesting & ASR
- Environmental Water Trading
- Groundwater assessment in MLR, NAP & KI

- Integrated WR management in SE
- Remote reading of water meters in Riverland

In addition to WSA, the NWC has also released its guidelines for funding under its Raising National Water Standards program. South Australia contributed to the identification and prioritisation of issues identified under this program and is developing proposals for further funding.

## **Water in the Mt Lofty Ranges**

Water resources in the Mt Lofty Ranges are vitally important socially, economically and ecologically to South Australians. Increasing demand for domestic, industrial and agricultural water supplies is placing these water resources under pressure.

The water resources of the Eastern and Western Mt Lofty Ranges were prescribed by the Minister for Environment and Conservation on 8 September 2005 and 20 October 2005 respectively. This prescription established a framework for the sustainable management of water resources in the region. It provides more secure access to water for all users, establishes a potentially tradable statutory water right and recognises the environment as a legitimate user of water.

Prescription of water resources in the Mt Lofty Ranges followed extensive consultation with the community and industry groups. This consultation was managed by DWLBC. Nearly 2700 people attended a range of public meetings, open house forums and industry meetings on the proposal to prescribe. Information packages were mailed to more than 22 000 landholders. A total of 229 written submissions were received and 600 residents were surveyed.

Following prescription, information packages were mailed to 22 000 landholders and a series of open house forums and industry meetings were held. More than 3200 existing water users lodged water licence applications in the Eastern and Western Mt Lofty Ranges during 2005-06.

The department - together with the Adelaide and Mt Lofty Ranges and SA Murray-Darling Basin NRM Boards – began detailed technical investigations in the Mt Lofty Ranges to define the capacity and nature of the area's water resources. These investigations will address the specific needs of the water allocation planning process by determining environmental water requirements, understanding interactions between surface and groundwater resources and determining the capacity of the resource to meet future requirements.

During 2005-06, agreement was reached for a series of trial environmental flow releases from SA Water reservoirs in the South Para, Torrens and Onkaparinga catchments. Environmental flow trial releases are expected to commence in 2006-07.

## **Water Licensing Customer Service Standards**

In 2005-06, the department developed and trialled Water Licensing Customer Service Standards in order to provide all water licensing customers with quick, efficient and helpful service within set timeframes.

The standard provides processing targets for a total of 20 license, permit and administration activities, and a commitment to conclude 90% of all applications within the set targets.

A flyer detailing the standard will be included with all customer communications in 2006-07, and will include a customer service pledge, further information on water licensing, contact information and opportunity for customer feedback.

Formal measurements against the standard will commence in 2006-07, however preliminary results over two quarters measured to date indicate that the targets are being met for all new applications.

### **Volumetric Conversion and Metering in the South East**

The process to convert all water licences in the South East to volumetric allocations continued in 2005-06. A conversion model was presented at 15 workshops held by DWLBC across the region. More than 250 licensees attended the workshops and were provided assistance in calculating draft volumetric allocations for their individual licences. Licensees in general were supportive of the proposed conversion model.

The workshops formed part of the project's comprehensive consultation and change management process. In total, more than 1400 participants have attended 80 workshops over the past four years. As a result the volumetric conversion model is owned, understood and accepted by most licensees.

The implementation of volumetric conversion will occur through the amendment of water allocation plans in the region. It is anticipated that the review of these plans will be finalised in early 2007, after which time the licences will be converted.

In 2005-06, the department also continued implementation of the South Australian Licensed Water Use Metering Policy in the South East. All licenses were required to install meters by 30 June 2006 (this deadline was announced in 2002). Nearly 3000 meters were installed by the deadline. A compliance strategy has been developed in relation to licensees who have failed to install meters. Many licensees are using the meters as an important tool in the continuous improvement of their irrigation management practices.

### **Avoiding Over-Allocation of Water Resources**

Under the *Natural Resources Management Act 2004*, all regional NRM boards must prepare draft water allocation plans in relation to each prescribed water resource in its area. After adoption, water allocation plans are required to be reviewed every five years.

Although the review of water allocation plans is the responsibility of the regional NRM boards, DWLBC provides support to the boards in this task by providing technical information, policy direction and advice, assistance in meeting the requirements of the NRM Act, and matters that affect allocation, licensing, permitting and compliance.

Additionally, the NRM Council has a statutory role in providing comment on draft water allocation plans, which it does with the technical support of the department.

Throughout 2005-06, the department provided input and advice to the regional NRM boards in relation to the development and review of water allocation plans for prescribed

water resources throughout South Australia. Six water allocation plans were reviewed during the year.

The department was also involved in the Queensland Government's water resource planning process for the Queensland section of the Great Artesian Basin.

## **Aboriginal Programs**

The department has continued to support meaningful participation and partnerships with Aboriginal communities in natural resources management in South Australia. DWLBC acknowledges that Aboriginal people connect natural resources management outcomes with social, cultural and economic development outcomes that cannot be separated or managed in isolation.

With encouragement and involvement from Aboriginal communities throughout SA, some of the department's significant achievements during 2005-06 included:

- Support of the Alinytjara Wilurara NRM Board for implementation requirements under the *Natural Resources Management Act 2004*;
- Support and coordination for the state-wide Aboriginal Advisory Committee to the NRM Council;
- Implementation of engagement processes to facilitate Aboriginal participation in natural resources management at the regional level;
- Development (in conjunction with the Australian Government) of new initiatives to support all South Australian NRM officers in the engagement of Aboriginal communities in natural resources management; and
- The formation of partnerships across South Australian and Australian Governments to progress synergies between natural resources management and social and economic outcomes for Aboriginal communities across the State.

## **Legislative Review**

During 2005-06, the department began a number of legislative reviews. These included:

- A review of the *South Eastern Water Conservation and Drainage Act 1992*, which is to include a framework for managing the total system (drainage, wetland, environmental assets) and to explore its relationship with the *Natural Resources Management Act 2004*;
- A review of the *Irrigation Act 1994* and the *Renmark Irrigation Trust Act 1936*, which is being undertaken to assess them against contemporary water resource management objectives and to ensure full compliance with the National Water Initiative; and
- A review of the *Natural Resources Management Act 2004*, which is a statutory review to be completed by the end of the 2006-07 financial year.

The preparation of issues papers ready for consultation on each of the above reviews commenced in 2005-06.

The review of the *Upper South East Dryland Salinity and Flood Management Act 2002* was completed and amendments have been proposed for Government consideration.

Consideration also has been given to the scope of a review of the Native Vegetation arrangements with a view to how the legislation may best integrate with the natural resources management arrangements.

Additionally, a web based Legislative Register has been completed to enable more effective monitoring and management of legislation within the department.

## **State Flora**

State Flora is a specialist Australian plant nursery with retail sales nurseries at Murray Bridge and Belair, and a production nursery also located at Murray Bridge. State Flora operates as a commercial business within government according to the principles of competitive neutrality.

Plant sales in 2005-06 exceeded the previous year, despite some areas of the SA nursery industry experiencing a downturn. State Flora grows and sells the largest range of low water use Australian plants in South Australia, with an emphasis on local SA species.

State Flora continued its involvement with regional areas of SA providing a broad range of plants for habitat and biodiversity revegetation projects, in most cases using plants grown from locally occurring seed.

State Flora's Belair nursery, located within Belair National park, will celebrate its 120<sup>th</sup> year of continuous operation in Spring 2006. The nursery opened in 1886, and predates the formation of the Belair National Park by five years.

## **Branched Broomrape Eradication Program**

The department continued toward its goal to eradicate the branched broomrape weed, which remains a major threat to agriculture and the environment in South Australia. The weed has been contained to a 1900 square kilometre area near Murray Bridge. If the weed was to escape this containment area, it has been predicted that more than one quarter of all South Australian agricultural land would be at high risk of infestation.

In 2005-06, soil moisture levels in early autumn were sufficient to allow an early start to the fumigation program. Contractors treated nine hectares of high-risk sites although dry conditions in June restricted some applications.

Investment in new machinery to applying the granular fumigant, and further development of the liquid fumigant applicator (both manufactured in South Australia), enabled the fumigation of almost 400 hectares.

## **Mapping the Distribution of Declared Weeds**

Mapping of the distribution of declared weed species continued in 2005-06 using data reported by NRM board officers. Maps showing the densities of each of the 81 declared weeds were completed and published on the DWLBC website. These maps will be used for reporting to the National Land and Water Resources Audit on distribution of invasive species in South Australia.



Predictive maps of the potential distribution of 70 declared species have also been completed and will be used in refining the risk assessments of these species as part of an ongoing review of State-level control programs.

### **Native Vegetation Council Support**

The Native Vegetation Council (NVC) plays an important role in the management of native vegetation across the State. The NVC receives technical advice and administrative support from the department.

During 2005-06, with the support of the NVC the department provided regional information sessions to raise awareness of the *Native Vegetation Act 1991* and the *Native Vegetation Act Regulations 2003*. More than 600 people attended 20 presentations over six months.

The NVC approved the establishment of a joint sub committee with the SA Country Fire Service to help streamline the approval of bushfire prevention plans.

Standard Operating Procedures for SA Water were approved by the NVC to allow SA Water to undertake most clearance activities without the need for specific approval from the NVC (other than for areas of high biodiversity value).

### **Native Vegetation Regulation Amendments**

Changes to the *Native Vegetation Regulations 2003* were enacted in February 2006. The changes form an integral part of a package of measures designed to assist landholders to improve their farming enterprises while also benefiting the environment.

The amendments:

- Clarify the intent of the exemptions;
- Extend the exemptions to provide for greater flexibility considered to be reasonable for normal land management operations;
- Provide for additional fire safety measures; and
- Provide for the use of the Native Vegetation Fund for research, development and other purposes to meet the objectives of the Native Vegetation Act.

The amendments allow for clearance of native vegetation that has grown for more than five years, subject to a voluntary management plan prepared by the landholder and approved by the Native Vegetation Council (NVC). Such management plans may be prepared for land that is actively farmed or where native vegetation has grown on previously cleared land that has been the subject of a regional land degradation process (such as salinity). The NVC must seek and consider the advice of the relevant regional NRM board with regard to land degradation issues.

### **Native Vegetation Clearance - Significant Environmental Benefit**

The *Native Vegetation Act 1991* provides for the protection and management of native vegetation in South Australia. The Act recognises that there are circumstances where some clearance of native vegetation is necessary, such as during the construction of new houses, road widening, centre-pivot irrigation and the construction of new water mains.

During 2005-06, the department prepared draft guidelines for a native vegetation *significant environmental benefit* (SEB) policy for the clearance of scattered paddock trees were released for public comment. SEB means that where the clearance of native vegetation is necessary, the clearance is offset in such a way that a net biodiversity gain (significant environmental benefit) is achieved. This meets Target 3.6 of South Australia's Strategic Plan.

The guidelines allow for landholders to seek approval to clear scattered paddock trees subject to the establishment of a significant environmental offset. Since being approved by the Native Vegetation Council (NVC) in 2004-05 as interim guidelines, 16 applications have been considered using these guidelines pursuant to Section 29 (4) of the *Native Vegetation Act 1991*.

The NVC also endorsed the final document *Guidelines for a Native Vegetation Significant Environmental Benefit (SEB) Policy for the clearance of native vegetation associated with the Minerals and Petroleum Industry*. The NVC has delegated the determination of significant environmental benefit (consistent with the guidelines) to PIRSA.

### **Integration of Native Vegetation/Biodiversity Management in NRM Regional Plans**

The State Natural Resources Management (NRM) Plan was released in February 2006. It provides the overarching principles and direction for regional natural resources management plans, including the protection and enhancement of native vegetation and biodiversity.

The State's regional NRM boards have prepared initial NRM plans for 2005-06. These plans bring together existing animal and plant control, soil conservation, catchment water management and interim integrated NRM plans. Native vegetation and biodiversity management initiatives were included in the interim integrated NRM plans, and receive funding under the National Action Plan for Salinity and Water Quality and the Natural Heritage Trust Programs.

In addition, regional biodiversity plans have been developed for Eyre Peninsula, Kangaroo Island, the South East, SA Murray-Darling Basin and Northern and Yorke NRM regions. Regional biodiversity plans are expected to be developed for the Adelaide and Mt Lofty Ranges and for the South Australian Arid Lands NRM regions by December 2006 and December 2008 respectively.

### **Pastoral and Land Assessment Program**

The *Pastoral Land Management and Conservation Act 1989* requires all land held under pastoral lease be subject to a scientific assessment of the condition of the land at least every 14 years. The first round of assessments commenced in 1990 and took about ten years to complete.

With the technical and administrative support of the department, the Pastoral Board initiated the second round of assessments in the Kingoonya district during 2005-06. This program involves revisiting the assessment sites established during the first round of assessments and allows conclusions to be drawn about trends in the condition of the land while acknowledging any variations due to seasonal or prevailing climatic conditions. Results from the Kingoonya district (primarily based on an assessment of perennial vegetation change) show an encouraging improvement in land condition.

The Pastoral Board will expand operations into the Gawler Ranges in the next phase of the assessment program.

### **Deer Management Program**

The department has continued its efforts to manage deer in South Australia. During 2005-06, officers inspected 90% of fences of registered deer herds across the state resulting in two enforcement issues.

A postal survey of 785 landholders in the South East was undertaken to determine attitudes toward deer. The high return of 65% highlights the significance of deer to the region's rural landholders. Six species of deer are now feral in the region and about half of the survey respondents have feral deer. Landholders concerns include personal safety, traffic hazard and deer spreading disease.

The primary impact of the feral deer is in eating pasture and crops, with disease, infrastructure damage and their attraction of illegal hunting reported by about 40% of respondents. The impact of feral deer on mallee fowl mounds was also reported and may be significant to this threatened species.

An aerial survey primarily of the Gum Lagoon area resulted in 139 deer sighted, with most sightings at Gum Lagoon, Bonney's Camp and Tilley Swamp. Red deer numbers were double the number sighted in the 2004 survey. The aerial and questionnaire surveys were being used to develop a control program utilising landholders and local groups.

The eradication of fallow deer from Kangaroo Island has continued and it is thought that only about 30 feral deer remain. About 100 fallow deer were removed under the Para Wirra Community Biodiversity Program, and a further 100 were removed from Second Valley. Almost all escaped red deer in the Bundaleer Forest have been removed as part of the Ovine Johne's Disease (OJD) program.

### **Eyre Peninsula Bushfire Response**

The Lower Eyre Peninsula Bushfire Re-establishment Program completed its first 12 months of operation during 2005-06. The program covers the 83 000 hectare area burnt in a bushfire on 11 January 2005.

DWLBC has contributed to the programs direction and operations through participation on the Program Advisory Committee and Implementation Sub-committee. During 2005-06, the department also funded revegetation projects forming part of the matching State contribution to the Australian Government Natural Heritage Trust investment.

During the first twelve months of the program:

- 104 farming properties completed strategic planning workshops;
- 50 small holding properties completed strategic planning workshops;
- 67 business planning grants were approved;
- 4 major works grants were submitted; and
- 5 minor works grants were submitted.

## **The Dog Fence**

Amendments to the *Dog Fence Act 1946* passed through Parliament in November 2005 and were promulgated.

The Dog Fence Board inspected the western half of the Dog Fence. Local board members and private owners met the board for the inspection for their sections of fence. The fence is in good condition and is considered dog proof.

The Board approved capital works projects for local boards of \$130 700 for 2005-06.

## **Compliance**

During 2005-06, the department ensured effective compliance with, and enforcement of, Acts under its administrative control.

### *Native Vegetation Act 1991*

Investigation of compliance with the *Native Vegetation Act 1991* is carried out by DWLBC in conjunction with the Department for Environment and Heritage (DEH) and the Native Vegetation Council (NVC). Intelligence regarding alleged breaches of the act comes from a variety of sources, including members of the public and satellite imagery.

Vegetation change data derived from comparing satellite imagery from early 2004 to images from early 2005 identified 30 separate incidences involving potential loss of native vegetation. These occurred in most agricultural regions with the majority being in the South East and on Kangaroo Island. The incidences are currently being processed for prioritisation before being allocated for formal investigation.

During the year, 249 reports of alleged breaches were received (including those from satellite detection).

### *The Pastoral Land Management and Conservation Act 1989*

The *Pastoral Land Management and Conservation Act 1989* allows for the granting of pastoral leases which provide for the grazing of stock on Crown land. The leases granted under the Act are subject to conditions and reservations. The Pastoral Board, supported by three pastoral inspectors, administers the enforcement of the lease conditions.

In 2005-06, 43 lease inspections were carried out. These inspections resulted in a number of negotiated agreements designed to address various degrees of land degradation. It should be noted that in the current period of prolonged drought the condition of the land has remained robust. This is a testament to the effectiveness of the Act and the responsible attitude of the lessees.

At 30 June 2006, the Pastoral Board had formal de-stocking orders pursuant to s43 of the Act applying to two pastoral leases.

During the course of the year, the Board continued its longstanding relationship with animal and plant control authorities and the Department for Environment and Heritage in working to control feral camels in the Far North, and feral goats in the Flinders and Olary Ranges.

### Investigations and Compliance Officers

During 2005-06, the department's Investigations Unit ensured effective compliance with, and enforcement of, Acts under DWLBC administrative control.

The Investigations Unit is based in Adelaide and Murray Bridge. Unit staff have an excellent rapport with both internal and external stakeholders and ensure ongoing compliance is achieved via a wide range of compliance tools extending from education and negotiation through to civil and criminal enforcement.

Ongoing training was provided to authorised officers across the state. More than 140 people were trained at the Natural Resources Management Investigations and Enforcement Certificate Courses.

The DWLBC Investigations Unit helps authorised officers across the State undertake their NRM Act compliance role. A help desk is operated and has been successful in providing ongoing advice, assistance and research to all stakeholders.

During 2005-06, the unit issued expiation notices and undertook several actions within the Magistrates Courts and Environment Resources and Development Court.

## 1.2 Policy, Science and Information

### Release of the Water Proofing Adelaide Strategy *A Thirst for Change*

The *Water Proofing Adelaide, A Thirst for Change 2005-2025* strategy was released in July 2005. It includes 63 strategies for the management, conservation and development of Adelaide's water resources to 2025, including the Mt Lofty Ranges and River Murray water resources.

Implementation of the strategies will provide 37 GL per annum from water conservation initiatives, and 33 GL per annum from stormwater, roof runoff and recycled water. In addition, the report identifies the need for environmental flows downstream of Adelaide's major water supply reservoirs. Implementation of these strategies will ensure that for all but very severe droughts Adelaide will have sufficient water resources until at least 2025.

The majority of strategies are being implemented through various activities. Some of these include:

- Development of a plan to implement the State Government's policy requiring rainwater tanks to be plumbed into most houses built after July 2006;
- Prescription of the Eastern Mt Lofty Ranges surface and groundwater resources in September 2005, and prescription of the Western Mt Lofty Ranges surface and groundwater resources in October 2005; and
- Contributing to the development of State legislation for water efficiency labelling, with *The Water Efficiency Labelling and Standards Act 2006* passed in June 2006.

### Managing Stormwater in Metropolitan Adelaide

The department contributed to the development of improved stormwater institutional arrangements between state and local government to reduce flood risk and improve water quality.

In February 2006, State and Local Government entered into an *Agreement between the State of South Australia and the Local Government Association on Stormwater Management*. This agreement articulates proposed new stormwater management institutional and funding arrangements, including the proposed establishment of a stormwater management authority. The agreement is consistent with the *Urban Stormwater Management Policy for South Australia*.

Under the terms of the agreement, local councils will remain responsible for developing stormwater management plans for their area. The plans must comply with the stormwater management guidelines issued by the proposed stormwater management authority. For this purpose, the *Guideline Framework for Uniform Catchment based Stormwater Management Planning by Local Government Councils* was developed then approved by the NRM Council in April 2006 for use by local councils.

During 2005-06, responsibility for the Catchment Management Subsidy Scheme was formally transferred to the Department of Transport, Energy and Infrastructure. This was in line with the transfer of responsibility for urban stormwater management to the Minister for Infrastructure.

## **Plumbing Rainwater Tanks into All New Homes**

In March 2004, the South Australian Government made a decision to require houses built from 1 July 2006 to have a rainwater tank installed and to be connected to plumbing systems to allow the water to be used for suitable in-door purposes. The requirements also apply to existing homes undergoing major renovation (greater than 50 square metres roof extension).

DWLBC is the responsible agency for the development of an implementation plan for the mandatory rainwater tank policy. The department established a Rainwater Tank Policy Steering Committee to facilitate the development of the implementation plan and communications strategy for the policy. The committee comprised officers of DWLBC, Planning SA, Department of Health, SA Water and Local Government. In September 2005, the South Australian Government approved the implementation plan, which included the policy and technical requirements to be adopted in the revised version of the Building Code of Australia 2006 (BCA 2006).

In consultation with the department, Planning SA developed regulations required to give effect to the policy requiring that all new homes built from 1 July 2006 to have rainwater tanks plumbed into the house for indoor use. In March 2006, the legislative and technical provisions of the rainwater tank regulations were adopted in the revised SA variation to the BCA 2006.

Information sheets were developed and information was added to the department's website to advise the community and industry of the policy requirements. A plumbing guide was also developed for the plumbing industry.

## **Rainwater Tank Rebate**

The State Government made an election commitment to provide a rebate of up to \$400 to plumb rainwater tanks into existing homes. This rebate would complement the existing mandatory policy requiring all new homes built from 1 July 2006 to have rainwater tanks plumbed into the house for indoor use. The rebate scheme commenced on 1 July 2006.

The plumbing-in of existing rainwater tanks is further complimented through the mandatory rainwater tank requirements that also apply to existing homes undergoing major renovation with a roof area extension greater than 50 square metres.

## **Water Efficiency Labelling and Standards Scheme**

During 2005-06, the department participated in the Water Efficiency Labelling Scheme Advisory Committee, and assisted in the development of complementary State legislation passed by the South Australian Parliament on 22 June 2006.

The legislation was developed following extensive consultation with manufacturers, suppliers, retailers and the plumbing industry. The scheme mandates the labelling of selected domestic appliances with their water efficiency and water consumption from 1 July 2006.

This labelling will allow consumers to make an informed choice on the running cost of appliances. To reduce water use, toilets cannot be sold that use more than a specified amount of water.

### **Water Proofing South Australia**

During 2005-06, the department developed terms of reference and resourcing proposals for a strategy to “water proof” regional and rural South Australia along the lines of the recently released *Water Proofing Adelaide* strategy.

*Water Proofing South Australia* will be developed in conjunction with the State’s eight NRM boards, regional development boards and local government authorities to identify opportunities and challenges in each region.

The project will look at the types of measures or ideas that were investigated for Adelaide in the *Water Proofing Adelaide* strategy, such as water-use practices and rainwater harvesting.

### **Implementation of the *Natural Resources Management Act 2004***

In 2005-06, the State NRM Plan was developed. This plan incorporates monitoring and evaluation, and commits the department to supporting its information requirements.

