

# ANNUAL REPORT

## 2007-08

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**Government of South Australia**

Department of Water, Land and  
Biodiversity Conservation

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## CONTENTS

CONTENTS .....	3
Transmittal .....	4
Chief Executive's Statement .....	6
Highlights of 2007-08 .....	8
Legislation administered by the department .....	11
Organisational Structure .....	13
Our Relationship with other organisations .....	14
Role, Functions and Objectives .....	15
Our Relationship to South Australia's Strategic Plan .....	17
Program 1: Natural Resources Management (NRM) .....	19
Program 1.1 Natural Resources Management Services .....	19
Program 1.2 Policy, Science and Information.....	24
Legislation.....	24
Program 1.3 Infrastructure Services.....	32
Program 2 Natural Resources management (River Murray).....	35
Program 2.1 Natural Resources Management Services (River Murray).....	35
Program 2.2 Policy, Science and Information (River Murray).....	39
Program 2.3 Infrastructure Services.....	41
Program 3 Water Security.....	44
Appendices Index .....	46
Glossary.....	117

## Transmittal

The Department of Water, Land and Biodiversity Conservation has pleasure in submitting to the Minister for the River Murray and Minister for Water Security

and

the Minister for Environment and Conservation, its Annual Report covering the financial year ending 30 June 2008.

The report has been prepared in accordance with the requirements of the *Public Sector Management Act 1995*, the Act's accompanying regulations, the financial reporting requirements of the *Public Finance and Audit Act 1987*, and *DPC Circular PC013 - Annual Reporting Requirements*.

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

Scott Ashby  
**Chief Executive**



## Chief Executive's Statement

Sustainability remains at the forefront of our agenda however, this has taken on added complexity with the impacts of climate change and drought.

Unquestionably, managing the ongoing effects of drought with the lowest recorded inflows in the Murray-Darling Basin has demanded flexibility and innovation to maximise outcomes for all South Australians.

Throughout the year, close monitoring of the State's water resources, modelling and comprehensive reporting enabled equitable sharing of the little water available. Permanent arrangements to facilitate interstate trading of water entitlements were implemented. Temporary water trade for the year was very active with about 5 times the previous highest volume. It is commendable that the workload created by increased trading activity and drought management was largely absorbed by the department's existing workforce.

The department continues to be a leader in providing policy advice to government and establishing frameworks for the sustainable management of South Australia's natural resources. Better integrated management of the State's natural assets has continued as a prime focus over the past year. New directions for the administration and management of native vegetation were announced providing a more holistic landscape approach to biodiversity conservation. This includes greater integration with the State Natural Resources Management Plan and regional Natural Resources Management (NRM) Boards.

Throughout the year our partnership with and support to the State's eight regional NRM Boards assisted Boards in fulfilling their statutory obligations in jointly managing South Australia's precious natural resources. The comprehensive regional NRM plan for the Adelaide and Mount Lofty Ranges NRM region was completed while preparation of drafts for other regions are progressing well. NRM Boards are also well advanced in their water allocation planning processes. Over the past year the NRM Council reported on the implementation of the State NRM plan and helped develop frameworks for monitoring and evaluation of natural resources management outcomes. Many of the strategic decisions made by the NRM Council are a direct result of collaborative efforts with the department in providing technical and policy advice, and administrative support.

Access to quality information is essential for decision making and delivering efficient services to our customers. Considerable effort has been made to capture scientific knowledge and present information for easy access. Information about the Rangelands has been made available through the Arid Lands Information System (ALIS) an internet based system for delivering two way information to South Australian Arid Lands and Alinytjara Wilurara NRM Boards, pastoralists, mining companies and the public. Our telemetry systems now provide real time access to water level, flow and salinity data across the state, including a specific website for the River Murray (Locks 1-9), Coorong, Lower Lakes and Lake Victoria.

Policies were developed and implemented to manage the hydrological impacts of future plantation forestry on water resources in the South East. Any new plantation forests that overlie shallow water tables are required to offset the estimated direct extraction from the groundwater resource with a water holding allocation.

The challenges ahead are substantial but not beyond our capacity to resolve. In many cases the development and implementation of solutions requires expertise

and inputs from multiple and at times competing stakeholders. Often it also requires collaboration within and across state boundaries.

The Department continued its investment in NRM research and science through collaborative partnership in six Cooperative Research Centres (CRCs) ensuring the State remain at the forefront of scientific developments, which will benefit our natural resources management efforts for the long-term. To complement this, the department also hosts the NRM Research Alliance and provides a coordinated approach to NRM science, technology and innovation with a purpose to provide significant economic, environmental and social benefits to the State.

Without doubt the department has attracted many talented professionals prepared to apply passion and integrity to the management of our State's natural resources. Our collective response to manage the effects of drought has been energetic, committed and unrelenting. In particular, the drought response team deserves mention for their ongoing support to water users to ensure they always have the best available information for decision making. Our "Wallaby Awards" are a qualitative measure of the organisational approach to customer service and commitment to our principles for sustainability. My personal thanks go to Margaret Howard and Aaron Smith for demonstrating the values of the department and to the Licensing Administration Team for outstanding customer service. It was also a great pleasure to present a posthumous Wallaby Award to Ross Stockdale for his services to the Riverland community.

To conclude I believe that our staff with the help of our partners can meet the challenges ahead and get the balance right between sustainability, economic success and social responsibility.

A handwritten signature in black ink, reading "Rob Freeman", followed by a small dot.

Rob Freeman  
**Chief Executive**

## Highlights of 2007-08

### Program 1 Natural Resources Management

#### *Regional investment and delivery*

- National Action Plan for Salinity and Water Quality (NAP) and the Natural Heritage Trust (NHT) funds for 2007-08 totalled \$24.5 million for regional investment in a range of natural resources management (NRM) programs across South Australia.

#### *Environmental flows*

- A provision of \$7.7 million from the Australian Government Water Fund together with \$6.5 million from the Upper South East Project (USE) Board was allocated to the REFLOWS Project to restore environmental flows to the Upper South East and improve the health of stressed wetlands and watercourses of the region.

#### *Native vegetation reform*

- Development and commencement of New Directions for Native Vegetation reform to provide a more holistic landscape approach to biodiversity conservation, to connect and accelerate effort to deliver landscape scale outcomes. This includes greater integration with the State Natural Resources Management Plan and NRM Boards, improving legislation, administration and regional involvement. The presiding Member of the State NRM Council was appointed to preside over the Native Vegetation Council.

#### *Policy development and technical advice*

- Provision of policy and technical support to eight NRM Boards enabling them to fulfill their statutory obligations for the sustainable management of South Australia's precious natural resources, including water. Achievements include:
  - development, publication and implementation of 'Creating a sustainable future' Adelaide and Mount Lofty Ranges comprehensive regional NRM plan, which establishes a long-term vision for the region;
  - collaboration with the South East NRM Board to develop policies for the management of future forestry and impacts for plantation forest expansion on groundwater resources. From 31 July 2007 proposals for new plantation forests that overlie shallow water tables are required to offset the estimated direct extraction from the groundwater resource with a holding allocation; and
  - assistance in the preparation of draft regional NRM plans and water allocation plans for eight diverse NRM Boards.

#### *Information technology*

- There was a substantial investment in information technology to improve customer service and enable information delivery to clients. Clients now have on-line access to general pastoral information, water information, including stream flows, water level data and, additionally, can download or generate maps using geospatial data. This provides increased flexibility for clients in accessing and obtaining information.



### *Securing South Australia's biosecurity*

- Efforts to contain Branched Broomrape are ongoing. An online Growing Days Predictor is available to assist farmers to determine optimum spraying times to eradicate this noxious weed. This improved efficiency in the management of Branched Broomrape allows managers to track the estimated development of broomrape tubers underground and predict the most appropriate time to undertake control measures.

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

### *Water recovery*

- South Australia was the first state to receive credits against its water recovery and financial targets under The Living Murray Initiative – a major milestone for both the state and The Living Murray program.

### *Water availability*

- As the State continues to endure the effects of drought and low flows, operations were maintained to monitor river levels, minimise losses and provide as much water as possible. Science and research underpinned advice to government throughout the year. Water allocations to irrigators commenced at 4% on 1 July 2007 increasing to 32% by 14 December 2007 enabling water to be distributed equitably.

### *Water trade*

- From 1 July 2007 permanent arrangements permitting interstate water trading on the basis of 'tagged trade' rules were implemented.

### *Water quality*

- The Murray-Darling Basin Ministerial Council gave approval for the construction of the Murtho Salt Interception Scheme estimated at \$33.3 million.
- A new River Vessel Waste Disposal Station (RVWDS) was completed at Walker Flat in June 2008.

## **Program 3 Water Security**

### *Water security*

- On 12 February 2008, the establishment of the Office for Water Security was announced. The Office became operational on 11 March 2008 providing a single point focus for water security planning across Government.
- South Australian projects have attracted \$180 million funding support from the Australian Government Water Fund. State and other funding contributions represent more than \$460 million of development in South Australia. Programs will promote increased productivity and better environmental and social outcomes through investment in smart water infrastructure and technologies,

improved knowledge and water management, and better practices in the stewardship of Australia's water resources.

- Development has commenced for the Statewide Water Security Plan, incorporating Water Proofing Adelaide and Water Proofing South Australia, to ensure water supplies for future population and economic growth.

## **Legislation Administered by the Department**

### **Minister for Environment and Conservation**

The administration of the following Acts is committed to the Minister for Environment and Conservation. The Department of Water, Land and Biodiversity Conservation 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 fence 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.

#### ***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; and 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; and 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.

#### ***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, or works and environmental management programs and other initiatives; and for other purposes.

## 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.

### ***Groundwater 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.

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

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

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

An Act to approve and provide for carrying out an agreement entered into between the Australian Government, 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.

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

An Act to promote sustainable and integrated management of the State's natural resources; and 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).*

### ***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 Supplemental Agreement Act 1963***

An Act to ratify and approve an agreement entered into between the Prime Minister of the Australian Government 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.

### ***River Murray Waters (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.

## DEPARTMENT OF WATER, LAND AND BIODIVERSITY CONSERVATION



## Our Relationship with Other Organisations

The Department of Water, Land and Biodiversity Conservation (DWLBC) 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 works closely with the Natural Resources Management (NRM) Council and eight regional NRM boards established under the *Natural Resources Management Act 2004* to improve sustainability and achieve improved health and productivity of our natural resources.

The department provides certain business support functions and acts as a conduit of State and Australian Government NRM policy to the boards. The Department works with the boards, other agencies, community and non-government organisations, to determine their commitment to the priorities in the *State Natural Resources Management Plan 2006*.

The department is the joint shareholder 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 Further Education, Employment, Science and Technology, SA Water (a government business enterprise) and the Department for Transport, Energy and Infrastructure.

The department has extensive shared programs with the Australian Government through the Commonwealth Department of Agriculture, Fisheries and Forestry, Commonwealth Department of the Environment, Water, Heritage and the Arts (previously, Department of the Environment and Water Resources), and the National Water Commission. It also has a number of significant programs with Local Government.

The Chief Executive of the department 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 Australian Government 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.

## Role, Functions and Objectives

The Department is one of four agencies that comprise the Environment and Conservation and River Murray Portfolios. The others being:

- The Department for Environment and Heritage (DEH)
- The Environment Protection Authority (EPA)
- Zero Waste SA (ZWSA)

The Department of Water, Land and Biodiversity Conservation (DWLBC) plays a substantial role in ensuring the ongoing sustainability of South Australia's natural resources to achieve economic, social and environmental outcomes.

DWLBC provides leadership in natural resources management (NRM) and enables industry, community and government to responsibly develop and manage the state's land, water, native vegetation and biodiversity resources through two key programs. The Natural Resources Management Program focuses on the management of natural resources across the state (including management of dryland salinity), while the Natural Resources Management (River Murray) Program particularly focuses on the management of natural resources in the Murray-Darling Basin in South Australia.

### Our Vision

Natural resources used sustainably to enhance quality of life.

### Our Mission

To provide leadership in natural resources management (NRM) and enable industry, community and government to develop and manage our land, water and biodiversity resources in a way that balances economic, social and environmental 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.

The department's planned outcomes and strategies align with the objectives and targets of *South Australia's Strategic Plan* and the goals and strategies as set out in the *State Natural Resources Management Plan 2006*. Key strategies and targets include:

- **Growing Prosperity**
  - Communities and industries using and managing natural resources within ecologically sustainable limits.
  - Improving the health and productivity of our water, land, biodiversity and marine resources.
  - An organisation that is acknowledged for excellence in public administration.
- **Improving Wellbeing**

- Integrated management of threats to minimise risks to natural systems, communities and industries.
- A departmental culture, which takes measured risks, asks questions, creates ideas, learns from mistakes and strives to be better.
- **Attaining Sustainability**
  - Landscape scale management that maintains healthy natural systems and is adaptive to climate change.
  - Natural resources being managed in an integrated and holistic way.
- **Fostering Creativity**
  - Acquiring and sharing the information and knowledge necessary to use natural resources, in both traditional and innovative ways.
- ***Building Communities and Expanding Opportunities***
  - Communities, governments and industries having the capability, commitment and connections to manage natural resources in an integrated way.

Details of the department's corporate plan are available from its website, which is located at : [www.dwlbc.sa.gov.au/assets/files/dwlbc\\_corporate\\_plan\\_2007\\_2011.pdf](http://www.dwlbc.sa.gov.au/assets/files/dwlbc_corporate_plan_2007_2011.pdf)



## Our Relationship to South Australia's Strategic Plan

In January 2007 the second edition of South Australia's Strategic Plan was released. The Department of Water, Land and Biodiversity Conservation has a lead role to play in achieving four targets within the Objectives of *South Australia's Strategic Plan* (SASP). They are:

- **Target 3.3** By 2014 achieve a 20% increase in South Australia's agricultural cropping land that is adequately protected from erosion.
- **Target 3.9** Sustainable Water Supply: Water Resources are managed within sustainable limits by 2018.
- **Target 3.10** River Murray Flows: Increase Environmental Flows in the River Murray by 500 GL in the River Murray by 2009 as a first step towards improving sustainability in the Murray-Darling Basin, with a longer-term target of 1500 GL by 2018.
- **Target 3.11** South Australia maintains a positive balance on the Murray-Darling Basin Commission Salinity Register.

Our role is central to Objective 3 *Attaining Sustainability*, however, we also make a substantial contribution to other objectives.

During 2007-08, DWLBC contributed to a number of the SASP targets as outlined in this report.

While the department is strongly focussed on achieving the objectives of the SASP it recognises that, in all its endeavours, sustainability is critical in the development and management of the state's natural resources.

The department's corporate plan has established performance targets that complement and extend the intent of the SASP and have been selected for delivery over the life of the Corporate Plan.

## **Operations and Initiatives in 2007- 08**

The Department of Water, Land and Biodiversity Conservation had responsibility for the implementation of three programs during the 2007-08 year:

Program 1: Natural Resources Management.

Program 2: Natural Resources Management (River Murray).

Program 3: Water Security

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).

A third program relating to water security culminated in the establishment of the Office for Water Security following announcement on 12 February 2008.

The following pages provide detail of the department's achievements during 2007-08.

## **Program 1: Natural Resources Management (NRM)**

The Department is charged with the responsibility as lead agency for the management of natural resources in South Australia.

**Objective:** provision of advice and regulatory support for the government and community and facilitating the allocation and sustainable use of natural resources.

### **Program1.1 Natural Resources Management Services**

#### **Investing in Natural Resources**

The Australian and State Governments approved the National Action Plan for Salinity and Water Quality (NAP) and the Natural Heritage Trust (NHT) funds for 2007-08 totaling \$24.5 million for regional investment strategies and the strategic reserve bid. This amount does not take into account the additional 'in-kind' contributions provided by the State Government to match NHT. NAP funding for the Upper South East Dryland Salinity and Flood Management Program, and Salt Interception Scheme and Lower Murray Reclaimed Irrigation Area Rehabilitation programs in the South Australian Murray Darling Basin are also not included in the amount. Commonwealth funding for NAP and NHT concluded at the end of the 2007-08 financial year.

The Commonwealth Government announced the "Caring for our Country" Program on 14 March 2008. The new program will replace the Natural Heritage Trust, National Landcare and National Action Plan programs from 1 July 2008 with an investment of \$2.25 billion for the first five years of the program.

*More information on this topic can be found at:*

[www.dwlbc.sa.gov.au/nrm/topics/reg\\_del/fin\\_rep.html](http://www.dwlbc.sa.gov.au/nrm/topics/reg_del/fin_rep.html)

#### **State Natural Resources Management Plan**

During 2007-08 the operational performance of the State Natural Resources Management Plan 2006 was progressed with reports on the implementation of the strategies in the Plan provided to the Natural Resources Management Council in December 2007 and April 2008.

A methodology to evaluate success in achieving the goals of the Plan, aligned to evaluation of the state and condition of South Australia's natural resources was presented to and endorsed by the Natural Resources Management Council.

*the State NRM Plan is available at:*

[www.dwlbc.sa.gov.au/nrm/state\\_nrm\\_plan/index.html](http://www.dwlbc.sa.gov.au/nrm/state_nrm_plan/index.html)

#### **Comprehensive Regional Plans**

South Australia has eight regional natural resources management boards, each responsible for developing comprehensive regional plans that will be the principal guiding documents for natural resources management in their region. These, together with the State Natural Resources Management Plan, set the direction for integrated natural resources management across South Australia.

DWLBC provided advice through a series of information sessions and workshops for board planners to assist in the development of their plans. During 2007-08 workshops included advice on managing the impact of climate change, pest animal

and plant control, soil conservation and land management, biodiversity planning and native vegetation management.

The regional NRM plan for the Adelaide and Mount Lofty Ranges NRM region was adopted on 6 May 2008. Six NRM boards have scheduled their regional plans for adoption during 2008-09, with the remaining regional plans targeted for adoption during 2009-10.

*More information about NRM Comprehensive Regional Plans can be found at: [www.dwlbc.sa.gov.au/nrm/plans/index.html](http://www.dwlbc.sa.gov.au/nrm/plans/index.html)*

### **Water Licensing**

Licensing administration for 2007-2008 was predominantly in the Murraylands Region, with an increasing number of annual transfers being submitted as part of the ongoing drought.

The final allocation for irrigators taking water from the River Murray was maintained at 32% and as a consequence many irrigators needed to purchase water to sustain their crops.

A comparison of applications with those of previous years, is listed below. Total applications received increased from 548 in 2005-2006, to 1556 in 2006-2007 and to 4637 in 2007-2008.

*Further Water Licensing information is available at: <http://www.dwlbc.sa.gov.au/licensing/index.html>*

	2005-06		2006-07		2007 - 08	
	No	Volume (ML)	No	Volume (ML)	No	Volume (ML)
NSW into SA	17	11085	197	33238	1967	99974
Vic into SA	19	11818	361	18118	1692	47766
SA to NSW	119	37418	49	5426	6	344
SA to Vic	76	9681	60	5799	30	2036
SA intrastate (perm)	147	30586	154	15803	180	15874
SA Intrastate (Temp)	170	45249	735	64960	762	259816

### **Development and Planning – Natural Resources Management**

The Development Planning Group (DPG) coordinates departmental advice on statutory instruments stemming from the *Development Act 1993*. These are items such as the State Planning Strategy, amendments to local development plans (DPAs), formal reviews of local development plans (Section 30), and other proposed planning related policy or initiatives such as declared major developments.

In 2007-08, 99 statutory instruments and other planning policies were processed with responses provided within the statutory and government policy timelines.

Planning Issue	2007-08	2006-07
PARs and SOIs	70	88
Other planning policy	24	19
Section 30 Reviews	5	6
State Planning Strategy	1	1

50 development applications were assessed against the Objects of the NRM Act. 39 Commonwealth *Environment Protection and Biodiversity Conservation Act* referrals were assessed. 143 development matters were assessed following non-statutory referral.

A series of NRM Handbooks on the application of principles for natural resources management were developed to guide landowners and planning authorities in the preparation and assessment of development proposals.

During 2007-08, proposals were developed to vary the boundaries of six of the eight NRM regions to align with the uniform SA Government administrative regions. It is proposed that a change to the NRM regions will be gazetted during July 2008 with the date of operation to be 1 July 2009. This will provide appropriate time for regional NRM boards to realign programs and regional NRM plans, and local government to revise rating systems for implementation in 2009-10.

### **Water Management in the Western Mount Lofty Ranges**

Water in the Western Mount Lofty Ranges (WMLR) provides critical supplies for agricultural and horticultural production and as a water supply catchment for metropolitan Adelaide.

The State Government has "prescribed the surface water, watercourses and wells in the WMLR. The Government is working closely with the MDB NRM Board to implement new management arrangements for ongoing sustainability.

### **Water Allocation Plans**

In October 2007, the Adelaide and Mount Lofty Ranges NRM Board released information packages to existing water users and stakeholders in the WMLR, including planning options. Feedback on the options is now being considered in preparing the draft water allocation plan for public consultation in 2008-09.

### **Authorisations**

Temporary water authorisations have been issued to approximately 75% of water users in the WMLR. Authorisations enable existing users to continue to operate during the Notice of Prohibition that remains in place until the water allocation plan is adopted. Existing users are authorised on the basis of their past irrigation activities in the three years prior to the Notice of Prohibition.

More information is available on this topic at :  
<http://www.dwlbc.sa.gov.au/water/mtlofprog/index.html>

### **Native Vegetation Management**

New directions for native vegetation management in South Australia were announced in July 2007, including improving legislation, administration, communication and better integration with other natural resources management programs. A new Native Vegetation Council (NVC) was appointed on 16 August 2007 with significant cross-membership between this body and the NRM Council, local government, and NRM Boards while maintaining links with practical land management.

The NVC continued its support for research into native vegetation issues by committing \$216,000 from the Native Vegetation Fund to fund 14 research projects in 2007-08.

The Coroner's Report on the 2005 Wangary bushfire, released in December 2007, recommended that a Code of Practice be developed for the management of native vegetation as it affects bushfire prevention. The code is being developed by the Native Vegetation Council, DWLBC, DEH and SA Country Fire Service, and will be finalised in the second half of 2008.

During 2007-08 the investigative service for breaches of the Native Vegetation Act moved from DEH to DWLBC. Regular monitoring of unauthorised native vegetation clearance via satellite imagery has continued. The first prosecution of a major breach detected by this program has proceeded to court, and prosecutions were launched for a number of other major breaches.

*Further Native vegetation information is available at:*  
[www.dwlbc.sa.gov.au/native/index.html](http://www.dwlbc.sa.gov.au/native/index.html)

### **River Murray Forest**

The River Murray Forest is a project for landscape revegetation with multiple benefits to the environment. DWLBC is working closely with DEH to implement the project.

Continuing drought has delayed the on-ground implementation and most field operations have been postponed until seasonal conditions are suitable.

Despite the delay in on-ground works, evaluation of initial stage one tender submissions has been completed and legal arrangements determined, including the development of forest property agreements.

