



Government of South Australia

Department of Water, Land and
Biodiversity Conservation

ANNUAL REPORT

2008-09

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DEPARTMENT OF WATER, LAND AND BIODIVERSITY CONSERVATION
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Copies of the annual report are available from:

- the Department's website at www.dwlbc.sa.gov.au
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The Hon Karlene Maywald
Minister for the River Murray
Minister for Water Security
Parliament House
North Terrace

Dear Minister

I have great pleasure in submitting my Department's Annual Report for the financial year, ending 30 June 2009.

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 13 - Annual Reporting Requirements*.

The Act requires that annual reports be submitted to the relevant Minister within three months of the end of a financial year (i.e. by 30 September), and that the date on which the report was presented to the relevant Minister is set out in a prominent position. The Minister then has 12 sitting days to table the report in Parliament.

Scott Ashby
Chief Executive
Department of Water, Land and Biodiversity Conservation

30 September 2009

Chief Executive's Statement

The production of this annual report coincides with the first anniversary of my joining the Department of Water, Land and Biodiversity Conservation. As I reflect on the Departmental achievements of the past year and look ahead to the challenges and opportunities that we face, I am justifiably proud of all that the Department has accomplished.

Introducing a major organisational restructure during the fiscal year has meant the Department is now more clearly aligned to the key programs we deliver for Government; Natural Resources Management, River Murray Management and Water Security. In addition, new governance arrangements for finance, organisational development, information and communication technology, occupational health and safety, and audit have further strengthened the Department's ability to meet Government priorities and deliver well planned, on-ground outcomes during 2008-09. To complement this restructure, the appointment of new senior staff and renewal of the Executive Team has resulted in improved leadership that has confidently taken the Department forward in delivering sound science, robust policy and well managed natural resources.

The Department has made significant headway in sustainably managing natural resources, enabling industry development and protecting environmental assets through the development and implementation of new and improved policy. The adoption of a Statewide policy framework to sustainably manage the water resource impacts from plantation forests was a significant achievement and aims to balance the water needs of the State while providing certainty for all industries reliant on water.

As part of the Council of Australian Governments process, the South Australian Government committed to accelerate the implementation of unbundling water rights for the River Murray. Legislation was amended during the year and separate water licences can now be issued for the region, making water trade easier, faster and less expensive. This reform plays an important part in moving towards national consistency in water resource management and facilitating more efficient water trade in and between States.

In May 2009, the Minister for Environment and Conservation announced a natural resources management reform agenda designed to renew the focus on community-based natural resources management work. The Department has progressed this initiative, working collaboratively with Natural Resources Management Boards to improve administrative efficiency, reduce red tape and improve the on-ground delivery of natural resources management.

South Australia, and the nation, continue to face an unprecedented challenge to protect our natural resources. Drought has become a reality of our climate. Well below average rainfall combined with above average temperatures have led to historically low inflows across the Murray-Darling Basin. This has meant water allocations along the River Murray have remained consistently low, as we seek to balance the social and economic needs of our regional communities with environmental requirements. The most telling example of the impacts of low flows has been the Lower Lakes region.

The State Government responded quickly to address potentially devastating acidification in the Lower Lakes area. A project to construct environmental flow regulators in the Goolwa Channel, Finniss River and Currency Creek began during the period, in an effort to combat acid sulfate soils. The Department continued to keep the community informed about the conditions of the Lakes, while also providing other agencies with scientific support. Subsequent winter inflows have enabled the postponement of construction of a regulator in the Finniss River at this time.

The Murray-Darling Basin Authority has commenced work to prepare a Basin plan that will set scientifically based, sustainable limits on surface water and groundwater use, taking into account climate change, and addressing over-allocation. South Australia will play a key role in implementing the Basin plan, in particular through Water Allocation Plans that apply in the Murray-Darling Basin. In the meantime, work continues under existing programs to address over allocation issues and to ensure water is being secured for the environment.

The securing of an agreement with the Australian Government for \$610 million over ten years for the Murray Futures program was another success involving the Department. In conjunction with other State Government agencies, 2008-09 saw Murray Futures deliver a potable pipeline for communities around the Lower Lakes and the commencement of an irrigation pipeline in the Langhorne Creek area, as well as the beginning of significant bioremediation of the Lower Lakes. The Department also began the planning for the Riverine Recovery program, to improve the management of river wetlands and floodplains.

Water For Good – South Australia's 40 year plan to secure our water future – was launched by the Premier in June 2009. The Department has provided outstanding support to the Commissioner for Water Security in the development of this plan, providing certainty around this critical resource and supporting our State's prosperity. The Department will continue to provide leading support, assuming responsibility for the implementation of many of the plan's recommendations.

Salinity and flood mitigation in the South East were addressed head-on through the Government's decision to complete the network of drains in the State's south east. This project will complete a lengthy program of works that will enhance the sustainability, safety and prosperity of these regional communities, industry and the environment.

Finally, but by no means least importantly, the Government made a major announcement in the 2009 Budget, to commit to an improvement in the monitoring and management of the State's groundwater resources. As the major source of potable water for many of the State's communities, this funding will enable the Department to provide improved information, and therefore management, of this key resource.

The delivery of this extensive and exciting program of work has only been made possible due to the commitment of this Department's outstanding and talented employees. Furthermore, working for Ministers who display a passion for the issues at hand has been an inspiration for all staff.

In closing, the constant and increasing impact from drought and climate change, along with the resulting pressures on many communities, makes realising the balance between sustainable development and the management of our natural resources more important than ever. The Department's focus remains on balancing the economic, social and environmental needs of our State and I therefore look forward to another productive year ahead.

Scott Ashby
Chief Executive

Highlights of 2008-2009

The Department of Water, Land and Biodiversity Conservation's key 2008-09 achievements are listed below. Further information about each highlight can be found in the body of the report, under the relevant program.

Program 1 – Natural Resources Management

Statewide Forest Water Policy Framework

The Department played a key role in driving the development of a statewide policy framework to manage the water resource impacts from plantation forests. As a result, a whole of Government position was endorsed detailing how best to manage the water impacts of forests in South Australia.

Restoring Environmental Flows to the Upper South East

The Department was instrumental in developing the Upper South East program, including the Restoring Environmental Flows to the Upper South East (REFLOWS) project. These projects will partially restore historic environmental flows to wetlands and watercourses of the Upper South East and secure a vital link between the internationally recognised Ramsar-listed Bool Lagoon and Coorong wetlands.

Native Vegetation and Bushfire

In the wake of the Victorian Bushfires the Department, in collaboration with key stakeholders, considered the interaction of native vegetation, bushfire and the protection of life and property. As a result, a Code of Practice was developed. To complement this review an education campaign was launched - *Cut down the impact of Bushfires* - outlining the steps landholders can take to protect their properties from bushfires.

Natural Resources Management Planning

The Department worked closely with several regional Natural Resources Management (NRM) Boards to develop Regional NRM Plans for Eyre Peninsula, Northern and Yorke, and South Australian Murray-Darling Basin regions. These plans provide comprehensive information on region specific natural resources management and outline strategies and actions that will help address the many challenges facing these natural resources.

Native Vegetation Act Improved

The *Native Vegetation (Miscellaneous) Amendment Bill 2008* has been introduced to Parliament. The Bill provides for improved flexibility for the delivery of Significant Environmental Benefit (SEB) offsets for vegetation clearance and can now be delivered where it is most needed, anywhere in the State.

New Irrigation Legislation

The Department developed new irrigation legislation that aligns with the management of all irrigation trusts in the State, resulting in easier movement of water access entitlements to higher value uses as well as facilitating effective restructuring.

Natural Resource Management Investment

Under the Australian Government's Caring for our Country initiative the Department negotiated \$19 million of regional funding for the State's eight regional NRM Boards for 2008-09 – equating to 11.9 per cent of the national allocation.

Program 2 – Natural Resources Management (River Murray)

Murray-Darling Basin Reform

The Department played a key role in supporting the Minister for the River Murray and the Premier in negotiations to reform governance and management arrangements in the Murray-Darling Basin and to pass legislation to refer powers over water management in the Basin to the Australian Government.

Special Water Sharing Arrangements

The Department was instrumental in negotiating special water sharing arrangements for 2009-2010 to enable South Australia, Victoria and New South Wales to meet critical human water needs, and to ensure equitable sharing of water for private irrigation needs.

Unbundling of Water Licences on the River Murray

The Department led the 'unbundling' of water licences in the River Murray. This significantly improve the efficiency of the water trading market, facilitating the transaction between the buyer and the seller with only minimal assessment from the licensing authority, reducing both time and cost associated with water trades.

Recovering Water for the River Murray

To increase environmental flows in the River Murray, the investment and recovery of water was co-ordinated under the national Living Murray Initiative. The Department ensured South Australia met the dual targets as part of its commitments under this initiative and was the only jurisdiction to do so by the 30 June deadline.

Restoring River Health - Environmental Flows

Key objectives of the South Australian Environmental Flows Strategy have been progressed. Initiatives have included securing environmental water from the Living Murray Initiative and the Commonwealth Environmental Water Holder to undertake critical environmental watering projects at high priority ecological sites along the river.

Critical Water Allocations Scheme

The Department worked with Primary Industries and Resources SA to implement this program to provide critical water allocations to irrigators on the River Murray to secure the survival of permanent plantings, and to reduce the impact on the regional community and economy.