In order to meet the department’s requirements and provide the necessary technology support structures to the plan, during the year the department implemented projects such as the Natural Resources Management Information System and the Monitoring and Evaluation Operational Plan.

### **Managing Plantation Forestry Impacts on Water Resources in the Lower South East**

In 2004, a transparent and accountable system to manage the impacts of commercial plantation forestry development on the recharge of Lower South East groundwater resources was introduced. However, the management approach did not take account of the impacts of direct extraction of water from shallow water tables by plantation species. At the time, key stakeholders (including the forestry industry) agreed that this issue would be addressed when the CSIRO completed its technical investigations in the South East on direct extraction by plantation species.

In September 2005, the CSIRO released the report *Water use by Tree Plantations in South East South Australia*. This report established that plantations in the Lower South East, regardless of species, could extract groundwater where the water table is shallow and there is no root impedance between the land surface and the water table.

DWLBC used the CSIRO data as a foundation for its technical review on the region’s groundwater resources. In 2006, the department released the report *Review of groundwater resource condition and management principles for the Tertiary Limestone Aquifer in the South East of South Australia*. The report provides the foundation for the South East community and the South East NRM Board to develop a draft water allocation plan that takes into account the significant impact of commercial plantation forestry on groundwater resources in that region. This will ensure that the region’s water resources continue to be managed in a sustainable manner.



## **Cooperative Research Centres (CRC)**

Through participation in the Cooperative Research Centre (CRC) for Australian Weed Management, the department has led the development of a national post-border weed risk management protocol. This protocol provides clear guidelines on how to prioritise weed control programs at national, state and regional levels. The CRC for Australian Weed Management has also supported the Weed Warriors education and awareness program and a wide range of regional weed management projects in South Australia.

The department conducted research on rabbits while participating in the Invasive Animals CRC. This research contributed to the development of ethical standards for the use of genetically modified organisms to manage pest animals. The department also collaborated in a demonstration site on Kangaroo Island to showcase feral pig control and the attempted eradication of feral deer and feral goats.

The department – along with PIRSA, the CRC for Irrigation Futures and a range of regional bodies in the South East of the State – developed a Regional Investment Business Partnership. This partnership will leverage existing work on the management of water resources and provide access to up to 30 additional researchers nationally in the areas of hydrology, social and institutional policy frameworks, markets and productivity, and investment models. The partnership will also support PhD studentships working on South East issues.

## **Customer Service Excellence Program**

The Customer Service Excellence Program was established in 2005 to establish and support initiatives to enhance the level of customer service and the quality and timeliness of the department's service delivery to both its internal and external customers.

A cornerstone of the program has been the development of a Customer Service Charter, which declares the department's commitment to its customers and the standards of service they can expect. To support the commitments of the Charter, a Customer Service Excellence Policy (and guidelines) and a Complaints Handling Policy (and guidelines) have been developed as well as other supporting protocols.

Accessibility to the department and its services has been a focus of the initial stages of the program. Enhancements have been made to the website, including electronic access to the department for suggestions, compliments and complaints. Access via multiple channels has also been refined through a closer relationship with Service SA, which offers a single portal to all of the state government's services. In addition, accessibility for people with disabilities has been improved in a range of areas under the department's Disability Action Program.

Two of the department's key frontline services (water licensing and administration, and application for native vegetation clearance approval) have both had business improvement projects initiated. The water licensing function has had a comprehensive review of its processes and service delivery with a series of key recommendations to be pursued in 2006-07. An analysis and review of the native vegetation clearance approval process is currently being finalised with its recommendations to be implemented in the near future.

## **1.3 Infrastructure Services**

### **Patawalonga Lake System**

The GHD report (2003) into the flooding event of June 2003 made recommendations on how to minimise the risk of future flooding of the Patawalonga Lake System, and how to improve the response to any flood event that did occur. These recommendations have now been implemented. During the year DWLBC consulted key stakeholders and community representatives to further improve the Patawalonga Lake System.

The Patawalonga Lake System responded well to storm events during 2005-06, especially the heavy rain event in the Adelaide Hills on 7-8 November 2005. The monitoring arrangements for the Patawalonga Lake system have been improved and now include a closed circuit television camera, four colour-coded water-level indicators around the lake, and a real-time water-level website.

An emergency management plan for the Patawalonga Lake System has been established. About 40 people from such groups as local councils, the State Emergency Service and SA Police have been trained in the new emergency management plan.

DWLBC and other key stakeholders conducted a study to assess fish life within the lake, and the potential impact of stormwater inflows on those fish.

### **Asset Management**

The department reinforced its commitment to asset management by establishing a dedicated NRM Asset Management Group.

The key elements of the DWLBC asset management framework are:

- An overarching strategic asset management plan that has been endorsed by the Executive;
- A suite of asset management plans and agreements for specific groups of assets;
- A comprehensive set of asset management policies and procedures, with clear roles and responsibilities; and
- An improved asset management information system.

Existing asset management plans for assets under DWLBC control have been reviewed. Updated or new plans are currently being developed for all asset groups. Assets in which the department has strategic interests, but does not control (such as some drainage basins along the River Murray), are being investigated.

Asset management plans and supporting documents incorporate information on the location, purpose, value, costs and performance of the assets, along with operations, maintenance, risk and capital investment plans for the assets.

## **Upper South East Dryland Salinity and Flood Management - Construction**

The infrastructure component the Upper South East Dryland Salinity and Flood Management Program (USE Program) involves the construction of 665km of open earthen drains. Of this, 255km of drains were constructed under a previous phase of the Program. In October 2003, the Public Works Committee supported a \$20.9 million proposal to construct the remaining 410km of drains.

Excavation of the Kercoonda Interchange Drain and S-Bend Drains (about 14km in total) was completed in August 2005. The S-Bend Drain joins the existing Tilley Swamp and Kercoonda Drains.

The Taratap Drain (about 27km) was completed in early February 2006, including fencing and the installation of six crossings.

The Minister for Environment and Conservation approved the design principles for the Didicoolum Drain in December 2005, and detailed design of the Didicoolum Drain commenced in April 2006.

Native vegetation assessments and Aboriginal Heritage surveys of the Rosemary Downs and Wongawilli drain alignments were completed in May 2006. The detailed design of the Wongawilli Drain Extension has been completed.

In February 2006, the Minister for Environment and Conservation endorsed the design principles for the Bald Hill drainage works, contingent on the restoration of fresh surface water flows from the Lower South East to rehabilitate wetlands and watercourses in the Upper South East. A comprehensive proposal for construction of two floodways from the Lower South East was submitted to the National Water Commission in June 2006 for funding approval. These floodways will secure a vital link between the internationally recognised Ramsar-listed Bool Lagoon and Coorong wetlands.

Surveys of the drainage alignments commenced in March 2006 for the Northern and Central Catchments.

## **South East Confined Aquifer Well Rehabilitation Scheme**

The South East Confined Aquifer Well Rehabilitation Scheme began in 2000 with the aim of backfilling and replacing 120 poorly constructed artesian wells in the Kingston-Robe-Lucindale area.

The scheme provides well owners with a grant of 30% of the cost of the replacement well up to a benchmark limit, with the remaining 70% funded by the well owner. A secured low interest loan repayable over five years is available for owners. The cost of back-filling the old wells is covered with a 100% subsidy. The subsidy was offered as an incentive to well owners to participate in the scheme and to recognise that these wells were constructed in accordance with standards that were considered appropriate at the time.

It was intended for the scheme to operate over nine years to facilitate the revolving loan scheme, with all on ground works to be completed by 2009.

During 2005-06, the following on-ground works were achieved:

- Five new wells were drilled;
- One well was back-filled by a drilling contractor due to its proximity to a new well;
- Seven wells were back-filled using packers (two of these were from previous failed attempts and were drilled out prior to packer installation);
- One suspected leaking well was drilled out and re-cemented;
- One irrigation well was converted to an observation well; and
- Two wells were back-filled using cement.
- A total of 11 wells were abandoned.

### **South Eastern Water Conservation and Drainage Board**

The South Eastern Water Conservation and Drainage Board (SEWCDB) is established under the *South East Water Conservation and Drainage Board Act 1992*. The main role of the Board is to manage surface water flows of non-urban lands in the State's South East by conserving, draining, altering the flow of or utilising that water in any manner.

Its staff are DWLBC employees assigned to the Board.

During 2005-06, a review of the 2003-06 SEWCDB Management Plan was completed. The SEWCDB will commence development of the 2006-09 Management Plan in 2006-07.

### **Great Artesian Basin Bore Rehabilitation**

In 2005-06, the department continued its Great Artesian Basin (GAB) bore rehabilitation program.

During the year, five wells were decommissioned and three replacement wells were drilled. All of the wells decommissioned were located in the Southwest Springs Management Zone. This action resulted in a saving of 4 ML per day (1460 ML per year). An attempt was made to decommission another well on Peake Station, but this was unsuccessful.

A majority of properties have completed installation of pipe and tanks on wells that are not in need of rehabilitation. The remaining wells are to be piped following their rehabilitation.

To date the GABSI (Great Artesian Basin Sustainability Initiative) program (phases I and II) has resulted in nine wells being decommissioned, three rehabilitated and 12 replacement wells have been drilled. There are 27 uncontrolled wells remaining in the GAB that are eligible for GABSI-style funding.

Other work carried out in 2005-06 included an audit into the GABSI program's piping and water distribution schemes.

## **Program 2: Natural Resources Management (River Murray)**

**Description/Objective:** Management of natural resources in the Murray-Darling Basin in South Australia, including the provision of advice and regulatory support for Government and community; and facilitating the allocation and sustainable use of natural resources.

### **2.1 Natural Resources Management Services (River Murray)**

#### **Save the River Murray Fund**

The Save the River Murray Levy was introduced on 1 October 2003 under the *Waterworks Act 1932* and establishes the *Save the River Murray Fund*, which is held by the Minister for the River Murray. DWLBC is responsible for administering the Fund on behalf of the Minister for the River Murray. The levy is charged to all SA Water customers across the State.

The Save the River Murray Levy contributes to a program of works and measures to address the declining health of the River Murray in South Australia, and increasing community demands for a high security of good quality water for urban and irrigation purposes. The program, known as the River Murray Improvement Program, is integrated within a larger program of works and measures formulated with the Murray-Darling Basin Initiative.

In 2005-06, the program contributed to the construction of salt interceptions schemes, construction of fishways and dredging of the Murray Mouth through the state's contribution to the Murray-Darling Basin Commission. South Australia signed up to the first water recovery package (Goulburn Murray) to secure additional environmental flows. In 2005-06, the Minister for the River Murray purchased 10.6 ML as part of South Australia's commitment to address over allocation in the Murray-Darling Basin.

The Save the River Murray Levy has also contributed to the recovery of the River through the following activities:

- Implementation of the River Murray water allocation plan;
- Salinity accountability;
- Scientific research and information;
- Environmental flows and wetland management;
- River Murray Environmental Manager;
- Water quality improvement;
- Conserving the River Murray's ecology;
- Upgrading the River's waste disposal stations and drainage disposal system;
- Murray-Darling Basin Independent Commissioner; and
- Operation of the River Murray Act.

## **River Murray Environmental Flows**

Governments of the Murray-Darling Basin have committed \$500 million to fund the *First Step* of recovering an additional average annual flow in the River Murray of 500 GL. The *First Step* water recovery is aimed at achieving specific but localised ecological benefits at six icon sites along the River Murray.

The longer-term goal of an additional 1500 GL will, according to the best available scientific advice, provide a moderate chance of attaining a system-wide ecological benefit, particularly for the Lower Murray (below the Darling Junction).

On 9 May 2006, the Commonwealth Government announced supplementary funding of a further \$500 million to accelerate the achievement of *The Living Murray* objectives, including additional funding for water recovery.

On 19 May 2006, South Australia presented a water recovery package to the Murray-Darling Basin Ministerial Council for South Australia's 35 GL share of the 500 GL, over the next three years. In addition, South Australia has committed \$12.09 million to the Goulburn-Murray Water recovery Package in Victoria.

## **River Murray Forest**

The River Murray forest is an innovative multi-agency project that provides a strategic approach to landscape revegetation with multiple benefits to the environment. While DEH has overall accountability for the project budget, DWLBC is leading the project implementation.

Although the project is not scheduled to formally commence until October 2006, in 2005-06 extensive planning and preparation for the project implementation was undertaken. A project planning team was established and a draft business plan prepared. A draft proposal for a project launch was developed and contact with regional stakeholders commenced.

## **Environmental Land Management Allocation**

An Environmental Land Management Allocation (ELMA) is a water allocation for the environmental management of land within the Lower Murray Reclaimed Irrigation Areas (LMRIA) Management zone. It is provided to minimise the effects of rising saline groundwater on irrigated pasture or on the use of land that has been retired from irrigation. This is necessary because the land within this zone is low-lying (below the level of the River Murray) and is a natural discharge point for saline regional groundwater.

A review of the cap on water diversions in the Lower Murray in 2001 led to a 22.2 GL ELMA being made available for exclusive use within the LMRIA zone.

The ELMA will be licensed in a manner that ensures its continued availability across the zone. Implementation is expected to be finalised during 2006-07.

## **Reducing the Environmental Impact of Using Traditional Water Supplies**

In 2005-06, a number of water initiatives were announced which will help to reduce the environmental impacts associated with traditional water use, such as water from the River Murray.

In October 2005, the Premier announced joint funding with the Australian Government of about \$62 million for projects that will:

- Address sustainable management of the Mt Lofty Ranges water resources (\$51.3 million);
- Increase stormwater use in metropolitan Adelaide (\$6.5 million); and
- Increase recycled water use in the Northern Adelaide Plains (\$4 million).

DWLBC assisted the Department of Trade and Economic Development to explore the feasibility of replacing up to 30 ML of River Murray water per day with desalinated seawater to the Upper Spencer Gulf and Eyre Peninsula communities.

## **Wetland Management Plans Along the River Murray**

The department, together with the SA Murray-Darling Basin NRM Board and wetland management groups, provided support for the development of wetland management plans. These plans must meet specific policy criteria in the Water Allocation Plan for the River Murray Prescribed Watercourse.

A wetland management plan is required to complement an application for a wetland water licence to ensure that management actions are appropriate for the area. An allocation of 200 GL is available for wetland management. Wetland water licences are issued against this allocation.

A total of 12 wetland management plans have been finalised. A further 12 are under development, assessment and technical review. The SA River Murray Wetland Technical Group assesses wetland management plans on their technical merit and provides advice to the key stakeholders and the community on other wetland related activities.

The department has initiated a review and potential update of the wetland management planning and licensing process. This will establish streamlined processes and frameworks for the development of wetland management plans and the issuing of wetland water licences.

## 2.2 Policy, Science and Information (River Murray)

### Implementation of *The Living Murray Business Plan*

The *Living Murray Business Plan* describes the implementation of the Intergovernmental Agreement on addressing water over allocation and achieving environmental objectives in the Murray-Darling Basin.

The Plan covers such elements as targets, water recovery, water application, accounting, consultation, communication, risk management, audit and review.

South Australia's contribution to the *First Step* is to recover 35 GL of water within South Australia over five years. South Australia's First Water Recovery Package (released in May 2006) includes plans for the transfer of SA Government-owned water to *The Living Murray*, as well as projects for feasibility assessments of innovative market options for water purchase or lease, and investment triggers for on-farm water efficiency measures.

Proposals for accounting for environmental water are being developed and an initial E-water register has been established.

### Release of the *Environmental Flows for the River Murray Strategy*

The strategy *Environmental Flows for the River Murray – South Australia's framework for collective action to restore river health 2005-2010* was released in October 2005 after an extensive consultation process.

The strategy responded to both the Murray-Darling Basin Ministerial Council's *First Step* decision and the Intergovernmental Agreement on Addressing Water Over-allocation and Achieving Environmental Objectives in the Murray-Darling Basin. It did this by establishing directions and priorities for the recovery, delivery and management of flows in the River Murray in South Australia for the next five years.

The strategy is now being implemented with clearly identified actions, lead responsibilities, partners and timeframes. Actions implemented in 2005-06 included:

- The River Murray Environmental Manager function was established and transferred to the SA Murray-Darling Basin NRM Board.
- Individuals and organisations were encouraged to donate water to accredited environmental watering projects by:
  - Removal of fees for new water licences where the licence is an environmental donations licence;
  - Removal of fees for the transfer of a water licence or water allocation where the transfer is a donation to an environmental donations licence;
  - Refunding the appropriate proportion of the natural resources management water based levy where a water allocation is donated to an environmental donations licence; and
  - Exempting stamp duty on the transfer of a water licence or water allocation, which became operational on 1 July 2006.
- South Australia's Water Recovery Package for *The Living Murray* was developed and will deliver the first real water to the initiative.



## **Interstate Water Trade**

The department contributed to the development of new water trading arrangements as part of the Murray-Darling Basin Agreement to manage interstate water trade.

The Murray-Darling Basin Commission Schedule E *Transferring water entitlements and allocations* establishes the framework to legally trade water, both temporarily and permanently, between South Australia, Victoria and New South Wales. This new Schedule E allows for the extension of the water trading zones to all parts of the Murray River and its tributaries.

Concurrent with the development of Schedule E, a bilateral agreement was signed by South Australia's Minister for the River Murray and the Victorian Water Minister to allow water trade under an exchange rate mechanism to operate between the two states. An agreement between South Australia and New South Wales to permit trading to take place under a tagged regime is in advanced stages of development. A different method of trading between the states is required as they have vastly different licence and entitlement structures.

These arrangements allow South Australia to continue to demonstrate its commitment to the National Water Initiative reforms initiated by the Council of Australian Governments (COAG) process in 2004.

## **Chowilla Integrated Project**

In order to protect and enhance the significant environmental, social and cultural heritage values of the Chowilla floodplain, the Chowilla Integrated Natural Resources Management Project has been initiated. As part of the project, key conservation values and threats have been identified and both short-term and long-term planning and on-ground work is in progress. The aim of the project is to achieve the ecological objectives established by the Murray-Darling Basin Ministerial Council, namely to maintain the high biodiversity values of the Chowilla floodplain and ensure:

- High value wetlands are maintained;
- The current area of River Red Gum vegetation is maintained; and
- At least 20% of the original area of Blackbox vegetation is maintained.

Achieving the objectives and targets for the Chowilla Project will be dependent on implementing surface water, groundwater and land management actions. The project has made significant progress during 2005-06. Key achievements during the year included a fish and aquatic habitat investigation, concept design for floodplain infrastructure, E-Flows options assessment, and surface and groundwater monitoring.

## **River Red Gum Rescue Project**

Prolonged periods of reduced flow down the River Murray has led to thousands of River Red Gums becoming stressed. Many floodplains have not experienced a significant flood since 1996.

A program to provide water to high priority River Red Gum sites on the Chowilla Floodplain began in 2004. Over the past two years more than 7000 stressed trees at 21 sites

(covering more than 800 hectares of the Chowilla floodplain) have been watered, resulting in a very positive ecological response.

The positive results from Chowilla watering projects and increasing concern about the health of Red Gums led the Murray-Darling Basin Ministerial Council to agree in September 2005 to provide funding to the River Red Gum Rescue Project. The aim of the project is to deliver water to stressed River Red Gums at priority sites along the River Murray.

Monitoring the response at the watering sites was undertaken by a number of groups including DWLBC, the Department for Environment and Heritage and various community groups in conjunction with Local Action Planning Committees and the SA Murray-Darling Basin NRM Board. Vegetation response at many of the sites was very rapid (with new growth after two weeks) and was not limited to the River Red Gums. Lignum, Black Box and a variety of understorey vegetation also responded well at many sites.

### **Lower Lakes, Coorong and Murray Mouth Project**

The draft Lower Lakes, Coorong and Murray Mouth Asset Environmental Management Plan was amended during 2005-06 and a second version is now complete. This has been subject to review and amendment during consultation with the site's Community Reference Group and its Environmental Flows Working Group. This Plan sets out the recommendations and decision-making processes for operations at the Icon Site.

During 2005-06 water was released through the Lake Alexandrina Barrages providing continuous fishway operations. This allowed several native fish species to move between the Lower Lakes and Coorong to breed and complete their life cycles. This was the longest period of continuous operation since the fishways were constructed. As a result, the ecological health of the River Murray estuary around the Barrages has improved.

Vegetation within Boundary Creek showed a positive response and the condition of the Murray Mouth was the best it has been since dredging commenced in October 2002. About 100 000 fish (mainly small bodied natives) were captured and released during a study of the fishways at Goolwa and Tauwichee Barrages in January and February 2006.

### **South Australia's Salinity Register**

In 2005-06, South Australia updated the Salinity Register to include impacts of irrigation water trade for 2004-05. South Australia's Salinity Register is currently in credit. It is expected that after the 2005-06 figures are included, the Salinity Register will remain in credit. Other measures such as Salt Interception Schemes will assist in maintaining this position.

There is recognition that the delayed salinity impacts of irrigation water use will erode the available credits over time. South Australia continues to monitor this situation to ensure timely action is taken to maintain the Salinity Register in credit. This includes updating the Salinity Register with the best possible information as it becomes available. A suite of accredited groundwater models for SA is currently being developed to achieve this.

## **Implementation of the Salinity Zoning Policy**

On 1 July 2005, the Salinity Zoning Policy was implemented. The policy established the following three zoning categories:

- Low salinity impact zones – where licence transactions will generally be approved;
- High salinity impact zones – where licence transactions will generally not be approved, unless certain criteria apply or conditions are met; and
- Salt interception zones – where licence transactions will generally be approved provided there is capacity within the Salt Interception Scheme.

The aim of the policy is to hold the line on salinity in the River Murray by ensuring the impact of future irrigation in areas of higher salinity impact are offset, and by encouraging future irrigation developments into the lower salinity impact and salt interception areas.

The Salinity Zoning Policy sets rules for the location of future irrigation development. The policy guides the location of water transfers to minimise future salt loads entering the River Murray.

In 2005-06, the department developed information technology and management systems to implement the policy. The department also developed and implemented a wide and effective communications strategy, improved administrative protocols, and established a process for the ongoing evaluation of the policy.

## **River Murray Drought Response Implementation**

During 2005-06, ongoing drought conditions across the Murray-Darling Basin resulted in reduced water allocations for River Murray water users for the third consecutive year. Initial allocations from July 1 started at 70% allocation, but this was lifted to 100% of licensed allocation by October 2005.

During 2005-06, the department provided advice to the SA Murray-Darling Basin NRM Board's River Murray Drought Liaison Committee (later replaced by the River Murray Advisory Committee). This committee advises the Minister for the River Murray about water allocations.

River Murray system inflows during spring improved after above average rainfall over the River Murray catchment in north-eastern Victoria. South Australia received about 450 GL of above entitlement flow from early September to mid-December 2005. A number of environmental watering activities were undertaken including the watering of selected River Red Gum sites, a weir pool raising project, and the release of more than 700 GL through the barrages.

While the rainfall was welcome, ongoing drought conditions persisted throughout the Murray-Darling Basin as indicated by the continued period of low flow to South Australia. A flow of about 2310 GL was received, which is well below the median annual flow to SA of 4800 GL. The barrage release of more than 700 GL was below the median annual release of 3090 GL.