*Further River Murray Forest information is available at:*  
[www.dwlbc.sa.gov.au/murray/projects/rmf/index.html](http://www.dwlbc.sa.gov.au/murray/projects/rmf/index.html)

### **Branched Broomrape Eradication Program**

Operations continued for the eradication of Branched Broomrape in the Murray Mallee, the only location of this weed in Australia.

An independent review concluded that this parasitic weed remains a major threat to agricultural production and export markets and that eradication is the best option for its management. The review process determined that the program structure is sound and performance is meeting the desired standards.

The number of new infestations and a 2% increase in the quarantine area are both within predictions.

A new model to predict the year when eradication will be achieved shows that the program remains long term with a 25-year lifespan.

Farmers can now use the Growing Degree Days Summary predictor, published on the DWLBC website, to time their spraying programs. The predictor will be updated automatically by links to on-site weather stations.

*Further Branched Broomrape eradication information is available at:*  
[www.dwlbc.sa.gov.au/biodiversity/programs/branched\\_broomrape/index.html](http://www.dwlbc.sa.gov.au/biodiversity/programs/branched_broomrape/index.html)

### **National Bridal Creeper Management**

The role of National Bridal Creeper Management Co-ordinator has been hosted by the department since 2005. The Co-ordinator provides support to state and regional steering committees and working groups, undertakes awareness raising activities and has responsibility for implementing the National Bridal Creeper Strategic Plan.

Achievements included the development of a Best Practice Management Manual, containment of the Western Cape form of bridal creeper, updates to current and potential distribution maps and the continued release of biological control agents aimed at reducing the spread and impact of bridal creeper.

*Bridal Creeper eradication information is available at:*  
[www.dwlbc.sa.gov.au/biodiversity/apc/projects/weeds/index.html](http://www.dwlbc.sa.gov.au/biodiversity/apc/projects/weeds/index.html)

### **NRM Volunteers Strategy**

The NRM Council promoted and supported volunteers through the NRM Volunteer Committee. The Committee met eight times during 2007-08 providing advice in support for natural resources management volunteers.

The valuable contributions made by South Australian volunteers working in natural resources management were recognised at the combined inaugural 2007 Premier's NRM Awards and the 2007-08 South Australian Landcare Awards. The awards celebrated the achievements of individuals and groups protecting and sustaining South Australia's natural resources.

The NRM Council held a statewide forum for staff and volunteers from NRM boards, state government agencies, non-government organisations and industry. A report on the forum "*Charting the Way Forward – Exploring The Challenges: supporting and engaging natural resources management volunteers*", will be used to guide further development of volunteer programs.

*Information about NRM Volunteering is available at:*  
<http://www.nrm.sa.gov.au/Volunteers/Volunteers/tabid/315/Default.aspx>

## **Program 1.2 Policy, Science and Information**

### **Legislation**

South Eastern Water Conservation and Drainage Act 1992

A review of the Act was commenced to manage both the Upper South East and Lower South East drainage systems after December 2009.

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

This Act provides for the South Eastern Water Conservation and Drainage Board to take responsibility for many aspects of the Upper South East program after the USE Act expires in December 2009.

A discussion paper was released in June 2007 as part of a first round of public consultation on the review of the *South Eastern Water Conservation and Drainage Act 1992*. This was followed by consultation workshops held in Keith, Lucindale, Millicent and Kingston.

Legislative amendments to the *South Eastern Water Conservation and Drainage Act 1992* and the *Natural Resources Management Act 2004* are being drafted for consideration by Parliament.

### **Native Vegetation Miscellaneous Amendment Bill**

A review of submissions received on draft miscellaneous amendments to the *Native Vegetation Act 1991* was completed in 2007.

A revised Miscellaneous Amendment Bill is being prepared to strengthen governance arrangements, increase the skills base of the Native Vegetation Council to include expertise in regional development and increase the flexibility for the delivery of offsets for vegetation clearance.

It is expected that the Bill will be introduced to Parliament early in 2008-09.

### **NRM Act 2004**

The Report on the Statutory Review of the *Natural Resources Management Act 2004* (the Act) was prepared by DWLBC as required by the Act. The report contained 58 individual recommendations relating to removing inconsistencies, clarifying existing provisions, simplifying administration and improving flexibility.

An options paper for implementing the outcomes of the review was approved by the Minister for Environment and Conservation in September 2007.

### **NRM Council & Board Membership**

The terms of appointment of all members of the NRM Council and the eight regional NRM boards expired during 2007-08 and new members were appointed. In the case of the Alinytjara Wilurara NRM Board the Presiding Member was appointed in December 2007.

A two-day induction workshop was convened for all NRM Council and NRM board members in May 2008. The following table provides the gender composition of NRM Council and NRM Boards.



<b>Board &amp; NRM Council</b>	<b>No. of female members</b>	<b>No. of male members</b>	<b>Chair. M/F</b>	<b>Any vacancies</b>
AMLR	6	2	F	1
AW Board **	1	0	F	8
Eyre Peninsula	4	5	M	0
Kangaroo Island	4	5	F	0
Northern and Yorke	4	5	M	0
SA Arid Lands	4	5	M	0
SA Murray Darling Basin	4	4	M	1
South East	5	4	M	0
NRM Council	4	4	M	0

\*\*The terms of appointment for eight members of the Alinytjara Wilurara NRM Board expired on 22 June 2008 (hence the numbers listed above). The process is currently underway to fill these positions.

NRM Group and NRM Council Advisory Group information at 30 June 2008

<b>Groups</b>	<b>No. female members</b>	<b>No. male members</b>	<b>Chair. M/F</b>	<b>Any vacancies</b>
AMLR (4 Groups**, 9 C'tees)	35	49	4F / 4M	17
Eyre Peninsula (5 Grps & Adv. C'tees)	10	31	7M	1
Kangaroo Island (4 Committees)	10	12	4M	1
Northern and Yorke	10	11	3M	0
SA Arid Lands	12	15	2M / 3F	0
SA MDB (4 Groups)	4	21	4M	2
South East (3 Groups)	9	12	3M	0
NRM Council (3 Groups)	10	16	3F	4

\*\*The Adelaide and Mt Lofty NRM Board reviewed the group structure and function during the first six months of 2007-08.

The original four NRM Groups were dissolved and replaced by the three new NRM Groups on 8 May 2008. New membership to the NRM Groups will be finalised in 2008-09.

*For more information about the State NRM Council membership and regional Board vacancies go to: [www.dwlbc.sa.gov.au/nrm/vacancy\\_system/index.html](http://www.dwlbc.sa.gov.au/nrm/vacancy_system/index.html)*

### **Lake Eyre Basin**

The Lake Eyre Basin Intergovernmental Agreement (the Agreement) was signed on 21 October 2000 by the South Australian, Queensland and Australian Governments. The Northern Territory joined the Agreement in 2004.

A review of the Agreement was completed in 2007-08 and assessed the extent to which the objectives of the Agreement have been achieved.

The completed review together with an agreed joint jurisdictional response to the review was provided to Lake Eyre Basin Ministerial Forum members in April 2008. At this meeting, the Forum agreed to release the review recommendations and to release the response to the review.

*More on this topic can be found at: [www.dwlbc.sa.gov.au/water/iga/lake\\_eyre.html](http://www.dwlbc.sa.gov.au/water/iga/lake_eyre.html)*

### **South Australian/Victorian Border Groundwater Agreement**

DWLBC manages the South Australian/Victorian Groundwater Agreement for South Australia. This agreement provides for the cooperative management of the shared groundwater resource along the border between the two states.

The Committee completed its 5 year management review reports for Provinces 1 and 2, covering management zones 1 to 8 in both states, making recommendations for the ongoing management of the resources. These provinces cover the border areas of the South East of South Australia.

*More on this topic can be found at: [www.dwlbc.sa.gov.au/water/iga/gw\\_border.html](http://www.dwlbc.sa.gov.au/water/iga/gw_border.html)*

### **Lake Eyre Basin River Health Assessment**

DWLBC manages the Lake Eyre Basin Agreement for South Australia. The Lake Eyre Basin is one of the world's last unregulated dryland river systems.

The Lake Eyre Basin Ministerial Forum released two reports for the Basin in 2007-08, co-authored by DWLBC:

- The *State of the Basin 2008: Rivers Assessment* report.
- The ARIDFLO Scientific Report.

The Forum announced a five-year action plan for the Lake Eyre Basin, with clear responsibilities and reporting arrangements specified.

### **Research and Science in DWLBC**

DWLBC makes a significant investment in scientific expertise, including internal scientific staff, and strategic research partnerships with external bodies. Informing this expertise, there is also a significant investment in NRM data collection and information management.

The business of DWLBC requires this pool of scientific knowledge to advise, support and monitor its policy and regulatory activities. In doing so, DWLBC's effectiveness in managing South Australia's natural resources is improved. This also contributes to DWLBC Corporate Plan and South Australia's Strategic Plan objectives, including:

- better informed decision making improving customer satisfaction (SASP T1.7) and Government decision making (SASP T1.8);
- a greater SA investment in Science, Technology and Innovation (SASP T4.9) that increases capacity for Australian Government STI investment in SA (SASP T4.10); and
- contributing to improved soil protection (SASP T3.3) and sustainable water resource management (SASP T3.9).

### **Cooperative Research Centres (CRCs)**

In 2007-08, DWLBC continued its investment in NRM research and science through partnership in six CRCs ensuring the organisation remained at the forefront of scientific developments in NRM. The following are highlights from these partnerships.

#### **eWater CRC**

In 2007-08, eWater progressed development of next generation water management tools in Australia. DWLBC led a three state Application Project to determine the value of the Ecological Response Modelling (ERM) tool to water managers. The tool was applied to environmental flow case studies in South Australia and Victoria, and evaluated by water industry staff.

#### **Invasive Animals CRC**

The Invasive Animals CRC aims to counteract the impact of invasive animals through development and application of new technologies. Major activities included working with Kangaroo Island NRM Board and other partners at an invasive animals demonstration site on the island to eradicate feral goats and deer and establish control programs for feral pigs and cats. Feral goat eradication may have been achieved in the south western portion of Flinders Chase National Park and Parndana area. Monitoring to verify eradication is continuing. Work to eradicate the remaining goats is progressing in the north western portion of Flinders Chase and along the north coast. Research on methods to control rabbit numbers on the mainland has continued in order to counter recent resurgence in many areas.

#### **CRC for Australian Weed Management**

The CRC for Australian Weed Management closed at the end of June 2008, at the conclusion of seven years of Commonwealth funding. DWLBC has been an active participant in this CRC through leadership and participation in the weed risk assessment research program and "Weed Warriors" primary schools education program.

#### **Desert Knowledge CRC**

DWLBC continued its support for the Desert Knowledge CRC that identified 21<sup>st</sup> Century Pastoralism as its focus project in 2007-08. This project has established desert pastoral research collaboration that spans desert regions and a variety of scientific disciplines relevant to pastoral production systems.

The CRC has projects to manage feral camels to protect NRM and cultural values and gather information on the movement of camels fitted with radio-transmitters to provide a more scientific basis for control efforts.

The Bush Products from Central Australia project seeks to understand the value chain associated with production of bush foods and artefacts. These are based on aboriginal culture and to improve the return to aboriginal people.

#### **Future Farming Industries CRC**

The aim of the FFI CRC is to develop innovative farming systems and new regional industries that reduce salinity and soil erosion, conserve biodiversity and water resources, and contribute to drought and climate change adaptation strategies.

Progress was made in the transition of FFI CRC from the CRC for plant-based management of Dryland Salinity. Transitional projects included the Florasearch project that has identified a number of woody perennial species suited to new biomass industries. Detailed experiments evaluating the potential of old man saltbush (*Atriplex nummularia*) to contribute to livestock fodder industries have been undertaken at the Monarto field site and other trial sites across southern Australia

DWLBC was a gold sponsor of the 2nd International Salinity Forum held in Adelaide from 31 March – 3 April 2008. This event showcased much of the work undertaken by Florasearch and others within the FFI CRC.

### **Natural Resources Management Research Alliance**

The NRM Research Alliance was established in early 2008 to replace the Centre for Natural Resource Management. The Alliance is hosted by DWLBC, and provides a co-ordinated approach to NRM science, technology and innovation with the intention of providing significant economic, environmental and social benefits to the State.

The Alliance has a governing board with members at the executive level of their organisations. The Board met four times during the year and Dr Keith Steele was appointed as its independent Chair in February 2008. The Board has been investigating options to support new research initiatives that address some of South Australia's confronting environmental issues, including climate change adaptation and water security. Early achievements include:

- development of a draft Science, Technology and Innovation Strategy for NRM on behalf of the State Natural Resources Council;
- preparation of a draft Strategic Plan;
- strategic advice to State Government; and
- briefings to key stakeholders.

### **Natural Resources Management Information System (NRMIS)**

NRMIS brings together water information from a number of sources across the State and makes it available to the general public through an information delivery portal.

Achievements in 2007-08 included:

- presentation of water information live to the internet and in the form of reports, data and live feeds of water levels; and
- establishment of technology environments for development, testing and operations of systems, websites, portals and content searching functions.

### **Knowledge Dissemination**

DWLBC produced approximately 25 technical reports in 2007-08 on subjects including water allocation planning and sustainable use of surface and groundwater resources. The knowledge contained within these reports supports NRM decision making by DWLBC, NRM Boards, non-government organisations and the community. All technical reports are available from the department's website.

DWLBC presented 21 technical papers at two internationally recognised conferences, "Water Down Under" and the "2<sup>nd</sup> International Salinity Forum". Papers were presented on Ecology, Hydrology, Hydrography, Hydrogeology, and Soils Science. The papers included new scientific techniques, evaluation of water management programs, and integration of science with management policy.

### **Great Artesian Basin (GAB)**

South Australia signed a financial agreement with the Commonwealth to establish a basin wide monitoring network in SA, QLD, NSW and the NT. The funding will be used to upgrade headworks on 27 bores in SA, measure aquifer artesian pressures, temperature and salinity to provide a reliable, consistent measure of pressure recovery through the bore rehabilitation and piping programs across the basin and a monitoring record for resource assessment and management.

### **Assessing Stressed Water Resources**

DWLBC is establishing a method that allows NRM Boards to assess the current stress levels and potential future risks of non-prescribed water resources.

The method determines the level of stress on the environment using the ecology, surface water, groundwater and land use of the area including the area's environmental, economic and social significance. The results will be used to prioritise water resources across South Australia for management decisions and actions.

Achievements for the year included:

- finalising the stress assessment methodology
- initial filtering of all water resources state-wide, and then more specifically:
  - Cygnet River catchment, Kangaroo Island;
  - Wild Dog Creek sub catchment, Willochra catchment, Mid North; and
  - Coultas-Coffin Bay sub catchment, south-west Eyre Peninsula.

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

In light of continuing downward trends for groundwater levels in the lower South East, proposals for new plantation forests that overlie shallow water tables are required, from 31 July 2007, to offset the estimated direct extraction of groundwater with a holding allocation.

The department is supporting the South East NRM Board in revising the water allocation plan for the Lower Limestone coast Prescribed Wells Area which covers the main area of plantation forests. The objective of the amended plan is to ensure the region's water resources are managed sustainably to protect water users, including the forest industry and environment, with as much certainty as possible.

### **Plantation Forestry and Water Resources in the Mt Lofty Ranges**

DWLBC has undertaken investigations to guide the sustainable management of plantation forestry in the Mount Lofty Ranges. In 2007-08, activities included:

- assessment of the effects of forestry on surface water resources based on comparisons between forested and non-forested catchments over a forest growth cycle;
- production of guidelines to minimise the risk associated with new plantation forestry developments to water resources and water-dependent ecosystems; and
- review of interstate methods that predict the effects of forestry on water resources and assessing their potential for application in the Mount Lofty Ranges.

These assessments form part of the technical knowledge that will guide the development of water allocation policy for plantation forestry in the Mount Lofty Ranges.

### **Climate Change and Water Resources in the Mount Lofty Ranges**

DWLBC completed an assessment of the potential impact of climate change on rainfall and water resources in the Mount Lofty Ranges. This study has been used to determine likely changes to inflows to the water storage reservoirs for Adelaide and potential changes in the generation of urban stormwater.

### **Soil Protection**

During the year the department provided specialist land management technical expertise to the NRM Boards with cropping land (Eyre Peninsula, Northern and Yorke, SA Murray Darling Basin and South East) to assist them with development of soil protection targets and related strategies for inclusion in regional NRM plans.

The department participated in six collaborative projects with regional NRM Boards, industry groups and the National Landcare Program to increase protection of cropland from erosion.

The department maintained its annual land condition monitoring program to assess the cumulative period of time that cropping land is protected from soil erosion during the year. Analysis of the land condition monitoring data during the year showed that there has been a slow but steady improvement in the protection of cropland from soil erosion.

### **Pastoral Land Management**

The *Pastoral Land Management and Conservation Act 1989* requires the condition of all land held under pastoral lease to be scientifically assessed at least every 14 years. The first round of assessments commenced in 1990 and took 10 years to complete.

With the technical and administrative support of DWLBC, the Pastoral Board commenced the second round of assessments in the Kingoonya district in 2005. During 2007-08, most of the leases in the Gawler Ranges were completed. This represents an assessment of over 1500 individual sites with associated data entry and the preparation of lease assessment reports for the Board's consideration.

As at 30 June 2008, the Pastoral Board had formal de-stocking orders applying to two leases. The Board has continued to develop a working relationship with the NRM Boards, particularly in relation to management of feral animals. Work was undertaken to control feral camels in the Far North and feral goats in the Flinders and Olary Ranges.

### **Dog Fence Board**

A new Dog Fence Board was appointed in June 2007. Continued inspection of the fence is maintained with the aid of Local Dog Fence Boards and the private fence owners.

The Board met three times during 2007-08 and an inspection tour from Roxby Downs to the New South Wales border undertaken in May 2008. Members noted the effectiveness of maintenance programs as evidenced by the condition of the fence.

### **Water Information under the Commonwealth Water Act 2007**

The Bureau of Meteorology, under the *Commonwealth Water Act 2007*, has identified DWLBC as the lead agency for water data in South Australia. This Act requires states to provide water information to the Bureau for national reporting purposes.

In 2007-08, DWLBC established coordination arrangements in the Office of the Chief Information Officer as a single point of contact between South Australia and the Bureau. These arrangements have provided an opportunity for DWLBC to improve water information coordination across state agencies, and between South Australia and the Commonwealth more generally.

### **Flood Hazard Leader**

DWLBC implemented the governance structures of the Flood Hazard Plan 2007-08 including the creation of the Flood Hazard Advisory Group.

A comprehensive risk assessment of the governance of Flood Hazard was completed and will be reviewed annually.

DWLBC sought and evaluated all state-wide flood risks from relevant stakeholders. The risks identified as High and Very High have been incorporated into the revised Flood Hazard Plan, which form the basis of the 2008-09 work plan.

### **Biosecurity Strategy**

Biosecurity is the protection of the economy, environment and public health from negative impacts associated with pests and diseases. "A Biosecurity Strategy for South Australia 2008-2013" has been drafted as a collaborative effort between DWLBC, DEH and PIRSA.

The strategy has been written to cover all aspects of biosecurity, from pre-border incursion prevention to post-border management of pests and diseases. All biosecurity sectors are included, covering primary industries, biodiversity and human safety and welfare across terrestrial, freshwater and marine environments.

Collaboration between governments (Federal, State and Local), industries, communities and individuals is fundamental to ensuring an active and effective biosecurity system for South Australia. The strategy has provided the framework for the delivery of the Australian Biosecurity System for Primary Production and the Environment (AusBIOSEC) in South Australia. The overall outcome of the strategy will be a reduction in the current and future economic, environmental and social costs of pests and diseases.

### **Premier's High Level Taskforce — Dryland Statewide Drought**

Following one of the driest rainfall years on record, 2007 proved to be equally challenging, particularly in the Central and Western Eyre Peninsula, the Upper North, Northern Murray Mallee and areas of the Mid-North and Far North. In addition to the low growing season rainfall totals, unusually warm and windy weather in late August 2007 further reduced the yield of many grain crops.

In some areas there was insufficient rain in 2007 to sustain crop or pasture growth to adequately protect the soil from erosion. Isolated incidents of wind erosion were reported in most cropping regions by mid September 2007.

The 2008 season started well in most cropping areas with the exception of Upper Eyre Peninsula, the Upper North and Murray Mallee. Land condition monitoring conducted by the department showed that by May 2008 approximately 80% of the cleared agricultural land across SA was adequately protected from wind erosion. The pastoral lands have been very dry with some areas having the lowest rainfall on record for the 12 months to June 2008. Substantial de-stocking has been required to prevent lasting vegetation loss.

As a priority, DWLBC worked with other agencies and NRM Boards to address drought management as part of the whole of government drought response.

### **Program 1.3 Infrastructure Services**

#### **Upper South East Program**

The Upper South East Dryland Salinity and Flood Management Program was established to;

- drain saline groundwater from the landscape;
- manage widespread and prolonged flooding of agricultural lands;
- provide “environmental flows” to key wetland systems; and
- protect and enhance regional biodiversity assets.

In 2007-08 milestones included:

- completion of Rosemary Downs, Didicoolum and East Avenue Drains,
- construction of wetland control structures on the Willalooka wetland,
- completion of the Salt Creek outfall structure, and
- securing 4987 ha of native vegetation through stewardship covenants.

Work commenced in 2007-08 included an examination of the options for Bald Hill and Winpimmerit drains, and the engineering feasibility and options for two floodways to divert water from Bool Lagoon into Drain E, and from Callendale into the Bakers Range Watercourse.

#### **State Flora**

State Flora is a specialist plant nursery producing Australian native plants with retail sales nurseries at Murray Bridge and Belair, and a production nursery located at Murray Bridge. State Flora grows and sells the largest range of low water use Australian plants in South Australia, with an emphasis on local SA species.

Plant sales in 2007-08 exceeded the previous year, despite drought and some areas of the South Australian nursery industry experiencing a downturn.

#### **Asset Management**

The Department manages and operates an asset portfolio that provides South Australia with the infrastructure necessary to manage its natural resources. These assets fall into the following groups:

- The Patawalonga Lake System
- River Vessel Waste Disposal Stations



- The Noora Drainage Disposal Scheme
- Saline Water Disposal Basins
- Lower Murray Embankments
- The Surface Water Monitoring Network
- The Groundwater Monitoring Network
- Water Monitoring Plant & Equipment
- Information & Communication Technology
- Licensed Water Use Meters.

Each of the above asset groups is supported by the development of an Asset Group Management Plan, which also underpins the Department's Asset Management Strategic Plan.

### **Asset Management Information System**

The need for an integrated asset management information system was identified and preliminary investigations undertaken in 2005-06, with funding secured late in 2007-08.

During the financial year ahead the Department will implement an integrated asset management information system that will improve control and timely delivery of asset information.

### **The Patawalonga Lake System**

During the year, a new operations and maintenance contract was awarded to O'Donnell Griffin Pty Ltd (ODG).