Program 3 – Water Security

Water Security Plan Launched - Water for Good

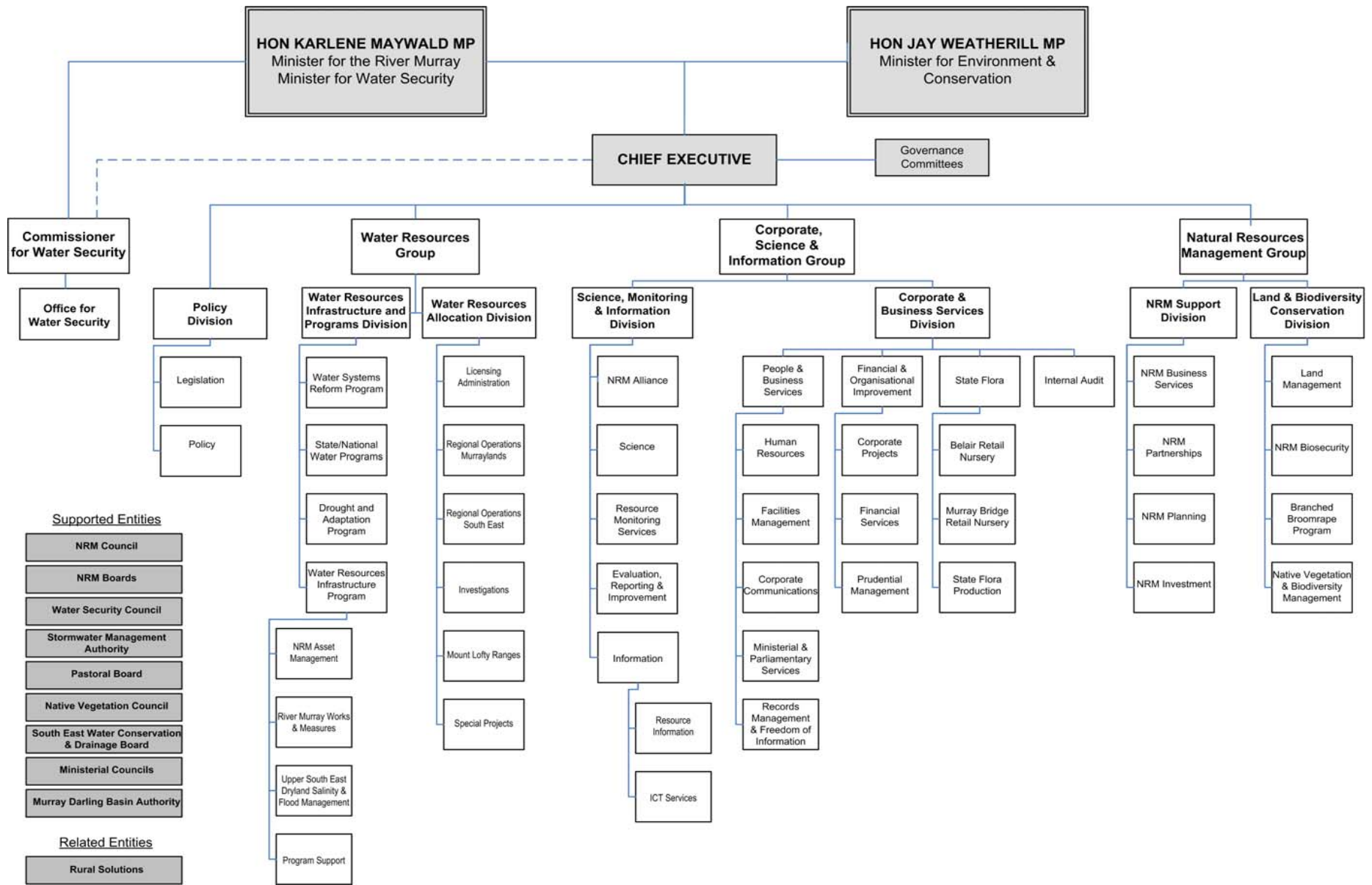
The Department was responsible for co-ordinating the research, policy development and launch of the State water security plan, known as *Water for Good*. This landmark document sets the blueprint for the State's water security for the next 40 years.

Murray Futures Program

As part of the 10 year \$610 million Murray Futures Program, the Department has played a role in the success of key projects including the \$120 million Lower Lakes Pipeline project and the \$200 million Lower Lakes and Coorong Recovery project, which includes the construction of environmental flow regulators in the Goolwa Channel, Finniss River and Currency Creek.

Stormwater Capture and Reuse

In June 2009, the State Government submitted a bid to the Australian Government for projects that will more than double South Australia's capacity to capture and reuse stormwater by 2014. The \$145.1 million bid is for seven stormwater projects across the metropolitan area which will harvest up to 8,090 million litres of stormwater for reuse.



Role, Functions and Objectives

The Department plays a substantial role in ensuring the ongoing sustainability of South Australia's natural resources to achieve economic, social and environmental outcomes.

Providing leadership in natural resources management, the Department enables industry, community and Government to responsibly develop and manage the State's land, water, native vegetation and biodiversity resources.

Our Vision

Natural resources used sustainably to enhance quality of life.

This year, the Department has identified specific missions for the areas in which it works including:

Mission for Water Resource Management

To ensure a reliable supply of water which supports healthy ecosystems, and social and economic prosperity for all South Australians now and in the future.

Mission for Sustainable Land and Biodiversity Conservation

To build better relationships with its diverse communities to protect and manage our land and biodiversity to ensure its long-term sustainability.

Mission for Integrated Natural Resources Management System and Partnerships

Provide a Statewide system that enables successful regional delivery of sustainable and significant natural resources management outcomes.

Our Functions

The Department undertakes a range of functions which contribute to our achieving our missions, including:

- providing advice and regulatory support to Government and the community
- facilitating the sustainable allocation and use of the State's natural resources
- ensuring secure and sustainable water for communities, including those reliant on the River Murray
- monitoring and reporting on the State and condition of natural resources across the State
- developing integrated policy solutions
- supporting Natural Resources Management Boards and partners to deliver the natural resources system
- protecting ecosystems and production systems from bio-security threats, and
- managing our native vegetation.

Legislation

Legislation Administered by the Department

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 dog-proof fences in the State in order to prevent the entry of wild dogs into pastoral areas; and for incidental purposes.

Groundwater (Border Agreement) Act 1985

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

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; 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. It should be noted that 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 of works and environmental management programs and other initiatives; and for other purposes.

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

Groundwater (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 2009

An Act to provide a framework for the management and operation of shared infrastructure for irrigation or drainage purposes associated with primary production in the State; to make related

amendments to the *Natural Resources Management Act 2004*; to repeal the *Irrigation Act 1994*; and for other purposes.

Murray-Darling Basin Act 2008

An Act to facilitate the operation of an agreement entered into between the Australian Government, New South Wales, Victoria, Queensland, South Australia and the Australian Capital Territory to promote and co-ordinate effective planning and management for the equitable, efficient and sustainable use of the water and other natural resources of the Murray-Darling Basin; to make related amendments to the *Development Act 1993*, the *Groundwater (Qualco-Sunlands) Control Act 2000*, the *Natural Resources Management Act 2004*, the *River Murray Act 2003* and the *Waterworks Act 1932*; to repeal the *Murray-Darling Basin Act 1993*; 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. It should be noted that 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 2009

An Act to provide for the continuation of the Renmark Irrigation Trust for the purposes of the management and operation of certain shared infrastructure for irrigation or drainage purposes in the area around Renmark; to make related amendments to the *Natural Resources Management Act 2004*; to repeal the *Renmark Irrigation Trust Act 1936*; and for other purposes.

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.

Relationship with Other Organisations

The Department of Water, Land and Biodiversity Conservation forms part of South Australia's Environment and Conservation Portfolio for Government administrative purposes. The portfolio also includes the Department for Environment and Heritage, Environment Protection Authority and Zero Waste South Australia.

In performing its roles, the Department also works closely with other State agencies, including Primary Industries and Resources SA, the Department of the Premier and Cabinet, Department of Trade and Economic Development, Department of Further Education, Employment, Science and Technology, SA Water, Emergency Services, Department of Treasury and Finance, Attorney General's Department and the Department for Transport, Energy and Infrastructure.

The Department also has a very close working relationship with the Natural Resources Management Council and eight regional Natural Resource Management Boards. The Chief Executive is the employing authority for the Boards.

At the start of the reporting year, the Chief Executive is the State Government appointee to the Basin Officials Committee (BOC), established under the Australian Government's *Water Act 2007*. BOC, along with the Murray-Darling Basin Authority, oversees management of river operations and natural resource management programs in the Murray-Darling Basin. From 15 December 2008, the Commission was transformed into the Murray-Darling Basin Authority, and the Chief Executive is now a member of the Basin Officials Committee responsible for reporting to the Murray-Darling Basin Ministerial Council and providing advice to the Murray-Darling Basin Authority.

The Chief Executive 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's officers are members of many national committees and working groups that aim to ensure a coordinated and consistent approach to natural resource management priorities, such as the management of the River Murray, and biosecurity concerns.

Enabling the Department's priority of strong science and policy, officers are committed to the maintenance of strong relationships with the research communities within universities, and a number of Co-operative Research Centres (CRC's). The Department has also developed very strong relationships with the Bureau of Meteorology as it delivers on its legislative responsibilities as the State's lead Water agency.

Fostering strong partnerships with community and non-Government organisations is a focus for the Department, and these include partnerships with the Local Government Association of South Australia; Conservation Council of South Australia; South Australian Farmers Federation; and industry representative groups.

The Department also provides executive and technical support to the Water Security Council, and the Chief Executive is a member of the Council.

The Department is the joint shareholder with PIRSA of a service delivery agency, Rural Solutions SA. As one of the largest purchaser of services from Rural Solutions SA, the Department plays an active role in its management and governance.

Relationship to South Australia's Strategic Plan

The Department is lead agency for the following targets:

Objective 3 - Attaining Sustainability

Biodiversity

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

Water

T3.9 Sustainable water supply: South Australia's water resources are managed within sustainable limits by 2018.

T3.10 River Murray – flows: increase environmental flows by 500GL in the River Murray by 2009 as a first step towards improving sustainability in the Murray-Darling Basin, with a longer-term target of 1500GL by 2018.