## **River Murray Act 2003**

The *River Murray Act 2003 Implementation Strategy* identifies the priorities and strategies that the Minister for the River Murray intends to adopt to achieve the objectives of the Act. The strategy was completed and approved on 5 June 2006.

The *River Murray Variation Regulations 2006* and the *Development (River Murray) Variation Regulations 2006* were introduced in January 2006. An amendment to the *River Murray Regulations 2003* was introduced in July 2005. As a result of these regulations, referrals under the Act continued to increase. In 2005-06, the department dealt with 783 referrals.

During the year the Minister for the River Murray continued to delegate powers under the Act, as well as appoint authorised officers from DWLBC, PIRSA Fishwatch, the Environment Protection Authority and the SA Murray-Darling Basin NRM Board. The River Murray Act Compliance and Enforcement Guidelines and information sheet (as required under section 14(11) of the Act) were published during 2003-04 and remain in force without amendment.

The Minister for the River Murray did not enter into any additional management agreements in 2005-06, but did investigate a number of issues within the Murray-Darling Basin and deliver one River Murray Protection Order for reparation work to be carried out. The recipient of the order successfully completed the work as required.

## **2.3 Infrastructure Services (River Murray)**

### **Murray Mouth Dredging and Boat Access**

Dredging continued into its fourth year in 2005-06 as drought conditions throughout the Murray-Darling Basin resulted in below-average flows down the River Murray. As a result, below-average releases were made through the Barrages and out the Murray Mouth.

Two dredges operated continuously from July 2005 until May 2006. At this time a major project milestone was reached when channels of the design width and depth were achieved for the first time since dredging commenced in October 2002.

With the design channels achieved the dredging effort could be reduced to maintenance rather than construction. By the end of June 2006 only one dredge was operating full time. However, the second dredge remained on standby in case it was needed again.

There was widespread public support for allowing boat passage past the Murray Mouth. In response, a dredging procedure was developed that allowed dredging to be concentrated on the southern side of the channel over the peak boating period from October until April. This allowed safe boat passage on the northern side of the dredging equipment. This proved to be very popular with boating operators.

### **Salt Interception Schemes**

Salt Interception Schemes (SIS) operating in South Australia prevent hundreds of tonnes of salt from entering the River Murray every day. The schemes intercept highly saline groundwater before it enters the river. This saline water is then pumped to disposal basins.

During 2005-06 there was considerable activity in relation to salt interception schemes, with one scheme completed, another under construction and investigations into a proposed new scheme taking place.

#### Bookpurnong SIS

Construction of the Bookpurnong SIS was completed during 2005-06. The scheme will officially open in September 2006.

#### Completion of Loxton SIS

Construction of the Loxton Salt Interception Scheme project continued with the completion of the stage 1 pipe-laying contract. The construction of a directional bore was completed and a review of its performance began. Construction will continue on the project for the next two years.

#### Proposed Murtho SIS

A new scheme at Murtho has been proposed for construction. The MDBC technical working group resolved various technical issues and a final version of the Murtho approval submission was presented to selected members of the formal MDBC technical working group. These members highlighted areas requiring clarification prior to the submission being formally approved, including assessment of salt loads, economic benefits and disposal capacity.

## **Lower Murray Reclaimed Irrigation Areas (LMRIA) Program**

The Lower Murray Reclaimed Irrigation Areas (LMRIA) Program aims to restore the health of the River Murray while also providing a base for a sustainable irrigation industry. The program includes works to ensure water use is metered and prevent discharge of polluted run-off to the River.

Private Irrigation District Trusts and Private Irrigators are required to sign a Funding Deed with the Minister for the River Murray to receive funds for on-ground rehabilitation works. Signing of the Deeds has proceeded well, with 18 of the 22 Deeds now signed. The two remaining irrigators and two remaining districts are expected to sign deeds in 2006-07.

Rehabilitation works were undertaken in 17 districts, with many now being well advanced. Other Program activities facilitating on-ground works in 2005-06 included:

- 99% finalisation of 'area restructure' payments to farmers;
- Finalisation of aboriginal clearance and site monitoring partnerships;
- The department took over embankment maintenance in ex-Government districts;
- A successful Lower Murray Farm Support Program for social and well-being of irrigators; and
- A partnership with the EPA, including 'before and after' studies of river water quality and the assessment of external stormwater entering LMRIA irrigation bays.

During 2005-06, seven of the nine government districts converted to self-management as private irrigation trusts. One district has formally resolved to seek final Ministerial approval to convert, and one district (Mobilong) was retired from irrigation.

## **Fish Passages on the River Murray**

During 2005-06, two new River Murray fishways were commissioned - one at Lock and Weir 9 and the other at Lock and Weir 10 - as part of the Murray-Darling Basin "Sea to Hume Dam" Fish Passage project. Five fishways have now been completed on the Locks and Weirs, leaving seven yet to be constructed.

The fishways that have been constructed have proven to be very successful, with large numbers of fish passing through them despite relatively low flows. The fishways have enabled fish to move between the Coorong and the Lower Lakes, and then along the River, enabling them to breed.

Considerable work has gone into improving the functionality of the fishways while minimising their cost. As a result, future fishways will be constructed at a lower cost and be able to pass a wider range of fish species and sizes.

## **River Murray Waste Disposal Stations**

Waste disposal stations were established along the River Murray in the 1970s to provide river vessels with a facility to dispose of toilet waste ("black water") and garbage. The department operates 12 stations between Lock and Weir 6 and Goolwa.

Six of these river vessel waste disposal stations discharge the effluent water into 'soakage trenches'. In 2005-06, the waste disposal station at Swan Reach was fitted with a wastewater treatment plant, with support from the Mid Murray Council. Planning is underway to upgrade another waste disposal station at Morgan. Other stations are expected to undergo similar improvements in the coming years.

## 4. Statistics/Figures

### A. Water Licensing Applications

Water Licensing – All application types 1/7/05 – 30/6/06:

Area *	Approved	Refused	Total
Angas Bremer PWA	31		31
Baroota RA	16		16
Barossa PWRA	274		274
Clare Valley PWRA	295	1	296
Eastern Mt Lofty Ranges PWRA	21		21
Eastern Mt Lofty Ranges RA	205	2	207
Eyre	53		53
Far North PWA	126		126
Greenock Creek RA	6		6
Kangaroo Flat RA	1		1
Little Para PWC	2		2
Lower Limestone Coast PWA COM	345	7	352
Lower Limestone Coast PWA LKA	788	10	798
Lower Limestone Coast PWA NAR	285	4	289
Mallee PWA	89		89
Marne RA	2		2
Marne Riv & Saunders Crk PWRA	12		12
McLaren Vale PWA	286	2	288
Metro	1023	2	1025
Murray Mallee	18		18
Musgrave PWA	15		15
Northern	578		578
Northern Adelaide Plains PWA	721	7	728
Padthaway PWA	54	1	55
Padthaway RA	5		5
Peake RA	3		3
River Murray PWC	1857	1	1858
Riverland	139	1	140
South East	7		7
Southern Basins PWA	3		3
Tatiara PWA	293	9	302
Tintinara Coonalpyn PWA	150		150
Western Mt Lofty Ranges PWRA	18		18
Western Mt Lofty Ranges RA	278	3	281
<b>Total **</b>	<b>7999</b>	<b>50</b>	<b>8049***</b>

\* PWA = Prescribed Wells Area; PWRA = Prescribed Water Resource Area; RA = Resource Area; PWC = Prescribed Water Course

\*\* Totals do not include applications for new, variations to, or renewed Well Drillers Licences, as these are not area specific. 163 applications relating to Well Driller's Licences were approved and one refused (Total 164)

\*\*\* Total applications processed 2005-06 represents and increase of 37% over 2004-05



## **B. Compliance**

### **Formal Warnings**

During 2005-06, the department issued three formal warnings.

### **Civil Proceedings**

One matter was resolved in the Environment Resources and Development (ERD) Court in civil Proceedings: \$50,000 in exemplary damages was awarded to the Minister for Environment and Conservation, with restraining orders upheld to ensure ongoing compliance.

An interim restraining order was issued to a South East landowner, pursuant to the Upper South East Dryland Salinity and Flood Management Act 2002, to ensure compliance with drainage works on the Ministers drainage alignment.

### **Criminal Proceedings**

Two landowners within the Northern Adelaide Plains Prescribed Wells area were fined \$400 each and court costs of \$1000 totaling \$1800 in fines for failing to remediate a leaky well. Orders were granted in the ERD court by consent to ensure the well was remediated.

A South East landowner was fined \$85 for failing to fit a meter to his well.

### **Courses**

The DWLBC Investigations Unit conducted three five-day NRM compliance courses and two two-day bridging courses. Numerous in-house training and information sessions were conducted for NRM board and departmental staff.

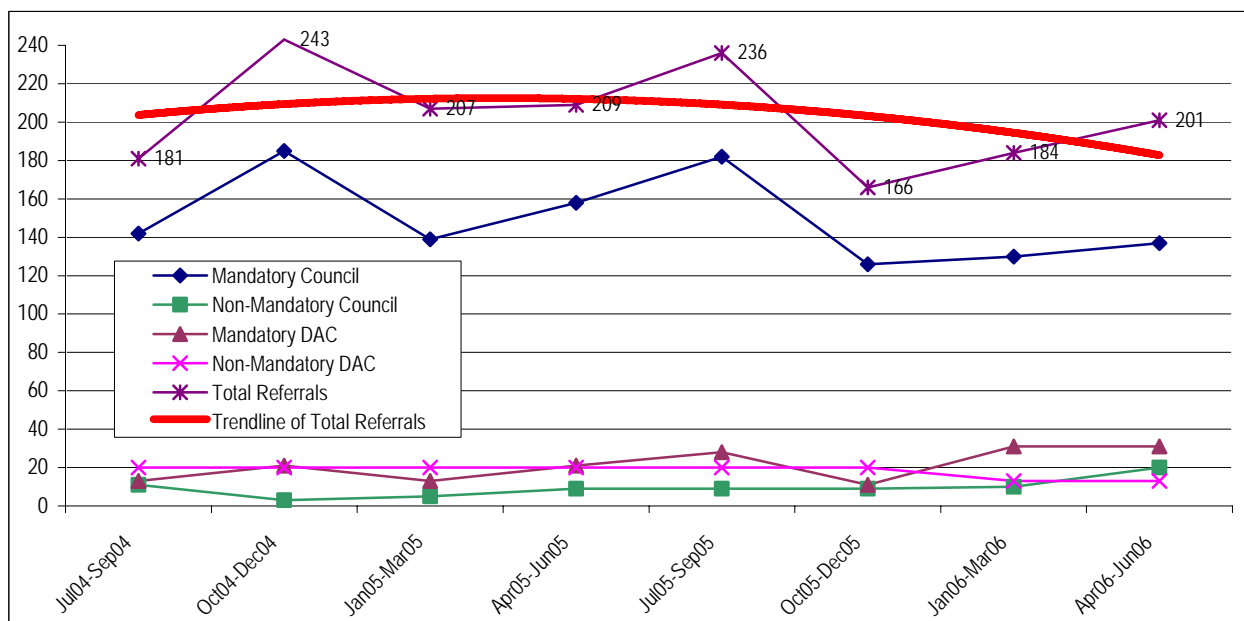
## **C. Development Applications/Plan Amendment Reports**

DWLBC is responsible for assessment of development applications and policy instruments referred to the Minister for the Environment and the Minister for the River Murray.

The department provides a high level of knowledge and expertise in regard to development and environmental control assessment systems. This is delivered through interpretation of pertinent GIS data sets to contribute to the effective administration of natural resources management and River Murray health objectives across government. The department acts as a primary point of reference for DWLBC and regional NRM boards on all development planning and related local government matters.

During 2005-06, 787 development applications were referred to the department for assessment. Of these referrals, more than 90% were completed within statutory timeframes. During the year the department also processed 44 Plan Amendment Reports and 34 Statements of Intent from local councils.

## Number of Development Application Referrals 2004-05 to 2005-06:



## Timeliness of Mandatory Referrals:

	Jul04 - Sept04	Oct04 - Dec04	Jan05 - Mar05	Apr05 - Jun05	Jul05 - Sep05	Oct05 - Dec05	Jan06 - Mar06	Apr06 - Jun06
Mandatory Referrals	155	206	152	179	191	135	161	168
Number Late	70	64	36	41	29	9	7	13
Percentage Late	45	31	24	23	15	6.5	4	7.5
Percent On -Time	55	69	76	77	85	93.5	96	92.5

In 2005-06, the number of development applications referred to the department for assessment decreased slightly from the previous year (787 referrals compared to 840 in 2004-05). However, it was still well above the 321 referrals received in 2003-04.

[Note: the *River Murray Act 2003* came into operation in November 2003. A consequence of this was an increase in mandatory referrals for developments within the River Murray and tributaries area.]

The number of referrals processed on time increased in 2005-06, with an average of 91.6% processed on time\* compared to 69.25% for 2004-05. The quality of information provided to councils also continued to improve.

The improvement in the processing of referrals and advice provided has been due to system improvements, increase in staff knowledge and experience, continued access to GIS database and improved relations with local government staff.

\* Performance on delegated approvals was 96%

## D. Pastoral Land Inspections

In 2005-06, a total of 43 pastoral inspections were carried out. These inspections led to numerous agreements with pastoralists to remove stock or change management practices. At 30 June 2006, the Pastoral Board had formal de-stocking orders pursuant to Section 43 of the Act applying to two pastoral leases.

## E. Native Vegetation Clearance

Clearance						
Financial Year	Clearance Applications (under Section 28 of Native Vegetation Act)				Mining/DTEI/Regulations (ha)	Total Clearance Area (ha)
	Area of degraded scrub (ha)	Scattered Trees	Canopy of Trees	Total (ha)		
2001-02	148	933	18.7	166.7	0	166.7
2002-03	386	241	4.8	390.8	0	390.8
2003-04	254	271	5.4	259.4	7.2	266.6
2004-05	296	379	7.6	303.6	495.1	798.7
2005-06	930.1*	413	8.3	938.4	99.1	1037.5

\*Includes 891 ha of previously cleared regrowth.

Significant Environmental Benefit				
Financial Year	Clearance Applications (ha)	Mining/DTEI/Regulations (ha)	Total Benefit Area (ha)	Financial Off-set \$
2001-02	1124	0	1124	0
2002-03	739	0	739	0
2003-04	944	36	980	10,125
2004-05	508	4442.8	4935.8	26,273
2005-06	1497.2	57.3	1554.5	216,838

These figures do not include approvals where the vegetation is expected to regenerate: eg brushcutting or ecological burns. Tree area was generated by multiplying tree numbers by the average canopy area of 0.02 hectares.

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## Appendix A – Human Resources

### Employee Numbers, Gender and Status

Total Number of Employees at 30 June 2006	
Persons	543
FTEs	519.1

Gender	% Persons	% FTEs
Male	59.48	60.69
Female	40.52	39.31

Number of Persons During the 05/06 Financial Year	
Separated from the agency	112
Recruited to the agency	142

Number of Persons at 30 June 2006	
On Leave without Pay	21

Number of Employees by Salary Bracket			
Salary Bracket	Male	Female	Total
\$0 - \$40,399	53	58	111
\$44,000 - \$54,999	86	89	175
\$55,000 - \$67,999	108	51	159
\$68,000 - \$88,999	63	21	84
\$89,000+	13	1	14
<b>TOTAL</b>	<b>323</b>	<b>220</b>	<b>543</b>

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

Please note that all following tables refer only to employees who were 'active' or on leave with pay with the agency as at the end of the last pay period in 2005-06. The tables include executives.

### Status of Employees in Current Position

FTEs	Ongoing	Short-Term Contract	Long-Term Contract	Other (Casual)	Total
Male	179.8	37.8	80.8	16.65	315.05
Female	115.49	34.6	49.43	4.53	204.05
<b>TOTAL</b>	<b>295.29</b>	<b>72.4</b>	<b>130.23</b>	<b>21.18</b>	<b>519.1</b>

PERSONS	Ongoing	Short-Term Contract	Long-Term Contract	Other (Casual)	Total
Male	182	38	82	21	323
Female	125	35	51	9	220
<b>TOTAL</b>	<b>307</b>	<b>73</b>	<b>133</b>	<b>30</b>	<b>543</b>

### Executives

#### Number of Executives by Gender, Classification and Status in Current Position

Classification	Ongoing		Contract Tenured		Contract Untenured		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
EXEC0A			1		4	1	5	1
EXEC0B			2		3		5	0
EXEC0C			2				2	0
EXEC0E					1		1	0
<b>Total</b>			<b>5</b>	<b>0</b>	<b>8</b>	<b>1</b>	<b>13</b>	<b>1</b>

## Leave management

### Average Days Leave Taken Per Full Time Equivalent Employee

Leave Type	2003-04	2004-05	2005-06
Sick Leave	5.07	4.81	5.49
Family Carer's Leave	0.47	0.41	0.56
Special Leave with Pay	0.46	0.54	0.64

## Workforce Diversity

### Age Profile

Number of Employees by Age Bracket by Gender					
Age Bracket	Male	Female	Total	% of Total	Workforce Benchmark*
15-19				0	7.9
20-24	7	15	22	4.05	10.7
25-29	35	49	84	15.47	9.8
30-34	30	36	66	12.15	10.5
35-39	39	33	72	13.26	11.4
40-44	44	19	63	11.6	12.4
45-49	47	38	85	15.65	12.4
50-54	59	15	74	13.63	10.9
55-59	49	9	58	10.68	8.3
60-64	10	6	16	2.95	4.4
65+	3	0	3	0.55	1.3
<b>TOTAL</b>	<b>323</b>	<b>220</b>	<b>543</b>	<b>100</b>	<b>100.0</b>

\*Benchmark as at January 2006 from ABS Supertable LM8

## Indigenous Employees

An Aboriginal person is defined as a person who:

- Is a descendant of an Indigenous inhabitant of Australia; and
- Identifies as Aboriginal.

A Torres Strait Islander is a person who is a descendant of a traditional inhabitant of the Torres Strait Islands.

Aboriginal and/or Torrens Strait Islander Employees				
Male	Female	Total	% of Agency	Target*
0	1	1	0.18	2%

\* Target from South Australia's Strategic Plan

## Cultural and Linguistic Diversity

It is recognised that there are a number of indicators of cultural and linguistic diversity. For the purposes of annual reporting agencies are only required to report on:

- Employees born overseas; and
- Employees who speak languages other than English at home.

Cultural and Linguistic Diversity					
	Male	Female	Total	% Agency	SA Community*
Number of employees born overseas	14	11	25	4.6	20.3%
Number of employees who speak language(s) other than English at home	4	3	7	1.29	15.5%

\* Benchmarks from ABS Publication Basic Community Profile (SA) Cat No. 2001.0



## Disability

People with a permanent disability are defined as those employees who, due to their disability, are considered to have an employment restriction because they:

- Are restricted in the type of work they could do;
- Need modified hours of work (either a restriction in hours they could work, different time schedules, or flexible hours of attending);
- Require an employer to provide adaptive equipment, a modified work environment, or make other special work related arrangements; or
- Need to be given ongoing assistance or supervision to carry out their duties safely.

<b>Number of Employees with Ongoing Disabilities Requiring Workplace Adaptation</b>			
<b>Male</b>	<b>Female</b>	<b>Total</b>	<b>% of Agency</b>
7	2	9	1.66

## Voluntary Flexible Working Arrangements

<b>Number of Employees Using Voluntary Flexible Working Arrangements By Gender</b>			
	<b>Male</b>	<b>Female</b>	<b>Total</b>
Purchased Leave	2	2	4
Flexitime	272	192	464
Compressed Weeks	1	2	3
Part-time Job Share	15	35	50
Working from Home	0	1	1

## Performance Development

<b>Documented Review of Individual Performance Development Plan</b>	
<b>Employees with ...</b>	<b>% Total Workforce</b>
A plan reviewed within the past 12 months	30.6
A plan older than 12 months	18
No plan	51.4

## **Equal Employment Opportunity Programs**

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

The department recruited one employee from the Disability Register, who has since been appointed on an ongoing basis. In addition ten employees self identify as having a disability. Similarly, one employee self identifies as Indigenous.

The department is committed to supporting staff with a disability or who identify as Indigenous. More than half of the self-identifying employees have attended training this year, and over 75% have a performance development plan.

In addition, the department has continued to actively supporting Indigenous organisations across the State through capacity building and gaining funding to support the development of Indigenous organisations and the associated employment of Indigenous employees around the State.

The department has continued to support the Disability Action Plan, and has undertaken an agency wide training program. This has incorporated training for the Disability Awareness Committee, and the distribution of an informative DVD to all divisions for viewing at staff and management meetings. In addition, Disability Awareness training sessions were held across the department with more than 30% of staff and all executives attending the formal training.

## **Disability Action Plans**

The SA Government policy statement *Promoting Independence – Disability Action Plans for South Australia* provides a framework for action for agencies to ensure their programs and services are inclusive of people with disabilities and hence meet the requirements of the Commonwealth *Disability Discrimination Act 1992* and the South Australian *Equal Opportunity Act 1984*.

DWLBC's progress in implementing its Disability Action Plan is described below against each of the six outcomes in the Government's policy.

### **Outcome 1: Portfolios and their agencies ensure accessibility to their services to people with disabilities**

During 2005-06, the department made important progress against this outcome. The main focus of action was to refine and commence implementation of DWLBC's access audit program for all of its sites and facilities.

Relevant DWLBC staff were trained by accredited training providers (Harrison Consultants) to undertake the access audits (as opposed to access assessments) of all sites and facilities prioritised on the basis of risk assessment. An important aspect of this approach is that the knowledge and experience in access auditing are being retained within the department.

Other areas of progress relate to additional improvements made to the department's website and the completion of its Customer Service Charter and Customer Service Excellence Guidelines, one of the key principles of which is the removal of any barriers to access due to language, literacy, disability or cultural issues and time constraints.

## **Outcome 2: Portfolios and their agencies ensure information about their services and programs is inclusive of people with disabilities**

During 2005-06, the department's website (in particular its Content Management System) were further enhanced to allow better access for people with disabilities. The W3C compliant website is the department's main medium for communicating to the general public, and all of DWLBC's information (including information presented in printed reports and fact sheets) is available on the website. Therefore, enhancing the website prior to other forms of communication (such as printed material) was a deliberate decision given the resources available. In addition, DWLBC has appointed a dedicated Web Administrator. This staff member is also a member of the department's Disability Action Steering Committee. The Web Administrator has attended disability action training and will be actively pursuing enhancements to DWLBC's communications and publications during 2006-07.

## **Outcome 3: Portfolios and their agencies deliver advice or services to people with disabilities with awareness and understanding of issues affecting people with disabilities**

In 2005-06, important progress was made against this outcome to build on the training and awareness undertaken in 2004-05. A particular highlight was the training by accredited providers of relevant staff in DWLBC to undertake access audits of the department's buildings and facilities. Another key highlight was the extent of interest in disability action displayed by staff who attended the general awareness sessions. Along with previous training of senior staff and targeted training of various groups in the department (eg Disability Action Steering Committee and access auditors), the general staff awareness raising sessions are facilitating the mainstreaming of disability action within the agency and a commitment to implement required changes and enhancements.