Management of the system this year focused on improving the reliability of its operation and controls, including:

- an upgrade of the control system equipment and software;
- development of hydrology management tools for the Barcoo Outlet duct system;
- removal of quantities of rock and debris from the Barcoo Outlet duct system;
- completion of CCTV system installations at each end of the lake; and
- installation of safety guard rails and vehicle stops.

### **Lower Murray Embankments**

The Lower Murray Embankments protect reclaimed floodplains and wetlands used for agricultural purposes.

In 2007-08 a number of large cracks were identified along the levee banks. The cracks, caused by the prevailing drought conditions, occurred in the Mypolonga, Cowirra, Burdett and Jervois district/trust areas, were all repaired and monitoring is ongoing.

### **Surface Water and Groundwater Monitoring Networks (including plant & equipment)**

Water monitoring networks play a vital role in achieving the department's goals for natural resource management providing data from a wide network of monitoring sites located throughout South Australia. There are 141 active operational sites, comprising 81 State and 60 MDBC sites and numerous other specific project sites. Water data collected at these sites include parameters such as water level, stream flow, pH, turbidity, wind, rainfall, temperature and salinity.

The Groundwater Monitoring Network provides data from a wide network of monitoring sites located throughout South Australia. There are at present 139 monitoring networks across the state comprising of some 10,500 wells of which 4,000 are state assets. The water quantity and quality data collected from the networks is used to facilitate the development of groundwater management

strategies.

Extensive development and testing of a new system for collecting data from the Surface Water Monitoring network was undertaken in previous financial years. This state of the art monitoring package has now been adopted as the benchmark for all state monitoring sites and installation commenced this year at 51 identified sites.

### **Reflows Project**

Following research over several years, The REFLOWS project aims to partially restore environmental flows to wetlands and watercourses of the Upper South East and to secure a vital link between the internationally recognised Ramsar-listed Bool Lagoon and Coorong wetlands.

On 1 February 2007, the Prime Minister announced \$7.7 million from the Australian Government Water Fund to add to the \$6.5 million allocated by the Upper South East Project (USE) Board to the Project, thereby fully funding the \$14.2 million project.

The REFLOWS project involves delivering water through engineered floodways from the Mosquito Creek catchment to the Marcollat watercourse and from the Bakers Range catchment south of Drain M to the northern Bakers Range and West Avenue watercourses.

In February 2008, the USE Board, released a scientific and economic study of the REFLOWS proposal for community consideration and held public information sessions to explain the benefits of the REFLOWS Project along with information sessions with those directly affected by the proposal.

A report summarising the consultation process and recommendations for the progress of this proposal is being prepared by the Board, for the Minister's consideration.

## **Program 2 Natural Resources management (River Murray)**

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

#### **Murray-Darling Basin Initiative**

On 26 March 2008, the Council of Australian Governments (COAG) agreed in principle to a Memorandum of Understanding (MOU) on Murray-Darling Basin Reform that brings together into a single independent institution, the Murray-Darling Basin Authority and the Murray-Darling Basin Commission.

The new Authority will be responsible for developing, implementing and monitoring the Basin Plan, which will include a sustainable cap on surface and groundwater diversions across the Basin. The Basin Plan will provide for the critical human water needs of communities that use water from the Murray River and its tributaries, a sustainable industry and enhanced environmental outcomes.

In the 2006-07 financial year, through the Murray-Darling Basin Initiative, South Australia took a strategic Basin-wide approach, taking a leading role in whole of Basin issues that included:

- water recovery;
- the need to re-assess how unregulated river flows should be used for improved environmental outcomes within the Basin; and
- the need to urgently address the emerging risks to water sharing across the Basin through the Risk to Shared Water Resources Program.

South Australia appointed Mr Ian Kowalick as independent Commissioner to the Murray-Darling Basin Commission for a two-year term that began on 18 January 2007.

#### **The Living Murray Initiative**

South Australia's Strategic Plan aims to increase environmental flows by 500 gegalitres in the River Murray by 2009 as a first step towards improving sustainability in the Murray-Darling Basin, with a longer-term target of 1500 gegalitres by 2018.

South Australia has a current recovery commitment of 35 gegalitres within the basin wide target of 500 gegalitres.

In the 2007-08 financial year, South Australia was the first state to receive credits against its water recovery and financial targets under The Living Murray – a major milestone for both the state and The Living Murray program. This water (13 gegalitres) has been transferred to an environmental water licence dedicated to The Living Murray and is available for ongoing environmental use.

The remaining 22 gegalitres of water is planned to be recovered from improved wetland management (2 gegalitres) and innovative market options (20 gegalitres), with 5 gegalitres of water (sourced from willing sellers) already entered on to the MDBC Eligible Measures Register on 23 May 2008.

In addition to recovering water within South Australia, investment continued in water recovery projects within other Murray-Darling Basin jurisdictions. South Australia has committed investment in the following interstate projects:

- New South Wales Market Purchase;
- Rice Growers A1;
- MDBC Pilot Market Purchase;
- Lake Mokoan; and
- on-going investment in the Goulbourn Murray water recovery project.

A number of other potential recovery measures are being developed interstate. South Australia has investment commitments of approximately \$33.7 million in interstate water recovery projects and is considering further investments of approximately \$13 million.

*More information on this topic is available from:*  
[www.dwlbc.sa.gov.au/murray/initiative/index.html](http://www.dwlbc.sa.gov.au/murray/initiative/index.html)

### **Murray Mouth Dredging**

The Murray Mouth Sand Pumping project is funded by the Murray-Darling Basin Commission (MDBC) and commenced in October 2002. The ongoing drought and subsequent low flows in the River Murray has resulted in the continuation of dredging operations.

A new contractor commenced operations on 1 September 2007. The channels have become reasonably stable and consequently the contractor is operating with one dredge with another on standby.

The total expenditure from project commencement in 2002 to May 2008 was \$29.9 million with 5.4 million cubic metres of sand removed. Allocation for the year was \$4.9 million.

Ngarrindjeri community members undertake cultural monitoring of the dredging works. Currently engaged by the Meningie Community Development Project, this service is undergoing a transition to the Ngarrindjeri Regional Authority, through the "Caring for Country" Program.

### **Water Management in the Eastern Mt Lofty ranges**

The Eastern Lofty Ranges (EMLR) is a critical water catchment for South Australia. In order to protect these water resources, the State Government "prescribed" the surface water, watercourses and wells in the EMLR. The decision followed extensive periods of consultation, as well as investigations into the economic and environmental implications.

The Government is now working closely with SA MDB NRM Board in implementing new management arrangements for the EMLR.

### **Water Allocation Plans**

The allocation, transfer and management of water in these regions will be guided by water allocation plans currently being developed by the respective NRM Boards. Public consultation is an important part of the development of the water allocation plans.

In consultation with the Community Advisory Committees (CACs), the SA Murray-Darling Basin NRM Board has developed and released policy papers for its water allocation plan. The Board has also worked closely with other State Government agencies and local catchment groups to develop a future monitoring program for inclusion in the draft Water Allocation Plan.

*More information on this topic is available from:*  
[http://www.dwlbc.sa.gov.au/water/allocation\\_plans/index.html](http://www.dwlbc.sa.gov.au/water/allocation_plans/index.html)

### **Authorisations**

All temporary water authorisations have been issued in the EMLR. Authorisations enable existing users to continue to operate during the Notice of Prohibition that remains in place until the water allocation plan is adopted. Existing users are authorised on the basis of their past irrigation activities in the three years prior to the Notice of Prohibition.

### **Marne Saunders Water Allocation Plan**

The department provided support to the SA MDB NRM Board, with its development of the water allocation plan for the Marne Saunders prescribed water resources. The draft plan is anticipated to be released for statutory public consultation in late 2008.

### **Review of River Murray Prescribed Watercourse Water Allocation Plan**

The SA Murray-Darling Basin NRM Board has prepared a draft Concept Statement and draft communications package. The Concept Statement will be released for public consultation early in 2008-09.

### **Drought Management**

In 2007-08, the River Murray and southern part of the Murray-Darling Basin continued to experience severe drought conditions. Actions were taken to minimise the impacts of drought. At the national level, the department had a significant role as one of South Australia's representatives on the Dry Inflows Contingency Planning Senior Officials Group. The group reported to First Ministers on contingency arrangements for securing water during the current drought for cities and towns reliant on the River Murray.

### **Management of the River Murray under Low Flows**

Very low flows in the River Murray continued to present many challenges to river managers during 2007-08. Considerable effort was given to ensure river operations maximised the amount of water available while minimising system losses and water quality problems, particularly salinity and algal blooms. Flows were managed on a daily basis.

Weir pools above Lock 1 (Blanchetown) were generally maintained within their normal operating levels, however, due to limited water available to South Australia, there was insufficient water to maintain water levels below Lock 1. Consequently, water levels below Lock 1 continued to decline and salinity levels continued to increase.

### **River Murray Modelling and Monitoring**

During 2007-08, regular monitoring and modelling of river conditions were conducted by DWLBC in South Australia and across the wider Murray-Darling Basin. This enabled the department to provide scientific and technical advice to government for its response to the drought.

Hydrological modelling was regularly undertaken on water levels, flows and salinity in the River Murray and Lower Lakes. This assisted management of the river under low flows and provided regular updates to irrigators and other water users. Modelling provided management options for the Lower Lakes, management of acid sulfate

soils and the emergency response to pump water from Lake Alexandrina into Lake Albert.

### **River Murray Water Allocations and Carry-over**

River Murray water allocations were again restricted in 2007-08. Allocations started at 4% on 1 July 2007 and increased to 32% by 14 December 2007, where they remained for the rest of the year. These restrictions ensured that the limited amount of water available in the system was distributed as fairly as possible.

In addition to water allocations, any unused water 'carried-over' from 2006-07 was able to be used. Following intergovernmental agreement to allow South Australia temporary access to upstream storages to store carry-over water, South Australia held back 30 GL of water in 2006-07 for delivery and use in 2007-08.

In February 2008, the Government adopted a scheme to allow the carry-over of unused water from 2007-08 for delivery and use in 2008-09. The department administers the carry-over scheme and all other water licensing arrangements.

### **River Murray Compliance and Enforcement**

The department took measures to ensure all River Murray water users were aware of, and complied with, the water restrictions put in place for 2007-08.

During 2007-08, the department investigated and resolved 70 complaints, and issued 104 informal cautions, 113 formal cautions and 22 expiation notices. The unit visited 2 818 holiday homes along the River Murray, spoke to any owners present and handed out information packs.

Water meters were read monthly and consumption information provided in writing to license holders after each reading to assist licensees in managing water use against the restricted allocation and to make informed water trading decisions.

### **River Murray Drought Information to the Community**

The department provided information on technical issues including: the condition and outlook for the River Murray and wider Murray-Darling Basin, water allocations, management options in place or under consideration, emergency dredging procedures, temporary wetland closures, acid sulfate soils, carry-over water scheme, water trading and drought response.

The communication program included regular River Murray Water Resources Reports, weekly River Murray updates, public information sessions, articles in the Drought E-Newsletter, briefings to industry groups, advertising and fact sheets for water users.

Information was regularly updated and available from the department's website at [www.dwlbc.sa.gov.au/murray/drought/index.html](http://www.dwlbc.sa.gov.au/murray/drought/index.html)

The department played a key role in a major radio, television and print campaign – *Water Matters* – to raise awareness of South Australia's water supply, recycling programs, desalination and storage options and to encourage communities to be water smart.

## **Development and Planning - River Murray**

Under the *River Murray Act 2003* and its Objectives for a Healthy River Murray the department assesses development applications.

As Minister's delegate, the department provided direction to the relevant planning authorities to either refuse, approve, or to permit approval with conditions. During the period 687 development applications were referred under Schedule 8, items 19, 20 and 21 and were assessed against the provisions of the *River Murray Act 2003*.

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

### **Risks to Shared Water Resources**

In 2004, the Murray-Darling Basin Ministerial Council noted risk factors to the shared water resources of the Murray-Darling Basin. These factors were identified based on their potential effects on water volume, water quality, flow regimes, and distribution between users.

During 2007-08 efforts have focussed on finalisation of the *Murray-Darling Basin Risks Strategy* to provide a framework for assessing and responding to current and potential risks to the shared water resources of the Murray-Darling Basin. The Strategy was publicly released on 21 April 2008. By 30 June 2008, consultation had commenced with South Australian stakeholders to determine actions required to support implementation of the Strategy.

Jurisdictions have agreed to submit independently audited annual risk assessment reports, to improve knowledge of the current risk factors, their potential impacts and researching innovative approaches for their management. A preliminary assessment of risks in the South Australian Murray-Darling Basin was provided to the Murray-Darling Basin Commission in September 2007 and the Independent Audit Group in October 2007.

### **River Murray Act 2003 Triennial Review**

The *River Murray Act 2003* aims to protect, restore and enhance the river and its natural resources.

The Act is reviewed every three years, including an assessment of the interaction between the Act and related operational Acts and the state of the River Murray. The second review of the Act has recently commenced covering the period 2004-05 to 2007-08.

*More information about this topic can be found at:*  
<http://www.dwlbc.sa.gov.au/murray/rma/index.html>

### **Review of the Irrigation legislation (Irrigation Act 1994 and Renmark Irrigation Act 1936)**

The *Renmark Irrigation Trust Act 1936* (RIT Act) and *Irrigation Act 1994* (Irrigation Act) establish governance frameworks for Trusts of private irrigation districts within rural South Australia. The review of the RIT Act and Irrigation Act ensures South Australian irrigation infrastructure management practices are consistent with the requirements of the National COAG Water Reform (1994), National Water Initiative (NWI) (2004), Water Act 2007 (Cwealth) and reflect contemporary management practices.

Fundamental considerations in the review include:

- removing barriers to implementing the principles of the NWI;
- enabling permanent trade water out of the district;
- the performance of Trusts against contemporary water resources management objectives;
- the capacity of Trusts to deliver water and drainage services through transparent mechanisms; and
- current and potential risks to Government.

An options paper was developed and released in July 2007. Consultation was undertaken with irrigators and trusts with proposals for amended legislation to be considered by Parliament in the latter part of 2008.

### **Water Trading**

South Australia has had effective intrastate water entitlement trade ('permanent trade') in place since 1983 but interstate entitlement trade has been limited to a trial project initiated in 1998 and more recently through interim bilateral agreements with both NSW and Victoria finalised during 2006-07.

From 1 July 2007 permanent arrangements permitting interstate entitlement trade on the basis of 'tagged trade' rules were implemented. Under these rules a transferred entitlement retains the characteristics (such as annual allocation) that the entitlement had in its place of origin.

The extended and severe drought conditions over the past two years have limited the entitlement trade market. Consequently, there were no interstate water entitlement trades either into or out of South Australia during 2007-08.

In contrast, the market in interstate allocation trade ('temporary trade') has been very active during 2007-08. In total over 140GL of water has been traded into South Australia during this water year, about 5 times the previous maximum volume.

*More information on this topic is available from*

<http://www.dwlbc.sa.gov.au/licensing/trading/index.html>

### **River Murray Salinity Monitoring**

Salinity is an ongoing issue. DWLBC continued salinity monitoring, Run of River Salinity surveys, and detailed 3D In-Stream images of salinity concentrations to build our knowledge of trends in the loads and concentrations of salinity in the River.

*More information on this topic is available from:*

<http://www.dwlbc.sa.gov.au/murray/salinity/index.html>

### **River Murray Hydrology**

DWLBC provided advice on River Murray drought and water security issues including:

- modelling water levels, flows and salinity in the River Murray and Lower Lakes;
- determining the minimum flows to SA in 2008-09 enabling the development of a water security strategy;
- modelling to develop options to manage low inflows and acid sulphate soils in the Lower Lakes;
- developing and modelling of the pumping strategy from Lake Alexandrina to Lake Albert; and
- modelling the impact of operating the Lake Victoria outlet regulator on the Rufus River.



### **Natural Resources Management Information System (NRMIS)**

NRMIS brings together water information from a number of sources across the State and makes it available to the general public through an information delivery portal.

Achievements in 2007-08 included:

- presentation water information at key sites along the River Murray, available at <http://e-nrims.dwlbc.sa.gov.au/>; and
- measurement of River Murray water levels at the locks and delivering data through the internet.

### **Salinity Policy**

South Australia has responsibility under the Murray-Darling Basin Agreement to manage salt loads to the River Murray and the in-river salinity levels.

South Australia maintained a positive balance on the salinity register in 2007-08. The Salinity Register was 5.866<sup>1</sup> as at 21 December 2007.

Actions to meet its target included:

- adopting the Murtho Salt Interception Scheme as a shared scheme and approving an additional \$2.25 million in funding to maintain progress on the scheme;
- South Australian involvement with the Mid-Term Review of the Basin Salinity Management Strategy resulting in the recommendations of the review including South Australia's position on the future of salinity management for the Basin;
- the development of a draft paper on Policy Instrument Choice for Salinity Management in South Australia;
- the scoping of future challenges and directions for River Murray salinity management in South Australia;
- the completion of a framework to assess the salinity impacts of wetland management actions;
- the completion of the draft Pike Implementation Plan that integrates salinity management, floodplain management and sustainable irrigation; and
- the completion of three Land and Water Management Plans.

## **Program 2.3 Infrastructure Services**

### **Chowilla Icon Site – Infrastructure Program**

The Chowilla Project aims to restore the environmental values of the Chowilla floodplain and River Murray by delivering environmental benefits through surface water, groundwater and land management actions, modification of existing flow control structures and the installation of new flow control structures. The Chowilla Infrastructure program achieved major milestones during the year, including:

- the construction of a rock ramp fishway at Bank E, which will maintain flow into the anabranch, provide fish passage and enable greater opportunities for weir pool raising for environmental benefit;
- new bridge at Boat Creek that provides for heavy vehicle access to Pipeclay Creek Weir; and

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<sup>1</sup> 30 year average salinity benefit/cost \$m/year

- completed detailed design of the Pipeclay and Slaney Creek Weir upgrades and concept designs for the Chowilla Creek Environmental Regulator.

*More information on this topic is available from:*

[www.dwlbc.sa.gov.au/murray/flows/chowilla.html](http://www.dwlbc.sa.gov.au/murray/flows/chowilla.html)

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

The department maintained progress with the restructuring and rehabilitation of former Lower Murray floodplains used for agricultural purposes, including:

- all irrigation areas have now converted to private operation;
- all irrigation districts/private irrigators have signed a Rehabilitation Funding Deed with the Minister for the River Murray;
- 99% of required water meters have been installed;
- an equivalent of 3241 hectares from a total of 4051 hectares have been rehabilitated;
- on-farm Environmental Improvement Management Plans (EIMP) continue to be implemented; and
- 132 redundant levee bank sluices have been closed permanently and only a handful remain to be closed.

*More information on this topic is available from :*

[www.dwlbc.sa.gov.au/murray/programs/lmria/index.html](http://www.dwlbc.sa.gov.au/murray/programs/lmria/index.html)

### **River Murray Salt Interception Schemes**

The implementation of Salt Interception Schemes (SIS) to reduce salinity impacts on the River Murray continued. Achievements for the year included:

- the horizontal drainage well constructed by DWLBC at Loxton was proven to be technically feasible and economic. DWLBC staff were involved in the design; modelling and construction of the trial horizontal well. The floodplain interception bores were completed along with the new Cliff Toe Drain;
- MDB Ministerial Council gave approval for the construction of the Murtho SIS estimated at \$33.3 million;
- DWLBC provided technical advice for the construction of new SIS infrastructure at Murtho and Waikerie Lock-2;
- preliminary investigations were completed for the extension of the existing Woolpunda SIS in the Overland Corner area;
- completion of a hydrological investigation for the Noora Drainage Disposal Basin;
- DWLBC conducted a deep aquifer disposal investigation to examine the potential to dispose of saline groundwater at Chowilla; and
- Ongoing development and upgrading of groundwater models to provide information to the MDBC Salinity Registers.

*For more information on this topic go to :*

[www.dwlbc.sa.gov.au/murray/salinity/salt.html](http://www.dwlbc.sa.gov.au/murray/salinity/salt.html)

### **Noora Drainage Disposal Scheme**

The Noora Disposal Basin, 20 km east of Loxton, used for the disposal of drainage water from irrigation and water from salt interception schemes, was assessed to understand the basin behaviour and its impact on the environment. A detailed monitoring plan, was established for the basin.

### **Saline Water Disposal Basins**

The department operates and maintains 17 Drainage Disposal Basins in the Riverland area. Individual Asset Management Plans were prepared for each drainage basin and a review commenced for the need of all basins.

### **River Vessel Waste Disposal Stations**

A new River Vessel Waste Disposal Station (RVWDS) was completed at Walker Flat in June 2008. There are now 13 RVWDS along the length of the River Murray in South Australia to manage river vessel waste discharge.

In July 2007, changes to the operational arrangements were introduced to improve the level of customer service and reliability of the stations. Contracts were let for local operational response at each station and for mechanical and electrical plant maintenance schedules covering all stations.

*For more information on this topic go to :  
[www.dwlbc.sa.gov.au/murray/rvwds/index.html](http://www.dwlbc.sa.gov.au/murray/rvwds/index.html)*

## **Program 3 Water Security**

### **Office for Water Security**

On 12 February 2008, the Premier announced the establishment of the Office for Water Security (OWS which became operational on 11 March 2008).

The OWS, headed by an independent Commissioner for Water Security, is the policy hub for developing and coordinating strategic water policy within the South Australian Government. The brief for the OWS is to support the Minister for Water Security in the following areas:

- South Australia's negotiations on the national Water for the Future plan;
- Driving South Australia's commitments under the National Water Initiative; and
- Developing a comprehensive statewide water security plan that builds on and incorporates Water Proofing Adelaide.

The OWS supports the new Water Security Council (incorporating the previous Water Security Advisory Group and Task Force) in providing strategic water security advice to the Minister for Water Security. The Minister chairs the new Council and the Commissioner for Water Security acts as the deputy chair.

### **Water Proofing Adelaide**

To date 16 strategies have been completed and most of these have associated ongoing activities.

Highlights include:

- State Government commitment of \$30 million for its share of funding for the Glenelg to Adelaide Park Lands Recycled Water Project, with the additional \$30 million being confirmed by the Australian Government;
- funding by SA Water of \$24 million over three years for the H2OME rebate scheme, which brings forward some of the residential water savings for Water Proofing Adelaide;
- decision to build a 50 gigalitres per annum seawater desalination plant to increase Adelaide's water security;
- activities associated with water allocation planning for the Western Mount Lofty Ranges (AMLR NRM Board and DWLBC);
- completion of the Adelaide Coastal Waters Study final report (EPA);
- as an outcome of the Urban Stormwater Initiative, the Stormwater Management Authority and the Stormwater Management Fund have been established through the Minister for Infrastructure; and
- supporting Waterproofing Northern Adelaide (various agencies including Land Management Corporation, Department of Education and Children's Services, and the AMLR NRM Board).

Consistent with a Water Proofing Adelaide commitment for the strategy to be periodically reviewed, a review is currently being undertaken. The findings of this review are expected to inform the development of South Australia's Water Security Plan incorporating Water Proofing Adelaide.