T3.11 River Murray – salinity: South Australia maintains a positive balance on the Murray-Darling Basin Commission salinity register.

The Department provides support to the following targets that relate to our core business:

Objective 1: Growing Prosperity

Exports

T1.14 Total Exports: treble the value of South Australia's export income to \$25 billion by 2014.

T1.18 Minerals production: increase the value of minerals production to \$3 billion by 2014.

T1.19 Minerals processing: increase the value of minerals processing to \$1 billion by 2014.

Objective 3 - Attaining Sustainability

Biodiversity

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

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

The Department contributes to the following objectives and targets:

Objective 1: Growing Prosperity

Economic Environment

T1.7 Performance in the public sector - customer and client satisfaction with Government services: increase in the satisfaction of South Australians with Government services by 10 per cent by 2010, maintaining or exceeding that level of satisfaction thereafter.

T1.8 Performance in the public sector - Government decision-making: become, by 2010, the best performing jurisdiction in Australia in timeliness and transparency of decisions which impact the business community (and maintain that rating).

T1.9 Performance in the public sector - administrative efficiency: increase the ratio of operational to administrative expenditure in State Government by 2010, and maintain or better that ratio thereafter.

Objective 2: Improving Well Being

Public Safety

T2.11 Greater safety at work: achieve the nationally agreed target of 40 per cent reduction in injury by 2012.

Work-Life balance

T2.12 Work-life balance: improve the quality of life of all South Australians through maintenance of a healthy work-life balance.

Objective 4 - Fostering Creativity and Innovation

Investment in Science, Research and Innovation

T4.9 Public expenditure: by 2010, public expenditure on research and development, as a proportion of Gross State Product, to match or exceed average investment compared to other Australian States.

T4.10 Australian Government resources: secure Australian Government research and development resources to 10 per cent above South Australia's per capita share by 2010 and increase this share to 25 per cent by 2014, for both public and private spheres.

Objective 5 - Building Communities

Women in Leadership

T5.1 Boards and committees: increase the number of women on all State Government boards and committees to 50 per cent on average by 2008, and maintain thereafter by ensuring that 50 per cent of women are appointed, on average, each quarter.

T5.2 Chairs of boards and committees: increase the number of women chairing State Government boards and committees to 50 per cent by 2010.

Aboriginal Leadership

T5.7 Aboriginal leadership: increase the number of Aboriginal South Australians participating in community leadership and in community leadership development programs.

Objective 6: Expanding Opportunity

Diversity in the Public Sector

T6.22 People with disabilities: double the number of people with disabilities employed by 2014.

T6.23 Women: have women comprising half of the public sector employees in the executive levels (including chief executives) by 2014.

T6.24 Aboriginal employees: increase the participation of Aboriginal people in the South Australian public sector, spread across all classifications and agencies, to 2 per cent by 2010 and maintain or better those levels through to 2014.

Operations and Deliverables for 2008-2009

Program 1 – Natural Resources Management

NATURAL RESOURCES MANAGEMENT

Natural Resources Management Reform

In 2004, an extensive reform program began with the passing of the *Natural Resources Management Act 2004*. Up until that time, water resources management, soil protection, and animal and plant control activities were managed separately by approximately 50 different bodies across the State. Since the passing of the Act, there are now eight regional NRM Boards, and all are finalising comprehensive plans to guide the regional management of natural resources in an integrated way.

In May 2009, the Minister for Environment and Conservation announced a package of NRM reforms. These reforms have been designed to renew the focus on community-based NRM work, including funding for community groups to carry out local land care, coast care and water care projects.

In addition, the Minister also announced steps to reduce red tape and improve efficiency within the current NRM system by:

- convening a key stakeholders forum, including representatives from the Conservation Council, South Australian Farmers Federation, Local Government Association and NRM Boards to identify and discuss specific actions that could deliver efficiencies
- reviewing interactions between State Government agencies and regional NRM Boards to minimise duplication
- visiting each NRM region to speak to local Governments, community groups and landholders directly and to inform further actions.

Community Grants for Natural Resources Management

To support community groups with their local land care, coast care and water care projects, the Department introduced a Community Grants scheme. The scheme acknowledges the significant contribution made by volunteer-based groups and addresses the need to support this vital community resource. The scheme attracted a high level of interest, with a total of 226 applications received. DWLBC coordinated a two-stage assessment process to ensure probity and fairness, which also included input from regional NRM Boards and the convening of a central assessment panel.

Of the 226 applications received, 71 community groups were successful and shared in \$621,000 of funding to deliver a range of projects across the eight NRM regions. Successful projects addressed key regional and State NRM priorities including pest plant and animal control, awareness raising activities, sustainable farming practices and water-use efficiency trials.

Natural Resource Management Investment

Caring for our Country initiative

In March 2009, the Australian Government announced that it would invest \$2.25 billion over five years in the Caring for our Country initiative to replace the Natural Heritage Trust Extension, National Landcare and National Action Plan for Salinity and Water Quality programs. The aim of the initiative is to achieve an environment that is well managed, better protected, healthy, resilient and provides essential ecosystem services in a changing climate. The initiative requires the State to continue to contribute financial and in-kind support equivalent to that provided under previous programs.

Under this initiative, the Department negotiated transitional arrangements for 2008-2009 with the Australian Government. The financial agreement, which provided \$19 million of regional funding to the State's eight regional NRM Boards – and equating to 11.9 per cent of the national allocation – was signed by the Minister for Environment and Conservation in October 2008.

In addition, \$4.66 million in open grants was secured for South Australia, and projects that benefited included Landcare, Community Coastcare, Working on Country and National Reserve System.

Complementary State National Resources Management Program

To complement the Caring for our Country initiative, the State NRM program was established and the Department successfully co-ordinated expenditure of the \$16 million program. The governance model developed by the Department to support audit processes ensured that all financial and program outcomes were met by the end of financial year timeframe.

As part of the program, \$14.4million was allocated to 95 projects that were delivered by the regional NRM Boards and other related Government agencies. These activities included:

- the management of watercourses and stormwater
- improvement of farming systems
- pest control and other on-ground environmental work
- tackling the challenges posed by climate change.

Funding has also been secured for the 2009-2010 State NRM Program.

Natural Resources Management Planning

Comprehensive Regional NRM Plans

Regional NRM Boards have a responsibility to prepare a comprehensive plan for their respective regions. In this reporting period, new plans have been adopted for:

- Eyre Peninsula
- Northern and Yorke regions
- South Australian Murray-Darling Basin.

The plan for Kangaroo Island has been prepared and it is expected that it will be adopted in early 2009-2010. Substantial progress has been made on the comprehensive plans for the Alinytjara Wilurara, South Australian Arid Lands and South East regions.

Natural Resources Management Levies

The Department managed the annual process that scrutinises and approves the regional (land-based) levies that regional NRM Boards raise. In 2008-09, there were levies for:

- Adelaide and Mount Lofty Ranges
- Eyre Peninsula, Northern and Yorke
- South Australian Arid Lands
- South Australian Murray-Darling Basin
- South East NRM regions.

The regional NRM levy for Kangaroo Island will be established in 2009-2010, and it should be noted that the Alinytjara Wilurara NRM region does not raise or collect levies.

The Department also managed the annual process to establish the NRM water levies that are paid by licensed water users. Levies provide substantial funding to regional NRM Boards, and are used to:

- undertake significant programs for on-ground works
- support infrastructure and expertise to manage projects funded through State and Australian Government programs
- assist a broad range of community-based projects.

Water Allocation Planning

Water Allocation Plans in South Australia are prepared under the *Natural Resources Management Act 2004*, following prescription of a water resource. The plans are developed by NRM Boards, with the assistance of the Department. These plans include policies for the allocation and transfer or trade of water, as well as approvals for permits that manage water-affecting activities, such as the construction and location of dams and wells.

There are currently 18 Water Allocation Plans in South Australia and these plans must be reviewed within five years of adoption. To date, all plans have been reviewed and 10 plans are being amended, and a new plan was adopted for the Far North Prescribed Wells Area. Three plans were recently amended and are operating as second-generation plans. These are for the following prescribed water resources:

- Padthaway Prescribed Wells area
- Clare Valley Prescribed Water Resources area
- Barossa Prescribed Water Resources area.

Six new plans are being developed.

Water Management in the Western Mount Lofty Ranges

The Western Mount Lofty Ranges (WMLR) provides critical water supplies for agricultural and horticultural production, and for metropolitan Adelaide. The Government has prescribed the surface water, watercourses and wells in the WMLR. The Department is also working closely with the Adelaide and Mount Lofty Ranges NRM Board to implement new management arrangements for ongoing sustainability.

The draft WMLR Water Allocation Plan was completed and will go out for consultation in the 2009-2010 reporting period.

Temporary water authorisations have been issued to around 99 per cent of water users in the Western Mount Lofty Ranges. These authorisations have allowed existing users to continue their operations during the Notice of Prohibition, which 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.

Development of the WMLR and Eastern Mount Lofty Ranges Water Allocation Plans depends on the assessment of the capacity of the resources and determining sustainable extraction limits. Sustainable extraction limits need to reflect not only the various water resources but also the requirements of water dependent ecosystems.

Water Management in the Eastern Mount Lofty Ranges

The Eastern Mount Lofty Ranges (EMLR) is a critical water catchment for the State and in order to protect these water resources, the 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 draft Water Allocation Plan for this area is near completion and will be consulted on during the course of the 2009-2010 year.

Temporary water authorisations have been issued to around 99 per cent of water users in the EMLR. These authorisations have allowed existing users to continue their operations during the Notice of Prohibition, which 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.

Development Planning

The Department provides advice on, and input into, local Government and development planning matters, as well as working to ensure better connections between NRM objectives and policies and land use planning decisions.