To date, approximately 125 staff from DWLBC have completed various disability action training and awareness sessions. This constitutes about 23% of staff as at 30 June 2006.

## **Outcome 4: Portfolios and their agencies provide opportunities for consultation with people with disabilities in decision-making processes regarding service delivery and in the implementation of complaints and grievance mechanisms**

DWLBC's main area of progress under this outcome in 2005-06 related to the involvement of Harrison Consultants in the refinement and implementation of the department's access audit program. The department already has well-established complaints and grievance mechanisms within the agency. The Customer Services Excellence Program has resulted in draft policies and procedures for receiving feedback and dealing with complaints from customers.

## **Outcome 5: Each portfolio Chief Executive will ensure their portfolio has met the requirements of the *Disability Discrimination Act 1992* and the *Equal Opportunity Act 1984***

During 2005-06, one of the main focuses for disability action in DWLBC was the release of the draft Disability Action Plan and draft Strategic Disability Action Policy for staff comment as a part of the general staff awareness-raising program. Both the Disability Action Plan and Strategic Disability Action Policy were subsequently finalised and approved by the Chief Executive and are accessible to staff via the Intranet.

In 2005-06, resources (both funds and staff time) were committed and used for refining and implementing DWLBC's Disability Action Plan. A central budget for disability action within DWLBC was allocated as part of the Corporate Services Division budget for 2005-06. In addition, members of the Disability Action Steering Committee committed their time to participating in the Committee's meetings and to attending general staff awareness sessions. A DWLBC representative also regularly attended the whole of government Promoting Independence Reference Group. Disability action is also built into the responsibilities of relevant officers (eg staff in Facilities Management, Communications and Marketing, and Human Resources, including Training and Development and OHSW).

### **Outcome 6: The Minister for Disability has asked portfolios to explore how they can increase the rate of employment of people with a disability**

DWLBC's Strategic Disability Action Policy articulates the department's commitment to 'employing people with disabilities and providing a work and business environment that is free from discrimination and treats all people with dignity and respect.'

In 2005-06, DWLBC started development of a competency-based approach to human resources management, including the development of competency-based Job and Person Specifications. DWLBC is at the forefront of this work in the SA Government. Further work in this area during 2006-07 provides an excellent opportunity to ensure the needs of people with disabilities are taken into account.

During 2005-06, DWLBC also undertook the *Our Future Workforce* project to start to address the workforce and succession planning needs of the agency. The recommendations of this report approved by the department's Executive include the need for each division to develop a Divisional Workforce Plan, with assistance from the Human Resources Group. Employment of people with disabilities will be taken into account in the preparation of these plans.

In the past, DWLBC has accessed the Disability Employment Register to employ a number of staff for various positions. Continued and expanded use of this register will be promoted as part of the development of each Division's Workforce Plans.

### **Future Gender Reporting**

The department undertook its *Our Future Workforce* project in 2005-06 to start to further advance the workforce and succession planning needs of the agency. The Divisional Workforce Plans to be developed by each division as a result of this project will provide an excellent opportunity for each division to analyse gender specific issues and needs.

Another initiative resulting from this project will be the development of a Career Development Strategy to examine the ways in which the department manages acting opportunities and to establish principles for future acting arrangements. This will provide another opportunity to take into account gender specific issues and needs.

Already, statistics are provided regularly to the department's Executive on the number of women in executive and senior management positions and on the gender split of all remuneration reclassifications approved.

The department's Cultural Change Program is progressing through a number of initiatives including the establishment of Action Learning Teams to develop strategies for implementing the eight elements of the vision for cultural change in the agency. One of these elements is for the department to be 'balanced and reflective of our society', an

important part of which is diversity, including gender considerations. Each team consists of staff and is sponsored by an executive within the department.

In 2005-06, the Leadership Action Network was established. The network consists of senior women in the department and meets regularly on a monthly basis. One of the key roles of this network will be coaching and mentoring of staff (both men and women) in the department. Another important contribution will be made through providing leadership to the Action Learning Teams participating in the department's Cultural Change Program. It is also anticipated that the group will be recognised by Executive as a consultative group for decisions requiring a diversity of ideas.

### Occupational Health, Safety and Injury Management

#### Current and Planned Policy

The department's OHSW and IM Management Systems are almost complete with six of the eight policy areas documented and in the process of being implemented. They are:

1. Consultation
2. Hazard Management
3. Injury Management
4. Emergency Preparedness
5. Procurement
6. Training

Documentation for the seventh area "Evaluation and Reporting" has been prepared and implementation will commence in early 2006-07. The remaining policy area "Review, Continuous Improvement & Planning" will be developed as an outcome from the strategies detailed below in the second quarter of 2006-07 financial year.

#### Recently Identified OHSW&IM Issues

An internal audit of the department's OHSW&IM system was conducted in February and March 2006, focussing on one division of the department. While the system was well defined, the practical implementation was lacking in some areas; in particular there was a lack of a systematic approach to the management of the hazards at the workgroup level.

#### Strategies to Address Issues

A strategy is being implemented to address the issues identified in the recent audit. The primary focus is to ensure that the basic building blocks are complete and current. This has required a review and updating of hazard registers for plant, equipment, hazardous substances and risks associated with work activities within the group in question. All hazards are to be assessed and controls identified and implemented. The treated risk rating will provide a risk profile for the work group and, when extended to other divisions and their workgroups, this will be established for all areas in the agency.

The second phase of this strategy is to review the inspection requirements for all identified hazards that after risk mitigation, are still rated at or above moderate. This review will identify:

- What needs to be inspected (monitoring);
- The type of review needed (calibration, testing, observation, visual review);
- The frequency of the review (inspection regime); and
- The specific review requirements (checklist, process).

This information will be used to identify the specific inspection program, recording processes and reporting requirements for the workgroup in question (and then progressively for other workgroups throughout the department). This information will

advise what needs to be reported, when, how and by whom, and this information will form the basis of the Review, Continuous Improvement and Planning Policy.

## **Public Sector Safety Management Implementation Plan**

Considerable effort has been made to integrate the many elements of this plan into departmental processes. At 30 June 2006, the final element was being implemented, with the development of executive performance agreements inclusive of OHSW&IM requirements.

## **Major Claims**

During 2005-06, two of the three claims that have existed since before 2002 were resolved through the department's Injury Management Program. The remaining claim was progressed to the point where the employee was working 30 hours a week and moving towards full hours and full duties.

## **Reporting and Claims Management**

In 2005-06, the department implemented a strategy requiring the immediate reporting of all injuries regardless of their seriousness. This strategy boosted the department's performance in three areas of performance:

1. Targets for reporting within 24 hours were consistently met (the average time was less than eight hours for any report);
2. Those injuries requiring rehabilitation were identified and action taken within the required two days (from 0% in 2004-05 to 71% in 2005-06);
3. Only two injuries required more than five days lost time. This was due in part to the nature of the injuries and also that rehabilitation was provided immediately.

## **Risk Management Program**

The OHSW Risk Management Program identified and assessed operational risks for all groups consistent with the department-wide Risk Management Framework, and a database was established. Divisions are required to develop OHSW action plans to reduce risk in those areas identified as being of high risk and report quarterly on their progress in implementing these plans. The effectiveness of these actions will be monitored to ensure that they are reducing the risk of injury and accidents.

## **Injury: Analysis of Statistics**

The three main causes of injury this year related to 'body stress', 'falls, trips and slips' and 'chemical exposure'. Of the 20 claims lodged, 17 related to these three areas. The six 'slips, trips or falls' resulted in various injuries, the most serious of which was a broken ankle. The five 'body stress' injuries resulted in strains and sprains of the back and other limbs. Six people were affected by reactions to chemical exposure or poisons (four resulted from insect and spider bites).

An indication of the level of seriousness of these injuries is evident from the costs for all new injuries during the year (\$14 000) and the average days lost per new claim (2.1 days). When compared with the total days lost (561 days, including long-term claims) and the total costs of all claims (\$231 000), the new claims were low in cost and consequence, and employees were returned to work quickly.

Most of the injuries of 2005-06 related to fieldwork activities. However, none related to the high-risk hazards previously identified, suggesting that the current controls for these higher risk activities appear to be effective.

## **Consultation**

The OHSW Committee conducted a review of all policies and procedures and modified 42 documents. Groups within the department that were affected by the changes were consulted about the relevance (intent) and detail of the content to ensure operational and system requirements were met.

All documents were referred to the OHSW Committee for final review. This committee consists of seven managers representing their divisions and seven staff representatives, including five OHSW representatives. The department has 21 trained Health and Safety representatives across 21 locations.

## **Health Promotions**

The department provided a health promotions program that included a free flu vaccination program, free health checks, support for staff recreational programs and a promotion of the benefits of eating fresh fruit. The agency provided an Employee Assistance Program with both face-to-face contact and online support. Within the first six months of a new service provider being engaged (Davidson Trahaire Corpsych), a total of 106 people accessed the on-line service and 23 sought face-on-face counselling services. The majority of the support was sought for family and relationship issues, with most reporting that the issues were impacting on their work performance.



## Occupational Health, Safety and Injury Management:

Requirement	2005-06	2004-05	2003-04
<b>1 OHS legislative requirements</b>			
Number of notifiable occurrences pursuant to OHS&W Regulations Division 6.6	6	4	1
Number of notifiable injuries pursuant to OHS&W Regulations Division 6.6	0	1	0
Number of notices served pursuant to OHS&W Act s35, s39 and s40 (default, improvement and prohibition notices)	1	0	0
<b>2 Injury Management legislative requirements</b>			
Total number of employees who participated in the rehabilitation program	8	4	10
Total number of employees rehabilitated and reassigned to alternative duties	5	0	5
Total number of employees rehabilitated back to their original work	7	1	5
Number of open claims as at 30 June	13	6	16
Percentage of workers compensation expenditure over gross annual remuneration	0.68%	1.54%	0.87%
<b>3 Number of claims</b>			
Number of new workers compensation claims in the financial year	21 (1 rejected)	11	17
Number of fatalities, lost time injuries, medical treatment only	(F)	0	0
	(LTI)	7	6
	(MTO)	13	5
Total number of whole working days lost	<b>561</b>	<b>1638</b>	<b>786</b>
<b>4 Cost of workers compensation</b>			
Cost of new claims for financial year	13,829	12,442	97,901
Cost of all claims excluding lump sum payments	230,722	404,446	223,200
Amount paid for lump sum payments on the settlement of a claim (under the WRC Act)	s42	70,000	22,000
	s43	9,240	36,763
	s44	0	0
Total amount recovered from external sources (WRC Act s54) including from a negligent third party	12,432	0	0
Budget allocation for workers compensation	\$310,000	\$463,209	\$244,940
<b>5 Trends</b>			
Injury frequency rate for new lost-time injury/disease for each million hours worked	8.4	7.1	12.9
Most frequent cause (mechanism) of injury	Body stressing/ falls, trips and slips/ chemicals	Being hit by moving objects	Sprains and strains
Most expensive cause (mechanism) of injury	Falls, trips and slips/ body stressing	Falls, trips and slips	Sprains and strains

<b>6 Meeting the organisation's strategic targets</b>			
<b>Compensable injury frequency rate for all new lost time and medically treated injuries for each million hours worked.</b>	24.1	14.2	21.9
<b>Total new claims as a percentage of FTE</b>	3.98%	2.26%	3.6%
<b>Prevention key performance indicators</b>			
<b>Percentage of investigation reports signed off by the Health &amp; Safety Representative – involvement</b>	86%	64%	64%
<b>% Attendance of management representatives at OHS&amp;W committee meetings -commitment</b>	78%	68%	65%
<b>% Attendance of health and safety representatives at OHS&amp;W committee meetings-commitment</b>	75%	64%	56%
Average time taken for Incident Reports to be received by management after the event.	8 hours	32 hours	63 hours
% of actions from OHSW Committee completed within two meetings	82%	N/A	N/A
<b>Injury Management Targets</b>			
4a) Rehabilitation assessment conducted within 2 days of notice of injury to employer	<b>71%</b>	0%	N/A
4b) Rehabilitation intervention within 5 days of injury notification	<b>100%</b>	100%	N/A
5a) Claims determined within 10 days of receipt of claim	<b>76%</b>	81%	31%
5b) Claims not determined within 3 months of claim lodgement	<b>0%</b>	0%	8%
<b>6 Average Days Lost for each new Lost time Injury</b>	<b>2.1</b>	3.1	19.8
7a) Injured employees returned to work within 5 days of injury	<b>86%</b>	91%	60%
7b) Injured employees <u>not returned</u> to work within 3 months of injury	<b>0%</b>	0%	8%

## Appendix C – Consultancy

Consultant	Purpose of Consultancy	No.	Total \$
<b>Consultants Below \$10 000</b>			
Sub-total		21	84 509
<b>Consultants Between \$50 000 and \$10 001</b>			
CSIRO Land and Water	Engaged to identify methods for assessing the Non Market Values associated with major works on Chowilla.	1	
URS Australia Pty Ltd	Final payment to develop an integrated environmental monitoring system.	1	
Debarro Agriculture	Develop recommendations and management strategies for the Upper South East Salt accession program	1	
Econsearch	Deliver adoption of new management practices through conservation insurance market based instruments pilot project.	1	
Monica Redden Consultancy	Open house forum planning and debriefing.	1	
<b>Sub-total</b>		5	124 049
<b>Consultants Above \$50 000</b>			
Collins Anderson	Review water licensing processes and procedures in SA	1	
<b>Sub-total</b>		1	63 200
<b>Total</b>		<b>27</b>	<b>271 758</b>

## Appendix D – Overseas Travel

<b>Number of Employees</b>	<b>Destination/s</b>	<b>Reasons for Travel</b>	<b>Total Cost to Agency</b>
1	Rome, ITALY	Attend and present paper at International Farming Systems Association Global Learning Opportunity Conference.	\$3182.75 GST exclusive
1	Credit of New York USA	To attend sustainable development conference	CR \$ -1387.16 GST Exclusive
1 – non SA Govt employee, invited speaker	From Cape Town South Africa to Adelaide Australia	Key-Note speaker at the National Asparagus Weeds Workshop	\$2490.31
1	Indonesia/Borneo	To lecture on a course with Uni SA to Indonesian Judiciary, Police and Environmental Law Enforcement Officers on six-day Environmental Law and Enforcement Training.	Nil  (Agency received payment of \$6000 for services)

## **Appendix E – Fraud Statement**

During 2005-06, no instances of fraud were detected within the department.

The department has instituted a process of monthly review of expenditure statements by managers and revised credit card procedures in order to minimise the opportunities for fraud to occur. The department also has an internal audit program that is partially aimed at reducing the risk of fraud.

## Appendix F – Freedom of Information

### Information Statement

Pursuant to the provisions of Section 9 of the *Freedom of Information Act 1991* (the Act), the following details comprise the Information Statement of the Department of Water, Land and Biodiversity Conservation (DWLBC).

### Freedom of Information

The Act gives all South Australians a legally enforceable right of access to documents held by the government, making the business of government open and accountable to all. Under freedom of information, there are provisions to allow South Australians to apply to have documents relating to themselves corrected if they are incomplete, incorrect, misleading or out of date. While freedom of information aims to provide access to the maximum amount of information possible, provisions exist that protect legitimate departmental, public and private interests.

### Department's Structure and Functions

The department consists of three directorates encompassing seven divisions, the role and functions of which are described elsewhere in this report.

### How the Department Affects Members of the Public

The department has a direct and indirect effect on the general public through the delivery of a range of policies, programs and advice on practices relating to the integrated management of South Australia's productive land and water resources (including water licensing and metering and well permits). The focus of the department is the development and management of practices and policies that allow economic development without adverse impacts on the sustainability of the natural resources of the State. The divisions of the department that provide those services are listed below. Their roles and functions are described elsewhere in this report.

- Natural Resources Management (Policy, Information & Infrastructure) Directorate
  - Strategic Policy Division
  - Knowledge & Information Division
  - Infrastructure & Business Division
  - National Water Initiative Division
  
- Natural Resources Management Services (River Murray) Directorate
  - Natural Resources Management Support Division
  - Land & Biodiversity Services Division
  - Resource Allocation Division

- Corporate Services Directorate
  - Corporate Services Division

An integral and important part of delivering these services is the relationship that the department has with the various boards and committees involved in managing the State's natural resources.

### **Public Participation in the Formulation of the Department's Policies**

DWLBC officers are members of various committees (described elsewhere in this report) in which community and/or industry members also participate. An underlying philosophy in the department's management of natural resources is the involvement of local communities in the policy formulation and decision making processes. This philosophy is supported by legislation that requires consultation (for example, *Natural Resources Management Act 2004*).

### **Documents Held By DWLBC**

Documents held by the department are mainly in hard copy format, although some are stored in an electronic format. These documents are listed in broad groupings below. The listing of these documents does not necessarily mean all documents are accessible in full or in part under the Act.

- Departmental Files – official files containing correspondence and operational records.
- Accounting Records
- Personnel files
- Policy and procedure manuals
- Departmental publications, plans and reports

### **Documents Available For Purchase**

To purchase the following documents, please contact the department's Manager, Soil and Land Information on 8303 9652.

- Regional Land Resource Information on CD. Available for the following regions: Central Districts; Eyre Peninsula; Murraylands; Northern Agricultural Districts; South East.
- Soil Data Sheets
- State Soils Attribute Atlas
- Soils of South Australia's Agricultural Lands
- Spatial Data (Note: Spatial Data will only be supplied after authorisation of a Data Access Agreement form, which will be delivered to you after the receipt of your order for Spatial Data product/s). Available in complete data format or derived data format.
- Land Systems of Southern South Australia
- SA Revegetation Mapping Framework on CD Training Manual (Note: this is available on CD). Available in black and white or in colour.

To purchase the following documents, please contact the department's Knowledge & Information Division on 8463 6980.

- In the Interest of the Country - A History of the Pastoral Board of South Australia 1893-1993
- Field Guide to the Plants of Outback South Australia
- South Australian Rangelands and Aboriginal Lands Wildlife Management Manual

### **Documents Available Free of Charge**

The following documents are available free of charge by contacting the department's Strategic Communications and Marketing Group on 8463 7935 or by visiting the department's website at [www.dwlbc.sa.gov.au](http://www.dwlbc.sa.gov.au)

- Annual reports
- Fact sheets
- Reports
- Water allocation plans
- Lower Murray Reclaimed Irrigation Areas Guidelines and Information
- Selected technical reports

### **Policy Documents**

A policy register (Policy Booth) on the department's website has been developed to allow easy access to policies, guidelines and similar documents pertaining to the department's business. It can be found at [www.dwlbc.sa.gov.au/policies.html](http://www.dwlbc.sa.gov.au/policies.html)

The register is updated when new or updated documents are approved or existing ones are repealed. Draft documents are also included as they are released for public comment.

None of these documents replace or interpret legislation requirements, and where specific direction is required, the relevant legislation should be referred to.

Policies have been sorted by the following key themes.

- Biodiversity
- Land Management
- Licences and Permits
- Natural Resources Management
- River Murray
- Salinity and Water Quality
- Urban Issues
- Water Resources

### **Accessing Agency Documents**

To obtain application forms or details about freedom of information processes in South Australia, please contact the department's Freedom of Information Officer on 8463 6800, or visit [www.archives.sa.gov.au/services/public/index.html](http://www.archives.sa.gov.au/services/public/index.html)



## **Making a Freedom of Information Application**

Applications relating to requests for access to documents (or amendment of personal records) in the possession of the department under the *Freedom of Information Act 1991* should be directed in writing to:

Freedom of Information Officer  
Department of Water, Land and Biodiversity Conservation  
GPO Box 2834  
ADELAIDE SA 5001

## Appendix G – Building Services

### Energy Efficiency Action Plan Reports

South Australia's Strategic Plan was released in March 2004. Under target T3.2, agencies are required to reduce energy use in government buildings by 25% within 10 years, measured against a 2000-01 baseline. There is also an interim target to achieve a 15% reduction by 2010. The delivery mechanism for these targets is the Energy Efficiency Action Plan program.

The table below illustrates the department's electricity use since 2000-01:

Year	Energy Use (GJ)	Expenditure (\$)	GHG Emissions (tonnes)
2000 – 2001* (baseline)	3280	103 000	1011
2002 - 2003	2871	130 000	884
2003 - 2004	3176	139 000	978
2004 - 2005	2946	138 780	787
2005 – 2006	3179	140 686	980
Agency Target (2005 – 2006)	3034	N/A	935
Interim Agency Target (2010) 15% of base line	2788	NA	859
Final Agency Target (2014) 25% of base line	2460	NA	758

\* Data is for the former Department for Water Resources

In 2005-06, DWLBC's electricity consumption increased by 7.9% compared to consumption in 2004-05. This is largely due to an increase in office tenancies in the CBD, such as Level 7, 45 Grenfell Street. Of the total electricity consumption, 79% was in offices, the remainder at other operational sites.

The department is conducting energy audits in buildings that it owns or has long-term leases to determine strategies for further energy savings.

As part of the department's Strategic Facilities Accommodation Plan, consolidation opportunities are being initiated that will result in energy savings due to better space utilisation and the adoption of the latest ecologically sustainable development principles for both new and refurbished accommodation. This consolidation will be finalised in 2006-07.

It should also be noted that DWLBC has a major group situated at the Waite Campus, the electricity consumption data for which is included in CSIRO figures.

The department's vehicle acquisition policy has resulted in 75% of its leased passenger fleet being dual fuel. DWLBC has remained a lead agency in this area. It should be noted that vehicle energy data is not included in the above tables.