- [More information on this topic is available at :  
www.waterproofingadelaide.sa.gov.au/wpa/](http://www.waterproofingadelaide.sa.gov.au/wpa/)

### **National Water Initiative**

The program as a whole is on schedule and two major milestones achieved to date include:

- legislation is being passed that provides South Australia with a regime of separated water rights; a requirement under the National Water Initiative (NWI); and
- all regional NRM Boards have been briefed on the implications the NWI has on their respective Water Allocation Plans (WAP) and the need to incorporate the NWI reforms – a critical process in achieving the National Water Initiative.

Thirteen South Australian projects have attracted \$170 million funding support from the Australian Government Water Fund. When combined with matching State and other funding contributions, these projects represent more than \$460 million of development in South Australia.

The projects contribute to implementation of the National Water Initiative in South Australia and achievement of South Australia's Strategic Plan Target 3.9: "South Australia's water resources managed within sustainable limits by 2018".

More information on this topic is available at :  
[www.dwlbc.sa.gov.au/water/iga/national.html](http://www.dwlbc.sa.gov.au/water/iga/national.html)

### **Statewide Water Security Plan**

Development of a framework has commenced for the Statewide Water Security Plan, which incorporates Water Proofing Adelaide and Water Proofing South Australia.

### **Water For The Future**

The OWS has been influential in shaping South Australian and national outcomes from the various elements within Water for the Future including the Murray Darling Basin Memorandum of Understanding and the subsequent Inter-governmental Agreement, the Council of Australian Government's Working Group on Climate Change and Water reform agenda, using water wisely, securing new water supplies and improving the health of our rivers.

More information on this topic is available from:  
<http://www.dwlbc.sa.gov.au/water/publications/waterfutures.html>

## Appendices Index

Appendix A. — Management of Human Resources.....	47
A.1 Employee Numbers, Gender and Status.....	47
A.2 Executives.....	48
A.3 Leave management .....	49
A.4.1 Workforce Diversity — Aboriginal and Torrens Straight Islander Employees .....	49
A.4.2 Workforce Diversity — Age Profile .....	50
A.4.3 Workforce Diversity - Cultural & Linguistic Diversity.....	50
A.5 Performance Development .....	52
A.6 Leadership and Management Development .....	53
A.7 Accredited Training Packages .....	53
A.8 Equal Employment Opportunity Programs .....	54
A.9 Occupational Health, Safety and Injury Management .....	54
Appendix B. — Auditor General’s Report.....	60
Appendix C. — Financial Performance .....	63
Appendix D. — Contractual Arrangements .....	102
Appendix E. — Account Payment Performance .....	103
Appendix F — Fraud Statement .....	104
Appendix G. — Consultants.....	105
Appendix I. — Disability Action Plans .....	107
Appendix J. — Asbestos Management in Government Buildings .....	109
Appendix K. — Freedom of Information — Information Statements .....	110
Appendix L. — Energy Efficiency Action Plan Reports .....	114
Appendix M. — Greening of Government Operations (GoGO).....	115
Appendix N. Reconciliation Statement.....	116

## Appendix A. — Management of Human Resources

### A.1 Employee Numbers, Gender and Status

Total Number of Employees		
Persons	600	
FTEs	570.3	<i>(FTEs shown to 1 decimal place)</i>

Gender	% Persons	% FTEs
Male	57.67	59.38
Female	42.33	40.62

Number of Persons During the 07-08 Financial Year	
Separated from the agency	115
Recruited to the agency	141

Number of Persons at 30 June 2008	
On Leave without Pay	26

#### NUMBER OF EMPLOYEES BY SALARY BRACKET

Note:

Salary Bracket	Male	Female	Total
\$0 - \$46,399	67	51	118
\$46,400 - \$58,999	69	103	172
\$59,000 - \$75,499	121	65	186
\$75,500 - \$94,999	77	33	110
\$95,000+	12	2	14
<b>TOTAL</b>	<b>346</b>	<b>254</b>	<b>600</b>

Salary

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

Agencies are required to report on the different employment arrangements used and their distribution in an agency - ongoing, contract for a longer term (for a period which extends beyond one year up to five years), contract for a shorter term (for a period up to and including one year) and casual. Please note that all of the following tables refer only to employees who were 'active' or on leave with pay as at the end of the last pay period in the 2006-07 financial year. The tables include executives.

#### STATUS OF EMPLOYEES IN CURRENT POSITION

<b>FTEs</b>	<b>Ongoing</b>	<b>Short-Term Contract</b>	<b>Long-Term Contract</b>	<b>Other (Casual)</b>	<b>Total</b>
Male	196.5	29.5	92.98	19.65	338.63
Female	123.02	49.61	51.73	7.33	231.69
<b>TOTAL</b>	<b>319.52</b>	<b>79.11</b>	<b>144.71</b>	<b>26.98</b>	<b>570.32</b>

<b>PERSONS</b>	<b>Ongoing</b>	<b>Short-Term Contract</b>	<b>Long-Term Contract</b>	<b>Other (Casual)</b>	<b>Total</b>
Male	199	30	94	23	346
Female	135	52	55	12	254
<b>TOTAL</b>	<b>334</b>	<b>82</b>	<b>149</b>	<b>35</b>	<b>600</b>

## A.2 Executives

#### EXECUTIVES BY GENDER, CLASSIFICATION AND STATUS

<b>Classification</b>	<b>Ongoing</b>		<b>Contract Tenured</b>		<b>Contract Untenured</b>		<b>Total</b>	
	Male	Female	Male	Female	Male	Female	Male	Female
EXEC A					4		4	
EXEC B					3		3	
EXEC C					1		1	
EXEC E					1		1	
SAES 1					1	2	1	2
SAES 2					1		1	
<b>Total</b>					11	2	11	2



### A.3 Leave management

#### AVERAGE DAYS LEAVE PER FULL TIME EQUIVALENT EMPLOYEE

Leave Type	2004-05	2005-06	2006-07	2007-08
Sick Leave	4.81	5.49	5.67	7.05
Family Carer's Leave	0.41	0.56	0.79	0.86
Miscellaneous Special Leave	0.54	0.64	0.61	0.81

#### A.4.1 Workforce Diversity — Aboriginal and Torres Strait Islander Employees

An Aboriginal and/or Torres Strait Islander is someone who:

- is of Australian Aboriginal and/or Torres Strait Islander descent; and
- identifies as an Aboriginal and/or Torres Strait Islander; and
- is accepted as such by the community in which they live or have lived.

#### ABORIGINAL AND/OR TORRES STRAIT ISLANDER EMPLOYEES

Salary Bracket	Aboriginal staff	Total staff	Percentage Aboriginal
\$0 - \$46,399	3	118	2.5%
\$46,400 - \$58,999	4	172	2.3%
\$59,000 - \$75,499		186	0%
\$75,500 - \$94,999	1	110	0.9%
\$95,000+		14	0%
<b>TOTAL</b>	<b>8</b>	<b>600</b>	<b>1.33%</b>

## A.4.2 Workforce Diversity — Age Profile

### NUMBER OF EMPLOYEES BY AGE BRACKET BY GENDER

Age Bracket	Male	Female	Total	% of Total	Workforce Benchmark*
15-19	0	1	1	0.17	6.7
20-24	4	16	20	3.33	10.5
25-29	32	43	75	12.5	10.2
30-34	37	45	82	13.67	9.9
35-39	32	33	65	10.83	11.2
40-44	49	27	76	12.67	11.9
45-49	48	38	86	14.33	12.3
50-54	63	27	90	15	11.3
55-59	55	16	71	11.83	8.6
60-64	21	7	28	4.67	5.0
65+	5	1	6	1	2.4
<b>TOTAL</b>	<b>346</b>	<b>254</b>	<b>600</b>	<b>100</b>	<b>100.0</b>

\* Source: Australian Bureau of Statistics Australian Demographic Statistics, Labour Force Status (ST LM8) by sex, age, state, marital status – employed – total from Feb78 Supertable, South Australia at March 2007.

## A.4.3 Workforce Diversity - Cultural & Linguistic Diversity

### CULTURAL AND LINGUISTIC DIVERSITY

	Male	Female	Total	% Agency	SA Community *
Number of employees born overseas	24	28	52	8.67	20.3%
Number of employees who speak language(s) other than English at home	11	12	23	3.83	15.5%

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

#### **A.4.4 Workforce Diversity - Disability**

A new definition has been established in order to gain a more accurate measure of the number of people with one or more ongoing disabilities and types of disability existing in the employee population. It is understood that a comprehensive count will not be available for most agencies in the first instance, and that this will only become available through a census of existing employees and the consequent updating of the Human Resource Dataset Collection.

People with an ongoing disability are defined as those employees who have any of the disabilities included in the below definition on an ongoing basis:

'Disability is defined under Section 4 of the Commonwealth Disability Discrimination Act (DDA) 1992 as:

- total or partial loss of the person's bodily or mental functions; or
- total or partial loss of a part of the body; or
- the presence in the body of organisms causing disease or illness; or
- the presence in the body of organisms capable of causing disease or illness; or
- the malfunction, malformation or disfigurement of a part of the person's body; or
- a disorder or malfunction that results in the person learning differently from a person without the disorder or malfunction; or
- a disorder, illness or disease that affects a person's thought processes, perceptions of reality, emotions or judgement or that results in disturbed behaviour.

These disabilities can be grouped as follows (employees can belong to more than one of these groups):

- Physical
- Intellectual
- Sensory ( eg hearing or sight impairment)
- Psychological/psychiatric
- Other

#### *Workplace Adaptation*

Some employees, due to their disability, are considered to have an employment restriction because they:

- are restricted in the type of work they can do;
- need modified hours of work (either a restriction in hours they 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.

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

<b>Total</b>	<b>% of Agency</b>
10	1.67

**TYPES OF EMPLOYEE DISABILITIES**

<b>Disability</b>	<b>Total</b>	<b>% of Agency</b>
Physical	5	0.8%
Intellectual		
Sensory	6	1.0%
Psychological/ Psychiatric	1	0.1%
Other	1	0.1%
<b>Total</b>	13	

**NUMBER OF EMPLOYEES WITH DISABILITIES REQUIRING WORKPLACE ADAPTATION**

<b>Male</b>	<b>Female</b>	<b>Total</b>	<b>% of Agency</b>
7	5	12	2%

## **A.5 Performance Development**

**DOCUMENTED REVIEW OF INDIVIDUAL PERFORMANCE MANAGEMENT**

<b>Employees with ...</b>	<b>% Total Workforce</b>
A review within the past 12 months	22.67%
A review older than 12 months	36.5%
No review	40.83%

## A.6 Leadership and Management Development

### LEADERSHIP AND MANAGEMENT TRAINING EXPENDITURE

Training and Development	Total Cost	% of Total Salary Expenditure
Total training and development expenditure	\$707,631	1.6%
Total leadership and management development expenditure	\$42,786	0.09%

## A.7 Accredited Training Packages

### ACCREDITED TRAINING PACKAGES BY CLASSIFICATION

Classification	Number of Accredited Training Packages
ASO1	2
ASO2	12
ASO3	27
ASO4	28
ASO5	12
ASO6	24
ASO7	6
ASO8	6
OPS2	7
OPS3	2
TGO1	3
TGO2	4
TGO4	2
PO1	6
PO2	11
PO3	6
PO5	1

## **A.8 Equal Employment Opportunity Programs**

### **Equal Employment Opportunity Programs**

The Department of Water, Land and Biodiversity Conservation does not manage any public sector wide equal opportunity employment programs on behalf of the public sector.

### **Aboriginal Employment Strategic Plan**

In support of staff of ATSI descent the department has implemented an Aboriginal Employment Strategic Plan to ensure the recruitment and development of Aboriginal staff and subsequent cultural training across the department. Aboriginal Cultural Awareness Training for Executives, Managers and key staff took place during the year. All ATSI employees are included in a tailored development program and have access to a mentor. One Aboriginal employee has been trained as a Bullying and Harassment Contact Officer.

The Trainee Register and all other equal employment programs have been actively promoted throughout the Department.

## **A.9 Occupational Health, Safety and Injury Management**

### **DWLBC OHS and IM Programs:**

The OHS&IM System framework has been re-configured to ensure that it is relevant to the key operational activities of the Department and easy for staff to access. This has been achieved by consolidating policies and procedures into Seven Key OHS&IM Programs:

- Awareness and Accountability
- Emergency Preparedness
- Hazard Management
- Employee Health and Wellbeing
- Training
- Evaluation, Reporting and Continuous Improvement
- Injury Management.

### **Consultative Arrangements:**

DWLBC continues to consult with employees through its OHSW Committee and Health and Safety Representative network. The majority of DWLBC workgroups have Health and Safety Representatives and two new representatives were elected during 2007-08.

The OHSW Committee met on nine occasions during 2007-08. Attendance by management representatives was 89% and employee representatives 94%. Actions of the committee have focussed on:

- Developing and implementing the revised framework of the OHS&IM system;
- Implementation of divisional Corrective Actions registers to simplify and regulate monitoring of required corrective actions identified from inspections, incident investigation and internal auditing processes;
- Streamlining of OHSW training through inclusion of OHSW courses in the over-arching departmental training plan and the implementation of divisional OHSW training registers;
- Developing and implementing procedures to manage emerging risks, such as those

- presented from dealing with aggressive clients, bushfires and boating
- Selection and training of a team of Internal Auditors and implementation of a schedule of OHSW internal audits and
- Preparation for a Work Cover external evaluation against the Performance Standards for Self- Insurers (conducted during April 2008).

### **Safety in the Public Sector 2007- 2010 Strategy (SIPS):**

DWLBC has developed and approved an Implementation Plan for the four key criteria of SIPS, comprising a range of actions with target implementation dates. All of the targets set for attainment by June 2008 were achieved with the exception of that to review and revise the method and content of OHS&IM reporting to Executive, which is underway but not yet complete.

### **Sustainable Commitment:**

The following actions from the SIPS Implementation plan have been achieved:

- A statement of commitment to safety in the workplace and this has been distributed to all DWLBC work sites to reinforce the ongoing commitment to a culture of safety within DWLBC.
- Changes to ensure that performance against OHSW responsibilities is reviewed and training opportunities provided to meet the requirements of positions and individual skills. This includes performance management at Director and Manager level.
- Staff involvement in influencing the future development of the agency is being enhanced through implementation of recommendations of Action Learning Teams that have included the introduction of a workplace survey on a bi-monthly basis to measure and monitor progress and highlight areas for improvement.
- Employee Health and Wellbeing has been addressed in a program of initiatives to improve physical and psychological wellbeing of staff. Several of these are coordinated through the DWLBC Health Promotions Committee (a sub-committee of the OHSW Committee) to provide staff with opportunities to improve morale and wellbeing and to make lifestyle improvements.

### **Financial Accountability:**

The following actions from the SIPS Implementation plan have been achieved:

- Further integration of OHSW risks into business planning processes through mechanisms such as strategic risk management and manager accountability for OHSW budgeting.
- OHSW performance is reported on a monthly basis to divisions and quarterly to Senior Management. This reporting incorporates benchmarking data on workers compensation performance against SIPS targets.
- Investment in strategies to minimise loss events and promote the health and wellbeing of staff. Examples include provision of a safety log in system for staff required to work in remote areas, influenza vaccinations and subsidised sports and wellness initiatives.

**Integrated Risk Management:**

The following actions from the SIPS Implementation plan have been achieved:

- Annual review of OHSW risks recorded in divisional risk registers to ensure that they capture emerging risks and that mitigation strategies are continuously improved.
- Introduction of risk profiling of positions to more effectively understand and control risks encountered by individual staff members according to the nature of tasks performed and to link this information to risk control strategies and training needs.
- Streamlining of risk control activities through the development and implementation of Corrective Action Registers. Actions identified from inspections, incident investigations and audits are entered to the register, accountability for actions is assigned and progress monitored until close out is attained.
- OHSW competencies identified as requirements of positions and included in competency based job descriptions

**Rigorous Evaluation:**

The following actions from the SIPS Implementation plan have been achieved:

- To ensure that effective evaluation of the OHS&IM system occurs, DWLBC has resourced an internal audit program to assess compliance with OHSW&IM policies and procedures for continuous improvement. A team of internal auditors comprising a manager and an employee representative from each Division has been trained and a schedule of internal audits has been commenced. Outcomes of audits will be reported to management on a regular basis to be used to assist identification of future improvement strategies. Management review and benchmarking of OHSW performance against SIPS targets is undertaken regularly. DWLBC Executive is provided with a quarterly report detailing performance against the SIPS targets established for DWLBC.
- Processes contained in the Performance Standards for Self Insurers have been included in the methodology supporting the revised OHS&IM system. Managers have been made aware of the requirements of the Performance Standards. DWLBC has successfully completed an external audit of its OHS&IM system conducted by the Work Cover Corporation.

**Responsible Officer Report:**

A Responsible Officer report for 2007 was submitted to Work Cover in March 2008. No potential or alleged breaches of sections 58B and 58C of the Workers Rehabilitation and Compensation Act (1986) were identified.

**External Audit of OHS&IM System:**

Work Cover conducted a data validation review of DWLBC claims processing in October 2007. The review confirmed that DWLBC's processes meet the required terms of the 4th Schedule of the Workers Rehabilitation and Compensation (Claims and Registration) Regulations 1999.

During April 2008 Work Cover conducted a formal evaluation of DWLBC's OHSW&IM systems against the requirements of the Performance Standards for Self- Insurers. The outcome of this evaluation is that DWLBC has been determined to be fully compliant with the requirements of the Standards and has met the Level 3



requirements under the Natural Consequences Model. Work Cover's recommendation is that DWLBC's self-insured status be renewed for a 3-year period, expiring on 30<sup>th</sup> June 2011.

**Table 1: OHS Notices and Corrective Action taken**

Number of notifiable occurrences pursuant to OHS&W Regulations Division 6.6	3
Number of notifiable injuries pursuant to OHS&W Regulations Division 6.6	1
Number of notices served pursuant to OHS&W Act s35, s39 and s40 (default, improvement and prohibition notices)	1

Comment:

*A notifiable injury occurred in July 2007 in which a water meter reader was exposed to a chemical substance and suffered respiratory irritation whilst accessing a water meter on private land. An improvement notice was issued by Safe Work SA and corrective action was taken to modify the safe work practice concerning meter reading to contra-indicate clearing of material obstructing access to meters.*

**Table 2: Agency gross workers compensation expenditure for 2007-08 compared with 2006-07**

<b>EXPENDITURE</b>	<b>2007-08 (\$)</b>	<b>2006-07 (\$)</b>	<b>Variation (\$)+ (-)</b>	<b>% Change + (-)</b>
Income Maintenance	97 586	72 332	+ 25 254	+ 35%
Lump Sum Settlements Redemptions - Sect.42	0	153 000	- 153 000	-100%
Lump Sum Settlements Permanent Disability – Sect. 43	0	0	0	0
Medical/Hospital Costs combined	52 749	26 185	+ 26 564	+ 101%
Other	8 271	6 542	+ 1 729	+ 26%
<b>Total Claims Expenditure</b>	<b>158 606</b>	<b>258 059</b>	<b>- 99 453</b>	<b>- 39%</b>

Comment:

*Overall workers compensation expenditure has decreased by 39% in comparison to the 2006-07 financial year. The majority of workers compensation costs (85%) continue to relate to a small number of ongoing claims. However, there has been an increase in costs associated with new claims during the 2007-08 financial year. New claims costs have increased from 9.5% to 15% of total costs and this has been associated with an increase in average days lost per new lost time claim from 6.5 to 10.6. This is a reflection of a difference in nature of injury. In 2006-07 the majority of new claims were due to slips and falls, however in 2007-8 the major*

mechanisms of injury were body stressing (47%) and chemical exposure (20%).

**Table 3: Meeting Safety Performance Targets**

	Base: 2005-06	Performance: 12 months to end of June 2008 *			Final Target
	Number or %	Actual	Notional Quarterly "Target"	Vari- ation	Number or %
1. Workplace Fatalities	0	0	0	0	0
2. New Workplace Injury Claims	21	15	19	-4	17
3. New Workplace Injury Claims Frequency Rate	22.9	11.3	20.6	-9.3	18.3
4. Lost Time Injury Frequency Rate ***	6.5	6.0	5.9	+0.1	5.2
5. New Psychological Injury Claims	0	0	0	0	0
6. Rehabilitation and Return to Work:					
6a. Early Assessment within 2 days	66.67%	73.33%	80%	-6.67%	80% or more
6b. Early Intervention within 5 days	100%	100%	80%	+20%	80% or more
6c. RTW within 5 business days	81%	78.6%	75%	+3.6%	75% or more
7. Claim Determination:					
7a. Claims determined in 10 business days	76.2%	57.1%	75%	-17.9%	75% or more
7b. Claims still to be determined after 3 months	0%	0%	3%	-3%	3% or less
8. Income Maintenance Payments for Recent Injuries:					
2006/07 Injuries (at 24 months development)		\$15 666	\$6 935	+\$8 731	Below previous 2 years average
2007/08 Injuries (at 12 months development)		\$14 629	\$5 393	+\$9 236	Below previous 2 years average
* Except for Target 8, which is YTD. For Targets 5, 6c, 7a and 7b, performance is measured up to the previous quarter to allow reporting lag.					
** Based on cumulative reduction from base at a constant quarterly figure.					

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

Lost Time Injury frequency rate (new claims):  $\frac{\text{Number of new cases of lost-time injury/disease for year}}{1\,000\,000 \times \text{Number of hours worked in the year}}$

*Comment:*

DWLBC met the targets relating to the number of new claims and injury frequency rates (total and lost time claims rates). (Targets 1 – 5) Rehabilitation targets 6(b) and 6(c) have been met. Performance against Target 6(a), initial rehabilitation assessments conducted within 2 days of notification of injury, requires improvement. Managers have been reminded of notification requirements and additional injury management training for managers is being provided to encourage compliance with this early reporting requirement.

Target 7 relating to claims determination time-lines is not being met currently. Reasons for delays in claims determination have included delays in forwarding paperwork and Injury Management Services seeking medical opinions prior to finalising claim determination. This area will be targeted for investigation to seek ways of improving performance.

Calculation of the DWLBC income maintenance target (8) was based on the Department's low income maintenance payments over the preceding years. As a consequence of the change in nature of injuries experienced in the 2007-08 financial year these targets have been exceeded.

## Appendix B. — Auditor General's Report

### INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

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audgensa@audit.sa.gov.au  
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#### **To The Chief Executive Department of Water, Land and Biodiversity Conservation**

As required by section 31 of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Department of Water, Land and Biodiversity Conservation for the financial year ended 30 June 2008. The financial report comprises:

- An Income Statement
- A Balance Sheet
- A Statement of Changes in Equity
- A Cash Flow Statement
- A Program Schedule of Expenses and Income
- Notes to and forming part of the Financial Statements
- An Administered Income Statement
- An Administered Balance Sheet
- A Statement of Changes in Administered Equity
- An Administered Cash Flow Statement
- An Administered Program Schedule of Income and Expenses
- Notes to and forming part of the Administered Statements
- A certificate from the Chief Executive and the Chief Finance Officer.