A total of 1153 documents were received, processed and finalised throughout the year, including:

- 91 development plan amendments
- 27 mining applications
- 14 *Fisheries Management Act 2007* exemptions
- 53 *Environmental Protection and Biodiversity Conservation Act 1999* referrals.

Natural Resources Management Act 2004

The *Natural Resources Management Act 2004* (NRM Act) promotes the sustainable and integrated management of the State's natural resources and provides for the protection of those resources.

Amendments

During the reporting year, the NRM Act was amended on four occasions by:

- the *Marine Parks Act 2007* – to provide that a regional NRM plan is consistent with any relevant management plan under that Act
- the *Murray-Darling Basin Act 2008* – to update references in terminology and to the Murray-Darling Basin plan and Ministerial Council, and to the Australian Government's *Water Act 2007*
- *Irrigation Act 2009* – to provide for the management of water licences, allocations and entitlements within an area where the *Irrigation Act 2009* applies
- *Renmark Irrigation Trust Act 2009* – to provide for the management of water licences and allocations where the *Renmark Irrigation Trust Act 2009* applies.

Similarly, the supporting regulations under the NRM Act were amended seven times during the reporting period.

The Department also undertook significant work in relation to proposed amendments to the NRM Act:

- the *Natural Resources Management (Commercial Forests) Amendment Bill 2009* was introduced into the House of Assembly in June 2009. This Bill seeks to establish a mechanism within the NRM Act that enables forest water licensing where this is considered a reasonable measure to improve the management of a water resource
- a proposal to amend the NRM Act following the finalisation of the statutory report on the review of the Act in 2007.
- the Department has focused considerable efforts to prepare for the implementation of the unbundled water rights regime. This requirement was enacted when the relevant

provisions of the *Natural Resources Management (Water Resources and Other Matters) Amendment Act 2007* came into operation in July 2009.

Separated Water Rights

The Intergovernmental Agreement on a National Water Initiative made in 2004 includes the requirement that water access entitlements and water allocations be managed separate from land ownership, and separate from the required site approvals for taking and using that water.

In 2007, *Natural Resources Management Act 2004* was amended to operate a new separated water rights system in South Australia with the operational date deferred until the regulatory and administrative support mechanisms could be finalised. The project has been accelerated to ensure that the new separated rights operating environment for the River Murray Prescribed Watercourse can be progressively implemented from 1 July 2009.

The *Natural Resources Management (Water Resources and Other Matters) Amendment Act 2007* came into operation on in July 2009. The amendments have replaced the water management section of the *Natural Resources Management Act 2004*. Within Schedule 3A, certain sections dealing with the registration of security interest and caveats have been suspended. These will be reactivated once the system upgrades that deal with these aspects have been made, including the regulations that support the operation of the register. This is scheduled for July 2010. In the meantime, security interests will continue to be respected until the upgrade has been implemented.

Amendments have also been made to the *Natural Resources Management (General) Regulations 2005* and the *Natural Resources Management (Financial Provisions) Regulations 2005*. These amendments have been made to support both the comprehensive operation of the new arrangements in the River Murray, and the transitional arrangements in other prescribed water resources.

To manage the resource in the new separate water rights operating environment, amendments were made to the Water Allocation Plan for the River Murray Prescribed Watercourse. The Water Information and Licensing Management Application system and complementary business procedures were upgraded to enable administration of new separate water management authorisations.

Forest – Water Policy Development

In late 2008, a team was established to drive the development of a statewide policy framework to manage the water resource impacts of plantation forests of the State. A high level interagency committee chaired by Department of Premier and Cabinet, was established for 6 months to develop the framework.

The Department provided executive support for this committee and the outcome was a whole of Government position on managing the water impacts of forests. Addressing national water initiative requirements and contributing to several South Australia's Strategic Plan and Departmental targets, the statewide policy framework was released jointly in June 2009 by the Minister for the Environment and Conservation, and the Minister for Forests.

The policy will be implemented through water allocation plans and regional NRM Plans. In tandem with the whole of Government policy framework, draft amendments to the *Natural Resources Management Act 2004* have been prepared to enable forest water licensing.

The *Natural Resources Management (Commercial Forests) Amendment Bill 2009* was introduced to Parliament in June 2009 and it is expected that the Bill will be debated during the spring session. In June 2009, the interdepartmental committee extended its role to further

examine policy options relating to the South East Lower Limestone Coast Water Allocation Plan.

State Natural Resources Management Plan 2006

The State Natural Resources Management Plan sets out an integrated framework to support the ecologically sustainable development of the State's natural resources. The State NRM Plan is a requirement of the *Natural Resources Management Act 2004* and contains strategic direction and policy for managing South Australia's natural resources.

Progress Project

This project evaluates the operational performance of the State NRM Plan, including reporting on the effectiveness and appropriateness of strategic implementation, with two reports completed in this reporting period. This information shows the extent to which strategies have been implemented and also underpins any recommendations for improvements in reporting on strategies for the next State NRM Plan.

Independent review of the Project

An independent review to evaluate the implementation of the project, including improvements, and determine acceptance and understanding of the State NRM Plan was completed in April 2009. Findings from this review will be used in the forthcoming statutory review of the State NRM Plan 2006.

Statutory review of the State Natural Resources Management Plan 2006

The NRM Act requires that the Natural Resources Management Council review, monitor and evaluate the effectiveness of the State NRM Plan at least every five years. Progress on this review is under way and the timeframe for completion is February 2011. As a result of this review, the NRM Council may seek to amend the Plan.

Natural Resources Management Council

NRM Council (NRMC) met on the first Friday of every month except January 2009.

NRMC provided advice, discussed, responded to or endorsed:

- regional natural resources management plans
- Water Allocation Plans
- Water for Good plan
- water resource impacts of plantation forests
- State of Environment report
- Regional Land Use framework
- National Biodiversity strategy and Marine Park boundaries
- Nature Conservation Legislative review and the National Water initiative
- Prickly Pear policy.

The NRMC Work plan for 2009 was developed and ratified in December 2008. Along with setting the broad direction of NRMC for the calendar year, the key themes for 2009 were defined as:

- sustainable landscapes
- climate change
- communication and engagement
- water security
- evaluation of the 2006 NRM plan.

In partnership with the Premier's Council on Climate Change, NRM commenced preparation on a response to the Greater Adelaide Plan, and agreed to commence a joint and ongoing investigation of a strategic approach in adapting to climate change.

Relations with Aboriginal Communities

Aboriginal engagement in natural resources management is a fundamental component of successful delivery of the *Natural Resources Management Act 2004*. Achieving this objective has proved challenging, with both the Department and the NRM Boards involved in genuine efforts to engage with Aboriginal communities, but with varying levels of success.

The Aboriginal Statewide Advisory Committee (ASAC), a subcommittee of the Natural Resources Management Council (NRM Council), is working with the Department to facilitate greater Aboriginal involvement in NRM. ASAC held the Caring for Country - Aboriginal Natural Resources Management Forum to improve Aboriginal community engagement in NRM in Port Augusta in September 2008. The forum provided an opportunity to launch the Aboriginal NRM website designed to connect Aboriginal people with NRM employment opportunities. Following the forum, a draft recommendations paper, and subsequent report suggesting improvements in engaging Aboriginal communities with NRM, was presented to the NRM Council in February 2009.

The Department also completed a review of Aboriginal access to water arrangements internationally and across Australia. The report supported the issues being considered by NRM Boards and Departmental staff in undertaking reviews of prescribed areas that have existing Water Allocation Plans.

In order to consider the range of options available for the resolution of native title matters across the State, the Department has been involved in meetings of the Chief Executive's Native Title Resolution Task Force. The discussions have focused on negotiation and agreement rather than litigation, and have led to the development of Indigenous Land Use agreements. The Department also contributed to the Attorney-General's Department negotiation process with the Ngarrindjeri.

Volunteers in Natural Resources Management

An NRM Volunteers Committee has been established under the NRM Council.

Committee members have been appointed for their specific knowledge, experience and skills in volunteer management, including their ability to consider volunteering from a strategic, statewide perspective. The committee comprises people from NRM Boards, non-Government organisations, Landcare Australia Limited, local Government, volunteers and landholders.

The Committee met seven times during the reporting period to advocate and give advice on support for volunteers in natural resources management.

These countless volunteer hours benefit all South Australian communities, enhancing and enriching our State. The importance of our community's contribution to NRM is highlighted by Goal 3 the State NRM Plan - Goal 3: Communities, Government and industries with capability, commitment and connections to manage natural resources in an integrated way.

Council Assessment Sub-committee

The NRM Council Assessment sub-committee (CASC) collectively has the skills, knowledge, and experience across the spectrum of NRM and key stakeholder groups. CASC met four times during 2008-09 to continue to give advice on the consistency of regional NRM plans within the State NRM Plan. This advice has been used to prepare advice to the Minister for Environment and Conservation and the Minister for the River Murray.

Governance surveys of NRM Boards

In a jointly funded project, the Department conducted a benchmarking assessment of governance and performance of all the NRM Boards. This sector-wide view will assist in setting the strategic agenda in Departmental support of the eight NRM Boards. The project aims to assess the operations of the Boards, the effectiveness of the support provided by the Department to the boards, benchmark performance and ascertain the areas for improvement. Each NRM Board will receive confidential results benchmarked against other Boards, and the Department will receive a sector-wide report on NRM Board governance performance.

In addition, the chief executives of the agencies that support NRM in South Australia have endorsed an independent review of the performance of all State Government representatives on NRM Boards. A review of the representation was undertaken to ensure continued and improved performance in the operational support of NRM Boards. This project will also inform the future selection of representatives, as well as direct a training program for all staff involved in NRM Board support.

DELIVERING LAND AND BIODIVERSITY MANAGEMENT OUTCOMES

Native Vegetation Management

Native Vegetation Council

The Native Vegetation Council (NVC) is responsible for the effective administration of the *Native Vegetation Act 1991* and the *Native Vegetation Regulations 2003*. The Department provides both administrative and professional support to the NVC and its subcommittees.