## Asbestos Management in Government Buildings

### Section 1: Priority and removal activities

Site Asbestos Presence Status	Priority for Risk assessment	No of sites in Priority for Assessment category	Risk Reduction Program: Activities conducted during 2005-06	Quantification of Activities (By Item / By Area / By \$)
Insufficient data	Urgent	0		
Unstable, Accessible; or unstable, damaged or decayed	Urgent	1	Removal of all sheets and materials (including walls, fences, stored materials, pots)	64 m <sup>2</sup>
Unstable, Inaccessible; or Unstable, Partly Accessible	High	0		
Stable, Accessible; or Stable, Accessible, Initial signs of decay	Medium	4	Removal of wall sheeting, formwork and doors, electrical cupboards backing boards	57m <sup>2</sup>
Stable, Inaccessible; or Stable, Partly accessible	Low	3		
Asbestos Free	Not Applicable	0		

### Section 2: Risk Reduction

Site Performance Score	1	2	3	4	5	Not Assessed
Site Risk Level	Severe	Major	Moderate	Minor (threshold category)	No risk (target category)	
% of Sites in Category at Year's Commencement	20%		80%	60%		
Adjusted % After Annual Reduction Activity	0%		40%	75%		

## Appendix H – Boards and Committees

Border Groundwaters Review Committee  
Branched Broomrape Community Focus Group  
Centre for Natural Resources Management Board  
Eight Mile Creek Water Conservation & Drainage Advisory Committee  
Environment Management Advisory Group  
Millicent Water Conservation Drainage Advisory Committee  
Native Vegetation Council  
Pastoral Board  
SA Dryland Salinity Committee  
SA Landcare Committee  
South Eastern Water Conservation & Drainage Board  
Upper South East Program Board  
Water Well Drilling Committee

### **Natural Resources Management**

Natural Resources Management Council  
Natural Resources Management Council – Assessment Sub Committee  
Natural Resources Management Council – Aboriginal State-wide Advisory Committee  
SA Murray Darling Basin Natural Resources Management Board  
Adelaide and Mt Lofty Ranges Natural Resources Management Board  
Alinytjara Wilurara Natural Resources Management Board  
Eyre Peninsula Natural Resources Management Board  
Kangaroo Island Natural Resources Management Board  
Northern and Yorke Natural Resources Management Board  
SA Arid Lands Natural Resources Management Board  
South East Natural Resources Management Board

### **Dog Fence**

Central Local Dog Fence Board  
Dog Fence Board  
Fowlers Bay Dog Fence Board  
Frome Dog Fence Board  
Marree Local Dog Fence Board  
Penong Local Dog Fence Board  
Pureba Local Dog Fence Board

## **Appendix I – Contractual Agreements**

During 2005-06, DWLBC did not enter into any contractual arrangements where the total value of the contract exceeded \$4 million and the contract extended beyond a single year.

## Appendix J – Accounts Payment Performance

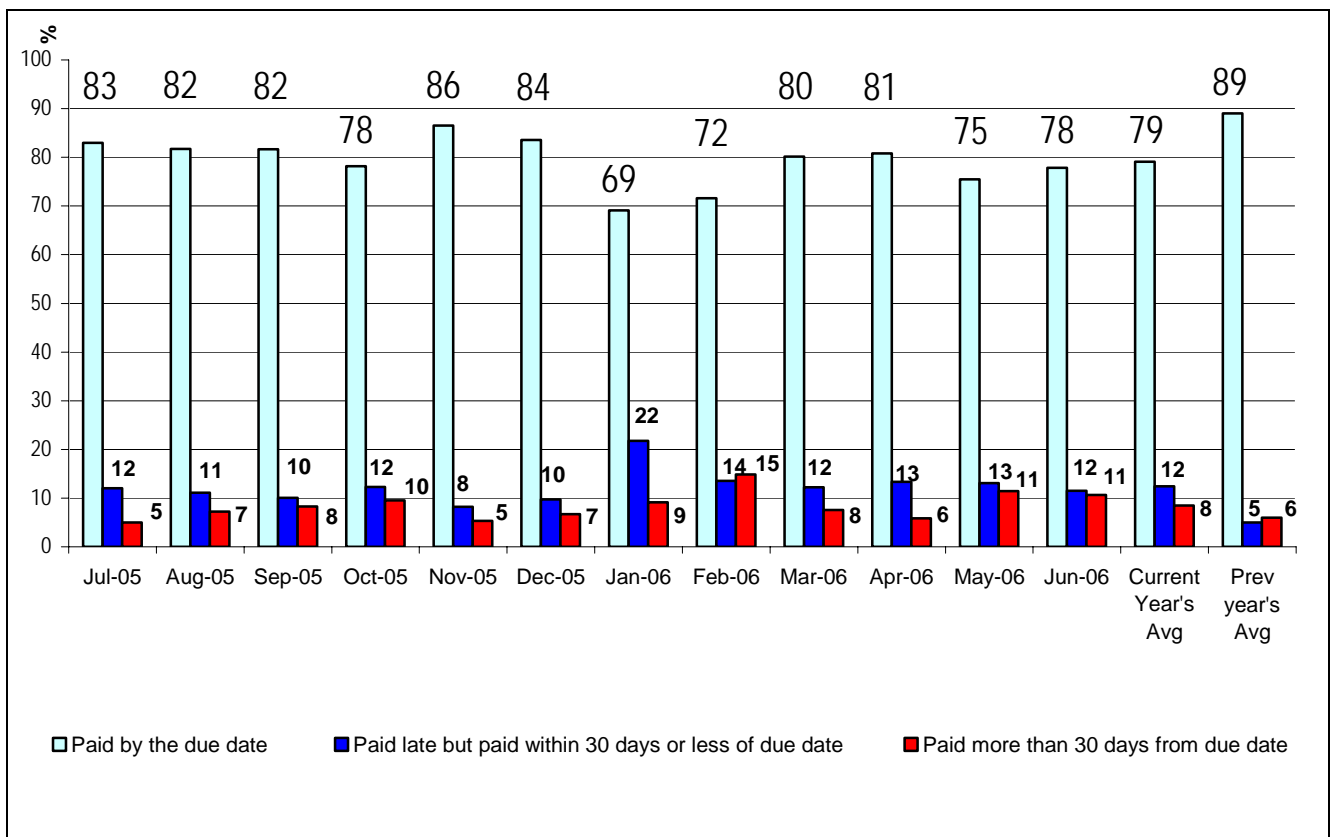
### Accounts Payment Performance

The department's accounts payable processing functions and accounting support are managed by the Department for Administrative and Information Services (DAIS).

Currently the department records and measures payment of accounts from the date of invoice. The Treasurer has advised that payment of accounts may now also be measured as of 30 days of receipt of the invoice. Currently, the department is not able to record or measure this information, hence there is likely to be some distortion of the Accounts Payment Performance statistics. The department is investigating implementation of a system to address these performance and information recording requirements.

Notwithstanding, the department considers that about 90 percent or more are invoices processed within 30 days of receipt of the invoice with the exception of January 2006, where delays in processing around Christmas resulted in lower performance.

The monthly data is set out in the following chart.



# Appendix K – Auditor General's Report



**Government of South Australia**

Auditor-General's Department

Our Ref: 06/093

28 September 2006

Mr Rob Freeman  
Chief Executive  
Department of Water, Land and Biodiversity Conservation  
GPO Box 2343  
**ADELAIDE SA 5001**

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

Dear Mr Freeman

## **2005-06 AUDIT**

The audit of the Department of Water, Land and Biodiversity Conservation for the year ended 30 June 2006 has been completed.

The scope of the audit covered the main areas of financial and accounting operations including:

- Fixed assets
- Water licensing transactions
- Expenditure including payroll
- Grants
- Computer environment

Matters arising from the audit were reported to you throughout the year and satisfactory responses were received. The matters reported, together with action proposed by the Department, will be subject to follow up by Audit in 2006-07.

The financial report of the Department of Water, Land and Biodiversity Conservation for the year ended 30 June 2006 is returned herewith together with my unqualified Independent Audit Report.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'K I MacPherson'.

K I MacPherson  
**AUDITOR-GENERAL**

Enc

## INDEPENDENT AUDIT REPORT



Government of South Australia  
Auditor-General's Department

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Tel +618 8226 9640  
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### TO THE CHIEF EXECUTIVE

#### SCOPE

As required by section 31 of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department for Water, Land and Biodiversity Conservation for the financial year ended 30 June 2006. The financial report comprises:

- An Income Statement;
- A Balance Sheet;
- A Cash Flow Statement;
- A Statement of Changes in Equity;
- A Program Schedule of Expenses and Income;
- Notes to and forming part of the Financial Statements;
- A Statement of Administered Income and Expenses;
- A Statement of Administered Assets and Liabilities;
- A Statement of Administered Cash Flows;
- A Statement of Changes in Administered Equity;
- A Program Schedule of Administered Revenues and Expenses;
- Notes to and forming part of the Administered Financial Statements;
- Certificate by the Chief Executive and the Chief Finance Officer.

The Chief Executive and the Chief Finance Officer are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the Chief Executive.

The audit has been conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing and Assurance Standards to provide reasonable assurance whether the financial report is free of material misstatement.

Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with my understanding of the Department of Water, Land and Biodiversity Conservation's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

#### AUDIT OPINION

In my opinion, the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Department of Water, Land and Biodiversity Conservation as at 30 June 2006, the results of its operations and its cash flows for the year then ended.

A handwritten signature in blue ink, appearing to read 'K I MacPherson'.

**K I MacPherson**  
Auditor-General  
28 September 2006



## Appendix L – Financial Performance

### Income Statement for the Year Ended 30 June 2006

		2006	2005
<b>EXPENSES:</b>	Note	\$'000	\$'000
Employee expenses	6(a)	39 184	34 862
Supplies and services	7	43 647	48 168
Depreciation and amortisation expense	8	2 184	2 100
Grants and subsidies	9	39 272	41 992
Other expenses	10	16 074	3 499
<b>Total Expenses</b>		<b>140 361</b>	<b>130 621</b>
<b>INCOME:</b>			
Fees and charges	13	14 054	12 099
Interest	14	520	1 228
Grant revenue	16	31 397	23 186
Net gain on disposal of non-current assets	15	-	23
Other revenue	17	1 407	1 574
<b>Total Income</b>		<b>47 378</b>	<b>38 110</b>
<b>NET COST OF SERVICES</b>		<b>92 983</b>	<b>92 511</b>
<b>REVENUES FROM SA GOVERNMENT</b>	12	<b>85 106</b>	85 438
<b>NET RESULT</b>		<b>(7 877)</b>	(7 073)

**Balance Sheet  
as at 30 June 2006**

		2006	2005
	Note	\$'000	\$'000
<b>CURRENT ASSETS:</b>			
Cash on hand and deposits	2(l), 18	11 038	14 886
Receivables	21	4 746	5 552
Inventory	2(f)	1 224	885
Other assets		16	-
Non – current assets classified as held for sale	19	789	-
<b>Total Current Assets</b>		<b>17 813</b>	<b>21 323</b>
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment	22	70 616	55 229
Intangible assets	23	5 641	3 373
<b>Total Non-Current Assets</b>		<b>76 257</b>	<b>58 602</b>
<b>Total Assets</b>		<b>94 070</b>	<b>79 925</b>
<b>CURRENT LIABILITIES:</b>			
Payables	24	4 112	3 668
Employee benefits	25	3 298	2 911
Provisions	26	183	141
<b>Total Current Liabilities</b>		<b>7 593</b>	<b>6 720</b>
<b>NON-CURRENT LIABILITIES:</b>			
Payables	24	834	952
Employee benefits	25	6 887	6 637
Provisions	26	496	388
<b>Total Non-Current Liabilities</b>		<b>8 217</b>	<b>7 977</b>
<b>Total Liabilities</b>		<b>15 810</b>	<b>14 697</b>
<b>NET ASSETS</b>		<b>78 260</b>	<b>65 228</b>
<b>EQUITY:</b>			
Contributed capital		8 164	7 107
Retained Earnings		46 028	43 301
Asset revaluation reserve		24 068	14 820
<b>TOTAL EQUITY</b>		<b>78 260</b>	<b>65 228</b>
Commitments for Expenditure	27		
Contingent Assets and Liabilities	28		

**Statement of Cash Flows  
for the Year Ended 30 June 2006**

	2006	2005
	<b>Inflows</b>	Inflows
	<b>(Outflows)</b>	(Outflows)
	<b>\$'000</b>	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
CASH OUTFLOWS:	Note	
Employee payments	(38 397)	(32 378)
Supplies and services	(44 862)	(49 837)
Grants and subsidies	(39 167)	(41 992)
Other Expenses	(15 312)	-
GST payments on purchases	(9 220)	(9 422)
GST remitted to the ATO	(291)	(8)
<b>Cash Used in Operating Activities</b>	<b>(147 249)</b>	<b>(133 637)</b>
CASH INFLOWS:		
Fees and charges	13 959	11 598
Grant receipts	31 397	23 186
Interest received	581	1 174
Other receipts	1 407	1 430
GST receipts on sales	2 923	2 224
GST receipts from the ATO	7 426	7 107
<b>Cash Generated from Operating Activities</b>	<b>57 693</b>	<b>46 719</b>
Receipts from SA Government	85 106	85 438
<b>Cash Generated from SA Government</b>	<b>85 106</b>	<b>85 438</b>
<b>Net Cash Used in Operating Activities</b>	<b>(4 450)</b>	<b>(1 480)</b>
	29	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
CASH OUTFLOWS:		
Purchase of property, plant and equipment	(455)	(945)
<b>Cash Used in Investing Activities</b>	<b>(455)</b>	<b>(945)</b>
CASH INFLOWS:		
Proceeds from sale of property, plant and equipment	-	202
<b>Cash Generated from Investing Activities</b>	<b>-</b>	<b>202</b>
<b>Net Cash Used in Investing Activities</b>	<b>(455)</b>	<b>(743)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
CASH INFLOWS:		
Capital contributions from Government	1 057	-
<b>Net Cash Provided by Financing Activities</b>	<b>1 057</b>	<b>-</b>
<b>NET (DECREASE) IN CASH HELD</b>	<b>(3 848)</b>	<b>(2 223)</b>
<b>CASH AT 1 JULY</b>	<b>14 886</b>	<b>17 109</b>
<b>CASH AT 30 JUNE</b>	<b>11 038</b>	<b>14 886</b>
	18, 29	

**Statement of Changes in Equity  
For the Year Ended 30 June 2006**

		<b>Asset</b>			
	<b>Note</b>	<b>Contributed Capital</b>	<b>Revaluation Reserve</b>	<b>Retained Earnings</b>	
		\$000	\$000	\$000	
				<b>Total</b>	
				\$000	
Balance at 30 June 2004		7 107	2 770	49 960	<b>59 837</b>
Gain on revaluation of property during 2004-05		-	12 050	-	<b>12 050</b>
<b>Net income (expense) recognised directly in equity for 2004-05</b>		-	12 050	-	<b>12 050</b>
<b>Net result after restructure for 2004-05</b>		-	-	(7 073)	<b>(7 073)</b>
<b>Total Recognised income and expense for 2004-05</b>		-	12 050	(7 073)	<b>4 977</b>
Balance at 30 June 2005		7 107	14 820	42 887	<b>64 814</b>
Error Correction	4	-	-	414	<b>414</b>
Restated balance at 30 June 2005		7 107	14 820	43 301	<b>65 228</b>
Gain on revaluation of property during 2005-06		-	9 248	-	<b>9 248</b>
Error Correction	2(d)	-	-	10 604	<b>10 604</b>
<b>Net income recognised directly in equity for 2005-06</b>		-	9 248	10 604	<b>19 852</b>
<b>Net result for 2005-06</b>		-	-	(7 877)	<b>(7 877)</b>
<b>Total Recognised income and expense for 2005-06</b>		-	9 248	2 727	<b>11 975</b>
Equity contribution from SA Government		1 057	-	-	<b>1 057</b>
Balance at 30 June 2006		8 164	24 068	46 028	<b>78 260</b>
All changes in equity are attributable to the SA Government as owner					

**Program Schedule of Income and Expenses  
for the Year Ended 30 June 2006**

<b>Expenses</b>	NRM \$'000	NRM (River Murray) \$'000	General \$'000	<b>TOTAL \$'000</b>
Employee Expenses	24 494	8 144	6 546	<b>39 184</b>
Supplies and Services	21 936	13 479	8 232	<b>43 647</b>
Depreciation and Amortisation	11	-	2 173	<b>2 184</b>
Grants and Subsidies	12 653	26 469	150	<b>39 272</b>
Other Expenses	-	16 074	-	<b>16 074</b>
<b>Total Expenses</b>	<b>59 094</b>	<b>64 166</b>	<b>17 101</b>	<b>140 361</b>
<b>Income</b>				
Fees and Charges	6 763	7 039	252	<b>14 054</b>
Grant Revenues	22 079	9 312	6	<b>31 397</b>
Interest	193	5	322	<b>520</b>
Other Revenue	690	111	606	<b>1 407</b>
<b>Total Income</b>	<b>29 725</b>	<b>16 467</b>	<b>1 186</b>	<b>47 378</b>
<b>Net Cost of Services</b>	<b>(29 369)</b>	<b>(47 699)</b>	<b>(15 915)</b>	<b>(92 983)</b>
<b>Revenues from SA Government</b>				
Revenues from SA Government	-	21 711	63 395	<b>85 106</b>
<b>Net Result</b>	<b>(29 369)</b>	<b>(25 988)</b>	<b>47 480</b>	<b>(7 877)</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1. Objectives of the Department of Water, Land and Biodiversity Conservation

Ensure South Australia's natural resources are managed in ecologically sustainable ways that support the well-being of present and future generations.

To achieve the Department objective, it contributes to the following outcomes:

- (a) Integrated natural resource management that covers all of South Australia's natural resource elements.
- (b) Improved health and productivity of South Australia's biodiversity, water, land and marine resources.
- (c) Community, industry, governments and other stakeholders working together to achieve high quality natural resource management outcomes.
- (d) A greater capability and willingness to invest in natural resource management to provide a sustained funding base.
- (e) Wise resource allocation that provides for the best environmental, social and economic outcomes.

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Accounting

The financial report is a general purpose financial report that has been prepared in accordance with the applicable Australian Accounting Standards, other mandatory professional reporting requirements in Australia, the Treasurer's Instructions and Accounting Policy Statements issued pursuant to the *Public Finance and Audit Act 1987*. The accounts are prepared on the accrual basis of accounting using historical cost accounting, except for certain classes of physical non-current assets which are valued at fair value.

These Financial Statements are the first statements to be prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRS). AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these statements. Previous Financial Statements were prepared in accordance with Australian Generally Accepted Accounting Principles.

The Income Statement, Statement of Cash Flows, Statement of Changes in Equity and the Program Schedule report the financial activities from 1 July 2005 to 30 June 2006. The Balance Sheet and the Schedules of Administered items report financial activity for the 12 months ending 30 June 2006.

In addition, a number of Australian Accounting Standards have been issued or amended and are applicable to the Agency but are not yet effective. The Agency has assessed the impact of the new and amended standards and there will be no impact on the accounting policies of the Agency.

#### (b) The Reporting Entity

The financial activities of the Department are primarily conducted through a Special Deposit Account established pursuant to section 8 of the *Public Finance and Audit Act 1987* and held with the Department of Treasury and Finance (DTF).

The Department's sources of funds consist of monies appropriated by Parliament together with grants revenue and income derived from user charges and fees for services to the public and industry.

#### *Administered Activities*

The Department administers, but does not control, certain activities on behalf of the South Australian Government. It is accountable for the transactions involving those administered resources, but does not have the discretion to deploy the resources for achievement of the Department's objectives. For these activities, the Department acts on behalf of the South Australian Government.

Transactions and balances relating to administered resources are not recognised as Departmental assets, liabilities, revenues or expenses, but are disclosed separately in the Schedules of Administered Items.

#### (c) Income Recognition

All revenues are recognised when the Department obtains control over them. User charges and fees collected by the Department but not controlled by it are not recognised as revenues, but are reported as administered revenues in the Schedules of Administered Items. Such amounts are paid to the Consolidated Account or other Funds not controlled by the Department.

#### (d) Non-Current Assets

The Balance Sheet includes those non-current assets where identification, ownership, control and valuations can be reliably determined.

The Department has adopted an asset capitalisation threshold of \$5 000. Minor assets with an individual value of less than \$5 000 are expensed in the Income Statement at the time they are acquired. The capitalisation threshold has not been applied to the Groundwater Monitoring Wells and the Hydrometric Gauging Stations 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 Balance Sheet regardless of their initial cost of acquisition.

All items of property, plant and equipment controlled by the Department have been brought to account at fair value, where the fair value is generally determined by its written-down current cost. Land is brought to account at market value.

Assets held for sale are separately disclosed and measured at the lower of carrying amount and fair value less cost to sell.

#### *Intangible Assets*

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 Intangible Assets* and when the amount of expenditure is greater than or equal to \$10,000, in accordance with Accounting Policy Framework III *Asset Accounting Framework* paragraph APS 2.15. All research and development costs that do not meet the capitalisation criteria outline 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).

#### *Assets Recognised for the First Time and Asset Revaluations*

- *Error Correction*

The error correction for \$10,604,000 disclosed in the Statement of Changes in Equity comprises assets recognised for the first time relating to Levee Banks (\$2,244,000), intangible assets (\$2,610,000) and groundwater monitoring wells (\$5,751,000). No retrospective adjustment has been made as it is deemed impractical given the uncertainty of the fair value of each respective asset prior to the current reporting period.

- *Levee Banks*

Following the conversion of Government Irrigation Districts in the Lower Murray to Private Irrigation Districts during 2004/2005, all associated infrastructure, other than levee banks, was transferred to the Private Irrigation Trusts, who manage the districts. The Department has responsibility for the management of the levee bank operations and maintenance activities. The levee banks were recognised for the first time and valued by an external consultant with the assistance of technically qualified Department personnel as at 31 January 2006. Levee banks are included in the Land and Buildings asset class. Refer to note 22.

- *Intangible Assets*

An intangible asset for water licences has been recognised for the first time. The asset was initially acquired for nil consideration prior to 1 July 2005. A reliable fair value at the time of acquisition is not available. The assets have been 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. See notes 22 and 23.

- *Groundwater Monitoring Wells*

An independent revaluation of the Groundwater Monitoring Wells was undertaken by GHD Pty Ltd as at 30 June 2006. Arising from the review, additional Groundwater Monitoring Wells were recognised for the first time in 2005-06.

The valuation encompassed a desktop review of the existing asset information on the wells contained in the SA Geodata and Microfiche records maintained by the Department. The independent valuer's terms of reference included defining the ownership of wells in the monitoring network, performing a condition assessment and valuation of the wells controlled by the Department. Visual inspections of the wells were considered to be unsuitable for the purpose of valuing the wells, other than for surface structures.

The independent valuation resulted in an increment to the Asset Revaluation Reserve of \$9,248,000 and increased the value of the wells assets to \$18,365,000 at 30 June 2006 (\$3,905,000).

The valuation was constrained by a number of limitations, primarily the following factors:

- replacement cost estimates were based on unit rates and not on detailed design;
- unit rates were in turn derived from comparative data, including industry data and extrapolation of closely related project data and quotations for specific items.

As a consequence, the methodology applied to the valuation has resulted in some inherent variability in the final values, which has been estimated by GHD Pty Ltd to be in the order of +/- 25 percent. This assessed level of variability is considered to have resulted in '*significant uncertainty*' in the value of the wells asset class, but not in terms of the Department's overall valuation of non-current assets. Refer to Note 22.

- *Patawalonga Seawater Circulation & Barcoo*

Patawalonga Seawater Circulation & Barcoo were independently valued by Currie and Brown (Australia) Pty Ltd as at 1 January 2005. Refer to Note 22.