#### **The Responsibility of the Chief Executive for the Financial Report**

The Chief Executive is responsible for the preparation and the fair presentation of the financial report in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The Auditing Standards require that the auditor complies with relevant ethical requirements relating to audit engagements and plans and performs the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

**Auditor's Opinion**

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Department of Water, Land and Biodiversity Conservation as at 30 June 2008, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards (including the Australian Accounting Interpretations).



**S O'Neill**  
**AUDITOR-GENERAL**  
29 September 2008

## Certification of the Financial Report

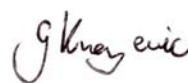
We certify that the attached general purpose financial report for the Department of Water, Land and Biodiversity Conservation:

- complies with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian accounting standards;
- are in accordance with the accounts and records of the department; and
- presents a true and fair view of the financial position of the Department of Water, Land and Biodiversity Conservation as at 30 June 2008 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Department of Water, Land and Biodiversity Conservation for the financial year over its financial reporting and its preparation of the general purpose financial report have been effective throughout the reporting period.



Scott Ashby  
Chief Executive  
24 September 2008



George Knezevic  
Chief Finance Officer  
24 September 2008

## Appendix C. — Financial Performance

### INCOME STATEMENT For the year ended 30 June 2008

	Note No.	2008 \$'000	2007 \$'000
<b>EXPENSES</b>			
Employee benefit expenses	6	46 055	40 099
Supplies and services	7	44 757	38 953
Depreciation and amortisation expense	8	2 384	2 581
Grants and subsidies	9	37 342	37 313
Other expenses	10	13 727	4 991
<b>Total Expenses</b>		<b>144 265</b>	123 937
<b>INCOME</b>			
Revenues from fees and charges	13	21 116	13 110
Interest revenues	14	431	211
Net (loss)/gain from disposal of non-current assets	15	(15)	29
Grant revenues	16	36 018	29 174
Other revenues	17	18 683	1 357
<b>Total Income</b>		<b>76 233</b>	43 881
<b>NET COST OF PROVIDING SERVICES</b>		<b>68 032</b>	80 056
<b>REVENUES FROM SA GOVERNMENT</b>	12	<b>96 855</b>	93 469
<b>NET RESULT</b>		<b>28 823</b>	13 413

The net result is attributable to the SA Government  
as owner

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

**BALANCE SHEET**  
As at 30 June 2008

	Note No.	2008 \$'000	2007 \$'000
<b>CURRENT ASSETS</b>			
Cash	18	57 925	27 578
Receivables	19	8 858	5 017
Inventories	20	1 349	1 216
<b>Total Current Assets</b>		<b>68 132</b>	33 811
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	21	66 421	67 372
Intangible assets	22	5 745	5 299
<b>Total Non-Current Assets</b>		<b>72 166</b>	72 671
<b>Total Assets</b>		<b>140 298</b>	106 482
<b>CURRENT LIABILITIES</b>			
Payables	23	7 472	4 527
Employee benefits	24	4 295	3 600
Provisions	25	162	133
<b>Total Current Liabilities</b>		<b>11 929</b>	8 260
<b>NON-CURRENT LIABILITIES</b>			
Payables	23	964	903
Employee benefits	24	9 137	7 932
Provisions	25	426	370
<b>Total Non-Current Liabilities</b>		<b>10 527</b>	9 205
<b>Total Liabilities</b>		<b>22 456</b>	17 465
<b>NET ASSETS</b>		<b>117 842</b>	89 017
<b>EQUITY</b>			
Contributed capital		8 164	8 164
Asset revaluation reserve		24 282	24 280
Retained earnings		85 396	56 573
<b>TOTAL EQUITY</b>		<b>117 842</b>	89 017

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	26
Contingent assets and liabilities	27

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



## STATEMENT OF CHANGES IN EQUITY

**For the year ended 30 June 2008**

	Contribute d Capital \$'000	Asset Revalu ation Reserv e \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 30 June 2006</b>	8 164	24 068	43 595	75 827
Error correction	-	-	(435)	(435)
Gain on revaluation of property, plant and equipment and intangibles during 2006-07	-	212	-	212
<b>Net income recognised directly in equity for 2006-07</b>	-	212	(435)	(223)
Net Result for 2006-07	-	-	13 413	13 413
<b>Total Recognised Income and Expense for 2006-07</b>	-	212	12 978	13 190
<b>Balance at 30 June 2007</b>	8 164	24 280	56 573	89 017
Net Result for 2007-08	-	2	28 823	28 825
<b>Balance at 30 June 2008</b>	<b>8 164</b>	<b>24 282</b>	<b>85 396</b>	<b>117 842</b>

**All Changes in equity are attributable to the SA Government as owner**

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

**CASH FLOW STATEMENT**  
For the year ended 30 June 2008

	Note	2008 Inflows (Outflows) \$'000	2007 Inflows (Outflows) \$'000
	No.		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
CASH OUTFLOWS			
Employee benefit payments		(44 098)	(38 928)
Payments for supplies and services		(41 923)	(38 766)
Payments of grants and subsidies		(37 342)	(37 313)
Other payments		(13 638)	(4 980)
GST payments on purchases		(9 447)	(8 746)
GST paid to the Australian Taxation Office		-	(181)
<b>Cash used in operations</b>		<b>(146 448)</b>	<b>(128 914)</b>
CASH INFLOWS			
Fees and charges		17 358	13 560
Grant receipts		36 018	29 174
Interest received		381	200
Other receipts		18 683	1 357
GST receipts on sales		4 783	2 326
GST recovered from the Australian Taxation Office		4 720	6 208
<b>Cash generated from operations</b>		<b>81 943</b>	<b>52 825</b>
Receipts from SA Government		96 855	93 469
<b>Cash generated from SA Government</b>		<b>96 855</b>	<b>93 469</b>
<b>Net Cash provided by Operating Activities</b>	29	<b>32 350</b>	<b>17 380</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
CASH OUTFLOWS			
Purchase of property, plant and equipment		(1 429)	(1 662)
Purchase of intangibles		(574)	-
<b>Cash used in investing activities</b>		<b>(2 003)</b>	<b>(1 662)</b>
CASH INFLOWS			
Proceeds from sale of property, plant and equipment		-	822
<b>Cash generated from investing activities</b>		<b>-</b>	<b>822</b>
<b>Net Cash (used in) Investing Activities</b>		<b>(2 003)</b>	<b>(840)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		-	-
<b>NET INCREASE IN CASH</b>		<b>30 347</b>	<b>16 540</b>
CASH AT 1 JULY		27 578	11 038
<b>CASH AT 30 JUNE</b>	18,29	<b>57 925</b>	<b>27 578</b>

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

## PROGRAM SCHEDULE OF EXPENSES AND INCOME

For the year ended 30 June 2008

	NRM		NRM (River Murray)		General		Program Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>EXPENSES</b>								
Employee benefit expenses	28 149	25 185	9 715	7 822	8 191	7 092	<b>46 055</b>	40 099
Supplies and services	23 512	22 344	15 282	9 047	5 963	7 562	<b>44 757</b>	38 953
Depreciation and amortisation expense	2 384	2 581	-	-	-	-	<b>2 384</b>	2 581
Grants and subsidies	6 344	8 152	30 997	29 126	1	35	<b>37 342</b>	37 313
Other expenses	84	38	13 307	5 525	336	(572)	<b>13 727</b>	4 991
<b>Total Expenses</b>	<b>60 473</b>	<b>58 300</b>	<b>69 301</b>	<b>51 520</b>	<b>14 491</b>	<b>14 117</b>	<b>144 265</b>	123 937
<b>INCOME</b>								
Revenues from fees and charges	9 177	6 494	11 221	6 515	718	101	<b>21 116</b>	13 110
Grant revenues	24 979	21 987	10 988	7 139	51	48	<b>36 018</b>	29 174
Interest revenues	427	187	4	17	-	7	<b>431</b>	211
Net (loss)/gain on disposal of non-current assets	-	12	-	-	(15)	17	<b>(15)</b>	29
Other revenues	1 069	1 097	17 571	20	43	240	<b>18 683</b>	1 357
<b>Total Income</b>	<b>35 652</b>	<b>29 777</b>	<b>39 784</b>	<b>13 691</b>	<b>797</b>	<b>413</b>	<b>76 233</b>	43 881
<b>NET COST OF PROVIDING SERVICES</b>	<b>24 821</b>	<b>28 523</b>	<b>29 517</b>	<b>37 829</b>	<b>13 694</b>	<b>13 704</b>	<b>68 032</b>	80 056
<b>REVENUES FROM SA GOVERNMENT</b>								
Revenues from SA Government	3 601	2 572	22 174	21 113	71 080	69 784	<b>96 855</b>	93 469
<b>NET RESULT</b>	<b>(21 220)</b>	<b>(25 951)</b>	<b>(7 343)</b>	<b>(16 716)</b>	<b>57 386</b>	<b>56 080</b>	<b>28 823</b>	13 413

The Program Schedule of Expenses and Income does not separately identify Program 3 '*Water Security*' which commenced during March 2008 and is reported for the first time in the 2008-09 Budget Papers. The relevant expenses and income pertaining to this program are included in program 2.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

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) *Statement of Compliance*

The financial report is a general-purpose financial report. The accounts have been prepared in accordance with Australian accounting standards and Treasurer's instructions and accounting policy requirements promulgated under the provision of the *Public Finance and Audit Act 1987*.

Australian accounting standards include Australian equivalents to International Financial Reporting Standards and AAS29 *Financial Reporting by Government Departments*. Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2008. Refer to Note 4.

#### (b) *Basis of preparation*

The preparation of the financial report requires:

the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes;

accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported;

compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:

revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies;

expenses incurred as a result of engaging consultants

employees whose normal remuneration is \$100,000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and

board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

The Cash Flow Statement has been prepared on a cash basis.

The financial report has been prepared based on a twelve month operating cycle and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial report for the year ended 30 June 2008 and the comparative information presented for the year ended 30 June 2007.

**(c) The Reporting Entity**

The Department is a government department of the State of South Australia, established pursuant to the *Public Sector Management Act 1995*. The Department is an administrative unit acting on behalf of the Crown.

The financial report includes all of the controlled activities of the Department of Water, Land and Biodiversity Conservation (DWLBC). These include transactions on behalf of the Save the River Murray Fund (STRMF). The STRMF is established under section 100 of the *Waterworks Act 1932* and is funded through the Save the River Murray Levy. The STRMF is applied to a program of works and measures to improve and promote the 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.

Transactions and balances relating to administered resources are not recognised as departmental income, expenses, assets and liabilities. As administered items are significant in relation to the Department's overall financial performance and position, they are disclosed in the administered financial statements at the back of the controlled General Purpose Financial Report. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

Transactions in relation to the Murray-Darling Basin Commission are reflected in both the Department's controlled activities and also administered items (refer Note 3 for further details).

**(d) Comparative information**

The presentation and classification of items in the financial report are consistent with prior periods except where a specific accounting policy statement or Australian accounting standard has required a change.

Where presentation or classification of items in the financial report has been amended comparative amounts have been reclassified unless reclassification is impracticable.

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

**(e) Rounding**

All amounts in the financial report have been rounded to the nearest thousand dollars (\$'000).

**(f) Taxation**

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

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

when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and

receivables and payables, which are stated with the amount of the GST included.

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

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

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

**(g) Events after balance date**

When an event occurs after 30 June but provides information about conditions that existed at 30 June, adjustments are made to amounts recognised in the financial statements.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and

which may have a material impact on the results of subsequent years. Refer Note 32 for further details.

**(h) *Income and expenses***

Income and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the Department will occur and can be reliably measured.

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

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

Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

**Income**

The following are specific recognition criteria:

*Fees and charges*

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

*Contributions received*

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

Generally, the Department has obtained control or the right to receive for:  
contributions with unconditional stipulations - this will be when the agreement becomes enforceable i.e. the earlier of when the receiving entity has formally been advised that the contribution (e.g. grant application) has been approved; agreement/contract is executed; and/ or the contribution is received;

contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

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

*Disposal of non-current assets*

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

Any gain/(loss) on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deduction from proceeds of the asset at that time.

*Revenues from SA Government*

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

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

*Other revenues*

Other revenues include monies invested by other jurisdictions in South Australian water recovery measures under The Living Murray initiative together with funds from the temporary trading of water entitlements and pastoral lease rentals.

**Expenses**

*Employee benefits*

Employee benefit expense includes all costs related to employment including wages and salaries and leave entitlements. These are recognised when incurred.

*Superannuation*

The amount charged to the Income Statement represents the contributions made by the Department to the superannuation plan in respect of current services of current Departmental

staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole-of-government general-purpose financial report.

The Department made contributions for the 2007-08 financial year of \$4 604 000 (\$3 983 000).

*Contributions paid*

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

All contributions paid by the department have been contributions with unconditional stipulations attached.

*Resources provided free of charge*

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

*Payments to SA Government*

Payments to the SA Government include the return of surplus cash pursuant to the *Cash Alignment Policy*, taxation revenues and expiation fees received on behalf of the Government and paid directly to the Consolidated Account.

**(i) Current and non-current classification**

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

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

**(j) Cash**

Cash in the Balance Sheet includes cash at bank and on hand.

For the purposes of the Cash Flow Statement, cash consists of cash as defined above.

Cash is measured at nominal value. Refer Note 18.

**(k) Receivables**

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

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are generally receivable within 30 days after the issue of an invoice or the goods/ services have been provided under a contractual arrangement.

Collectibility of trade receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Department will not be able to collect the debt. Bad debts are written off when identified. Refer Note 19.

**(l) Inventories**

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

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

**(m) Non-current asset acquisition and recognition**

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

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Balance Sheet. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor prior to transfer.

Where the payment for an asset is deferred, the Department measures the obligation at the present value of the future outflow, discounted using the interest rate of a similar length borrowing. There were no such assets recorded at balance date.

All non-current tangible assets with a value of \$5 000 or greater are capitalised.

Minor assets with an individual value of less than \$5 000 are expensed in the Income Statement at the time of acquisition, with the exception of Groundwater Monitoring Wells and the Surface Water Monitoring Network due to the significant number and long useful lives of the assets contained within these classes. All assets for these classes have been recognised in the Balance Sheet regardless of their initial cost of acquisition.

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is greater than \$5 million for infrastructure assets and \$1 million for other assets.

**(n) Revaluation of non-current assets**

All non-current tangible assets are valued at written down current cost (a proxy for fair value); and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than 3 years.

The Department revalues its land, buildings and leasehold improvements. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value. An independent valuation appraisal will be performed at least every 5 years.

Any revaluation increment is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised in the Income Statement, in which case the increase is recognised in the Income Statement.

Any revaluation decrease is recognised in the Income Statement, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in revaluations reserve for that asset class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

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

**(o) Impairment**

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

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

**(p) Depreciation and amortisation of non-current assets**

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

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

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

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

Land is not depreciated.

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

<b>Class of asset</b>	<b>Useful life (years)</b>
Buildings	10 - 47
Leasehold improvements	Life of lease
Groundwater monitoring wells	1 - 100
Patawalonga seawater circulation and Barcoo	7 - 97
Surface water monitoring network	1 - 69
Waste disposal stations	22



**(q) Intangible assets**

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

The useful lives of intangible assets are assessed to be either finite or indefinite. The Department has intangible assets with finite and infinite lives.

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

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

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

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

**(r) Payables**

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

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

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

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

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

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

**(s) Employee Benefits**

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

*Wages, salaries, annual leave and sick leave*

Liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

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

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

*Long service leave*

The liability for long service leave is recognised after an employee has completed 6.5 years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave taken.

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

*Employee benefit on-costs*

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

#### *Provisions*

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

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

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

A provision has been 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 Workforce Division of the Department of the Premier and Cabinet.

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 Workforce Division.

#### **(t) Financial guarantees**

At the time a financial guarantee contract is issued, it is recognised as a liability initially measured at fair value. If there is a material increase in the likelihood that the guarantee may have to be exercised, the financial guarantee is measured at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

In the determination of fair value, consideration is given to the following factors:

the overall capital management / prudential supervision framework in operation;

the protection provided by the State Government by way of funding should the probability of default increase;

the probability of default by the guaranteed party; and

the likely loss to the department in the event of default.

The Department has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2008 (there was no material liability recognised for financial guarantee contracts in 2007).

#### **(u) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Department has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Department has entered into non-cancellable operating lease arrangements for office accommodation where the lessor effectively retains all of the risks and benefits incidental to ownership of the items held under the operating lease. Refer to Note 26 for further details.

The Department has not entered into any finance leases.

#### *Operating leases*

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

#### **(v) Unrecognised contractual commitments and contingent assets and liabilities**

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

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Refer Note 27.

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

#### **(w) Interests in Joint Ventures**

##### *Cooperative Research Centres*

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

While CRCs have the characteristics of joint ventures, they are not material to the Department and no separate disclosure for 2008 has been made in accordance with the AASB 131 *Interest in Joint Ventures*.

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

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

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

In 2007-08, the Department contributed \$1 500 000 in both cash and in-kind support for the following CRCs:

CRC for Future Farm Industries  
CRC for Irrigation Futures  
CRC for Australian Weed Management  
CRC for Invasive Animals  
CRC for Desert Knowledge  
CRC for E-Water

#### *NRM Alliance*

The NRM Alliance (the Alliance) comprises all eight regional Natural Resources Management Boards, the NRM Council, South Australia's state NRM agencies (Department for Environment and Heritage, Department of Water, Land and Biodiversity Conservation, Department of Primary Industries and Resources SA), the Department of Further Education, Employment, Science and Technology, CSIRO and South Australia's three academic institutions.

The relevant stakeholders have established the purpose of the Alliance to be to:

foster and strengthen linkages between the users and providers of NRM science, technology and innovation;  
foster and strengthen collaboration between providers of NRM science, technology and innovation to increase capacity and capability;  
provide strategic advice on the adoption of NRM science, technology and innovation;  
attract and direct investment into NRM science, technology and innovation that will support improved NRM outcomes.

The Alliance's activities are administered through a deposit account held with the Treasurer.

#### *Murray Darling Basin Commission*

Note 3 refers to changes in accounting for the Murray-Darling Basin Commission (MDBC). During 2007-08, the Department recognised the State of South Australia's equity (ownership) interest in the assets and liabilities of the MDBC, as from 1 July 2006. As the Department administers the State's investment in the MDBC, these transactions are reflected in the administered items.

### **(x) Future Developments in Financial Reporting**

Notes 2(a) and 2(c) provide relevant information on the statement of compliance and the reporting entity. Notwithstanding, 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 financial statements would be prepared and then consolidated with that component of the Department (excluding STRMF). This is intended to improve the overall 'understandability' of the Department's general-purpose financial report, an essential qualitative characteristic of financial reporting. Necessary legislative amendments and reporting arrangements are planned to be in place for the preparation of the 2008-09 financial reports.

ongoing monitoring of the 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 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.

### **3. Changes in accounting for the Murray-Darling Basin Commission**

In Note 2(p) *Future Developments in Financial Reporting* to the 2006-07 financial statements, the Department signalled its intention to review the basis of accounting for any interest in the Murray-Darling Basin Commission (MDBC) assets and liabilities. Previously the Department had reported that various assets under the control of the MDBC were not recognised as assets of the Department (refer Note 2(d) *Assets Not Recognised* to the 2006-07 financial statements).

Following an assessment of the relevant principles, accounting treatment and legislative developments during 2007-08, the Department has recognised the State of South Australia's equity (ownership) interest in the assets and liabilities of the MDBC in the 2007-08 financial statements, as from 1 July 2006. The accounting approach has been to recognise the equity interest in the MDBC as a *joint interest in an entity* (pursuant to AASB 131) and to equity account for this interest.

The equity interest (pursuant to a meeting of the MDBC Finance Committee held in March 2003) is 26.67 percent. Equity in the MDBC is limited to those governments (SA, NSW, Victoria and the Commonwealth), which have contributed to the construction and planned (major) maintenance (capital component) of the River Murray Water infrastructure assets. As Queensland and the ACT contributions apply only to operating activities they have been deemed not to share in the equity of the MDBC.

Equity shares are not adjusted to reflect annual budget contributions to Investigation and Construction Works and Planned (major) Maintenance.

This accounting decision constitutes an omission in prior years and hence the Department has reported the first time recognition of its equity interest as an accounting error at 1 July 2006. The effect on the 2007-08 administered financial statements was:

- Investments in associated joint ventures impacted by \$647.046 million (\$614.919 million)
- Share of gain in joint venture associates impacted by \$9.124 million (\$4.622 million)
- Retained earnings impacted by \$471.561 million (\$462.437 million)
- Asset revaluation reserve impacted by \$175.485 million (\$152.482 million)

As the Department administers the State's investment in the MDBC, these transactions are reflected in the administered items. Notwithstanding, the Department also conducts activities in relation to the MDBC forming part of its controlled activities.

These activities include the individual MDBC jurisdictional contributions to the annual budget of the MDBC, calculated on the MDBC Contributions Model. Under the *Waterworks (Save the River Murray Levy) Amendment Bill 2003* contributions to the MDBC are proportioned between the provision of State appropriation and the Save the River Murray Fund. The total contribution for 2007-08 was \$22.5 million.

In addition to the above, contributions are made to the River Murray Works expenditure in accordance with prescribed expenditures. Income derived from River Murray Works is shared between the jurisdictions in terms of specified ratios and are reflected in the Income Statement under fees and charges.

Developments relating to the MDBC are further referred in Note 32.

#### **4. Changes in Accounting Policies**

The Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the reporting period ending 30 June 2008. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial report of the Department.

#### **5. Programs of the Department**

In achieving its objective, the department provides a range of services classified into the following programs:

##### ***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.

The Program Schedule of Expenses and Income does not separately identify Program 3 'Water Security' which commenced during March 2008 and is reported for the first time in the 2008-09 Budget Papers. The relevant expenses and income pertaining to this program are included in program 2.

The Program Schedule of Expenses and Income reflected immediately prior to the 'Notes to and forming part of the financial statements' presents expense and income information regarding departmental programs for the years ended 30 June 2007 and 30 June 2008.

## 6. Employee Benefit Expenses

	2008	2007
	\$'000	\$'000
Salaries and wages	33 495	29 457
Superannuation	4 604	3 983
Annual leave	3 207	2 804
Long service leave	2 120	1 572
Workers compensation	245	57
Board fees	126	139
Other	2 258	2 087
<b>Total Employee Benefit Expenses</b>	<b>46 055</b>	<b>40 099</b>

There were no targeted voluntary separation packages paid during the reporting period.