The Significant Environmental Benefit (SEB) Grants Scheme was endorsed by the NVC in October 2008. This established a mechanism for funds that had been paid into the Native Vegetation Fund by landowners and companies – as an offset to authorised clearance of native vegetation – to be dispersed. The NVC committed \$1.15 million to approved native vegetation biodiversity, conservation, restoration and management projects across four of the State's NRM Regions. The second round for SEB Grants closed 30 June 2009.

The NVC commissioned a review of its policies to determine SEB offsets and to encourage a more strategic approach. The review provided a framework to consider the enhancement of existing SEB policies, as well as the potential for establishing a biodiversity market in South Australia.

Compliance Monitoring

Systematic monitoring of unauthorised native vegetation clearance via satellite imagery and other sources has continued. Pursuit of unauthorised clearance provides a significant deterrent to the illegal removal of native vegetation. In November 2008, following an investigation by the Department, a landholder was successfully prosecuted for the clearance of approximately 275 trees. The court handed down a significant penalty to the landholder, with the fine payable to the Native Vegetation Fund.

Native Vegetation and Bushfire

In early 2009, in the wake of the Victorian Bushfires, the Minister for Environment and Conservation announced a review of native vegetation and bushfire management. In collaboration with key stakeholders, the Department considered the interaction of native vegetation, bushfire, protection of life and property. As a result of the review, variations to the existing native vegetation regulations will take place in September 2009, ensuring that the community and the State Government can plan appropriately to protect built assets and communities from the impacts of bushfires.

In April 2009, the NVC and SA Country Fire Service launched an education campaign, Cut Down the Impact of Bushfires, which outlined the steps landholders can take to protect their properties from bushfires, including the clearance of native vegetation

Review of the Native Vegetation Act

The *Native Vegetation (Miscellaneous) Amendment Bill 2008* was introduced to Parliament in October 2008. Key provisions of the Bill relate to the offsets for vegetation clearance, and membership of the Native Vegetation Council. The Bill provides for improved flexibility for the delivery of significant environmental benefit offsets for vegetation clearance, by providing that the offset may be delivered where it is most needed, anywhere in the State.

A change to the membership of the Native Vegetation Council was also included. The nominee of Australian Government's Minister of the Environment has been replaced by a person who can be nominated by the State Minister for Environment and Conservation for his or her expertise in planning or development. This change reflects the issue that most clearance of native vegetation now occurs as a result of development, particularly mining and coastal living. The Bill was passed by the House of Assembly without amendment.

Planning Review and Native Vegetation

The Department conducted a joint project with several local Government bodies to improve the interface between the planning, development and protection of native vegetation. To improve access to information, the Department has printed fact sheets that have been sent to all relevant councils, and a web link is available for councils to add to their websites. A Local Government Association circular was also prepared and distributed to ensure a broader understanding of the requirement to prevent broad acre clearance.

Upper South East Program

The Upper South East dryland salinity and flood management program was established to:

- drain saline groundwater from the landscape
- manage extensive, prolonged flooding agricultural lands
- provide environmental flows to key wetland systems
- protect and enhance regional biodiversity assets through stewardship covenants.

Works Program 2008-2009

In 2008-2009, the initiative achieved its major milestones. These included the:

- completion of engineering and feasibility reports
- completion of an independent assessment on the risks and benefits to environmental values of the West Avenue watercourse and Bald Hill flat associated with hydrological manipulation and drainage completion of independent community perceptions research
- securing 5749ha of native vegetation through stewardship covenants.

Work that commenced in the timeframe included the survey and design of REFLOWS and the survey for Bald Hill and Winpimmerit drains.

As part of a key performance measure for the delivery of the USE program in 2010, quarterly reports have been submitted to the Natural Resources Committee of Parliament. This is a significant contribution to the Corporate Plan Target 1.2.2: Manage natural resource based remediation programs.

This initiative also complements drainage and conservation programs in the Lower South East managed by the South East Water Conservation Drainage Board. The Department will be working with the Board to develop a transition plan for future management of these drains.

Restoring Environmental Flows to the Upper South East Project

The Upper South East Program Board (USEPB) has developed the Restoring Environmental Flows to the Upper South East (REFLOWS) project following research over several years. This \$14.2 million project is now fully funded, following an allocation of \$7.7 million from the Australian Government Water Fund, up from the original \$6.5 million allocated by USEPB.

The project will partially restore historic environmental flows to wetlands and watercourses of the Upper South East and secure a vital link between the internationally recognised Ramsar-listed Bool Lagoon and Coorong wetlands. Included in the scope of the project is the delivery of water via engineered floodways from the Mosquito Creek catchment to the Marcollat watercourse and from Bakers Range catchment south of Drain M to the northern Bakers Range and West Avenue watercourses.

To assist the community understand the benefits of the project, USEPB held two public information meetings in the South East, and a number of targeted information sessions with those directly affected by the proposal.

More than forty written submissions were received during the eight week public consultation period, with a significant majority supporting the proposal.

In June 2009, the Minister for Environment and Conservation approved the Upper South East program, including the REFLOWS project.

Development of the South East Drainage System Operation and Management Bill

A draft South East Drainage System Operation and Management (SEDSOM) Bill was developed with Parliamentary Counsel.

South Australia's Strategic Plan Target for Soil Protection

DWLBC is the lead agency for the SA Strategic Plan Target (T3.3) for soil protection. The target is to achieve a 20 per cent increase in the State's agricultural cropping land that is adequately protected from erosion by 2014, compared to 2003. An implementation plan has been developed for the target, and the Department is working with Regional NRM Boards and groups, agricultural industry organisations and other State Government agencies to achieve it.

With the assistance of land management technical expertise provided by the Department, strategies related to soil protection targets were included in the regional natural resources management plans prepared for the Eyre Peninsula, Northern and Yorke, and SA Murray-Darling Basin regional NRM Boards.

The Department also supported four regional industry groups to deliver projects to improve protection from soil erosion. Specifically, the Department worked with groups to:

- Increase no-till and minimum tillage, particularly in areas of low adoption amongst mixed farming systems.
- Work with contractors and farmers to improve clay spreading and delving practice and demonstrate best practice techniques to landholders.
- Assist growers to make informed decisions to improve their soil management on their own farms.
- Provide knowledge and confidence to adopters of conservation agriculture through the 'Farmers Helping Farmers' program and in doing so increase productivity and NRM benefits.

River Murray Forest

The River Murray Forest project completed its pilot phase, releasing a second tender in August 2008 that called for broad scale plantings of native trees and shrubs in the River Murray corridor. The project area extends from the South Australian-Victorian border to Tailem Bend.

Nearly 800 hectares of plantings were commissioned, bringing the total planted to approximately 1 000 hectares, comprising mainly diverse dryland mallee species. While the total area of plantings has been limited by dry seasonal conditions and seed availability, the full increment of plantings will continue once conditions improve.

In order to further contribute to South Australia's Naturelinks biodiversity initiative, in July 2009, the Government approved the area be extended to now encompass the Lower Lakes and Coorong and surrounds. Proposals for revegetation across a range of scaled and land types are now being sought.

Lake Eyre Basin

A significant outcome of the Lake Eyre Basin Ministerial forum was the decision to endorse the inaugural action plan that outlined priority actions for implementation in the next five years. The plan, developed following extensive consultation with stakeholders, has 11 actions dealing with:

- governance and communication
- a periodic audit of natural resource condition
- the availability of data and research findings related to Lake Eyre Basin
- increased engagement with key stakeholders, including Aboriginal communities
- managing tourism impacts
- planning for the future.

Biological Control of Rabbits

While rabbit numbers and consequent damage were greatly reduced by the introduction of Rabbit Haemorrhagic Disease (RHD) in 1995-1996, rabbit numbers are recovering at monitoring sites around the State, with the demand on NRM Boards for rabbit control services increasing sharply. To reduce rabbit numbers, the Department has conducted trials in conjunction with NRM Boards that tested releases of RHD virus on bait. The Department also worked with the Invasive Animals Co-operative Research Centre on research that identified genetic resistance to RHD virus in wild rabbits. While only in preliminary stages of introducing new, more-effective strains of RHD from Europe, further work will quantify the genetic diversity of RHD virus in Australia in 2009-2010.

Dog Fence Board

The routine inspection and maintenance of the Dog Fence has continued, with the aid of the six Local Dog Fence Boards and private fence owners. The State's Dog Fence Board met four times, with one meeting occurring during their inspection of the fence from the coast at Nundroo to Roxby Downs. The effectiveness of maintenance programs was noted by members, and was demonstrated by the good condition of the fence.

EXCELLENCE IN SCIENCE

Climate Change

A range of specific issues relating to identifying and managing the impact of climate change were investigated by the Department. These included:

- the potential impact on water resources availability in the Mount Lofty Ranges
- the release of the final report on the predicted impacts of climate change on wind erosion potential
- the development of land suitability models for five native species with potential for use as forage shrubs
- the completion of the pilot study on assessment and monitoring methods for soil organic carbon in collaboration with Rural Solutions SA.

Science Collaboration

The Department played a major role in the preparation of the successful bid for Flinders University to host the \$30 million National Centre for Groundwater Research and Training. The establishment of the centre reaffirmed South Australia's reputation as a leader in groundwater implementation. The focus will be on:

- increasing the quality and integration of research programs
- enhancing the scale and focus of research to promote ecological sustainability
- building capacity within the groundwater profession
- encouraging interaction between Governments, industry and the education sector.