- *Salinity Disposal Schemes*  
The Noora Drainage Disposal Scheme was independently valued by Currie and Brown (Australia) Pty Ltd as at 30 June 2005. Refer to Note 22.
- *Hydrometric Gauging Stations*  
A complete assessment of Hydrometric Gauging Stations was undertaken as at 30 June 2003. This assessment was performed using technically qualified Department personnel and this resulted in no change to the assets fair value. Refer to Note 22.
- *Land and Buildings*  
Land and Buildings were independently valued by Valcorp Pty Ltd as at 30 June 2003. The Department has commenced a cyclical valuation process for valuing all Land and Buildings. Refer to Note 22.
- *Waste Disposal Stations*  
The houseboat waste disposal stations were independently valued by Valcorp Pty Ltd as at 30 June 2003. Refer to Note 22.
- *Plant and Equipment*  
Plant and equipment are brought to account at cost or at officers' valuation for initial recognition purposes. Refer to Note 22.

#### *Assets Not Recognised*

- *Murray Darling Basin Commission (MDBC)*  
Under the *Murray Darling Basin Act 1993*, the MDBC controls the assets in the Murray Darling Basin including assets in South Australia such as Locks 1 to 9 on the River Murray, the barrages at the Murray Mouth, the Lake Victoria works, Woolpunda and Waikerie Salinity Interception Works and the associated drainage basin. The South Australian Government has an interest in these assets (and all of the assets controlled by the MDBC) through the funding provided to the Commission for the construction of the assets and through its involvement in the operations of the Commission.

These assets are recognised in the MDBC financial statements.

The jurisdictions involved in the MDBC have not yet agreed on the accounting treatment or the appropriate amount of each jurisdictions interest in the assets constructed under the various Murray-Darling Basin Agreements. Further consultation is pending in order to resolve these matters.

- *Lower Murray Reclaimed Irrigation Area (LMRIA)*  
The LMRIA consists of irrigation and drainage infrastructure which enable dairy farmers in the Lower Murray region between Mannum and Wellington to irrigate the floodplain along the river, predominately for irrigated pasture production. The River Murray Water Allocation Plan and the Environmental Protection Policy (Water Quality) provide for the implementation of new water entitlements and environmental standards which can only be achieved by the rehabilitation of the existing infrastructure.

A scheme to rehabilitate the infrastructure is currently being implemented in conjunction with the irrigators.

During 2004-05 the majority of Government Irrigation Districts in the area were converted to Private Irrigation Districts. All of the associated infrastructure, other than the levee banks, has been transferred to the Private Irrigation Trusts, who manage the districts.

During 2005-06 the transfer of the Burdett Government district was formally agreed to take place in September 2006. Negotiations are continuing over the status of the Mobilong district.

- *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 Income Statement 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 Commission, and 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 Commission and not the Department. As a consequence the amounts expended on these assets are not capitalised, but are recognised in the Department's Income Statement in the form of employee expenditures, operating costs and grant payments.

**(e) Depreciation and Amortisation of Non-Current Assets**

All non-current assets, with the exception of land and certain acquired intangible assets, have a limited useful life and are systematically depreciated/amortised in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as internally developed software, while depreciation is applied to tangible assets such as property, plant and equipment. No depreciation is applied to capital work in progress. No amortisation is applied to Water Licences (included in the acquired intangible assets) as these have been assessed as having an indefinite term of future economic benefits.

The useful lives of all major assets held by the Department are reassessed on an annual basis.

Assets are subject to straight line depreciation/amortisation over the following periods.

	Years
Buildings	13-56
Groundwater Monitoring Wells	1-100
Patawalonga Seawater Circulation and Barcoo	10-97
Hydrometric Gauging Stations	25-60
Waste Disposal Stations	22-50
Salinity Disposal Schemes	28-86
Plant and Equipment	3-42
Internally Developed Intangible Assets	12
Acquired Intangible Assets	3 to infinite

The revaluation of Groundwater Monitoring Wells at 30 June 2006 also comprised a re-assessment of their estimated useful lives. This resulted in a change in the useful lives of these assets from 30 years to 1-100 years. There was no effect on the depreciation charge for 2005-06 given the revaluation was completed at 30 June 2006.

An assessment during 2005/2006 identified that the Salinity Disposal Schemes asset could be componentised in accordance with Accounting Policy Framework III *Asset Accounting Framework*. This resulted in a change in the useful life of this asset from 60 years to 28-86 years.

The effect of the change in the reporting period during 2005/2006 was to increase the depreciation charge from \$335 000 to \$349 000. The impact of this change in future periods will be to reflect a correspondingly higher depreciation charge in subsequent years. No retrospective adjustment has been made as it is deemed impractical given that the asset was revalued at 30 June 2005, resulting in a revised depreciable amount from this date onwards.

**(f) Inventories**

Inventories are measured at the lower of cost or net market value. Inventories include plants and materials held by State Flora and the Branched Broomrape Eradication Program.

**(g) Payables**

Payables include creditors, accrued expenses and employee on-costs. All amounts are measured at their nominal amount and are normally settled within 30 days in accordance with Treasurers Instruction 8 'Expenditure for Supply Operations and Other Goods and Services' following the receipt of a valid invoice.

Creditors and accrued expenses represent amounts owing for goods and services received prior to the end of the reporting period that were unpaid at the end of the reporting period.

**(h) Employee Benefits**

*(i) Sick Leave*

The Department's employees' entitlement to sick leave is non-vesting. Sick leave is only recognised as a liability at reporting date to the extent it is probable that sick leave expected to be taken in future periods will be greater than entitlements which are expected to accrue in those periods. No sick leave liability has been recorded as it is probable that sick leave taken in future periods will be less than the sick leave benefits accrued in those periods.

*(ii) Salary and Wages*

The accrual for salaries and wages is measured as the amount unpaid at the reporting date at the remuneration rates current at the reporting date.

*(iii) Annual Leave*

The liability for annual leave reflects the value of total annual leave entitlements of all employees as at the reporting date using the remuneration rate expected to apply at the time of settlement. The estimated rate of inflation is 4 percent.

- (iv) *Long Service Leave*  
The liability for long service leave is calculated by using the product of the current liability for all employees who have completed seven or more years of service and the current rate of remuneration for each of these employees respectively. The seven years has been based on an actuarial assessment by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector. The liability is measured as the amount unpaid at the reporting date.
- (v) *Employee Benefit On-Costs*  
Related on-costs of payroll tax and superannuation are recorded under the item payables for any salaries and wages, annual leave and long service leave accrued at the end of the year.
- (vi) *Superannuation*  
Contributions are made by the Department to several superannuation schemes operated by the South Australian Government. 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 superannuation schemes. The only liability outstanding at balance date relates to any contribution due but not yet paid to the superannuation schemes. The Department made contributions of \$3 566 000 (\$3 217 000) for the 2005-06 financial year.
- (i) **Provisions**  
*Workers Compensation*  
A provision is raised to reflect the liability for any outstanding (unsettled) workers compensation claims for lump sum payments, adjusted for potential recoveries from negligent third parties. The provision is based on an actuarial assessment performed for the Public Sector Occupational Health and Injury Management Branch of the Department for Administrative and Information Services.
- These figures reflect an apportionment of the whole-of-government estimate of workers compensation liability, according to the Department's experience of claim numbers and payments.
- The whole-of-government estimate can be found in a report prepared by Taylor Fry Pty Ltd, consulting actuaries, and submitted to the Public Sector Occupational Health and Injury Management Branch.
- (j) **Leases**  
The Department has entered into non-cancellable operating lease agreements 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. Refer to Note 27 for further details.
- Operating lease payments are representative of the pattern of benefit derived from the leased assets and accordingly are charged to the Income Statement in the periods in which they are incurred.
- The Department has not entered into any finance leases.
- (k) **Receivables**  
Receivables arise in the normal course of the selling of goods and services to other agencies and to the public. Receivables are payable within 30 days after the issue of an invoice or the goods/services have been provided.
- The provision for doubtful debts has been calculated based on a specific assessment of the recoverability of certain receivables.
- (l) **Cash**  
For the purpose of the Statement of Cash Flows, cash includes cash deposits which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis. Refer to Note 18 and 29.
- (m) **Taxation**  
The Department is not subject to income tax. The Department is liable for payroll tax, fringe benefits tax, goods and services tax, emergency services levy, land tax equivalents and local government rate equivalents.
- In accordance with the requirements of Interpretation 1031 'Accounting for the Goods and Services Tax (GST)', revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as a part of the cost of acquisition of the asset, or as part of the expense item.
- The net amount of GST recoverable from the ATO is included as a current asset in the Balance Sheet.
- Cash flows are included in the Statement of Cash Flows on a gross basis.
- (n) **Comparative Figures**  
Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.
- (o) **Rounding**  
All amounts are rounded to the nearest thousand dollars (\$'000).

**(p) Future developments in financial reporting**

The financial report is prepared in compliance with the framework set out in note 2(a). In view of the diverse nature of the Department's activities and relatively complex funding arrangements some important areas remain under consideration. These areas are:

- Establishing the Save the River Murray Fund (STRMF) as a separate general-purpose reporting entity, where separate statements would be prepared and then consolidated with the Department (newly defined), recognising that the latter retains control. This is intended to improve the overall *'understandability'*, an essential qualitative characteristic of financial reporting. Recent transactions in respect of water license transfers have further emphasised the need for separation of reporting. This reporting relationship is not provided for in existing statutory arrangements.
- The resolution of accounting treatment with respect to Murray-Darling Basin Commission (MDBC) assets and liabilities. The Department has been advised that the MDBC has agreed to develop principles for accounting for jurisdictions' interest in the assets of the Murray-Darling Basin Commission by the first quarter of 2007. While the Department is aware that various jurisdictions are accounting for their interest in MDBC assets at 30 June 2006, the Department considers that adopting a position interim to this decision of the MDBC would not meet relevant qualitative characteristics of financial reports. Any future position is likely to result in a major change in the Department's assets and liabilities.
- A review of the current accounting treatment of expensing various project costs where assets are developed on behalf of/transferred to other entities. This is contingent on a more detailed review of questions surrounding questions of control. Project expenditure that will be subject to review in this area includes that associated with the Upper South East Dryland Salinity and Flood Management Program and the Salt Interception Schemes. In some instances the accounting decisions may be impacted by determinations in regard to MDBC assets.

**3. Financial Risk Management**

The Department has significant non-interest bearing assets and liabilities. The Department's exposure to market risk and cash flow interest risk is minimal.

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

**4. Changes in Accounting Policies**

***Transition to Australian International Financial Reporting Standards***

The Adoption of AIFRS has not resulted in any material adjustments to the Balance Sheet, Income Statement or Cash Flow Statement.

***Impacts of adopting AIFRS***

*Changes in Accounting Policies, Changes in Estimates and Errors*

*AASB 108 Accounting Policies, Changes in Estimates and Errors*, requires that changes to accounting policies are to be applied retrospectively except for specific exemptions in accordance with another standard.

Under previous Australian GAAP, the Department recognised net revenue resulting from a correction of an error for assets recognised for the first time within its Income Statement. AIFRS now requires prior period errors to be corrected by restating comparative information and opening retained earnings of the earliest prior period. For the financial year ended 30 June 2005 the Department recognised net revenue for assets recognised for the first time of \$414 000. The net result under AIFRS would have been \$414 000 less than that reported under previous Australian GAAP. The adjustment has been recognised directly in retained earnings for the financial year ended 30 June 2005. See Statement of Changes in Equity.

***Non-Current Asset Acquisition and Recognition***

*AASB 5 Non-current Assets Held for Sale* requires the separate disclosure of assets that are to be sold within the next 12 months as current assets. They are measured at the lower of carrying amount and fair value less cost to sell. Further these assets are not to be depreciated. They are disclosed separately under AIFRS and there will be a difference between the net result in the Income Statement under GAAP and that reported under AIFRS to the extent of the depreciation on those assets during the financial year. The level of depreciation is not considered material.

### *Impairment of Assets*

AASB 136 *Impairment of Assets* requires the Department establish asset impairment indicators. On an annual basis the Department will determine whether there is an indication or evidence that an asset or group of assets are impaired based on the impairment indicators. There have not been any assets held by the Department that have been identified as being impaired.

Previously the Department recognised a general provision for doubtful debts. In accordance with AASB 136 a provision is now only recognised where there is objective evidence relating to the non payment of debts as at the balance date. This has resulted in the Department reducing the provision for doubtful debts by \$144,000 as measured using previous Australian GAAP. The adjustment has been recognised directly in retained earnings for the financial year ended 30 June 2005.

### *Intangible Assets*

In accordance with AASB 138 *Intangible Assets*, the Department will no longer capitalise research costs in relation to research and development projects as this is prohibited by the Standard.

The Department currently recognises internally developed software on a fair value basis. The Standard requires recognition at original cost or fair value where the software is traded in an active market. The original cost information is available for software which has been specifically developed for the Department and as there is no active market for this software it will continue to be recognised at its original cost, which has been deemed as fair value.

The Department recognised \$3 520 000 in Property, Plant and Equipment at 30 June 2005 that related to software which was specifically developed for the use of the Department. This amount has been reclassified from Property, Plant and Equipment to Intangible Assets under AIFRS.

### *Employee Benefits*

Employee benefits payable later than 12 months from year-end will be measured at present value rather than at nominal amounts. The Department has recognised annual leave provisions at nominal value in its Balance Sheet. To the extent that this leave is not taken within 12 months from year end it will be recognised at present value under AIFRS. The adjustment to the carrying value of annual leave provisions is not expected to be material.

## 5. Programs of the Department

### **Program 1: Natural Resource Management**

Natural Resource Management is described as the management of natural resources in South Australia, including the provision of advice and regulatory support for the Government and community; and facilitating the allocation and sustainable use of natural resources.

### **Program 2: Natural Resource Management (River Murray)**

Natural Resource Management (River Murray) is described as the management of natural resources in the Murray-Darling Basin in South Australia, including the provision of advice and regulatory support for Government and community; and facilitating the allocation and sustainable use of natural resources.

### **General/Not Attributable**

Certain items of the Department are not allocated to programs.

6.	<b>Employee Expenses</b>	<b>2006</b>	2005
	<b>(a) Employee Expenses</b>	<b>\$'000</b>	<b>\$'000</b>
	Wages and salaries	<b>31 418</b>	26 478
	Superannuation	<b>3 566</b>	3 217
	Annual leave	<b>2 626</b>	2 411
	Long service leave	<b>1 107</b>	1 951
	Workers Compensation	<b>334</b>	632
	Board fees	<b>133</b>	173
	<b>Total Employee Expenses</b>	<b>39 184</b>	<b>34 862</b>
	<b>(b) Remuneration of Employees</b>	<b>2006</b>	<b>2005</b>
	The number of employees whose remuneration received or receivable falls within the following bands:	<b>Number of Employees</b>	<b>Number of Employees</b>
	\$100 000 - \$109 999	<b>13</b>	1
	\$110 000 - \$119 999	<b>4</b>	6
	\$120 000 - \$129 999	<b>3</b>	2
	\$130 000 - \$139 999	<b>2</b>	-
	\$140 000 - \$149 999	<b>2</b>	5
	\$150 000 - \$159 999	<b>3</b>	2
	\$160 000 - \$169 999	<b>1</b>	1

\$170 000 - \$179 999	2	1
\$180 000 - \$189 999	-	1
\$250 000 - \$259 999	-	1
\$260 000 - \$269 999	1	-
<b>Total Number of Employees</b>	<b>31</b>	<b>20</b>

The table includes all employees who received remuneration of \$100 000 or more during the year.

The total remuneration received or receivable by these employees for the year was \$3 954 000 (\$2 859 000).

7. <b>Supplies and Services</b>			2006	2005
Supplies and service expenses for the reporting period	SA Govt	Non-SA Govt	\$'000	\$'000
comprised of:				
Contractors	6 885	18 031	24 916	30 855
Service level agreement	3 506	-	3 506	2 995
Accommodation	2 669	436	3 105	2 484
Vehicles	1 680	321	2 001	2 003
Computing	750	630	1 380	1 719
Travel and accommodation	61	1 191	1 252	1 216
Printing, publishing and stationery	150	791	941	799
Telephones	378	224	602	584
Chemical analysis	56	246	302	875
Minor plant and equipment purchases	5	1 060	1 065	1 145
Maps, photographs and plans	8	51	59	171
Consultancies	-	276	276	227
Materials and consumables	16	590	606	605
Equipment repairs and maintenance	3	354	357	303
Advertising, exhibition and promotion	14	412	426	331
Legal fees	154	88	242	271
Audit remuneration	205	-	205	212
Other supplies and services	460	1 946	2 406	1 373
<b>Total Supplies and Services</b>	<b>17 000</b>	<b>26 647</b>	<b>43 647</b>	<b>48 168</b>

The number and dollar amount of consultancies paid/payable that fell within the following bands:	2006	2006	2005
	Number	\$'000	\$'000
Below \$10 000	22	89	-
Between \$10 000 and \$50 000	5	124	63
Above \$50 000	1	63	164
<b>Total Paid/Payable to the Consultants Engaged</b>	<b>28</b>	<b>276</b>	<b>227</b>

8. <b>Depreciation and Amortisation expense</b>		
Patawalonga Seawater Circulation and Barcoo		351
Groundwater monitoring wells		555
Plant and equipment		397
Salinity disposal schemes		349
Hydrometric gauging stations		87
Waste disposal stations		63
Buildings		40
Intangible assets		342
<b>Total Depreciation and Amortisation expense</b>		<b>2 184</b>
		464
		544
		454
		143
		80
		63
		59
		293
		2 100

9. <b>Grants and Subsidies</b>		2006	2005
Non-SA Government Entities:		\$'000	\$'000
Transfer to Murray Darling Basin commission		19 328	20 359
Primary Industries and Fisheries Qld - Red Imported Fire Ants		1 032	1 300
Soil Conservation Boards		-	395
Irrigators - Lower Murray Reclaimed Irrigation Areas		3 572	2 664
CSIRO Land and Water		-	108
Agriculture, Fisheries, Forestry Australia (AFFA)		30	320
Lake Eyre Basin - Environment Australia		125	125
CRC for Plant Based Management		-	100
Department of Sustainability and Environment		807	-
Trees for Life		150	-
Murray Darling Basin Association Inc		253	-
Other grants		916	1 399
<b>Total Grants and Subsidies - Non-SA Government Entities</b>		<b>26 213</b>	<b>26 770</b>

SA Government Entities:			
Animal and Plant Control Commission		-	3 321
GH Michell Trade Waste Subsidy		1 798	1 755
Dept of Transport, Energy and Infrastructure - Catchment Management Subsidy Scheme		3 968	3 700

River Murray Improvement Program - SA Government agencies	1 840	3 162
Loxton Irrigation - Trust subsidy	-	1 122
Natural resources management transition and board support	-	850
Dog Fence Board	416	413
Dept of Transport, Energy and Infrastructure - Regional flood mitigation program	264	144
Dingo Control Fund	-	18
Alinytjara Wilurara NRM Board	334	-
Adelaide and Mount Lofty Ranges NRM Board	451	-
Eyre Peninsula NRM Board	427	-
Northern and Yorke NRM Board	910	-
South East NRM Board	451	-
Kangaroo Island NRM Board	269	-
South Australian Arid Lands NRM Board	263	-
South Australian Murray Darling Basin NRM Board	789	-
Primary Industries and Resources SA – Rural Finance	699	-
Onkaparinga Catchment Water Management Board	34	-
Other grants	146	737
<b>Total Grants and Subsidies - SA Government Entities</b>	<b>13 059</b>	<b>15 222</b>
<b>Total Grants and Subsidies</b>	<b>39 272</b>	<b>41 992</b>

<b>10. Other Expenses</b>	<b>2006</b>	<b>2005</b>
<b>Non-SA Government Entities</b>	<b>\$'000</b>	<b>\$'000</b>
Bad and doubtful debts	-	43
Revaluation decrement	-	3 456
Water Licenses	762	-
<b>Total Other Expenses – Non – SA Government Entities</b>	<b>762</b>	<b>3 499</b>

**SA Government Entities**

Water Licenses	15 312	-
<b>Total Other Expenses – SA Government Entities</b>	<b>15 312</b>	<b>-</b>
<b>Total Other Expenses</b>	<b>16 074</b>	<b>3 499</b>

<b>11. Auditors' Remuneration</b>		
Audit fees paid or payable to the Auditor-General's Department	205	212
<b>Total Audit Fees</b>	<b>205</b>	<b>212</b>

*Other Services*

No other services were provided by the Auditor-General's Department.

<b>12. Revenues from SA Government</b>		
Appropriation from consolidated account pursuant to the <i>Appropriation Act</i>	85 106	85 438
<b>Total Revenues from SA Government</b>	<b>85 106</b>	<b>85 438</b>

The revenues from SA Government include \$21 711 000 which was paid into the save the River Murray 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 Save the River Murray Fund was established under section 100 of the *Waterworks Act 1932* and monies credited to the Fund may only be applied to purposes set out in the *Waterworks Act 1932*. The total monies applied from the fund were \$26 167 000. A special purpose financial report is prepared for the Fund.