## Remuneration of Employees

	2008	2007
The number of employees whose remuneration received or receivable falls within the following bands:		
\$100 000 - \$109 999	20	15
\$110 000 - \$119 999	5	8
\$120 000 - \$129 999	6	4
\$130 000 - \$139 999	4	3
\$140 000 - \$149 999	3	2
\$150 000 - \$159 999	1	-
\$160 000 - \$169 999	1	3
\$170 000 - \$179 999	4	2
\$180 000 - \$189 999	1	-
\$190 000 - \$199 999	1	2
\$270 000 - \$279 999	-	1
\$290 000 - \$299 999	1	-
<b>Total Number of Employees</b>	<b>47</b>	<b>40</b>

The table includes all employees who received remuneration of \$100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received or receivable by these employees for the year was \$6 096 000 (\$5 174 000).

## 7. Supplies and Services

	SA Govt	Non-SA Govt	2008	2007
	\$'000	\$'000	\$'000	\$'000
<b>Supplies and services expenses for the reporting period comprised of:</b>				
Contractors	9 084	12 872	21 956	19 132
Service level agreement	3 830	75	3 905	3 492
Accommodation	2 443	889	3 332	2 761
Vehicles	1 856	411	2 267	2 049
Computing	252	1 077	1 329	1 072
Travel and accommodation	18	1 407	1 425	1 277
Printing, publishing and stationery	192	518	710	719
Telephones	344	228	572	645
Chemical analysis	30	752	782	1 896
Minor plant and equipment purchases	100	1 434	1 534	1 085
Maps, photographs and plans	195	381	576	64
Consultancies	-	438	438	369
Materials and consumables	9	956	965	575
Equipment repairs and maintenance	47	414	461	412
Advertising, exhibition and promotion	6	785	791	542
Legal fees	435	32	467	249
Staff development	69	865	934	798
Other supplies and services	636	1 677	2 313	1 816
<b>Total Supplies and Services</b>	<b>19 546</b>	<b>25 211</b>	<b>44 757</b>	<b>38 953</b>

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

Below \$10 000

Between \$10 000 and \$50 000

Above \$50 000

**Total Paid/Payable to the Consultants Engaged**

No	2008 \$'000	No	2007 \$'000
37	131	18	84
8	144	10	219
3	163	1	66
<b>48</b>	<b>438</b>	<b>29</b>	<b>369</b>

**8. Depreciation and Amortisation Expense**

	2008 \$'000	2007 \$'000
Patawalonga seawater circulation and Barcoo	354	351
Groundwater monitoring wells	584	892
Plant and equipment	580	479
Salinity disposal schemes	349	345
Surface water monitoring network	58	62
Waste disposal stations	63	63
Buildings	41	47
Intangible Assets	355	342
<b>Total Depreciation and Amortisation Expense</b>	<b>2 384</b>	<b>2 581</b>

**9. Grants and Subsidies**

	2008 \$'000	2007 \$'000
<b>Grants and subsidies paid/payable to entities external to the SA Government</b>		
Murray Darling Basin Commission	22 470	21 607
Department of Primary Industries and Fisheries (Qld) - red imported fire ants	553	417
Irrigators - Lower Murray reclaimed irrigation areas	2 436	3 738
Department of Agriculture, Fisheries and Forestry (Commonwealth)	-	37
Lake Eyre Basin - Environment Australia	155	125
Department of Sustainability and Environment	-	179
Trees for Life	-	35
Murray Darling Basin Association Inc	20	20
Other grants	1 748	2 170
<b>Total Grants and Subsidies – Non SA Government Entities</b>	<b>27 382</b>	<b>28 328</b>
<b>Grants and subsidies paid/payable to entities within the SA Government</b>		
GH Michell trade waste subsidy	-	1 844
River Murray improvement program - SA Government agencies	1 062	1 435
Grant subsidy (transferred to Administered Item - Dog Fence Board)	441	425
Transfer to NRM Fund in respect of Appropriations allocated to the regional NRM Boards*	3 269	3 771
Other grants to regional NRM Boards in respect of animal and plant control - not transferable to NRM Fund	-	42
Rainwater Tank Rebate Scheme	1 648	250
Branched Broomrape Eradication	700	717
Minister for the River Murray infrastructure projects	-	400
Native Vegetation Fund	2 600	-
Other grants	240	101
<b>Total Grants and Subsidies - SA Government Entities</b>	<b>9 960</b>	<b>8 985</b>
<b>Total Grants and Subsidies</b>	<b>37 342</b>	<b>37 313</b>

\* Excludes appropriations received by the Department under Administered Items (\$400 000) in respect of the SA Arid Lands NRM Board.

**10. Other Expenses**

	2008	2007
	\$'000	\$'000
<b>Other expenses paid/payable to entities external to the SA Government</b>	<b>13 299</b>	<b>4 121</b>
Investment in water recovery projects*	95	-
Donated assets	47	11
Bad and doubtful debts	32	-
Audit fees	17	-
Other		
<b>Total Other Expenses – Non SA Government Entities</b>	<b>13 490</b>	<b>4 132</b>
<b>Other expenses paid/payable to entities within the SA Government</b>	<b>237</b>	<b>219</b>
Audit fees	-	640
Water acquisition*	237	859
<b>Total Other Expenses - SA Government Entities</b>	<b>237</b>	<b>859</b>
<b>Total Other Expenses</b>	<b>13 727</b>	<b>4 991</b>

\* Refer to Note 17 for further commentary regarding The Living Murray initiative.

**11. Auditor's Remuneration**

	2008	2007
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department	237	219
<b>Total Audit Fees</b>	<b>237</b>	<b>219</b>

**Other Services**

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

**12. Revenues from SA Government**

	2008	2007
	\$'000	\$'000
Appropriation from consolidated account pursuant to the <i>Appropriation Act 2007</i>	96 855	93 469
<b>Total Revenues from SA Government</b>	<b>96 855</b>	<b>93 469</b>

The revenues from SA Government include \$22 000 000 which was paid into the Save The River Murray Fund (the Fund), from the proceeds of the Save the River Murray levy which was introduced in the second quarter of the 2003-04 financial year. The Fund was established under section 100 of the *Waterworks Act 1932* (the Act) and monies credited to the Fund may only be applied to purposes set out in the Act. The total monies applied from the Fund were \$20 010 000. A special purpose financial report is prepared for the Fund.

**13. Revenues from Fees and Charges**

	2008	2007
	\$'000	\$'000
<b>Fees and charges received/receivable from entities external to the SA Government</b>	<b>10 659</b>	<b>8 155</b>
Sale of goods and services	2 109	1 793
Fees, levies and licences		
<b>Total Fees and Charges – Non SA Government Entities</b>	<b>12 768</b>	<b>9 948</b>
<b>Fees and charges received/receivable from entities within the SA Government</b>	<b>6 859</b>	<b>2 320</b>
Sale of goods and services	30	33
Fees, levies and licences	1 459	809
Service recoveries	8 348	3 162
<b>Total Fees and Charges - SA Government Entities</b>	<b>8 348</b>	<b>3 162</b>
<b>Total Fees and Charges</b>	<b>21 116</b>	<b>13 110</b>

**14. Interest Revenues**

	2008	2007
	\$'000	\$'000
Interest from entities within the SA Government	430	209
Other interest	1	2
<b>Total Interest Revenues</b>	<b>431</b>	<b>211</b>

15. Net (Loss)/Gain from Disposal of Non-Current Assets

	2008 \$'000	2007 \$'000
<b>Plant and Equipment</b>		
Proceeds from disposal	-	13
Less net book value of assets disposed	15	-
<b>Net (Loss)/Gain from Disposal of Plant and Equipment</b>	<b>(15)</b>	<b>13</b>
<b>Land and Buildings</b>		
Proceeds from disposal	-	809
Less net book value of assets disposed	-	793
<b>Net Gain from Disposal of Land and Buildings</b>	<b>-</b>	<b>16</b>
<b>Total Non-Current Assets</b>		
Total proceeds from disposal	-	822
Less total value of assets disposed	15	793
<b>Total Net (Loss)/Gain from Disposal of Non-Current Assets</b>	<b>(15)</b>	<b>29</b>

16. Grant Revenues

	2008 \$'000	2007 \$'000
<b>(a) Grant Revenues from the Commonwealth</b>		
Department of Agriculture Fisheries and Forestry - Branched Broomrape Eradication Program	1 176	1 154
National Water Commission - National Water Initiative - Mount Lofty Ranges	2 455	2 700
National Water Commission - National Water Initiative - Implementation	2 407	1 984
National Water Commission - National Water Initiative - South East	2 803	910
National Water Commission - National Water Initiative - Fractured Rock	258	363
National Water Commission - Restoring Flows to the Wetlands in the Upper South East of SA	1 083	-
Lake Eyre Basin Rivers Assessment	-	420
Other	1 210	440
<b>Total Grant Revenues from the Commonwealth</b>	<b>11 392</b>	<b>7 971</b>

	2008 \$'000	2007 \$'000
<b>(b) Grant Revenues from SA Government</b>		
SA Water Corporation - Western Mount Lofty Ranges	-	1 200
Department for Environment and Heritage	266	-
Adelaide and Mount Lofty Ranges NRM Board	300	477
SA Murray Darling Basin NRM Board	90	957
South East NRM Board	56	211
Alinytjara Wilurara NRM Board	100	-
South Australian Arid Lands NRM Board	354	-
Northern and Yorke NRM Board	202	73
Native Vegetation Fund	312	302
Other	242	168
<b>Total Grant Revenues from SA Government</b>	<b>1 922</b>	<b>3 388</b>

	2008 \$'000	2007 \$'000
<b>(c) Grant Revenues from National Action Plan</b>		
Grant Revenues from State National Action Plan Unmatched		
Administration Contribution	750	650
Regional Liaison Officers Annual Payment	20	-
Drylands Salinity	-	100
<b>Total Grant Revenues from State National Action Plan Unmatched</b>	<b>770</b>	<b>750</b>
Grant Revenues from National Action Plan Joint Commonwealth and State Funding		
Upper South East Program	8 157	7 597
Lower Murray Reclaimed Irrigation Areas	4 260	4 000
Salt Interception Scheme - Regional Disposal Strategy	2 873	495
Salt Interception Scheme - Pike/Munro	528	141
Salt Interception Scheme - Murtho	159	344
Salt Interception Scheme - Chowilla	323	502
Salt Interception Scheme - Other	211	29
Capacity Building	3 058	1 029
Upper South East Salinity Accession - (Centre for Natural Resource Management)	-	160
Centre for Natural Resource Management	67	130
Other	145	-
<b>Total Grant Revenues from National Action Plan Joint Commonwealth and State Funding</b>	<b>19 781</b>	<b>14 427</b>
<b>Total Grant Revenues from National Action Plan</b>	<b>20 551</b>	<b>15 177</b>



<b>(d) Grant Revenues from Natural Heritage Trust</b>		
Regional Liaison Officers Annual Payment	680	680
Administration of National Landcare Community Support	60	60
Other	161	120
<b>Total Grant Revenues from Natural Heritage Trust</b>	<b>901</b>	<b>860</b>
<b>(e) Grant Revenues from Other Entities</b>		
Loxton District Irrigation Rehabilitation - Growers	14	-
Branched Broomrape Eradication Program (Other State Governments)	976	957
Cooperative Research Centre Flora Search	50	390
Cooperative Research Centre for Plant Based Management of Dryland Salinity	-	102
Sundry grants and contribution	212	329
<b>Total Grant Revenues from Other Entities</b>	<b>1 252</b>	<b>1 778</b>
<b>Total Grant Revenues</b>	<b>36 018</b>	<b>29 174</b>

## 17. Other Revenues

	SA Govt \$'000	Non-SA Govt \$'000	2008 \$'000	2007 \$'000
Operating expenses recouped	5	35	40	174
Pastoral leases	-	893	893	888
The Living Murray*	-	17 562	17 562	-
Other revenue	38	150	188	295
<b>Total Other Revenues</b>	<b>43</b>	<b>18 640</b>	<b>18 683</b>	<b>1 357</b>

\* Revenues received pursuant to The Living Murray constitute monies invested by other jurisdictions in South Australian water recovery measures under The Living Murray initiative. These monies, together with funds generated through the temporary trade of water entitlements, are paid into a separate deposit account held with the Treasurer.

In accordance with the *Intergovernmental Agreement on Addressing Water Over Allocation and Achieving Environmental Objectives in the Murray-Darling Basin* ('the Intergovernmental Agreement'), the 2006 Supplementary Intergovernmental Agreement and the *Living Murray Business Plan*, South Australia has committed to recover an indicative 35 gigalitres of water and invest \$65 million in water recovery measures along the River Murray. This represents South Australia's contribution over five years (through to June 2009) toward a \$700 million, Basin-wide initiative to return 500 gigalitres of environmental flows to the River Murray.

The Living Murray Business Plan describes how the actions and milestones in the Intergovernmental Agreement are to be achieved. The expenditure authority is provided for in the Department of Water, Land and Biodiversity Conservation's forward estimates for the Save the River Murray Fund.

While the water must be recovered from South Australia, the State's investment may be in any water recovery measure in any Basin jurisdiction. These expenses are shown in Note 10, while commitments pursuant to the Living Murray initiative are shown in Note 26.

Clause 41 of the Intergovernmental Agreement specifies the maximum first call percentage a jurisdiction can invest in another jurisdiction's water recovery measure. As such when South Australia implements an appropriate water recovery measure, it is likely that other jurisdictions will invest in that measure.

## 18. Cash

	2008 \$'000	2007 \$'000
Deposits with the Treasurer	57 875	27 529
Deposits at call	42	42
Other	8	7
<b>Total Cash</b>	<b>57 925</b>	<b>27 578</b>

### **Deposits with the Treasurer**

Includes funds held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use, i.e. funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

### **Interest Rate Risk**

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

**19. Receivables**

	SA Govt \$'000	Non-SA Govt \$'000	2008 \$'000	2007 \$'000
<b>Current</b>				
Receivables	2 310	5 424	<b>7 734</b>	3 644
Less allowance for doubtful debts	-	(63)	<b>(63)</b>	(85)
Accrued interest	70	-	<b>70</b>	20
Workers compensation recoveries	21	-	<b>21</b>	21
GST receivables	-	1 085	<b>1 085</b>	1 417
Prepayments	-	11	<b>11</b>	-
<b>Total Current Receivables</b>	<b>2 401</b>	<b>6 457</b>	<b>8 858</b>	<b>5 017</b>

***Movement in the allowance for doubtful debts***

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in 'other expenses' in the Income Statement for specific debtors and debtors assessed on a collective basis for which such evidence exists.

***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. There is no concentration of credit risk.

**20. Inventories**

	2008 \$'000	2007 \$'000
Materials at cost	<b>1 349</b>	1 216
<b>Total Current Inventories</b>	<b>1 349</b>	<b>1 216</b>

21. **Property, Plant and Equipment, and Intangibles**  
**(a) Reconciliation of Carrying Amounts**

	2008			
	Cost	Valuation	Accumulated Depreciation/ Amortisation	Written Down Value
	\$'000	\$'000	\$'000	\$'000
Land and buildings	-	4 584	226	4 358
Groundwater monitoring wells	221	17 924	1 256	16 889
Surface water monitoring network	-	2 474	58	2 416
Waste disposal stations	-	1 383	315	1 068
Patawalonga seawater circulation and Barcoo	31	20 545	1 231	19 345
Plant and equipment	6 406	-	4 791	1 615
Salinity disposal schemes	-	20 031	1 046	18 985
Work in progress	1 745	-	-	1 745
<b>Total Property, Plant and Equipment</b>	<b>8 403</b>	<b>66 941</b>	<b>8 923</b>	<b>66 421</b>
Internally developed & acquired intangibles	<b>4 467</b>	<b>2 610</b>	<b>1 332</b>	<b>5 745</b>
<b>Total Property, Plant and Equipment, and Intangibles</b>	<b>12 870</b>	<b>69 551</b>	<b>10 255</b>	<b>72 166</b>

	2007			
	Cost	Valuation	Accumulated Depreciation/ Amortisation	Written Down Value
	\$'000	\$'000	\$'000	\$'000
Land and buildings	-	4 583	185	4 398
Groundwater monitoring wells	221	17 924	672	17 473
Surface water monitoring network	-	2 473	-	2 473
Waste disposal stations	-	1 383	252	1 131
Patawalonga seawater circulation and Barcoo	-	20 545	877	19 668
Plant and equipment	6 626	-	4 670	1 956
Salinity disposal schemes	-	20 031	697	19 334
Work in progress	939	-	-	939
<b>Total Property, Plant and Equipment</b>	<b>7 786</b>	<b>66 939</b>	<b>7 353</b>	<b>67 372</b>
Internally developed & acquired intangibles	<b>3 666</b>	<b>2 610</b>	<b>977</b>	<b>5 299</b>
<b>Total Property, Plant and Equipment, and Intangibles</b>	<b>11 452</b>	<b>69 549</b>	<b>8 330</b>	<b>72 671</b>

**(a) Movement Schedule**

	Land and Buildings	Groundwater Monitoring Wells	Surface Water Monitoring Network	Waste Disposal Stations	Patawalonga Seawater Circulation	Plant and Equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross Carrying Value</b>						
Balance as at 1 July	4 583	18 145	2 473	1 383	20 545	6 626
Additions	-	-	-	-	31	365
Transfers between classes	1	-	(1)	-	-	-
Disposals	-	-	-	-	-	(585)
Net revaluation increments	-	-	2	-	-	-
<b>Balance as at 30 June</b>	<b>4 584</b>	<b>18 145</b>	<b>2 474</b>	<b>1 383</b>	<b>20 576</b>	<b>6 406</b>
<b>Accumulated Depreciation</b>						
Balance as at 1 July	(185)	(672)	-	(252)	(877)	(4 670)
Transfers between classes	-	-	-	-	-	-
Disposals	-	-	-	-	-	459
Depreciation and amortisation	(41)	(584)	(58)	(63)	(354)	(580)
<b>Balance as at 30 June</b>	<b>(226)</b>	<b>(1 256)</b>	<b>(58)</b>	<b>(315)</b>	<b>(1 231)</b>	<b>(4 791)</b>
<b>Carrying Amount</b>						
<b>As at 30 June</b>	<b>4 358</b>	<b>16 889</b>	<b>2 416</b>	<b>1 068</b>	<b>19 345</b>	<b>1 615</b>

	Salinity Disposal Schemes	Work in Progress	Internally Developed Intangible Assets	Externally Acquired Intangible Assets	2008 Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross Carrying Value</b>					
Balance as at 1 July	20 031	939	3 520	2 756	81 001
Additions	-	1 033	359	215	2 003
Transfers between classes	-	(227)	227	-	-
Disposals	-	-	-	-	(585)
Net revaluation increments	-	-	-	-	2
<b>Balance as at 30 June</b>	<b>20 031</b>	<b>1 745</b>	<b>4 106</b>	<b>2 971</b>	<b>82 421</b>
<b>Accumulated Depreciation</b>					
Balance as at 1 July	(697)	-	(880)	(97)	(8 330)
Transfers between classes	-	-	-	-	-
Disposals	-	-	-	-	459
Depreciation and amortisation	(349)	-	(293)	(62)	(2 384)
<b>Balance as at 30 June</b>	<b>(1 046)</b>	<b>-</b>	<b>(1 173)</b>	<b>(159)</b>	<b>(10 255)</b>
<b>Carrying Amount</b>					
<b>As at 30 June</b>	<b>18 985</b>	<b>1 745</b>	<b>2 933</b>	<b>2 812</b>	<b>72 166</b>

(c) **Key features**

The Balance Sheet includes those non-current assets where identification, ownership, control and valuations can be reliably determined. Note 2(n) outlines the policy on non-current acquisition and recognition. Further details are provided hereunder in respect of specific assets.

*Asset Revaluations*

No assets were independently revalued during the year ending 30 June 2008. The following table details the revaluations undertaken in recent years for each class of asset.

Asset Class	Date of Last Independent Revaluation	Name of Valuer
Land and buildings	30 June 2003	Valcorp Pty Ltd
Groundwater monitoring wells	30 June 2006	GHD Pty Ltd
Surface water monitoring network	30 June 2007	Valcorp Pty Ltd
Waste disposal stations	30 June 2003	Valcorp Pty Ltd
Awalonga seawater circulation and Barcoo	1 January 2005	Errie and Brown (Australia) Pty Ltd
Plant and equipment*	-	
Waste disposal schemes	30 June 2005	Errie and Brown (Australia) Pty Ltd

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

*Intangible Assets*

An intangible asset for water licences has been recognised at 30 June 2008. The asset is comprised of water licences acquired in the market place, together with licences acquired for nil consideration. Also refer to Notes 2(s) and 22.

- *Water Licences – acquired in the market*

While the acquisition and transfer of water licences for environmental purposes are generally expensed when such expenditure is incurred, there may be points during which the nature of such assets is different/ transformed due to policy decisions. This applies to water licences, which have been acquired in the market place to 30 June 2008. Ultimately these licences will be applied for environmental purposes and the accounting treatment will be to expense the purchases.

- *Water licenses – acquired at no cost*

An intangible asset for water licences has been recognised.

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

- *Intangible Assets (Computer software)*

The internal development of software is capitalised by the Department when the expenditure meets the definition and recognition criteria of an intangible asset outlined in AASB 138 and when the amount of expenditure is greater than or equal to \$10 000, in accordance with *APF III Asset Accounting Framework* APS 2.15. All research and development costs that do not meet the capitalisation criteria 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). In addition, certain costs have been capitalised in respect of the Natural Resources Management Information System and are included in Work in Progress.

*Assets Not Recognised*

- *Acquisition of Water Licences for Environmental Flows*

While the Department recognises certain water licences controlled by the Minister for the River Murray as intangible assets at 30 June 2008 (refer Note 22), the acquisition and transfer of water licences for environmental purposes is generally expensed when such expenditure is incurred (refer previous comments here above).

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

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

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

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

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

It is acknowledged that the accounting for water licences represents an emerging set of accounting issues, including the accounting for intangible assets. These will likely be further impacted by future developments surrounding the transition of the Murray Darling Basin Commission to the newly established Murray-Darling Basin Authority, together with the impact of the Commonwealth legislation passed, principally the *Water Act 2007*, and the *Agreement on Murray-Darling Basin Reform* (refer Note 32).

- *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.