The Natural Resources Management Research Alliance, which is hosted by the Department and includes Flinders University, Adelaide University, University of South Australia, CSIRO, Department of Environment and Heritage, PIRSA and the regional Natural Resources Management Boards:

- formed the Habitat Restoration and Sustainable Production Research Alliance cluster which was supported by funding from the Department of Further Education, Employment, Science and Technology
- was successful in receiving funding for 10 projects through the State complementary Natural Resources Management (NRM) program
- refined the draft Science, Technology and Innovation Strategy for the NRM Council. The draft strategy was used as one of the sources that guided the focus areas for research collaboration and capability development.

Measuring the Condition of our Natural Resources

The Department led an interagency team to develop a monitoring evaluation and reporting framework for natural resources management in South Australia.

To support the acquisition of groundwater and surface water monitoring equipment, and the deepening of key groundwater wells, the Department won \$1.19 million from the Bureau of Meteorology's Modernisation and Extension of Hydrologic Monitoring Systems fund. This funding will help improve the assessment of the State's water resources.

The Department established 32 groundwater monitoring wells equipped with data loggers next to groundwater dependent ecosystems. This was undertaken in order to determine the relationship between surface water interactions and groundwater dependant ecosystems across the South East region.

In Port MacDonnell, Departmental officers defined the aquifer area for replacement of the town water supply, and conducted the bore inspection program for SA Water in the South East, Mid North, Eyre Peninsula and Murraylands regions.

In November 2008 and April 2009, the seasonal erosion protection reports for agricultural cropping regions were completed. This was a culmination of the land condition monitoring field erosion protection survey in agricultural cropping regions. As a result of the Department's experience in this area, a manual of proposed national minimum standards for roadside erosion survey for the Australian Government has been prepared.

Information Management

The Arid Lands Information System (ALIS) was completed and implemented this year, with the project team winning second place in the National ESRI Application Award. ALIS supports the administration of the *Pastoral Land Management and Conservation Act 1989*, and assists in the sustainable management of natural resources by the SA Arid Lands NRM Board. This system is also a public information portal for the far north of the State.

The Water Trading Reporting website application was completed, which lists all approved water trades for each area by year.

As part of the Natural Resources Information Management System project, all spatial data was migrated to an enterprise-level repository and delivered to other agencies and the public as web services. This enabled direct real-time access to all Departmental spatial data.

The Imagery Baseline Data program was completed. The program demonstrated the use of telemetry to manage high priority natural resource assets, and coordinated the acquisition of:

- Statewide aerial photography and satellite imagery
- a high resolution digital elevation model of the River Murray
- an updated survey of land use across the State.

This data is widely available, and it is expected it will be used for planning, monitoring and evaluating the condition of natural assets, particularly during the drought period when it was collected.

The Digital Elevation Model (DEM) of the south east of the State was completed and loaded. Valued at over \$1 million, the DEM is a benchmark data set for all future analyses of the landscape south of Salt Creek.

The Department also produced a range of high quality GIS maps to support improved natural resource management, including:

- an update of Adelaide's stormwater network data
- flood hazard data and flood prone areas of metropolitan Adelaide for SES FloodSafe awareness program
- tillage practices across Eyre Peninsula
- spatial analysis of illegal vegetation clearances.

Broader Scientific Programs

The range of science-based programs include:

- developing and determining protocols related to the cultural and ecological significance of rockhole ecosystems in the Gawler Ranges
- river assessment reports on broad measures of hydrological condition, landscape stress, water quality, fish and waterbirds related to the State of the Lake Eyre Basin in 2008
- estimating the environmental water requirements of high value wetlands in the south east of the State, including establishing hydrological target figures for 125 wetlands in response to the needs of identified plants
- providing scientific advice to Water Allocation Planning policy in the Mt Lofty Ranges that included:
 - identifying and mapping significant water-dependent ecosystems and biota in the Mt Lofty Ranges and Fleurieu catchments, and establishing environmental water requirements
 - identifying and recommending short-term and long-term hydrological and ecological monitoring requirements
 - identifying interactions between groundwater and surface water systems
 - establishing direction of groundwater flow
 - summarising groundwater recharge estimates
 - undertaking fracture orientation and distribution analysis
- through the South Australian Aquatic Ecosystems project, the Department has completed a preliminary map of all of South Australia's inland aquatic ecosystems. The Department has also

developed a best practice system to manage and monitor priority aquatic ecosystems, and report on the condition of ecosystems.

Future Farm Industries Cooperative Research Centre

The Department has continued its partnership with the Future Farm Industries Cooperative Research Centre (FFI CRC) during 2008/09. The FFI CRC is developing more sustainable farming systems based on perennial plants that:

- reduce salinity and soil erosion
- conserve biodiversity and water resources
- contribute to drought and climate change adaptation strategies in broad-acre farming areas.

In early 2009, a series of FFI CRC regional briefings was conducted by the Department in collaboration with the Eyre Peninsula, SA Murray-Darling Basin, Adelaide and Mount Lofty, and Kangaroo Island NRM Boards. CRC presenters showcased a range of research and highlighted opportunities to engage in projects. The briefings led to the development of strong links between researchers and regional NRM Boards, farmer networks and rural industry.

The Department also worked with NRM Boards and industry groups to establish three regional trial sites as part of a CRC project to develop productive fodder shrub options for marginal cropping areas. The measurements collected at the sites during spring and autumn will be used to inform the Department on plant performance under different soil types and in low rainfall conditions.

ASSET MANAGEMENT

Portfolio of assets

The Department manages and operates an asset portfolio that provides South Australia with the infrastructure it needs to effectively manage its natural resources. These assets include:

- Patawalonga Lake system
- river vessel waste disposal stations
- Noora drainage disposal scheme
- saline water disposal Basins
- Lower Murray embankments
- surface water monitoring network
- groundwater monitoring network
- water monitoring plant and equipment
- information and communication technology
- licensed water use meters

Each of the asset groups is supported by the development of an Asset Group Management Plan, which also underpins the Department's Asset Management Strategic Plan. Supporting these plans is a suite of asset management policies and procedures.

The Patawalonga Lake System

The Patawalonga Lake system (PLS) is a strip of water that lies parallel to the coast north of Glenelg. A valuable asset for the local community, the PLS integrates aspects of flood mitigation, aesthetics and recreational facilities. Management of the PLS this year was 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
- a survey of lake bed and silt build up
- replacement of water level sensors and boards
- installation of safety guard rails, vehicle stops and rubbish grille upgrades
- a system for managing graffiti and vandalism
- removal of 32 tonnes of rock and debris from the Barcoo duct.

Asset Management Information System

During 2008-2009, the Department investigated, procured and commenced implementation of Asset Management Information System (AMIS).

AMIS will replace legacy systems, improve control and provide timely delivery of asset information to those requiring the data, including the Department's Asset Register.

The system will provide a one-stop-shop for Departmental users to view and update asset data, and will also significantly improve external reporting to the Department of Treasury and Finance.

Program 2 - Natural Resources Management (River Murray)

MURRAY-DARLING BASIN REFORM

Murray-Darling Basin Reform

The Department played a key role in supporting the Minister for the River Murray and the Premier in negotiations to reform governance and management arrangements in the Murray-Darling Basin, and to pass legislation to refer powers over water management in the Basin to the Australian Government. On 3 July 2008, Council of Australian Governments signed an historic inter-governmental agreement on the Murray-Darling Basin. This landmark legislation is a significant and historic change in the management of the Murray-Darling Basin. It establishes a new approach to governance to manage the pressures of climate change, economic development and environmental degradation.

Central to the new management arrangements is the independent, expertise-based Murray-Darling Basin Authority that will prepare a Basin plan to set enforceable, sustainable diversion limits for Basin water resources.

Significantly for South Australia, the agreement includes:

- referral of powers from the States to the Australian Government to enable key changes to the Australian Government's *Water Act 2007*
- mandating that the Basin Plan addresses management of water for critical human needs
- ensuring South Australia has to access to interstate storages such as Hume and Dartmouth Dam for critical human needs and private carryover water
- establishing a framework for sharing water in the River Murray system and key tributaries under low water availability and extreme drought conditions
- reducing the overlap in governance arrangements by merging the Murray-Darling Basin Authority and the Murray-Darling Basin Commission into a single institution, known as the Murray-Darling Basin Authority.

South Australia passed the *Water (Commonwealth Powers) Act 2008* in November 2008. The Act commenced on 15 December 2008 and refers powers over the management of water resources in the Murray-Darling Basin to the Parliament of the Australian Government and mirrors similar legislation in New South Wales, Queensland, and Victoria. At the same time, the *Murray-Darling Basin Act 1993* was repealed and replaced with the *Murray-Darling Basin Act 2008*.

The new governance and planning arrangements came into effect on 15 December 2008. A new Ministerial Council, Basin Officials Committee and Community Advisory Committee have been established as key forums for States and community stakeholders to participate in management of the Basin.

The Murray-Darling Basin Authority has commenced preparation of the Basin Plan, due for adoption in 2011. The Department will continue to lead and co-ordinate South Australia's input into the Plan.

Murray-Darling Basin Special Water Sharing Arrangements

Under the extreme drought conditions currently being experienced, the Murray-Darling Basin Agreement does not adequately address water sharing in the River Murray system. The Chief Executive of the Department was instrumental in negotiating special water sharing arrangements for 2009-2010 to enable South Australia, Victoria and New South Wales to meet critical human water needs to allow carryover, and to ensure equitable sharing of water for private irrigation needs. Under the reform outlined below, changes to the Agreement will facilitate water sharing under low water availability and extreme drought conditions, so that annual negotiations are no longer necessary.

LOWER LAKES

Water levels in Lakes Alexandrina and Albert (the Lower Lakes) continue to decline, and salinity increased to the extent that the water can no longer be used for consumption i.e. for private domestic, stock, industrial and irrigation supplies. Broad-scale exposure of acid sulfate soils in Lake Alexandrina brought the lake closer to its acidification trigger point.