<b>13. Fees and Charges</b>	<b>2006</b>	<b>2005</b>
<b>SA Government Entities</b>	<b>\$'000</b>	<b>\$'000</b>
Sale of goods and services	4 533	3 150
Fees, levies and licences	30	65
Other fees and charges	298	57
<b>Total Fees and Charges - SA Government Entities</b>	<b>4 861</b>	<b>3 272</b>
<b>Non-SA Government Entities</b>		
Sale of goods and services	5 820	6 103
Fees, levies and licences	2 494	1 854
Pastoral rents	871	868
Other fees and charges	8	2
<b>Total Fees and Charges – Non-SA Government Entities</b>	<b>9 193</b>	<b>8 827</b>
<b>Total Fees and Charges</b>	<b>14 054</b>	<b>12 099</b>

<b>14. Interest</b>		
Interest from entities within the SA Government	519	1 226
Other interest	1	2
<b>Total Interest Revenue</b>	<b>520</b>	<b>1 228</b>

<b>15. Net Gain/Loss from Disposal of Assets</b>		
Groundwater Monitoring Wells:		
Proceeds from disposal	-	-
Net book value of assets disposed	-	14
<b>Net (Loss) from Disposal of Groundwater Monitoring Wells</b>	<b>-</b>	<b>(14)</b>
Plant and Equipment:		
Proceeds from disposal	-	37
Net book value of assets disposed	-	-
<b>Net Gain (Loss) from Disposal of Plant and Equipment</b>	<b>-</b>	<b>37</b>
Land and Buildings:		
Proceeds from disposal	-	165
Net book value of assets disposed	-	165
<b>Net Gain (Loss) from Disposal of Land and Buildings</b>	<b>-</b>	<b>-</b>
Total Assets:		
Total proceeds from disposal	-	202
Total value of assets disposed	-	179
<b>Total Gain (Loss) from Disposal of Assets</b>	<b>-</b>	<b>23</b>
<b>16. Grant Revenue</b>		
<b>(a) Grant Revenue Received Directly from the Commonwealth</b>		
Department of Agriculture Fisheries and Forestry - Branched Broomrape Eradication Program	<b>2 106</b>	-
National Water Commission – National Water Initiative	<b>4 400</b>	-
Department of Agriculture Fisheries and Forestry - Loxton District Irrigation Rehabilitation	-	1025
Flora Search	<b>247</b>	150
Dept of Transport, Energy and Infrastructure - Regional Flood Mitigation Program	<b>263</b>	321
Natural Heritage Trust	<b>223</b>	-
CRC for Plant Based Management of Dryland Salinity	<b>106</b>	-
Miscellaneous Grants	<b>543</b>	470
<b>Total Grant Revenue Received Directly from the Commonwealth</b>	<b>7 888</b>	<b>1 966</b>
<b>(b) Grant Revenue Received Directly from SA Government</b>		
SA Water Corporation - Western Mount Lofty Ranges	<b>2 400</b>	900
Primary Industries SA - Red imported Fire Ants	-	342
South East Catchment Water Management Board - South East Conversion to Volumetric	<b>60</b>	240
River Murray Catchment Water Management Board - Eastern Mount Lofty Ranges Prescription	-	193
River Murray Policy Information and Infrastructure	-	165
Department for Environment and Heritage	<b>150</b>	-
Mount Lofty Ranges Water Use Efficiency Assessment	-	97
River Murray Catchment Water Management Board	<b>533</b>	45
Torrens Catchment Water Management Board	<b>400</b>	-
Northern Adelaide and Barossa Catchment Water Management Board	<b>182</b>	-
Onkaparinga Catchment Water Management Board	<b>167</b>	-
Native Vegetation Fund	<b>390</b>	-
Other Grants	<b>165</b>	452
<b>Total Grant Revenue Received Directly from SA Government</b>	<b>4 447</b>	<b>2 434</b>
<b>(c) Grant Revenue - NAP</b>		
<i>Grant Revenue State NAP Unmatched</i>		
National Action Plan - Administration Contribution	<b>650</b>	651
National Action Plan - Regional Liaison Officers Annual Payment	<b>300</b>	300
CRC Drylands Salinity	-	100
Other NAP	-	150
<b>Total Grant Revenue State NAP Unmatched</b>	<b>950</b>	<b>1 201</b>
<i>Grant Revenue NAP via INRM Groups</i>		
Lower Murray Irrigation Rehabilitation - (INRM Group for the SA Murray Darling Basin)	<b>1 138</b>	1 137
Salinity Response Team (INRM Group for the SA Murray Darling Basin)	<b>64</b>	460
Policy Integrated Management (INRM Group for the SA Murray Darling Basin)	-	230
Policy Framework - Accountability (INRM Group for the SA Murray Darling Basin)	-	160
Accounting for Salinity (INRM Group for the SA Murray Darling Basin)	<b>75</b>	125
Chowilla Hydrodynamic Model (INRM Group for the SA Murray Darling Basin)	-	100
SWA - Fleurieu Assessment (MLR and Greater Adelaide INRM Group)	<b>255</b>	280
Northern and Yorke Agricultural District INRM Committee	<b>190</b>	-
INRM Group for the SA Murray Darling Basin - Other	<b>424</b>	347
NAP via INRM Group - Other	<b>66</b>	-

	<b>Total Grant Revenue NAP via INRM Groups</b>	<b>2 212</b>	<b>2 839</b>
	<i>Grant Revenue NAP Joint Commonwealth and State Funding</i>		
	Upper South East Program	6 216	5 831
	Lower Murray Reclaimed Irrigation Areas	3 565	2 725
	SIS Lock 4 Bookpurnong (Regional Investment Strategy)	1 444	1 000
	SIS Loxton (Regional Investment Strategy)	493	125
	SIS Pike/Munro	125	550
	SIS Murtho	100	615
	SIS Chowilla	75	500
	SIS Other	45	265
	Other NAP	99	14
	<b>Total Grant Revenue Received NAP Joint Commonwealth and State Funding</b>	<b>12 162</b>	<b>11 625</b>
	<b>Total NAP Grant Revenue</b>	<b>15 324</b>	<b>15 665</b>
	<b>(d) Grant Revenue - NHT</b>		
	Natural Heritage Trust - Regional Liaison Officers Annual Payment	680	510
	Regional NRM Condition Monitoring Review	60	125
	Administration of National Landcare Community Support	60	120
	Administration grant for completion of NHT 1	-	65
	<b>Total Grant Revenue Received from NHT</b>	<b>800</b>	<b>820</b>
	<b>(e) Grant Revenue Received from Other Entities</b>		
	Loxton District Irrigation Rehabilitation - Growers	742	741
	Branched Broomrape Eradication Program (Other State Governments)	884	863
	Upper South East Salinity Accession (Centre for Natural Resource Management)	395	144
	Centre for Natural Resource Management	428	-
	Sundry grants and contribution	489	553
	<b>Total Grant Revenue Received from Other Entities</b>	<b>2 938</b>	<b>2 301</b>
	<b>Total Grant Revenue</b>	<b>31 397</b>	<b>23 186</b>
<b>17.</b>	<b>Other Revenue</b>	<b>2006</b>	<b>2005</b>
		<b>\$'000</b>	<b>\$'000</b>
	Operating expenses recouped	602	403
	Wages and salaries recouped	195	301
	Other revenue	610	870
	<b>Total Other Revenue</b>	<b>1 407</b>	<b>1 574</b>
<b>18.</b>	<b>Cash</b>		
	Deposits with the Treasurer	10 989	14 841
	Deposits at call	42	38
	Other	7	7
	<b>Total Cash</b>	<b>11 038</b>	<b>14 886</b>
	<b>Deposits with the Treasurer</b>		
	Includes Accrual Appropriation Account and Surplus Cash Working Account balances. The level of cash held by the Department has not been adjusted as a result of the implementation of the SA Government cash alignment policy.		
	<b>Interest Rate Risk</b>		
	Cash on hand is non-interest bearing. Deposits at call and with the Treasurer bearing an interest rate of 5.4%. The carrying amount of cash approximates net fair value.		
<b>19.</b>	<b>Non Current Assets Held for Sale</b>		
	<b>Current</b>		
	Land and Buildings	789	-
	<b>Total non-current assets classified as held for sale</b>	<b>789</b>	<b>-</b>
	The land and buildings at Pasadena are surplus to the Department's requirements. They will be sold in September 2006.		
<b>20.</b>	<b>Inventory</b>		
	<b>Current – held for distribution</b>		
	Materials at Cost	1 224	885
	<b>Total current inventory held for distribution</b>	<b>1 224</b>	<b>885</b>



**Total Current Inventory**

<b>1 224</b>	<b>885</b>
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21. Receivables	SA Govt	Non-SA Govt	2006	2005
Current:	\$'000	\$'000	\$'000	\$'000
Receivables	1 637	2 076	<b>3 713</b>	3 639
Less: Provision for doubtful debts	-	(74)	<b>(74)</b>	(97)
Accrued interest	9	-	<b>9</b>	70
Workers compensation recoveries	-	19	<b>19</b>	24
GST receivable	-	1 079	<b>1 079</b>	1 915
<b>Total Current Receivables</b>	<b>1 646</b>	<b>3 100</b>	<b>4 746</b>	<b>5 552</b>

**Interest Rate Risk and Credit Risk**

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than recognised in the provision 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. In addition, there is no concentration of credit risk.

**22. (a) Property, Plant and Equipment, and Intangibles**

	2006			
	Cost	Valuation	Accumulated Depreciation	Written Down Value
	\$'000	\$'000	\$'000	\$'000
Land and buildings	-	4 571	138	4 433
Groundwater monitoring wells	-	19 341	976	18 365
Hydrometric gauging stations	157	3 972	1 216	2 913
Waste disposal stations	-	1 383	189	1 194
Patawalonga seawater circulation and Barcoo	-	20 545	526	20 019
Plant and equipment	5 277	687	4 187	1 777
Salinity disposal schemes	-	20 031	352	19 679
Work in progress	2 236	-	-	2 236
Intangible Assets	6 276	-	635	5 641
	<b>13 946</b>	<b>70 530</b>	<b>8 219</b>	<b>76 257</b>

	2005			
	Cost	Valuation	Accumulated Depreciation	Written Down Value
	\$'000	\$'000	\$'000	\$'000
Land and buildings	-	3 137	119	3 018
Groundwater monitoring wells	-	4 439	534	3 905
Hydrometric gauging stations	157	3 972	1 129	3 000
Waste disposal stations	-	1 383	126	1 257
Patawalonga seawater circulation and Barcoo	-	20 545	175	20 370
Plant and equipment	4 548	687	3 792	1 443
Salinity disposal schemes	-	20 031	3	20 028
Work in progress	2 208	-	-	2 208
Intangible Assets	3 666	-	293	3 373
	<b>10 579</b>	<b>54 194</b>	<b>6 171</b>	<b>58 602</b>

For further details of valuation methodologies adopted by the Department refer to Note 2(d).

**(b) Property, Plant and Equipment, and Intangibles Movement Schedule**

	Land and Buildings	Groundwater Monitoring Wells	Hydrometric Gauging Stations	Waste Disposal Stations	Patawalonga Seawater Circulation
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Carrying Value:					
Balance as at 1 July 2005	3 137	4 439	4 129	1 383	20 545
Additions	-	-	-	-	-
Assets recognised first time	2 244	5 346	-	-	-
Assets reclassified to assets held for sale	(810)	-	-	-	-
Transfers between classes	-	18	-	-	-
Net revaluation	-	9 248	-	-	-

increments						
Revaluation adjustment	-	290	-	-	-	
<b>Balance as at 30 June 2006</b>	4 571	19 341	4 129	1 383	20 545	
	Land and Buildings	Groundwater Monitoring Wells	Hydrometric Gauging Station	Waste Disposal Stations	Patawalonga Seawater Circulation	
Accumulated Depreciation:	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance as at 1 July 2005	(119)	(534)	(1 129)	(126)	(175)	
Assets recognised first time	-	-	-	-	-	
Assets reclassified to assets held for sale	21	-	-	-	-	
Transfers between classes	-	(2)	-	-	-	
Revaluation adjustment	-	115	-	-	-	
Depreciation and Amortisation	(40)	(555)	(87)	(63)	(351)	
<b>Balance as at 30 June 2006</b>	(138)	(976)	(1 216)	(189)	(526)	
Net Book Value:						
<b>As at 30 June 2006</b>	4 433	18 365	2 913	1 194	20 019	
	Plant and Equipment	Salinity Disposal Schemes	Work in Progress	Internally Developed Intangible Assets	Acquired Intangible Assets	<b>2006 Total \$'000</b>
Gross Carrying Value:	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance as at 1 July 2005	5 235	20 031	2 208	3 520	146	<b>64 773</b>
Additions	335	-	440	-	-	<b>775</b>
Assets recognised first time	-	-	-	-	2 610	<b>10 200</b>
Assets reclassified to assets held for sale	-	-	-	-	-	<b>(810)</b>
Transfers between classes	394	-	(412)	-	-	-
Net revaluation increments (decrements)	-	-	-	-	-	<b>9 248</b>
Revaluation adjustment	-	-	-	-	-	<b>290</b>
<b>Balance as at 30 June 2006</b>	5 964	20 031	2 236	3 520	2 756	<b>84 476</b>
Accumulated Depreciation:						
Balance as at 1 July 2005	(3 792)	(3)	-	(293)	-	<b>(6 171)</b>
Assets recognised first time	-	-	-	-	-	-
Assets reclassified to assets held for sale	-	-	-	-	-	<b>21</b>
Transfers between classes	2	-	-	-	-	-
Revaluation adjustment	-	-	-	-	-	<b>115</b>
Depreciation and Amortisation	(397)	(349)	-	(293)	(49)	<b>(2 184)</b>
<b>Balance as at 30 June 2006</b>	(4 187)	(352)	-	(586)	(49)	<b>(8 219)</b>
Net Book Value:						
<b>As at 30 June 2006</b>	1 777	19 679	2 236	2 934	2 707	<b>76 257</b>

**23. Intangible Assets**  
Internally Developed Intangible Assets

Internally developed computer software		<b>3 520</b>	3 520
Accumulated amortisation		<b>586</b>	293
<b>Total Internally Developed Intangible Assets</b>		<b>2 934</b>	3 227
<b>Acquired Intangible Assets</b>			
Computer and water licenses		<b>2 756</b>	146
Accumulated amortisation		<b>49</b>	-
<b>Total Acquired Intangible Assets</b>		<b>2 707</b>	146
<b>Total Intangible Assets</b>		<b>5 641</b>	3 373

<b>24. Payables</b>	SA Govt	Non-SA Govt	<b>2006</b>	2005
Current:			<b>\$'000</b>	\$'000
Creditors	-	6	<b>6</b>	14
Accrued expenses	1 162	2 177	<b>3 339</b>	2 986
Employee costs	<u>767</u>	<u>-</u>	<b>767</b>	668
<b>Total Current Payables</b>	<b>1 929</b>	<b>2 183</b>	<b>4 112</b>	3 668
Non-Current:				
Employee costs	834	-	<b>834</b>	952
<b>Total Non-Current Payables</b>	<b>834</b>	<b>-</b>	<b>834</b>	952
<b>Total Payables</b>	<b>2 763</b>	<b>2 183</b>	<b>4 946</b>	4 620

**Interest Rate Risk and Credit Risk**

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

<b>25. Employee Benefits</b>		<b>2006</b>	2005
<b>Provision for Employee Benefits</b>		<b>\$'000</b>	\$'000
Current:			
Annual leave		<b>2 341</b>	2 209
Long service leave		<b>359</b>	277
Accrued salaries and wages		<b>598</b>	425
<b>Total Current Employee Benefits</b>		<b>3 298</b>	2 911
Non-Current:			
Long service leave		<b>6 887</b>	6 637
<b>Total Non-Current Employee Benefits</b>		<b>6 887</b>	6 637
<b>Total Employee Benefits</b>		<b>10 185</b>	9 548

The total current and non-current employee expense (ie aggregate employee benefit plus related on costs) for 2005/06 is \$4,065,000 and \$7,721,000 respectively.

<b>26. Provisions</b>			
Current:			
Provision for workers compensation		<b>183</b>	141
<b>Total Current Provisions</b>		<b>183</b>	141
Non-Current:			
Provision for workers compensation		<b>496</b>	388
<b>Total Non-Current Provisions</b>		<b>496</b>	388
<b>Total Provisions</b>		<b>679</b>	529
<b>Carrying amount at the beginning of the period</b>		<b>529</b>	265
Additional provisions recognised		<b>334</b>	632
Amounts used		<b>(184)</b>	(368)
<b>Carrying Amount at the End of the Period</b>		<b>679</b>	529

The workers compensation provision is based on an actuarial assessment performed by the Public Sector Occupational Health and Injury Management Branch of the Department of Administrative and Information Services.

**27. Commitments for Expenditure****Operating Lease Commitments**

Commitments under non-cancellable operating leases at the reporting date are not recognised as liabilities in the financial report and are payable as follows:

	<b>2006</b>	2005
	<b>\$'000</b>	\$'000
Not later than one year	<b>1 421</b>	1 398
Later than one year but not later than five years	<b>5 328</b>	3 897
Later than five years	<b>5 292</b>	651
<b>Total Operating Lease Commitments</b>	<b>12 041</b>	5 946

The Department's operating leases are mainly for accommodation leases 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 for the payment of salaries and other remuneration under employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

Not later than one year	<b>8 560</b>	8 165
Later than one year but not later than five years	<b>8 360</b>	2 004
<b>Total Remuneration Commitments</b>	<b>16 920</b>	10 169

Amounts disclosed include commitments arising from executive and other service contracts. The Department does not offer remuneration contracts greater than 5 years.

**Other Commitments**

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

Not later than one year	<b>27 472</b>	8 165
Later than one year but not later than five years	<b>73 683</b>	2 004
<b>Total Other Commitments</b>	<b>101 155</b>	10 169

**28. Contingent Assets and Liabilities**

The Department is not aware of any contingent assets or liabilities. In addition the Department has made no guarantees.

**29. Cash Flow Reconciliation**

Reconciliation of Cash - Cash at 30 June 2006 as per:

Statement of Cash Flows	<b>11 038</b>	14 886
Balance Sheet	<b>11 038</b>	14 886

Reconciliation of Net Cash used in Operating Activities to Net Cost of Services:

Net cash used in operating activities	<b>(4 450)</b>	(1 480)
Less: Revenue from Government	<b>(85 106)</b>	(85 438)
Add/Less Non-Cash Items:		
Depreciation of property, plant and equipment	<b>(2 184)</b>	(2 100)
Gain on disposal of non-current assets	-	23
Revaluation Decrement	-	(3 456)
Changes in Assets/Liabilities:		
(Decrease) Increase in receivables	<b>(806)</b>	754
Increase in inventories	<b>339</b>	356
(Decrease) Increase in other assets	<b>16</b>	(50)
Decrease (Increase) in payables	<b>(5)</b>	1 364
(Increase) in employee benefits	<b>(637)</b>	(2 220)
(Increase) in provisions	<b>(150)</b>	(264)
<b>Net Cost of Services from Ordinary Activities</b>	<b>(92 983)</b>	(92 511)

**30. Restrictions on Contributions Received**

The Department received contributions from various funding sources, expressly for the purposes of undertaking specific projects. As at 30 June 2006 \$10 597 000 (\$18 686 000) of contributions, which have been recognised as revenues in the Income Statement, are yet to be spent in the manner specified by the contributors.

**31. Events after Balance Day**

From 1 July 2006, the Department will no longer administer funds with respect to stormwater management. Funding previously received for the Catchment Management Subsidy Scheme and Gawler River Flood Mitigation is to be redirected to the Stormwater Management Authority. The latter will focus on the on-going working relationship for stormwater management issues between the State and Local Governments.

**Statement of Administered Income and Expenses  
For the Year Ended 30 June 2006**

	Note	2006 \$'000	2005 \$'000
<b>INCOME:</b>			
Revenues from SA Government		20 873	17 222
Fees and charges		7 616	6 588
Grant revenue		41 617	36 998
Other revenue		2 595	2 147
<b>Total Income</b>		<b>72 701</b>	<b>62 955</b>
<b>EXPENSES:</b>			
Employee expenses		614	319
Supplies and services		905	780
Grants and subsidies		57 671	54 537
Payments to consolidated account		607	1 217
Payments to Natural Resources Management Boards		6 115	6 893
Payments to South Eastern Water Conservation Drainage Board		1 922	1 685
<b>Total Expenses</b>		<b>67 834</b>	<b>65 431</b>
<b>OPERATING SURPLUS (DEFICIT)</b>	A1	<b>4 867</b>	<b>(2 476)</b>
<b>THE OPERATING SURPLUS (DEFICIT) IS ATTRIBUTABLE TO SA GOVERNMENT AS OWNER</b>			

**Statement of Administered Assets and Liabilities  
As at 30 June 2006**

	Note	2006 \$'000	2005 \$'000
<b>CURRENT ASSETS:</b>			
Cash	A3	42 292	36 274
Receivables	A2(a), A2(c)	3 044	1 848
Other current assets		174	175
<b>Total Current Assets</b>		<b>45 510</b>	<b>38 297</b>
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment	A2(e)	32 938	28 600
<b>Total Non-Current Assets</b>		<b>32 938</b>	<b>28 600</b>
<b>Total Assets</b>		<b>78 448</b>	<b>66 897</b>
<b>CURRENT LIABILITIES:</b>			
Payables		2 422	57
Short-term and long-term employee benefits		13	4
<b>Total Current Liabilities</b>		<b>2 435</b>	<b>61</b>
<b>NON-CURRENT LIABILITIES:</b>			
Payables		-	-
Long-term employee benefits		6	6
<b>Total Non-Current Liabilities</b>		<b>6</b>	<b>6</b>
<b>Total Liabilities</b>		<b>2 441</b>	<b>67</b>
<b>NET ASSETS</b>		<b>76 007</b>	<b>66 830</b>
<b>EQUITY:</b>			
Contributed capital		-	-
Retained Earnings		66 652	61 813
Asset revaluation reserve	A2(e)	9 355	5 017
<b>TOTAL EQUITY</b>		<b>76 007</b>	<b>66 830</b>

**Statement of Administered Cash Flows  
For the Year Ended 30 June 2006**

		2006	2005
		<b>Inflows</b>	Inflows
		<b>(Outflows)</b>	(Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
CASH INFLOWS:	Note	<b>\$'000</b>	\$'000
Receipts from SA Government		<b>20 873</b>	17 222
Fees and charges		<b>6 420</b>	7 440
Grant receipts		<b>41 617</b>	36 958
Other receipts		<b>2 596</b>	2 147
<b>Total Inflows from Operating Activities</b>		<b>71 506</b>	63 767
<b>CASH OUTFLOWS:</b>			
Employee payments		<b>(605)</b>	(314)
Supplies and services		<b>(617)</b>	(3 899)
Grants and subsidies		<b>(55 594)</b>	(54 537)
Payments to consolidated account		<b>(607)</b>	(1 217)
Payments to Natural Resources Management Boards		<b>(6115)</b>	(6 893)
Payments to South Eastern Water Conservation Drainage Board		<b>(1 922)</b>	(1 685)
<b>Total Outflows from Operating Activities</b>		<b>(65 460)</b>	(68 545)
<b>Net Cash Inflows (Outflows) from Operating Activities</b>	A3	<b>6 046</b>	(4 778)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
<b>CASH OUTFLOWS:</b>			
Funds transferred pursuant to the NRM Act 2004		<b>(28)</b>	-
<b>Total Outflows from Financing Activities</b>		<b>(28)</b>	-
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>6 018</b>	(4 778)
<b>CASH AT 1 JULY</b>		<b>36 274</b>	41 052
<b>CASH AT 30 JUNE</b>	A3	<b>42 292</b>	36 274

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

**Statement of Changes in Administered Equity  
For the Year Ended 30 June 2006**

	Note	Asset Contributed Capital \$000	Revaluation Reserve \$000	Retained Earnings \$000	Total \$000
Balance at June 2004		-	5 017	64 289	<b>69,306</b>
<b>Net income/expense recognised directly in equity for 2004-05</b>					
Net result for 2004-05		-	-	(941)	<b>(941)</b>
<b>Total Recognised expense for 2004-05</b>		-	-	(941)	<b>(941)</b>
Balance at 30 June 2005		-	5 017	63 348	<b>68 365</b>
Changes in accounting policy		-	-	-	<b>(1)</b>
Error Correction		-	-	(1 535)	<b>535</b>
Restated balance at 30 June 2005		-	5 017	61 813	<b>66 830</b>
Gain on revaluation of property during 2005-06		-	4 338	-	<b>4 338</b>
<b>Net income recognised directly in equity for 2005-06</b>		-	4 338	-	<b>4 338</b>
Net result for 2005-06		-	-	4 867	<b>4 867</b>
<b>Total Recognised income for 2005-06</b>		-	4 338	4 867	<b>9 205</b>
Funds transferred pursuant to the NRM Act 2004		-	-	(28)	<b>(28)</b>
Balance at 30 June 2006		-	9 355	66 652	<b>76 007</b>

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



**NOTES TO AND FORMING PART OF THE ADMINISTERED STATEMENTS**

**A1. Program Schedule of Administered Revenues and Expenses**  
**Administered Revenues and Expenses for the Year Ending 30 June 2006**