## 22. Intangible Assets

	2008 \$'000	2007 \$'000
<b>Internally Developed Intangible Assets</b>		
Internally developed computer software	4 106	3 520
Less accumulated amortisation	1 173	880
<b>Total Internally Developed Intangible Assets</b>	<b>2 933</b>	<b>2 640</b>
<b>Externally Acquired Intangible Assets</b>		
Computer and water licences	2 971	2 756
Less accumulated amortisation	159	97
<b>Total Acquired Intangible Assets</b>	<b>2 812</b>	<b>2 659</b>
<b>Total Intangible Assets</b>	<b>5 745</b>	<b>5 299</b>

## 23. Payables

	SA Govt \$'000	Non-SA Govt \$'000	2008 \$'000	2007 \$'000
<b>Current</b>				
Creditors and accrued expenses	4 795	1 958	6 753	3 719
Employment on-costs	360	359	719	808
<b>Total Current Payables</b>	<b>5 155</b>	<b>2 317</b>	<b>7 472</b>	<b>4 527</b>
<b>Non-Current</b>				
Employment on-costs	481	483	964	903
<b>Total Non-Current Payables</b>	<b>481</b>	<b>483</b>	<b>964</b>	<b>903</b>
<b>Total Payables</b>	<b>5 636</b>	<b>2 800</b>	<b>8 436</b>	<b>5 430</b>

### *Interest Rate Risk and Credit Risk*

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

**24. Employee Benefits**

	2008 \$'000	2007 \$'000
<b>Current</b>		
Annual leave	2 825	2 535
Long service leave	481	417
Accrued salaries and wages	989	648
<b>Total Current Employee Benefits</b>	<b>4 295</b>	<b>3 600</b>
<b>Non-Current</b>		
Long service leave	9 137	7 932
<b>Total Non-Current Employee Benefits</b>	<b>9 137</b>	<b>7 932</b>
<b>Total Employee Benefits</b>	<b>13 432</b>	<b>11 532</b>

The total current and non-current employee expense (i.e. aggregate employee benefit plus related on-costs) for 2008 is \$5 014 000 (\$4 408 000) and \$10 101 000 (\$8 835 000) respectively.

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the long service leave liability has not changed from the 2007 benchmark (6.5 years).

**25. Provisions**

	2008 \$'000	2007 \$'000
<b>Current</b>		
Provision for workers compensation	162	133
<b>Total Current Provisions</b>	<b>162</b>	<b>133</b>
<b>Non-Current</b>		
Provision for workers compensation	426	370
<b>Total Non-Current Provisions</b>	<b>426</b>	<b>370</b>
<b>Total Provisions</b>	<b>588</b>	<b>503</b>
<b>Carrying amount at 1 July</b>	<b>503</b>	<b>679</b>
Additional provisions (reduction in provision) recognised	245	57
Amounts used	(160)	(233)
<b>Carrying amount at 30 June</b>	<b>588</b>	<b>503</b>

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

**26. Unrecognised and Contractual Commitments**

<b>Operating Lease Commitments</b>	<b>2008 \$'000</b>	<b>2007 \$'000</b>
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	2 664	2 256
Later than one year but not later than five years	7 826	7 027
Later than five years	5 123	6 534
<b>Total Operating Lease Commitments</b>	<b>15 613</b>	<b>15 817</b>

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

<b>Remuneration Commitments</b>	<b>2008 \$'000</b>	<b>2007 \$'000</b>
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	12 029	11 231
Later than one year but not later than five years	6 892	9 376
<b>Total Remuneration Commitments</b>	<b>18 921</b>	<b>20 607</b>

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

<b>Other Commitments</b>	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Other expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	<b>48 424</b>	25 925
Later than one year but not later than five years	<b>31 632</b>	8 547
<b>Total Other Commitments</b>	<b>80 056</b>	<b>34 472</b>

The Department's other commitments are for agreements for National Red Imported Fire Ant Eradication Program in Queensland, projects under the Save The River Murray Fund where funds are payable to other agencies undertaking work on behalf of the department, contributions to the Murray Darling Basin Commission, infrastructure costs associated with the Living Murray – Water Recovery Program under inter-government agreements and management of biodiversity assets under the *Upper South East Dryland Salinity and Flood Management Act 2002*.

## 27. Contingent Assets and Liabilities

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

## 28. Remuneration of Board and Committee Members

Members that were entitled to receive remuneration for membership during the 2007-08 financial year were:

### *Centre for Natural Resource Management Board*

D Calvert *	R Lewis #	N Power #	C Reed *
R Hill *	N K Martin *	J Radcliffe	Y Sneddon

### *Environmental Management Advisory Group – Upper South East*

C England	M Geddes	A Aldersey#	M Bachmann#	M DeJong#	G Ganf*
J Hutson*	R Johnson#	R Merry*	S Mustafa#	J Schilling#	J Schulz*
S Vines#	J White*	G Wood#	D Willis#	G Mackenzie#	

### *Ministerial Advisory Committee on Branched Broomrape*

J Arney	D Cartwright #	J Klitscher	R Marks	M Thiele	J McGorman *
J Berger	M Cole *	F MacLeod #	J Marszal *	P Warren #	E Nicholls

### *Natural Resources Management Council Members and Sub-Committees*

W Bell	S Starick	K Stokes	D Mitchell	C Dodd *	M Ah Chee
M Bouchee	R Wickes *	G Webster	J Pedler	T Hartman #	J McKay
A Cheshire *	G Gates	M Dennis	F Simes	C Ireland	M Vast
K Lester	A Crisp *	D Haseldine	F Vickery	K Lester	D C Walker
D Mutton	N Crossman *	H MacDonald	C Woolford	G Lewis *	H Windlass
V Russell	T Moore	A Todd *	J Chester #	K Wanganeen *	C R Jackson
A Seidel	P Ridgeway *	N K Martin	L Crocker	H Davey *	G Cooley

### *Pastoral Board*

B Bartsch #	V Linton #	B Anderson #	L Loan #
I Iwanicki	M McBride	B Bruce #	J Mould
D Lillecrapp	R Wickes	J Corin *	A Oldfield

### *South Australian Dryland Salinity Board* ^

S Starick	A Crisp	J Darling	R Smyth	L Broster*	D Chittleborough#
P Cole#	G Gale#	J Hannay#	M Healey#	B Munday*	

### *South East Water Conservation and Drainage Board Act Review Reference Group*

F Aslin	N K Martin	J Osborne *	M Talanskas #
S Kidman	B McLaren	J Ross *	

### *Upper South East Program Board*

P Alexander #	A Gargett #	C Johnson	N Power #	R Wickes
M Bolster	J Hosking #	S Kokotis #	C Schweizer *	D Willis #
C England	A Jessup #	J Osborne	G Stopp	

\* Members who have elected not to receive payments during 2007-08.

# In accordance with the Department of the Premier and Cabinet Circular PC 016 *Remuneration for Government Appointment Part Time Boards and Committees*, government employees did not receive any remuneration for board/committee duties during the financial year.

^ South Australian Dryland Salinity Board ceased 28 August 2007

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

	2008	2007
\$0 - \$9 999	53	53
\$20 000 - \$29 999	1	1
<b>Total Number of Members</b>	<b>54</b>	<b>54</b>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$109 000 (\$121 000).

Amounts paid to a superannuation plan for board/committee members was \$7 000 (\$8 000).

Travel allowances or reimbursements are not included as remuneration as it is considered to be a reimbursement of direct out-of-pocket expenses.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

**29. Cash Flow Reconciliation**

	2008 \$'000	2007 \$'000
<b>Reconciliation of cash – cash at year end as per:</b>		
Cash Flow Statement	57 925	27 578
Balance Sheet (refer also Note 18)	57 925	27 578

**Reconciliation of net cash provided by operating activities to net cost of providing services:**

Net cash provided by operating activities	32 350	17 380
Less revenues from SA Government	(96 855)	(93 469)
<b>Add (Less) Non-Cash Items</b>		
Depreciation and amortisation expense of non-current assets	(2 384)	(2 581)
Bad debts expense	(47)	(11)
(Loss)/gain on disposal of non-current assets	(15)	29
(Loss)/gain on donated assets	(111)	-
<b>Movement in Assets and Liabilities</b>		
Increase/(decrease) in receivables	3 888	255
Increase/(decrease) in inventories	133	(8)
(Increase) in payables	(3 006)	(480)
(Increase) in employee benefits	(1 900)	(1 347)
(Increase)/decrease in provisions	(85)	176
<b>Net Cost of Providing Services from Ordinary Activities</b>	<b>(68 032)</b>	<b>(80 056)</b>

**30. 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.

**Ageing analysis of financial assets**

Allowances for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. Currently the Department does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer to Note 19 for information on the allowance for impairment in relation to receivables.

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

	<i>Past due By</i>			—
	Overdue for < 30 days \$'000	Overdue for 30 - 60 days \$'000	Overdue for > 60 days \$'000	— Total \$'000
<b>2008</b>				
<b>Not impaired</b>				
Receivables	8 021	706	194	8 921
<b>Impaired</b>				
Receivables	-	-	(63)	(63)



**2007****Not impaired**

Receivables	4 601	377	124	5 102
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**Impaired**

Receivables	-	-	(85)	(85)
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Receivable amounts disclosed here exclude amounts relating to statutory receivables. In government, certain rights to receive cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables, audit receivables etc they would be excluded from the disclosure. They are carried at cost.

**31. Restrictions on Contributions Received**

The Department received contributions from various funding sources, expressly for the purposes of undertaking specific projects. As at 30 June 2008 \$60 416 000 (\$30 936 000) of contributions, which have been recognised as revenues in the Income Statement, are yet to be spent in the manner specified by the contributors.

**32. Events after Balance Date****a) Intergovernmental Agreement on Murray-Darling Basin Reform**

On the 3 July 2008, the Commonwealth, States of South Australia, New South Wales, Victoria, Queensland and the Australian Capital Territory entered into an Intergovernmental Agreement (IA), being the *Agreement on Murray-Darling Basin Reform*. The IA is an undertaking by governments to implement necessary reforms to meet the current needs of the Murray-Darling Basin and affirms the primacy of a Basin Plan in relation to key provisions in the *Water Act 2007*.

The IA also sets out the various roles and responsibilities of parties under a revised governance structure, including the establishment of a new Murray Darling Basin Authority (MDBA) which is due to commence on 1 November 2008. The MDBA replaces its predecessor, the Murray-Darling Basin Commission (MDBC).

There are significant legal processes underpinning the implementation of the new IA, the key elements of which are:

- the amendment of the Murray-Darling Basin Agreement;
- the amendment to the *Water Act 2007*;
- the amendment of existing Basin State Murray-Darling Basin Acts';
- a referral Bill in order to refer powers to the Commonwealth to make necessary amendments to the *Water Act 2007*;
- the Intergovernmental Agreement on referrals;
- amendment of other legislation.

There are a number of important transitional arrangements, which will need to take place, including provisions dealing with the following:

- the undertaking by the Commonwealth (Part 5 of the IA) that the Basin States will not bear additional net costs as a consequence of the reforms agreed between the parties and the implementation of the *Water Act 2007*;
- the recommitment of the parties to the IA to the end of 2010-11 for the purpose of making their funding contributions to the MDBA, for funding necessary functions that were previously performed by the MDBC;
- recognising the joint interests of jurisdictions in the River Murray operation assets currently managed by the MDBC to be managed in accordance with the management agreements between the MDBA and each Basin State. Note 3 refers to the Department's investment in joint entity, being the MDBC at 30 June 2008.

The IA also provides for funding of Basin priority projects, including up to \$610 million to South Australia to upgrade irrigation infrastructure and improve river management, including a notional \$110 million for private irrigators to upgrade infrastructure, \$80 million for water purchasing from willing sellers and \$200 million to address the problems with the Coorong and the Lower Lakes. It is envisaged that certain of these projects will be under the control of the Department, commencing in 2008-09.

**b) Transfer of the Stormwater Management Authority from 1 July 2008**

In June 2008, the Government announced that the functions of 'the Minister' for the purposes of each provision of Schedule 1A of the *Local Government Act 1999* would be reassigned to the Minister for Water Security, as from 1 July 2008.

The effect of this announcement is to transfer the administrative support for the Stormwater Management Authority from the Department for Transport, Energy and Infrastructure (DTEI) to the

Office for Water Security (OWS) within the Department of Water, Land and Biodiversity Conservation (DWLBC). This is envisaged to include the requirement to account for and report on the financial performance, position, cash flows and equity of the Stormwater Management Fund, being the relevant reporting entity.

The Stormwater Management Fund (SMF) will constitute an administered item of the DWLBC, to be included within the DWLBC's general-purpose financial report. In addition, as a public authority, a separate general purpose financial report will be required to be delivered in respect of the Stormwater Management Fund that will be subject to audit by the Auditor-General on an annual basis.

## ADMINISTERED INCOME STATEMENT

For the year ended 30 June 2008

	Note No.	2008 \$'000	2007 \$'000
<b>INCOME</b>			
Revenues from SA Government	A2	15 075	18 350
Revenues from fees and charges	A3	6 534	7 121
Grant revenues	A4	40 313	44 232
Other revenues	A5	11 416	2 250
<b>Total Income</b>		<b>73 338</b>	<b>71 953</b>
<b>EXPENSES</b>			
Employee benefit expenses		260	237
Supplies and services		58	276
Grants and subsidies	A6	60 970	57 852
Payments to consolidated account		173	408
Payments to Natural Resources Management Boards	A7	13 051	11 496
Payments to South Eastern Water Conservation Drainage Board		1 922	1 922
<b>Total Expenses</b>		<b>76 434</b>	<b>72 191</b>
<b>NET OPERATING (DEFICIT)</b>		<b>(3 096)</b>	<b>(238)</b>

The operating deficit is attributable to SA Government as owner

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

## ADMINISTERED BALANCE SHEET

As at 30 June 2008

	Note No.	2008 \$'000	2007 \$'000
<b>CURRENT ASSETS</b>			
Cash	A8	30 414	40 046
Receivables	A9	3 682	3 661
Other current assets		162	224
<b>Total Current Assets</b>		<b>34 258</b>	<b>43 931</b>
<b>NON-CURRENT ASSETS</b>			
Interest in joint venture	A10	647 046	614 919
Land	A11	32 938	32 938
<b>Total Non-Current Assets</b>		<b>679 984</b>	<b>647 857</b>
<b>Total Assets</b>		<b>714 242</b>	<b>691 788</b>
<b>CURRENT LIABILITIES</b>			
Payables	A12	4 447	1 898
Employee benefits		-	1
<b>Total Current Liabilities</b>		<b>4 447</b>	<b>1 899</b>
<b>Total Liabilities</b>		<b>4 447</b>	<b>1 899</b>
<b>NET ASSETS</b>		<b>709 795</b>	<b>689 889</b>
<b>EQUITY</b>			
Asset revaluation reserve		184 839	161 837
Retained earnings		524 956	528 052
<b>TOTAL EQUITY</b>		<b>709 795</b>	<b>689 889</b>

The total equity is attributable to the SA Government as owner

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

## STATEMENT OF CHANGES IN ADMINISTERED EQUITY

For the year ended 30 June 2008

	Note	Asset Revaluation Reserve	Retained Earnings	Total
	No.	\$'000	\$'000	\$'000
<b>Balance at 30 June 2006</b>		9 355	66 652	76 007
Net Result for 2006-07		-	(238)	(238)
<b>Balance at 30 June 2007</b>		9 355	66 414	75 769
Error Correction - Receivables	A1(b)(ii)	-	(799)	(799)
Error Correction – Joint Venture	A10	152 482	462 437	614 919
<b>Restated Balance at 30 June 2007</b>		161 837	528 052	689 889
Gain on revaluation of interest in joint venture during 2007-08		23 002	-	23 002
<b>Total Recognised Income for 2007-08</b>		23 002	-	23 002
Net Result for 2007-08		-	(3 096)	(3 096)
<b>Balance at 30 June 2008</b>		<b>184 839</b>	<b>524 956</b>	<b>709 795</b>

**All Changes in Equity are attributable to SA Government as owner**

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

## ADMINISTERED CASH FLOW STATEMENT

For the year ended 30 June 2008

		2008	2007
		Inflows	Inflows
	Note	(Outflows)	(Outflows)
	No.	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
CASH OUTFLOWS			
Employee benefit payments		(260)	(237)
Payments for supplies and services		(58)	(2 221)
Payments for grants and subsidies		(60 970)	(56 872)
Payments to Natural Resources Management Boards		(10 676)	(11 400)
Payments to South Eastern Water Conservation Drainage Board		(1 922)	(1 922)
<b>Cash used in operations</b>		<b>(73 886)</b>	<b>(72 652)</b>
CASH INFLOWS			
Fees and charges		6 512	5 287
Grant receipts		40 313	44 232
Other receipts		2 354	2 537
<b>Cash generated from operations</b>		<b>49 179</b>	<b>52 056</b>
Receipts from SA Government		15 075	18 350
<b>Cash generated from SA Government</b>		<b>15 075</b>	<b>18 350</b>
<b>Net Cash (used in) Operating Activities</b>	A8	<b>(9 632)</b>	<b>(2 246)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		-	-
<b>NET (DECREASE) INCREASE IN CASH</b>		<b>(9 632)</b>	<b>(2 246)</b>
CASH AT 1 JULY		40 046	42 292
<b>CASH AT 30 JUNE</b>	A8	<b>30 414</b>	<b>40 046</b>

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

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

## ADMINISTERED PROGRAM SCHEDULE OF EXPENSES AND INCOME

For the year ended 30 June 2008

	NRM Fund	Qualco Sunlands	Pastoral Board	National Action Plan for Salinity and Water Quality	Natural Heritage Trust Grants	Mt Lofty Ranges Catchment Support	Centre for NRM	NRM Alliance Fund	DWLBC Corporate Admin Items	Program Total	
	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2007 \$'000
<b>INCOME</b>											
Revenues from SA Government	-	250	9	11 243	-	-	-	-	3 573	15 075	18 350
Revenues from fees and charges	6 534	-	-	-	-	-	-	-	-	6 534	7 121
Grant revenues	5 705	-	-	10 978	19 977	100	3 319	234	-	40 313	44 232
Other revenues	155	-	-	1 831	306	-	-	-	9 124	11 416	2 250
<b>Total Administered Revenues</b>	12 394	250	9	24 052	20 283	100	3 319	234	12 697	73 338	71 953
<b>EXPENSES</b>											
Employee benefit expenses	1	-	-	-	-	-	-	-	259	260	237
Supplies and services	13	-	-	62	(19)	2	-	-	-	58	276
Grants and subsidies	-	-	-	37 814	20 464	170	2 894	-	(372)	60 970	57 852
Payment to consolidated account	-	-	-	-	-	-	-	-	173	173	408
Payment to Natural Resource Management Boards	13 051	-	-	-	-	-	-	-	-	13 051	11 496
Payment to South East Water Conservation Drainage Board	-	-	-	-	-	-	-	-	1 922	1 922	1 922
<b>Total Administered Expenses</b>	13 065	-	-	37 876	20 445	172	2 894	-	1 982	76 434	72 191
<b>OPERATING SURPLUS/(DEFICIT)</b>	(671)	250	9	(13 824)	(162)	(72)	425	234	10 715	(3 096)	(238)

## NOTES TO AND FORMING PART OF THE ADMINISTERED STATEMENTS

### A1. Summary of Significant Administered Accounting Policies

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

The Administered Items reflect an accumulation of the balances of each of the individual Administered Items. Transactions between individual administered items are not eliminated from the administered financial statements.

Some programs have been restructured to assist in the interpretation of the financial transactions relating to the NRM Fund.

Specific provisions of the *Natural Resources Management Act 2004* (NRM Act) require that the following revenues be paid into the NRM Fund prior to being applied for the purposes of the NRM Act:

- Government appropriations (controlled and administered allocated in respect of the regional Natural Resource Management Boards);
- Water levies;
- Penalties relating to water levies;
- Expiation fees and other penalties.

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

#### (a) *Natural Resources Management Fund*

The Natural Resources Management Fund (NRM Fund) was established pursuant to subsection 117(1) of the NRM Act. The Minister for Environment and Conservation (the Minister) administers the NRM Fund and may apply any part of the NRM Fund in making payments to the regional NRM Boards; in paying subsidies or making grants or other payments to NRM authorities or other persons or bodies for the purposes of the NRM Act. This may also include making any payment required, or authorised by or under the NRM Act or any other law.

The balance of the NRM Fund at 30 June 2008 was \$2 600 000 (\$1 148 000).

#### (b) *Natural Resources Management Boards*

The Natural Resources Management Boards (NRM Boards) were established pursuant to subsection 23(1) of the NRM Act. The Department administers various revenues and expenses on account of the NRM Boards.

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

##### (i) *Grants*

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

	2008	2007
	\$'000	\$'000
<b>Regional NRM Board</b>		
SA Murray-Darling Basin NRM Board	170	593
South East NRM Board	197	365
Adelaide and Mount Lofty Ranges NRM Board	150	315
Northern and Yorke NRM Board	560	1 036
Kangaroo Island NRM Board	383	383
Alinytjara Wilurara NRM Board	684	455
South Australian Arid Lands NRM Board*	700	200
Eyre Peninsula NRM Board	424	424
	<b>3 268</b>	<b>3 771</b>

\* Total payments distributed to the NRM Boards included an additional \$400 000 received by the Department, included in Revenues from Government. This represented administered appropriations received by the Department in respect of the South Australian Arid Lands NRM Board. A further \$927 000 was applied under the National Action Plan Priority Rounds 1 and 2. Total payments made from these sources of income during 2007-08 were \$4 595 000 (refer Note A7.)

##### (ii) *Water Levies*

Water levies are collected by the Department for prescribed water resources in regional NRM Boards under section 101 of the NRMA. The levies are subsequently



paid to the regional NRM Boards pursuant to subsection 116(1)(a)(ii)(A) of the NRM Act.

Levies raised by the Department during 2007-08 were \$5 039 000 (\$6 650 000). Unpaid levies at the end of the reporting period of \$1 095 000 (\$403 000) have been recognised as current receivables. Receivables factor in adjustments in respect of financial relief provided to River Murray licensees, to offset 68 percent of their liability to pay the NRM water levies.

Levies received, but not yet paid to the regional NRM Boards at the end of the reporting period were \$293 000 (\$174 000). In addition, ex-gratia payments of \$2 360 000 was payable to the SA Murray-Darling Basin NRM Board. During the reporting period the following levies were raised in respect of the regions for which the levies were declared:

	2008	2007
Regional NRM Board *	\$'000	\$'000
SA Murray-Darling Basin NRM Board	2 566	4 412
South East NRM Board	1 604	1 587
Adelaide and Mount Lofty Ranges NRM Board	405	383
Eyre Peninsula NRM Board	367	248
SA Arid Lands NRM Board	97	20
	<b>5 039</b>	<b>6 650</b>

\* Does not include penalties and other payments made or payable to regional NRM Boards. Refer Note A3.

#### *Error Correction*

An error correction of \$799 000 has been disclosed in the Statement of Changes in Equity in respect of the 2006-07 financial year. This disclosure comprises an adjustment to the carrying value of Accounts Receivables that were previously overstated in the Department's Water Information and Licensing Management Application system.

The error correction has been retrospectively restated in accordance with the provisions of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The restatement has been made to the earliest prior period presented insofar as it is determined practicable for the purposes of AASB 108.

#### *(iii) Penalties*

Penalties declared in relation to the unauthorised or unlawful taking or use of water were raised pursuant to section 115 of the NRM Act.

In addition, to the penalties raised and received in respect of the NRM Act, penalties were also received (though not raised) during 2007-08 under subsection 133(1)(a) of the *Water Resources Act 1997* (WR Act).

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

The levies pursuant to subsection 115(5) were paid to the regional NRM Boards, with the exception of unpaid penalty charges at the end of the reporting period of \$2 343 000 (\$1 553 000). Of this amount, \$1 247 000 (\$1 412 000) related to penalties raised under the WR Act and \$1 096 000 (\$141 000) under the NRM Act.