The low water levels and deteriorating water quality are considered a risk to the major public water supplies of the Adelaide metropolitan area and surrounds, because of the potential for poor quality water to enter the main channel above Wellington. To mitigate this risk, a range of options are being actively considered including a temporary weir at Pomanda Island, and flow contingency measures to provide a virtual weir.

Due to the lack of available water, pumping from Lake Alexandrina to Lake Albert ceased on 30 June 2009. This action was endorsed at the Murray-Darling Basin Ministerial Council on 12 June 2009. Approximately 170GL per annum of water that would have been pumped into Lake Albert will now be retained in Lake Alexandrina. In addition, Government purchased 50GL of allocation water to be delivered to Lake Alexandrina at an appropriate time in 2009-2010. Under worst-case scenario conditions, this additional 220GL is projected to extend the acidification trigger date for Lake Alexandrina from January 2010 to December 2010.

Alternative management options for Lake Albert are being considered and involve the drying-down and introduction of salt water.

Goolwa Channel Water Level Management Project

To restore water levels and mitigate the risk of acidification in the Goolwa Channel and its tributaries, the Goolwa Channel Water Level Management project commenced in June 2009.

The project comprises the construction of a temporary environmental flow regulator in the Goolwa Channel at Clayton, and of a low-level temporary regulator in both the Currency Creek and Finniss River. Initially, approximately 27.5GL of Lake Alexandrina water will be pumped into the new pool created by the Clayton regulator to raise the water level from around -1.0m AHD to around +0.3m AHD to submerge exposed acid sulfate sediments in the Goolwa Channel and tributaries. Tributary flows during the winter and spring will be captured in the new weir pool and will raise the water level to around +0.7m AHD.

As a short-term holding measure until the project is implemented, micro-fine limestone has been applied to the sediments and water bodies of the tributaries to neutralise acid. This approach is proving effective.

Lake Albert Pumping

The Lake Albert Water Level Management project commenced in May 2008 and was funded by the MDBA. The aim of the project was to manage acid sulfate soils within Lake Albert by maintaining the water level above -0.5m AHD.

While the program was to cease at the end of September 2008, the end date was extended until 30 June 2009 owing to the continuing low flows into the Lower Lakes during the winter of 2008. This allowed more time to investigate alternative acid sulfate soil management techniques.

Water levels were maintained above -0.5m AHD until February 2009, when declining water levels within Lake Alexandrina and the presence of sandbars within the Narrung Narrow prevented water from reaching the pump inlets, triggered an emergency dredging program. Water levels recovered to above -0.5m AHD by mid April 2009, due to the dredging and a high rainfall event.

The EPA conducted regular water quality monitoring throughout the project and reported on the results monthly. The frequency of monitoring was increased during the two month period of low

water levels. Reports from these months showed that alkalinity levels remained high and stable for all sites in the main areas of Lake Albert and no acid release was recorded.

Pumping into Lake Albert ceased on 30 June 2009. While pumping infrastructure will be removed, the blocking bank will remain in place for the short-term to support the acid sulfate soil management techniques proposed by the Department for Environment and Heritage.

Funding for removal of the bank is available, and this funding will also be used to finance spoil removal from within Lake Alexandrina stockpiled during the emergency dredging program.

Murray Mouth Dredging

The Murray Mouth Sand Pumping project is funded by the MDBA and commenced in October 2002. The ongoing drought and subsequent low flows in the River Murray have resulted in the continuation of the dredging operations.

The project aims to protect the health of the Coorong by maintaining a tidal signature and providing stable channels. As the channels have become reasonably stable, operations continue with one dredge, and another is on standby to be used during adverse conditions.

The total expenditure for the project from commencement to June 2009 is estimated at \$38.3 million with over 5.6 million cubic metres of sand removed. The MDBA has approved extension of the project until the end of June 2010.

In the absence of sufficient flows, the dredging will need to continue in order to keep the river mouth open, maintain the diurnal tidal ratio and maintain channel stability.

DROUGHT AND ADAPTATION

Provision of River Murray Drought Information to the Community

Ongoing drought conditions meant that the demand for regular information by River Murray communities and other affected stakeholders continued throughout 2008-2009.

The Department regularly provided information about a range of topics, including the condition and outlook for the River Murray and wider Murray-Darling Basin, water allocations, and management options that were in place or being considered.

Communication initiatives included:

- regular River Murray water resources reports
- public information sessions in River Murray and Lower Lakes towns
- briefings to industry groups
- public information displays
- the production of information sheets and other printed documents.

Information was regularly uploaded to the Department's website where the public could download documents of interest.

The Department continued to provide information, support and advice to the Premier's Special Adviser on drought, Mr Dean Brown (the former Premier of South Australia), who was an important conduit between communities and Government agencies.

River Murray Water Allocations and Carryover

As a result of extremely low inflows, final irrigation allocations during 2008-2009 were set at 18 per cent of licensed water entitlement. This compares with the final irrigation allocation in 2007-2008 of 32

per cent. A total of 94GL of unused allocation water in 2007-2008 was carried over for use or trade in 2008-2009. Irrigators purchased around 121GL of additional water interstate in order to supplement low allocations.

Under the agreed 2008-2009 water sharing arrangements for the southern connected Murray-Darling Basin, South Australia was required to secure its 2009-2010 Critical Human Water Needs (CHWN) reserve of 201GL. This water was secured through water resource improvements, market purchases, and contingency arrangements, with additional water purchased as a reserve for CHWN in 2010-2011.

Critical Water Allocations Scheme

In the reporting year, the Government implemented a Critical Water Allocation scheme to provide critical water allocations to irrigators on the River Murray to secure the survival of permanent plantings, and to reduce the impact on regional communities and economies. The scheme was designed to underwrite critical planting survival needs through the purchase of allocation water available on the interstate water market.

Under the scheme, around 61GL of water was bought then allocated to more than 1 300 farms covering over 37 000 hectares of irrigated permanent plantings, mostly in the Riverland and above Lock 1. This water, when combined with water available from restricted allocations, private carryover, and private water trade by irrigators, ensured the survival of most permanent plantings.

SCIENCE AND MONITORING

Excellence in Science

The Department undertook a range of scientific investigations to inform program design and implementation and policy development in the SA Murray-Darling Basin, including:

- River Murray and Lower Lakes flow and salinity modelling for drought water allocations and environmental management responses
- modelling for the Goolwa Channel, Finnis River and Currency Creek emergency response strategy
- completion of a set of numerical groundwater models that cover the River Murray area of the State
- modelling salt loads for the proposed Chowilla regulator
- developing internal modelling capacity for the Government's drought response in order to forecast potential changes in water and salinity levels along the length of the River Murray under current and predicted low flows
- ecological investigations to determine the ability of weir pools and floodplain bore manipulation to enhance floodplain health
- the ability to improve the condition of riverine vegetation through injection of river water into a shallow aquifer and through bank storage
- the impact of weir manipulation through raising water levels within Lock 5-6 to inform on potential for improvement in ecological condition.

Measuring the Condition of our Natural Resources

In response to predicted low water levels and exposure of acid sulfate soils in the Lower Murray and Lower Lakes, the Department expanded the network of water monitoring stations to include pH, turbidity and wind data. This involved the installation of 11 additional monitoring stations.

The Department continued to monitor River Murray salinity levels and flow rates. International recognition was received for the application of Sontek Acoustic Techniques to measure flow rates in the River Murray.

Information Management

The River Murray Water Data web application was completed. This application displays real-time data and information from surface water monitoring sites within the SA Murray-Darling Basin, and at a number of key sites in New South Wales and Victoria.

A high resolution digital elevation model of the River Murray was developed as part of the Imagery Baseline Data program.

River Murray Monitoring and Modelling

Intensive monitoring and modelling of River Murray water resource conditions in South Australia and the wider Murray-Darling Basin were undertaken throughout 2008-2009. The information collected allowed resource managers to provide accurate and timely scientific and technical advice to Government and the wider community. A focus for DWLBC was the statewide monitoring of water quality as well as the development of suitable models to predict water quality.

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 extremely low flow conditions, and informed specific project decisions.

Management of the River Murray Under Extremely Low Flow Conditions

River Murray inflows during 2008-2009 remained at historically low levels. Inflows were the third lowest of the 118 years of records, resulting in a severe shortage of water availability for the State.

In South Australia, the River Murray continues to be closely monitored on a daily basis and flows across the border remain below the normal daily entitlement level. Flows were adjusted to:

- account for diversions and losses
- ensure that sufficient flows were maintained at Lock 1 to meet water quality targets at SA Water Corporation's Murray Bridge and Tailem Bend pumping stations
- protect the pumping stations from poor quality water in Lake Alexandrina.

Managing the water level in all weir pools continues to be challenging, particularly during summer. All pools above Lock 1 were kept below their normal full supply level to maximise water availability, minimise losses and to ensure target flows at Lock 1 were maintained.

Periods in February and March 2009 were hot and it was necessary to increase the flow over the border above the estimated daily delivery targets to ensure consumption demands could be met. During the warmer months, the potential for algal blooms remained high and monitoring was increased. This risk was highlighted by the occurrence of an 800 kilometre long bloom in the River Murray upstream of South Australia, from Hume Dam to the Sunraysia.

Due to flows being insufficient to cover losses in Lakes Alexandrina and Albert, the water level below Lock 1 continued to fall. By the end of the year, the level was approximately 1 metre below sea level.

THE LIVING MURRAY WATER RECOVERY

The Living Murray initiative

South Australia's Strategic Plan aims to increase environmental flows by 500GL in the River Murray during 2009 as a first step to improving sustainability in the Murray-Darling Basin, with a longer-term target of 1 500GL by 2018.

To meet the initial target of 500GL, investment and the recovery of water was co-ordinated under the Living Murray initiative and included contributions from the Australian Government, the Murray-Darling Basin Authority (MDBA) and the Governments of New South Wales, Victoria, the Australian Capital Territory and South Australia.