		2006							
(Programs refer Note A2.)		Natural Resources Management Boards	Qualco Sunlands	Penalty Charges	Remittance to South Eastern Water Conservation and Drainage Board	Pastoral Board	Land Technology Alliances	Natural Resources M'gmt Boards Payroll Tax	Natural Heritage Trust Grants
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		A2(a)	A2(b)	A2(c)	A2(d)	A2(e)	A2(f)	A2(g)	A2(h)
<b>Administered Income:</b>									
SA Government Entities:									
Revenues from SA Government	-	250	-	1 922	9	-	-	408	-
Fees and charges	-	-	-	-	-	-	-	-	-
Grant revenue	-	-	-	-	-	-	-	-	-
Other revenue	59	13	-	-	-	-	-	-	444
<b>Total Administered Revenue - SA Government Entities</b>	<b>59</b>	<b>263</b>	<b>-</b>	<b>1 922</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>408</b>	<b>444</b>
<b>Administered Expenses:</b>									
SA Government Entities:									
Supplies and services	-	-	-	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-	-	288	18 144
Payments to Consolidated Account	-	229	378	-	-	-	-	-	-
Payments to Natural Resources Management Boards	6 115	-	-	-	-	-	-	-	-
Payments to South Eastern Water Conservation and Drainage Board	-	-	-	1 922	-	-	-	-	-
<b>Total Administered Expenses - SA Government Entities</b>	<b>6 115</b>	<b>229</b>	<b>378</b>	<b>1 922</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>288</b>	<b>18 144</b>
<b>Administered Income:</b>									
Non-SA Government Entities:									
Fees and charges	6 454	230	894	-	-	-	-	-	-
Grant revenue	-	-	-	-	-	-	-	-	22 945
Other revenue	-	-	-	-	-	103	-	-	-
<b>Total Administered Revenue - Non-SA Government Entities</b>	<b>6 454</b>	<b>230</b>	<b>894</b>	<b>-</b>	<b>-</b>	<b>103</b>	<b>-</b>	<b>-</b>	<b>22 945</b>
<b>Administered Expenses:</b>									
Non-SA Government Entities:									
Employee expenses	-	-	-	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-	-	-	177
Grants and subsidies	-	230	-	-	-	-	-	-	6 845
<b>Total Administered Expenses - Non-SA Government Entities</b>	<b>-</b>	<b>230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 022</b>
<b>Operating Surplus (Deficit)</b>	<b>398</b>	<b>34</b>	<b>516</b>	<b>-</b>	<b>9</b>	<b>103</b>	<b>120</b>	<b>(1 777)</b>	

		2006							
(Programs refer Note A2.)		National Action Plan for Salinity and Water Quality	Mt Lofty Ranges Catchmnt Support	Centre for Natural Resource M'gmt	Soil Conserv and Landcare	River Murray Minster	Regional NRM Board Funds	Natural Resources M'gmt Fund	2006 Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		A2(i)	A2(j)	A2(k)	A2(l)	A2(m)	A2(n)	A2(o)	
<b>Administered Income:</b>									
SA Government Entities:									
Revenues from SA Government	18 072	-	-	-	212	-	-	-	20 873
Fees and charges	-	-	-	-	-	-	-	17	17
Grant revenue	-	698	-	-	-	-	-	-	698
Other revenue	1 471	38	-	-	-	-	144	282	2 451
<b>Total Administered Revenue - SA Government Entities</b>	<b>19 543</b>	<b>736</b>	<b>-</b>	<b>-</b>	<b>212</b>	<b>144</b>	<b>299</b>	<b>24 039</b>	
<b>Administered Expenses:</b>									
SA Government Entities:									
Supplies and services	-	347	-	-	-	-	-	-	347
Grants and subsidies	12 434	1 121	1 270	-	-	-	-	-	33 257
Payments to Consolidated Account	-	-	-	-	-	-	-	-	607
Payments to Natural Resources Management Boards	-	-	-	-	-	-	-	-	6 115
Payments to South Eastern Water Conservation and	-	-	-	-	-	-	-	-	1 922

Drainage Board								
<b>Total Administered Expenses - SA Government Entities</b>	12 434	1 468	1 270	-	-	-	-	<b>42 248</b>
Administered Income:								
Non-SA Government Entities:								
Fees and charges	-	21	-	-	-	-	-	<b>7 599</b>
Grant revenue	14 184	1 662	2 128	-	-	-	-	<b>40 919</b>
Other revenue	12	21	-	-	-	8	-	<b>144</b>
<b>Total Administered Revenue - Non-SA Government Entities</b>	14 196	1 704	2 128	-	-	8	-	<b>48 662</b>
Administered Expenses:								
Non-SA Government Entities:								
Employee expenses	-	237	-	-	229	60	88	<b>614</b>
Supplies and services	12	241	-	-	-	92	36	<b>558</b>
Grants and subsidies	15 039	1 391	909	-	-	-	-	<b>24 414</b>
<b>Total Administered Expenses - Non-SA Government Entities</b>	15 051	1 869	909	-	229	152	124	<b>25 586</b>
<b>Operating Surplus (Deficit)</b>	<b>6 254</b>	<b>(897)</b>	<b>(51)</b>	<b>-</b>	<b>(17)</b>	<b>-</b>	<b>175</b>	<b>4 867</b>

2005							
	Natural Resources Management Boards	Qualco Sunlands	Penalty Charges	Remittance to South Eastern Water Conservation and Drainage Board	Pastoral Board	Land Technology Alliances	Natural Resources M'gmt Boards Payroll Tax
(Programs refer Note A2.)	Levies \$'000 A2(a)	\$'000 A2(b)	\$'000 A2(c)	\$'000 A2(d)	\$'000 A2(e)	\$'000 A2(f)	\$'000 A2(g)
Administered Income:							
SA Government Entities:							
Revenues from SA Government	-	250	-	1 685	9	-	400
Grant revenue	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
<b>Total Administered Revenue - SA Government Entities</b>	-	250	-	1 685	9	-	400
Administered Expenses:							
SA Government Entities:							
Supplies and services	-	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-	221
Payments to Consolidated Account	-	251	562	-	-	387	17
Payments to Natural Resources Management Boards	6 893	-	-	-	-	-	-
Payments to South Eastern Water Conservation and Drainage Board	-	-	-	1 685	-	-	-
<b>Total Administered Expenses - SA Government Entities</b>	6 893	251	562	1 685	-	387	238
Administered Income:							
Non-SA Government Entities:							
Fees and charges	5 847	250	487	-	-	-	-
Grant revenue	-	-	-	-	-	-	-
Other revenue	55	14	-	-	-	13	-
<b>Total Administered Revenue - Non-SA Government Entities</b>	5 902	264	487	-	-	13	-
Administered Expenses:							
Non-SA Government Entities:							
Employee expenses	-	-	-	-	-	(5)	-
Supplies and services	-	-	-	-	-	-	-
Grants and subsidies	-	250	-	-	-	-	-
<b>Total Administered Expenses - Non-SA Government Entities</b>	-	250	-	-	-	(5)	-
<b>Operating Surplus (Deficit)</b>	<b>(991)</b>	<b>13</b>	<b>(75)</b>	<b>-</b>	<b>9</b>	<b>(369)</b>	<b>162</b>

2005						
	National Action Plan for Salinity and Water	Mt Lofty Ranges Catchmnt	Centre for Natural Resource	Soil Conserv and	River Murray	2005

(Programs refer Note A2.)	Grants \$'000 A2(h)	Quality \$'000 A2(i)	Support \$'000 A2(j)	M'gmt \$'000 A2(k)	Landcare \$'000 A2(l)	Minster \$'000 A2(m)	Total \$'000
Administered Income:							
SA Government Entities:							
Revenues from SA Government	-	14 667	-	-	-	211	<b>17 222</b>
Grant revenue	-	147	-	-	-	-	<b>147</b>
Other revenue	514	1 429	-	-	-	-	<b>1 943</b>
<b>Total Administered Revenue - SA Government Entities</b>	<b>514</b>	<b>16 243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>211</b>	<b>19 312</b>
Administered Expenses:							
SA Government Entities:							
Supplies and services	-	-	352	-	-	-	<b>352</b>
Grants and subsidies	965	13 393	2 682	340	-	-	<b>17 601</b>
Payments to Consolidated Account	-	-	-	-	-	-	<b>1 217</b>
Payments to Natural Resources Management Boards	-	-	-	-	-	-	<b>6 893</b>
Payments to South Eastern Water Conservation and Drainage Board	-	-	-	-	-	-	<b>1 685</b>
<b>Total Administered Expenses - SA Government Entities</b>	<b>965</b>	<b>13 393</b>	<b>3 034</b>	<b>340</b>	<b>-</b>	<b>-</b>	<b>27 748</b>
Administered Income:							
Non-SA Government Entities:							
Fees and charges	-	-	4	-	-	-	<b>6 588</b>
Grant revenue	21 133	9 917	5 536	265	-	-	<b>36 851</b>
Other revenue	-	27	94	-	1	-	<b>204</b>
<b>Total Administered Revenue - Non-SA Government Entities</b>	<b>21 133</b>	<b>9 944</b>	<b>5 634</b>	<b>265</b>	<b>1</b>	<b>-</b>	<b>43 643</b>
Administered Expenses:							
Non-SA Government Entities:							
Employee expenses	-	-	110	-	-	214	<b>319</b>
Supplies and services	145	28	255	-	-	-	<b>428</b>
Grants and subsidies	21 479	12 414	2 272	521	-	-	<b>36 936</b>
<b>Total Administered Expenses - Non-SA Government Entities</b>	<b>21 624</b>	<b>12 442</b>	<b>2 637</b>	<b>521</b>	<b>-</b>	<b>214</b>	<b>37 683</b>
<b>Operating Surplus (Deficit)</b>	<b>(942)</b>	<b>352</b>	<b>(37)</b>	<b>(596)</b>	<b>1</b>	<b>(3)</b>	<b>(2 476)</b>

## A2. Summary of Significant Administered Schedule Accounting Policies

All 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 Financial Statements and Administered Statements unless otherwise noted below.

The Administered Statements are an accumulation of the balances of each of the Department's administered items. Transactions between administered items have not been eliminated from the Administered Statements.

The Department has applied AIFRS to the Administered items from 1 July 2005. Due to the nature of the activities of the Administered items, the introduction of AIFRS has not had a significant impact.

### (a) Natural Resources Management Boards Levies

Under section 133(1)(c)(ii) of the *Water Resources Act 1997* and section 116(1)(a)(ii)(A) and Schedule 4 of the *Natural Resources Management Act 2004*, water levies are collected by the Department for prescribed water resources in Natural Resources Management boards and these levies are paid to the respective Boards together with any interest earned on those levy funds. Unpaid levies at the end of the reporting period of \$812 000 (\$406 000) have been recognised as current receivables and levies are paid to the Boards once received.

	2006	2005
	\$'000	\$'000
During the reporting period the following revenue was recognised for levies:		
SA Murray-Darling Basin Natural Resources Management Board	4 329	3 877
South East Natural Resources Management Board	1 490	1 301
Adelaide and Mount Lofty Ranges Natural Resources Management Board	395	438
Eyre Peninsula Natural Resources Management Board	240	231
	<b>6 454</b>	<b>5 847</b>

Levies received but not paid to the Natural Resources Management Boards at the end of the reporting period was nil (\$59 000).

From 9 December 2004 Natural Resources Management Boards covered all of South Australia and all catchment water management boards were dissolved on 25 January 2006.

### (b) Qualco Sunlands

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

### (c) Penalty Charges

Penalty charges under section 116(1)(b) of the *Natural Resources Management Act 2004*, are collected by the Department and paid into the NRM Fund (previously under section 133(1)(a) of the *Water Resources Act 1997* and paid into Consolidated Revenue). Unpaid penalty charges at the end of the reporting period of \$1 701 000 (\$1 105 000) have been recognised as current receivables. During the reporting period the Department paid \$378 000 (\$562 000) of penalty charges collected into Consolidated Revenue.

### (d) South Eastern Water Conservation and Drainage Board

The South Eastern Water Conservation and Drainage Board (Board) is responsible for the administration of the *South Eastern Water Conservation and Drainage Act 1992* as amended. The Board is predominantly funded by Parliamentary appropriations for the operations, maintenance and capital works for the drainage system in the south east of South Australia. The appropriation is received by the Department and disbursed directly to the Board. During the reporting period an appropriation of \$1 922 000 (\$1 685 000) was received by the Department and this was disbursed to the Board.

### (e) 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. During the reporting period an appropriation of \$9 000 (\$9 000) was received and this amount is yet to be disbursed.

The Pastoral Board is responsible for administering pastoral leases under the *Pastoral Land Management and Conservation Act 1989*. The land lease assets were revalued at \$32 938 000 as at 1 November 2005 by Robin Norris, Senior Valuer, Valuation SA, Land Services Group, Department for Administrative and Information Services giving rise to an asset revaluation reserve of \$9 355 000. At the end of the reporting period this amount was recorded as Property, Plant and Equipment in the Statement of Administered Assets and Liabilities at that value.

The revenue generated by the pastoral leases is recorded within the Department's Income Statement, in accordance with the *Pastoral Land Management and Conservation Act 1989*, to cover the costs incurred by the Department in administering the pastoral leases.

### (f) Land Technologies Alliances

An arrangement exists between the Department, South Australian Research and Development Institute, Commonwealth Scientific and Industrial Research Organisation, the Department of Primary

Industries of Victoria and the University of Adelaide to review and project manage certain project development, staff development and training across each organisation. The Department administers funds on behalf of these organisations.

**(g) Natural Resources Management Boards Payroll Tax**

An appropriation of \$408 000 (\$400 000) was received to fund the payroll tax expenses of the Natural Resources Management Boards for 2005-06.

**(h) Natural Heritage Trust and Natural Heritage Trust Extension**

The Natural Heritage Trust 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 South Australian 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.

During the reporting period the following Commonwealth grants were received:	2006 \$'000	2005 \$'000
Natural Heritage Trust Extension Program	18 774	16 573
Natural Heritage Trust National Landcare Program	3 688	3 737
Natural Heritage Trust Refunds	479	823
Natural Heritage Trust National Landcare Program Refunds	4	-
	<b>22 945</b>	<b>21 133</b>

During the reporting period the following grants were paid:	2006 \$'000	2005 \$'000
Natural Heritage Trust Extension Program	18 818	16 687
Natural Heritage Trust National Landcare Program	4 090	3 298
Refunds	2 081	2 429
Natural Heritage Trust	-	30
	<b>24 989</b>	<b>22 444</b>

**(i) National Action Plan for Salinity and Water Quality**

The National Action Plan is a bilateral agreement between the Commonwealth and South Australian 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 South Australian Governments make progressive contributions to a single holding account. Disbursement of funds from the account is by agreement between the parties.

During the reporting period appropriations of \$18 072 000 (\$14 667 000) were received from the SA Government and the following grants were received:

	2006 \$'000	2005 \$'000
AFFA - National Action Plan Investment Strategy	10 808	9 543
AFFA - National Action Plan Priority Rounds 1 and 2	3 045	193
Refunds	331	328
	<b>14 184</b>	<b>10 064</b>

During the reporting period the following grants were paid:	2006 \$'000	2005 \$'000
AFFA - National Action Plan Priority Rounds 1 and 2	10 278	11 616
AFFA - National Action Plan Investment Strategy	16 866	14 191
Refunds	329	-
	<b>27 473</b>	<b>25 807</b>

**(j) Mount Lofty Ranges Catchment Support**

The Mount Lofty Ranges Catchment Support Group was established to implement the Integrated Natural Resource Management program for Mount Lofty and Adelaide regions. Functions include the disbursement of grants to local communities, Natural Resources Management Boards, local Government and other South Australian Government Departments together with the management of associated projects. Funds are disbursed subject to the National Action Plan and Natural Heritage Trust bilateral processes.

During the reporting period the following grants were received:	2006 \$'000	2005 \$'000
Natural Heritage Trust Extension Program	402	1 158
National Action Plan Investment Strategy	369	2 018
National Action Plan Priority Rounds 1 and 2	665	320
Natural Heritage Trust Investment Strategy	923	2 040
	<b>2 359</b>	<b>5 536</b>

During the reporting period the following grants were paid:	2006 \$'000	2005 \$'000
Natural Heritage Trust Extension Program	591	732
National Action Plan Priority Rounds 1 and 2	-	229

National Action Plan Investment Strategy	<b>881</b>	1 587
Natural Heritage Trust Investment Strategy	<b>1 040</b>	2 302
Natural Heritage Trust	-	104
	<b>2 512</b>	<b>4 954</b>

**(k) 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.

During the reporting period the Centre received grant revenue of \$2 128 000 (\$265 000) from the National Action Plan Priority Rounds 1 and 2 and disbursed \$2 179 000 (\$861 000) of these funds as grants and subsidies.

**(l) Soil Conservation and Landcare**

The Soil Conservation and Land Care Fund (Fund) was established under the *Soil Conservation and Land Care Act 1989*. Industry and SA Government funding was used by the Soil Conservation Council to provide for the conservation and rehabilitation of land in South Australia. The *Soil Conservation and Land Care Act 1989* was repealed on 1 July 2005. During the reporting period, cash balances in the Fund were transferred to the Natural Resources Management Fund pursuant to the Natural Resources Management Act 2004.

**(m) River Murray Minister**

Reflects the Minister's salary and on-costs which are reimbursed through the Department of Treasury and Finance.

**(n) Regional NRM Board Funds**

The Regional NRM Board Funds were established in 2004-05 to facilitate payments on behalf of the NRM Boards during their establishment. The use of these funds continued in 2005-06 as clearing accounts with the Boards being invoiced for the expenditure made on behalf of the Boards.

**(o) Natural Resources Management Fund**

The Natural Resources Management Fund was established under the Natural Resources Management Act 2004 (the Act). The NRM Fund consists of among other things, SA Government funding and the receipt of prescribed fees. The Minister may apply the Fund towards payments to regional NRM Boards and grants or subsidies for the purposes of the Act. Pursuant to the Act, the cash balances of the following funds were transferred to the NRM Fund during 2005-06.

- Animal and Plant Control Commission Fund
- Dingo Control Fund
- Soil Conservation and Land Care Fund
- Water Resources Levy Fund

The total of cash balances transferred was \$273,000. With the repeal of their establishing legislation, the Animal and Plant Control Commission Fund, the Dingo Control Fund and the Soil Conservation and Land Care Fund were abolished during 2005-06.

**(p) Changes to Administered Items**

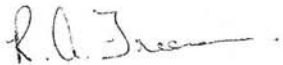
The changes to the Department's administered items for 2005-06 include the establishment of the Regional NRM Board Funds, and the Natural Resources Management Fund. Cash balances in the Soil Conservation and Landcare Fund were transferred to the Natural Resources Management Fund during 2005-06.

<b>A3. Administered Cash Flow Reconciliation - Cash at 30 June 2006 as per:</b>	<b>2006</b>	2005
	<b>\$'000</b>	\$'000
Natural Resources Management Board levies	<b>195</b>	198
Qualco Sunlands	<b>60</b>	11
Penalty charges	<b>8</b>	(23)
Remittance to South Eastern Water Conversation and Drainage Board	<b>(107)</b>	(118)
Pastoral Board	<b>27</b>	18
Land Technology Alliances	<b>2</b>	(104)
Natural Resources Management Boards payroll tax	<b>328</b>	203
Natural Heritage Trust Grants	<b>8 633</b>	8 594
National Action Plan for Salinity and Water Quality	<b>32 513</b>	25 993
Mount Lofty Ranges Catchment support	<b>363</b>	1 457
Centre for Natural Resource Management	<b>179</b>	230
Soil Conversation and Landcare	<b>-</b>	28
River Murray Minister	<b>(19)</b>	(213)
Regional NRM Board Funds	<b>(65)</b>	-
Natural Resources Management Fund	<b>175</b>	-
	<hr/>	
Statement of Administered Assets and Liabilities	<b>42 292</b>	36 274
Statement of Administered Cash Flows	<b>42 292</b>	36 274
Reconciliation of Net Cash Inflows (Outflows) from Operating Activities to Operating Surplus (Deficit):		
Net cash inflows (outflows) from operating activities	<b>6 046</b>	(4 778)
Changes in Assets/Liabilities:		
Increase (Decrease) in receivables	<b>1 196</b>	(852)
(Decrease) Increase in other assets	<b>(1)</b>	40
(Increase) Decrease in payables	<b>(2 365)</b>	3 119
(Increase) in employee benefits	<b>(9)</b>	(5)
	<hr/>	
<b>Operating Surplus (Deficit)</b>	<b>4 867</b>	(2 476)
	<hr/>	

### Certification of the Financial Report

We certify that:

- the attached financial statements are in accordance with the accounts and records of the authority and give an accurate indication of the financial transactions of the authority for the year then ended; and
- the attached General Purpose Financial Report for the Department for Water, Land and Biodiversity Conservation presents fairly, in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Department for Water, Land and Biodiversity Conservation as at 30 June 2006, the results of its operations and its cash flows for the year then ended;
- internal controls over the financial reporting have been effective throughout the reporting period.



Rob Freeman  
Chief Executive  
21st September 2006



George Knezevic  
Chief Finance Officer  
21st September 2006



## Appendix M – Abbreviations and Acronyms

ASR	Aquifer Storage and Recovery
COAG	Council of Australian Governments
CRC	Cooperative Research Centre
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAIS	Department for Administrative and Information Services
DEH	Department for Environment and Heritage
DWLBC	Department of Water, Land and Biodiversity Conservation
ELMA	Environmental Land Management Allocation
EMLR	Eastern Mt Lofty Ranges
EPA	Environment Protection Authority
ERD	Environmental Resources and Development (Court)
GAB	Great Artesian Basin
GABSI	Great Artesian Basin Sustainability Initiative
GL	Gigalitre (one billion litres)
LMRIA	Lower Murray Reclaimed Irrigation Areas (Program)
MDBC	Murray-Darling Basin Commission
ML	Megalitre (one million litres)
NAP	National Action Plan for Salinity and Water Quality
NHT	Natural Heritage Trust
NLP	National Landcare Program
NRM	Natural Resources Management
NVC	Native Vegetation Council
NWC	National Water Commission
NWI	National Water Initiative
OHS&IM	Occupational Health, Safety and Injury Management
OJD	Ovine Johne's Disease
PIRSA	Primary Industries and Resources SA
PWA	Prescribed Wells Area
PWC	Prescribed Water Course
PWRA	Prescribed Water Resource Area
RA	Resource Area
SAFF	South Australian Farmers Federation
SARDI	South Australian Research and Development Institute
SEWCDB	South Eastern Water Conservation and Drainage Board
SIS	Salt Interception Scheme
USE	Upper South East Dryland Salinity and Flood Management (Program)
WAP	Water Allocation Plan
WMLR	Western Mt Lofty Ranges
WPA	Water Proofing Adelaide (Program)
WSA	Water Smart Australia (Program)

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