Penalties received under the NRM Act are payable to the regional NRM Boards and at 30 June 2008 the amount payable was \$558 000 (\$96 000).

Penalties declared under subsection 133(1)(a) of the WR Act continued to be received during 2007-08, although no new penalties were raised. Penalties received under the WR Act and payable to the Treasurer's Consolidated Account at 30 June 2008 were \$330 000 (\$158 000).

#### *(iv) Reimbursement of Payroll Tax*

NRM Boards are compensated for the anticipated payroll tax expense they incur, with provision having been made in the Administered Items of the Department's budget on an ongoing basis since 2004-05. An appropriation of \$993 000 (\$416 000) was received to fund the payroll tax expenses of the NRM Boards for 2007-08.

#### *(v) Expiation Fees and other Penalties under the NRMA*

Expiation fees and penalties are recovered in respect of offences against the NRM Act (eg for unlawful possession of animals or plants). Unlike penalties declared under

section 115 of the NRM Act, they are not required to be paid to regional NRM Boards. No fees and/or penalties of this type were collected during 2007-08.

**(c) *Qualco Sunlands***

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

**(d) *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.

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

The National Action Plan (NAP) is a bilateral agreement between the Commonwealth and SA Governments signed in 2001 providing funds to address issues associated with salinity and water quality in priority regions in South Australia. The Commonwealth and the SA Governments make progressive contributions to a single holding account. Disbursement of funds from the account is by agreement between the parties.

During the reporting period appropriations of \$11 243 000 (\$14 252 000) were received from the SA Government.

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

The Natural Heritage Trust (NHT) was established by the *Natural Heritage Trust of Australia Act 1997*. The Bilateral Agreement to deliver the Natural Heritage Trust Extension reflects the intention of the Commonwealth and SA Governments to work as joint investment partners, with the community and other stakeholders, in natural resource management activities including biodiversity conservation, sustainable use of natural resources and community capacity building and institutional change.

**(g) *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, NRM Boards, local Government and other SA Government Departments together with the management of associated projects. Funds are disbursed subject to the NAP and NHT bilateral processes.

**(h) *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 \$3 319 000 (\$3 669 000) from the NAP Priority Rounds 1 and 2 and disbursed \$2 894 000 (\$4 014 000) of these funds as grants and subsidies.

**(i) *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.

**A2. Revenues from SA Government**

	2008	2007
	\$'000	\$'000
Recurrent Appropriations	3 574	3 854
Appropriations received pursuant to NAP funding	11 243	14 252
Appropriations received for the Minister's Salary	258	244
<b>Total Revenues from SA Government</b>	<b>15 075</b>	<b>18 350</b>

**Other funding provided by the Department of Treasury and Finance**

Funding recognised by the Native Vegetation Fund	830	855
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**A3. Revenues from Fees and Charges**

	SA Govt	Non-SA Govt	2008	2007
	\$'000	\$'000	\$'000	\$'000
Water levies	2 485	2 554	5 039	6 865
Penalties	-	1 479	1 479	237
Other	2	14	16	19
<b>Total Revenues from Fees and Charges</b>	<b>2 487</b>	<b>4 047</b>	<b>6 534</b>	<b>7 121</b>

**A4. Grant Revenues**

	SA Govt	Non-SA Govt	2008	2007
	\$'000	\$'000	\$'000	\$'000
NRM Fund	5 705	-	5 705	3 780
National Action Plan for Salinity and Water Quality	-	10 978	10 978	15 196
Natural Heritage Trust Grants	669	19 308	19 977	21 486
Mt Lofty Ranges Catchment Support	80	20	100	101
Centre for Resource Management	1 985	1 334	3 319	3 669
NRM Alliance Fund	104	130	234	-
<b>Total Grant Revenues</b>	<b>8 543</b>	<b>31 770</b>	<b>40 313</b>	<b>44 232</b>

**A5. Other Revenues**

	SA Govt	Non-SA Govt	2008	2007
	\$'000	\$'000	\$'000	\$'000
NRM Fund	153	2	155	-
National Action Plan for Salinity and Water Quality	1 829	2	1 831	1 807
Natural Heritage Trust Grants	306	-	306	393
Mt Lofty Ranges Catchment Support	-	-	-	50
Interest in Joint Venture	-	9 124	9 124	-
<b>Total Other Revenues</b>	<b>2 288</b>	<b>9 128</b>	<b>11 416</b>	<b>2 250</b>

**A6. Grants and Subsidies**

	SA Govt	Non-SA Govt	2008	2007
	\$'000	\$'000	\$'000	\$'000
DWLBC Corporate Administration Items	-	(372)	(372)	781
National Action Plan for Salinity and Water Quality	37 395	419	37 814	28 954
Natural Heritage Trust Grants	19 240	1 224	20 464	23 453
Mt Lofty Ranges Catchment Support	170	-	170	435
Centre for Resource Management	1 805	1 089	2 894	4 014
Qualco Sunlands	-	-	-	215
<b>Total Grants and Subsidies</b>	<b>58 610</b>	<b>2 360</b>	<b>60 970</b>	<b>57 852</b>

**A7. Payments to Natural Resource Management Boards**

	SA Govt	Non-SA Govt	2008	2007
	\$'000	\$'000	\$'000	\$'000
Water levies	6 820	-	6 820	5 826
Grants to NRM Boards	4 595	-	4 595	4 695
Payroll tax	1 174	-	1 174	879
Penalties payable	462	-	462	96
<b>Total Grants and Subsidies</b>	<b>13 051</b>	<b>-</b>	<b>13 051</b>	<b>11 496</b>

**A8. Administered Cash Flow Reconciliation**

	2008	2007
	\$'000	\$'000
<b>Reconciliation of cash – cash at year end per:</b>	<b>2 600</b>	<b>1 148</b>
Natural Resources Management Fund	563	303
Qualco Sunlands	2	2
Land Technology Alliances	45	36
Pastoral Board	20 120	34 227
National Action Plan for Salinity and Water Quality	754	754
Natural Heritage Trust Grants	3 042	907
Natural Heritage Trust Extension	1 529	2 408
National Landcare Program	(77)	(68)
Mount Lofty Ranges Catchment Support	10	-
Natural Resource Management Alliance Fund	260	(36)
Centre for Natural Resource Management	1 566	365
The Department's Corporate Administrative Items	30 414	40 046
Administered Balance Sheet	30 414	40 046
Administered Cash Flow Statement	30 414	40 046

**Reconciliation of net cash (used in) operating activities to operating (deficit):**

Net cash (used in) operating activities	(9 632)	(2 246)
<b>Movement in Assets and Liabilities</b>		
Increase in joint venture	9 124	-
Increase in receivables	22	1 416
(Decrease)/increase in other assets	(62)	50
(Increase)/decrease in payables	(2 549)	524
Decrease/(increase) in employee benefits	1	18
<b>Operating (Deficit)</b>	<b>(3 096)</b>	<b>(238)</b>

**A9. Receivables**

	SA Govt	Non-SA	2008	2007
	\$'000	Govt	\$'000	\$'000
Receivables reflected as current assets at 30 June comprised the following				
Water Levies	-	1 095	1 095	403
Penalties	-	2 343	2 343	1 553
South Eastern Water Conservation and Drainage Board	-	-	-	77
Qualco Sunlands	-	-	-	10
National Action Plan for Salinity and Water Quality	-	-	-	20
Natural Heritage Trust Extension	-	20	20	1 533
Mount Lofty Ranges Catchment Support	-	-	-	65
Natural Resource Management Alliance Fund	104	120	224	-
<b>Total Receivables</b>	<b>104</b>	<b>3 578</b>	<b>3 682</b>	<b>3 661</b>

**A10. Interest in Joint Venture**

Following an assessment of the relevant principles, accounting treatment and legislative developments during 2007-08, the Department has recognised the State of South Australia's equity (ownership) interest in the assets and liabilities of the Murray-Darling Basin Commission (MDBC) in the 2007-08 financial statements, as from 1 July 2006. The accounting approach has been to recognise the equity interest in the MDBC as a joint interest in an entity (pursuant to AASB 131 *Interests in Joint Ventures*) and to equity account for this interest.

The equity interest (pursuant to a meeting of the MDBC Finance Committee held in March 2003) is 26.67 percent. Equity in the MDBC is limited to those governments (SA, NSW, Victoria and the Commonwealth), which have contributed to the construction and planned (major) maintenance (capital component) of the River Murray Water infrastructure assets. As Queensland and the ACT contributions apply only to operating activities they have been deemed not to share in the equity of the MDBC.

Equity shares are not adjusted to reflect annual budget contributions to investigation and construction works and planned (major) maintenance.

This accounting decision constitutes an omission in prior years and hence the Department has reported the first time recognition of its equity interest as an accounting error at 1 July 2006. The effect on the 2007-08 administered items was:

- Investments in associated joint ventures impacted by \$647.046 million (\$614.919 million)
- Share of gain in joint venture associates impacted by \$9.124 million (\$4.622 million)
- Retained earnings impacted by \$471.561 million (\$462.437 million)
- Asset revaluation reserve impacted by \$175.485 million (\$152.482 million)

Further information about the Department's interest in the MDBC joint venture is discussed in the Department's Controlled items (Note 3).

**A11. Land**

The Pastoral Board is responsible for administering pastoral leases under the *Pastoral Land Management and Conservation Act 1989* (PLM&C Act). The unimproved value of land subject to these leases was revalued at \$32 938 000 as at 1 November 2005 by Robin Norris, Senior Valuer, of the former Department for Administrative and Information Services giving rise to an asset revaluation reserve of \$9 355 000.

The revenue generated by the pastoral leases is recorded within the Department's Controlled items (Note 17) in accordance with the PLM&C Act, to cover the costs incurred by the Department in administering the pastoral leases.

**A12. Payables**

	SA Govt \$'000	Non-SA Govt \$'000	2008 \$'000	2007 \$'000
Payables reflected as current liabilities at 30 June comprised the following				
Penalties - Treasurer's Consolidated Account	330	-	330	158
Penalties - Regional NRM Boards	558	-	558	96
Payroll Tax - Regional NRM Boards	358	-	358	168
Qualco - Treasurer's Consolidated Account	250	-	250	250
National Action Plan for Salinity and Water Quality	8	-	8	379
Natural Heritage Trust Extension	66	-	66	165
National Landcare Program	-	4	4	4
Mount Lofty Ranges Catchment Support	-	-	-	2
Centre for Natural Resource Management	-	-	-	130
Water Licenses	2 653	220	2 873	546
<b>Total Payables</b>	<b>4 223</b>	<b>224</b>	<b>4 447</b>	<b>1 898</b>

## Appendix D. — Contractual Arrangements

During 2007-08, 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 E. — Account Payment Performance

Particulars	Number of accounts paid	Percentage of accounts paid (by number)	Value in \$A of accounts paid	Percentage of accounts paid (by value)
Paid by due date*	16,629	82.5%	78,207,671	78.0%
Paid late, within 30 days of due date	2,125	10.5%	15,762,116	15.7%
Paid more than 30 days from due date	1,409	7.0%	6,272,233	6.3%

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

### Commentary

Monthly analysis of the results identified invoices relating to travel, including employee travel reimbursements were incorrectly reflected in the statistics and adjusted accordingly. Discussions are planned with Shared Services SA to review the interpretation of Treasurer's Instruction 11 in respect to these payments. In addition, further analysis and monitoring continues to ensure the percentage of accounts paid by the due date is above 90 percent.

## Appendix F – Fraud Statement

There were no instances of fraud detected within the Department during 2007-08.

The Department has various policies and procedures in place (e.g. Credit Card policy) designed to minimise the risk of fraud. In addition, the department's governance committees (e.g. Finance Committee) have oversight in reviewing the potential for fraud, including the adequacy of controls.

Changes to the Treasurer's Instructions, effective from 1 July 2008, will require that a fraud and corruption control plan be established and reviewed at least on an annual basis. The Department's Audit Committee will have responsibility for ensuring the effectiveness of this new requirement.



## Appendix G. — Consultants

Consultants	Services Provided	Expenditure
<i>Below \$10 000</i>		
37 minor consultancies		\$131 383
<b>\$10 000 - \$50 000</b>		
B & PM Jensen-Schmidt	Provision of drilling services for monitoring and observation bores for National Water Initiative projects	\$24 000
Resource & Environmental	Professional advice critical to the success of the National Water Initiative projects being undertaken in the South East	\$16 227
Robinson Scholefield Horticultural Services Pty Ltd	Provision of water market analysis associated with environmental flows	\$12 000
Melbourne University Private	Peer review of the WINDS model and proposed Chowilla groundwater salt interception scheme	\$20 455
CSIRO	Consultation to improve the knowledge of groundwater flow mechanisms	\$14 545
Workplace Horizons	Coordination and assistance with human resource projects and activities	\$13 998
Alpha Group Consulting Pty Ltd	Monitoring and management of five investigation sites to determine water and salt balances	\$25 000
Australian Water Environments	Provision of risk assessment for Northern Bakers Range, including developing water and salt balance modelling and depth volume area relationships for wetland management units	\$17 562
<i>Over \$50 000</i>		
Materne Pennino Hoare	Provision of facilities advice, design input and CAD drawings for all DWLBC sites.	\$56, 650
GHD Pty Ltd	Services associated with determining reasonable water requirements in the Eastern and Western Mount Lofty Ranges and policy options for the volumetric allocation of water to existing users within the capacity of the resource and trading of water that meets the limitations of the resource.	\$ 55 000
Ian J Kowalick	Undertake work on the project 'Murray Darling Basin Commission independent commissioner'	\$ 50 854
<b>Total Expenditure</b>		<b>\$437 674</b>



## Appendix I. — Disability Action Plans

The South Australian 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*.

The department'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 2007-08 DWLBC completed its audit program to assess all sites and facilities against disability access requirements. A range of modifications have been identified and the department has commenced costing these so that appropriate budgetary proposals can be prepared.

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

In 2007-08, DWLBC commenced the development of a strategic communication plan to address our external communications at the broad level. This plan will consider the requirements of communicating with people with a disability. This will build on the work undertaken in previous years to ensure that our web sites, publications and project communications are inclusive of people with disabilities.

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

All new staff commencing during 2007/08 were provided with relevant information about issues affecting people with disabilities through the department's induction program. In recognition of the significant number of new staff in the department since initial disability awareness training was provided, planning commenced for a broad scale disability awareness program for all staff.

### **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 has well-established complaints and grievance mechanisms within the agency.

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

The Department's Disability Action Steering Committee meets bi-monthly to consider progress against the Disability Action Plan. Additionally an annual review

of the plan is undertaken to ensure its continued relevance to meeting the outcomes of the Government's policy.

**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 workplace environment that is free from discrimination and treats all people with dignity and respect'.

During 2007-08, the department progressed strategies identified in our implementation plan for South Australia's Strategic Plan target – T6.22 People with Disabilities: double the number of people with disabilities employed by 2014. DWLBC participated in the Department of Families and Communities initiative to refine target T6.22 and a staff survey was undertaken to determine the number of employees with a disability based on new criteria. The department intends to repeat the survey in 2008-09.

DWLBC utilises the Disability Employment Register in seeking to access people with disabilities for recruitment to agency positions. Continued and expanded use of the register was promoted during 2007-08, resulting in stable employment of people with disabilities of 2%.

## Appendix J. — Asbestos Management in Government Buildings

<b>DWLBC : ANNUAL ASBESTOS MANAGEMENT REPORT, 2007-08</b>				
<i>Category</i>	<b>Number of Sites</b>		<i>Category Description</i>	<i>Interpretation</i> <b>One or more item(s) at these sites...</b>
	<b>At start of year</b>	<i>At end of year</i>		
1	0	0	Remove	should be removed promptly.
2	1	2	Remove as soon as practicable	should be scheduled for removal at a practicable time.
3	1	0	Use care during maintenance	may need removal during maintenance works.
4	2	1	Monitor condition	has asbestos present. Inspect according to legislation and policy
5	0	0	No asbestos identified / identified asbestos has been removed	(All asbestos identified as per OHS&W 4.2.10(1) has been removed)
6	0	0	Further information required	(These sites not yet categorised)

### **Definitions:**

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

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

Category Description: Indicates the recommended action corresponding to the lowest item performance score (recorded in the asbestos register by a competent person, as per OHS & W Regulations (SA) 1995, 4.2.10).

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

## Appendix K. — Freedom of Information — Information Statements

### 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).

#### Agency's structure and functions

The Department of Water, Land and Biodiversity Conservation comprises eight Divisions, the role and functions of which are described elsewhere in this Annual Report.

#### Ways in which the functions of the agency affect members of the public

The agency 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 agency 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 agency providing those services are listed below and their roles are described elsewhere in this Annual Report.

Strategic Policy Division  
Knowledge & Information Division  
Infrastructure & Business Division  
Office for Water Security  
Natural Resource Management Support Division  
Land & Biodiversity Services Division  
Resource Allocation Division  
Corporate Services Division

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

#### **Arrangements that enable the public to participate in the formulation of the agency's policies**

Officers from the agency are members of various committees (described elsewhere in this Annual Report) on which community and/or industry members also participate. An underlying philosophy in the agency'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 (eg Natural Resources Management Act).

#### **Documents held by the agency**

Documents held by DWLBC are in mainly in hard copy format, although some are stored on computer, and 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 that are available for purchase from the agency

The following documents are available for purchase from the agency's Internet site <http://www.dwlbc.sa.gov.au> or from the following locations:

Department of Water, Land and Biodiversity Conservation

Senior Resource Information Officer

Colin Cichon

Delivery & Publication Team

GPO Box 2834

ADELAIDE SA 5001

AUSTRALIA

Email: [cichon.colin@saugov.sa.gov.au](mailto:cichon.colin@saugov.sa.gov.au)

Tel: 61 08 8463 7181

Fax: 61 08 8463 6998

- Regional Land Resource Information on CD
  - 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))
  - Complete Data format
  - Derived Data format
- Land Systems of Southern South Australia
- SA Revegetation Mapping Framework on CD Training Manual (Note: this is available on CD)
  - B&W Manual
  - Colour Manual

**Knowledge & Information Tel, 61 08 8463 7181 or from Service SA**

- 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

Knowledge & Information Tel, 61 08 8463 7181

- South Australian Rangelands and Aboriginal Lands Wildlife Management Manuel

### **Documents that are available from the agency free of charge**

The following documents are made available free of charge from the agency by contacting the Communications and Marketing Unit, ☎84637935 or from the agency's Internet site <http://www.dwlbc.sa.gov.au>.

- Annual reports
- Information Bulletins
- Fact sheets and Brochures
- Reports
- Water Allocation Plans
- Integrated Natural Resource Management Plans
- Lower Murray Reclaimed Irrigation Areas Guidelines and Information
- Selected technical reports
- State Water Plan 2000

### **Policy Documents**

A policy register (Policy Booth) on the agency's Internet site has been developed to allow easy access to policies, guidelines and similar documents pertaining to DWLBC business.

The register is updated when new or updated documents are approved or existing ones 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 themes:

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

### **Freedom of Information**

The *Freedom of Information 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 agency, public and private interests.



## **Accessing Agency documents**

Application forms and details on freedom of information processes in South Australia can be obtained from the DWLBC Freedom of Information Officer or State Records via phone (08) 8343 6800 or internet <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 DWLBC under the *Freedom of Information Act 1991* for should be directed in writing to:

Freedom of Information Officer  
Department of Water, Land and Biodiversity Conservation  
GPO Box 2834  
ADELAIDE SA 5001  
Phone: (08) 8463 7921

## Appendix L. — Energy Efficiency Action Plan Reports

	<b>Energy Use (GJ)</b>	<b>GHG Emissions (Tonnes CO<sub>2</sub>)</b>	<b>Business Measure (FTE's)</b>
Base Year 200/01*	1815	560	203.3
Base Year 200/01 (MJ/FTE)		8,928	
2007/08	2524	778	570.3
2007/08 (MJ/FTE)		4,425	
Portfolio Target 2007/08 (MJ/FTE)		8,124	
Final Portfolio Target 2014 (MJ/FTE)		6,696	

\* Data is for the former Department for Water Resources

There has been a slight increase in consumption on last year (06/07) due to our Stirling site not previously being reported and new leases at 150 Grenfell Street and 211 Victoria Square (part year).

### *Significant energy management achievements*

The existing lighting to Levels 1 and 11 at 25 Grenfell Street has been replaced with energy efficient Light Eco T5 fittings reducing the energy consumption and cost of energy.

The savings have been estimated at 31% and a reduction in greenhouse emissions of 13 tonnes per annum. The project has a payback period of 3 years

### Other proposed achievements against the Energy Efficiency Action Plan

Energy audits of all owned accommodation sites will be completed and costed in 2008/09.

## **Appendix M. — Greening of Government Operations (GoGO)**

### **Energy Management**

The department's Facilities Management Group considers sustainability aspects of accommodation planning and fit-outs. It conducts audits on energy and lighting efficiency leading to savings in total energy use.

Following recent fit-outs for levels two and three at 25 Grenfell Street, the department has re-tubed Levels one and eleven with T5 Eco lights reducing energy cost and consumption and delivering a reduction of 31% in greenhouse gas emissions.

Energy audits of our owned accommodation sites will be completed in 2008-09.

### **Water**

Annual water efficiency plans for each accommodation site have been reviewed and completed.

Water audits of all DWLBC sites were undertaken by SA Water during the year.

### **Built Environment**

The Facilities Management Group is participating with DTEI in the development of a Whole of Government environmentally sustainable fit-out design guide that will be used for all future accommodation projects.

Local site groups are active in various greening initiatives promoting recycling and greening opportunities through their workplaces.

## Appendix N. Reconciliation Statement

During 2007-08, the department revised its Reconciliation Action Plan to include performance indicators for each strategy within the plan.

The department progressed the implementation of strategies to support achievement of the *Aboriginal Wellbeing* and *Aboriginal Employment in the Public Sector*, supporting the respective targets in South Australia's Strategic Plan. These strategies include a range of actions supporting Aboriginal involvement in natural resources management, specific support to the Alinytjara Wilurara Natural Resources Management Board and programs to increase Aboriginal employment and to support Aboriginal staff and their colleagues. During 2007/08, a program to provide mentoring opportunities to Aboriginal staff was established.

DWLBC continued its participation in the National NRM reconciliation action group and works with the Natural Resources Management Boards on a range of state based indigenous matters, including the Adelaide and Mount Lofty Ranges NRM Board's development of a Four Nations Consultation and Engagement Protocol, which was launched during the 2008 NAIDOC week.

DWLBC together with the Board arranged a display and attendance at recently held NAIDOC week events.

Work commenced this year on a project addressing Indigenous Access to Water and a report from this project will be formally released later this year.

## Glossary

ASR	Aquifer Storage and Recovery
COAG	Council of Australian Governments
CRC	Cooperative Research Centres
CSIRO	Commonwealth Scientific and Industrial Research Organisation
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
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
SASP	South Australia's Strategic Plan
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)