The Department has ensured South Australia has met the dual targets as part of its commitments under this program and was the only jurisdiction to do so by the 30 June deadline. The targets were:

- to recover 35GL of long-term cap equivalent water from within the State
- expenditure of \$65 million

In the last financial year, South Australia secured 5GL of water from willing sellers and entered this water on the Living Murray Environmental Water Register in June 2009. A further 17GL was secured through acquisition of Government-held water and from purchases from willing sellers. This water was made available for environmental use on 1 July 2009 and it is expected to be listed on the Environmental Water Register at the Murray-Darling Basin Ministerial Council meeting scheduled for November 2009. These two measures, together with 13GL of water entered on the Environmental Water register by South Australia during the previous reporting period meets the State's water recovery target.

Investment in water recovery projects has continued within other Murray-Darling Basin jurisdictions. South Australia committed approximately \$37.3 million to the following interstate projects:

- Australian Government Water Through Efficiencies tender
- Murray-Darling Basin Commission pilot market purchase
- Goulburn Murray Water Recovery package
- New South Wales package B
- Ricegrowers Australia On Farm Water Efficiency proposal.

South Australia also contributed \$5 million from the River Murray Environmental Flows fund to the Lake Mokoan water recovery project, and a proportion of the water savings made will be attributed to the Living Murray initiative.

Environmental Flows

In October 2005, the Environmental Flows for the River Murray-South Australia's framework for collective action to restore river health 2005-2010 strategy was released. The strategy sets directions and priorities for the recovery, delivery and management of River Murray flows in South Australia, and commits the State Government to 83 actions. The actions have been implemented through partnerships between the Department, the South Australian Murray-Darling Basin NRM Board, the MDBA, other agencies and the community.

A significant amount of work was undertaken to progress the objectives of the strategy, and highlights include:

- Recovery of 35GL of water for the environment within the State for the Living Murray Initiative
- developing strategic priorities for floodplains and wetlands for the delivery of environmental flows and incorporating these into the South Australian Strategic River Murray Environmental Water Plan
- watering of 47 priority wetland sites, securing 33GL of water from a range of sources including The Living Murray, Commonwealth Environmental Water Holder, evaporative savings and private donations
- emergency watering of refuge sites for threatened fish, in partnership with other agencies and non-Government organisations.

RIVER MURRAY SALINITY

River Murray Salinity Policy Implementation and Accountability

Murray-Darling Basin Authority Salinity Register

Under the Murray-Darling Basin Agreement and the *Water Act 2007*, South Australia has an obligation to maintain a positive balance on the MDBA's Salinity Register. This obligation has also been adopted as a State Strategic Plan Target (3.11). During 2007-2008, a positive balance on the Salinity Register was maintained with a balance of 5.696 at 7 November 2008.

A project is under way to review the confidence ratings of South Australia's entries on the MDBA Salinity Register and investigate the implications associated with any revisions to the confidence ratings.

Salinity Zoning Policy

The unbundling of water rights from July 2009 has required the Salinity Zoning policy to be updated. Salinity impact assessments will no longer be required as part of a water trade assessment and will now be part of the assessment for site use approval. Operational policies, protocols, systems and manuals are being finalised to implement these changes.

Pike Implementation Business Plan

The Pike Implementation business plan that integrates salinity management, floodplain management and sustainable irrigation was completed together with the marketing plan.

Land and Water Management Planning

The South Australian Murray-Darling Basin NRM Plan co-ordinates and funds the Land and Water Management planning process, with representatives from the Department providing technical advice and policy information. These plans have allowed the community to engage in salinity management biodiversity issues and community capacity building.

The Bookpurnong Land and Water Management Plan, which used a background report prepared by the Department to inform the Plan, is near completion with the launch planned for September 2009. The Pyap to Kingston Land and Water Management Plan is likely to be completed in December 2009.

The Taylorville Land and Water Management Plan is expected to be finalised by September 2009. Several investigations were undertaken to inform the plan, including:

- groundwater monitoring on Markaranka wetland to identify any changes in groundwater levels as a result of the extension of the Waikerie Salt Interception scheme on the opposite side of the River
- the development of a regional salt and water balance for Taylorville
- an investigation into perched groundwater in Toolunka, and a salt and water balance for Toolunka Wetland.

Market Based Instruments

The cross-jurisdictional project investigating market based instruments for salinity management was completed.

River Murray Salinity Monitoring

The increased installation of telemetered monitoring sites has significantly increased the availability and accuracy of the State's salinity data. Polling of sites with daily data updates to the State Water Archive website has allowed river operators to manage the whole of the River Murray operations on a daily basis.

New salinity, flow and level sites have been installed at Morgan, Swan Reach, Mannum, Murray Bridge, Tailem Bend, Wellington and several sites in the Lower Lakes and Coorong areas.

Acoustic Flow Measurements

Another year of low flows in the River Murray has shown the importance of Acoustic Doppler Current Profiler (ADCP) instrumentation, which is the only technology that can accurately measure these low water velocities. The past year has shown a large increase in the number of gaugings that have been performed.

A project was initiated in the last reporting period to verify the flows over each lock in the State with monthly ADCP gaugings, and was followed up by three monthly gauging of each lock in 2008-2009. The necessity of more accurate flows at Lock 1 for salinity modelling in the lower reach of the river also required an increased frequency of gaugings and this was continued with three monthly gauging in 2008-2009.

To measure the outflow from Lake Victoria, a site has been established in Rufus River. This site has provided continuous flow data since it was installed, enhancing the daily rated flow calculation.

A new site has been established to enhance salt load calculations at Morgan, and will be calibrated over the next 12 months to better understand flow patterns within that reach of the river. Calibrations will continue in the long-term as different flow conditions are encountered. This site has already shown the occurrence of negative (i.e. upstream) flows under strong southerly wind conditions.

Close Interval Electrical Conductivity Surveys

Surface salinity mapping surveys have been carried out in the Lower Lakes and Swan Reach to Murray Bridge. Three-D salinity mapping surveys and cross-sections have been carried out at Bookpurnong Cliffs, Overland Corner area, Loxton SIS reach, and at Toolunka reach near Waikerie.

Run of River Salinity Surveys

In April 2009, the 18th large-scale Run of River survey of salt accessions to the River Murray was conducted. The 2009 survey conducted from Lock 6, (river distance: 620 kms) downstream to Lock 1 (river distance: 274 kms) over a two week period, and has delineated similar salt accessions to 2008.

Other Run of River salinity surveys conducted included Swan Reach to Murray Bridge in February 2009. The survey attempted to delineate salinity accessions in this lower reach as water levels drop to under -1.0m AHD during the commissioning of the Loxton SIS pumping bores surveys every three months from Lock 4 to Pyap. This survey is marking the changes in accessions of the Loxton Reach during the SIS start-up phase. Total accessions of the Loxton reach have decreased from 64 tonnes in August 2007 to 21.8 tonnes in June 2009.

River Murray Salt Interception Schemes

Salt interception schemes investigations will continue throughout the State, with the aim of reducing the salinity impacts on the River Murray.

The Murtho salt interception scheme has progressed, with design works well under way. The construction works will commence in 2009-2010, with the disposal main and the bores being installed.

Investigations into a salt interception scheme at Pike have been completed, and an approval submission was prepared and submitted to the MDBA. The Pike salt interception scheme has been designed to produce 59 highland production bores, intercepting around 168 tonnes per day of salt in the Pike region. The intercepted saline water will be disposed of to the Noora Basin.

The Waikerie Lock 2 salt interception scheme has been constructed, with seven floodplain bores installed and equipped. The scheme will be operational by August 2009.

The continuing investigations into extending the highland component of the Loxton salt interception scheme have highlighted a number of options and a business case is being prepared, with construction work anticipated to commence in 2009-2010.

RIVER MURRAY MANAGEMENT

Amendment of Irrigation Legislation

In April 2009 the *Irrigation Act 2009* and the *Renmark Irrigation Trust Act 2009* were brought into operation, repealing the *Irrigation Act 1994* and *Renmark Irrigation Trust Act 1936*. The amendments followed an extensive review that commenced in 2005 and included targeted consultation on an issues paper, options paper, drafting instructions and draft Bills.

Both Acts are similar in that they provide a framework for irrigation trusts to manage and operate shared infrastructure for irrigation or drainage purposes. The *Irrigation Act 2009* relates to over 40 irrigation trusts, while *Renmark Irrigation Act 2009* is specific to Renmark Irrigation Trust.

Both Acts ensure compliance with the Australian Government's *Water Act 2007*, particularly in regard to water charging, removing obstacles to permanent trade and providing flexibility for trusts in the management of their water licences.

Triennial Review of the River Murray Act 2003

The 2005-2008 Triennial Review of the *River Murray Act 2003* was tabled in Parliament in September 2008. The review assessed the interaction of the *River Murray Act 2003* with related operational acts and included the 2007-2009 Annual Review of the *River Murray Act 2003* and the State of the Environment report prepared by the Environmental Protection Authority. A major conclusion of the review was that the relevance and operation of the River Murray needed to be reviewed given:

- the continuing decline of the river
- poor compliance and enforcement of illegal or non-complying development
- the recommendations of the Planning Review
- Australian Government involvement in the management of the Murray-Darling Basin.

Historic low river flows have magnified adverse impacts associated with unsustainable land use and water extraction practices. While there could be improvements to providing more effective deterrents to activities that are harming the river, the referral of development applications has had a positive impact at the local level. Most problems associated with proposed developments are successfully managed through negotiation, resulting in avoidance of harm to places of local heritage, native vegetation, and wildlife refuges.

Development Planning

In the administration of the *River Murray Act 2003*, 623 development applications were assessed.

Other significant milestones included the:

- completion of a major Riverbank Erosion study
- completion of text for six NRM and Planning Handbooks
- establishment of strong links with the Department of Planning and Local Government.

Water Licensing

The focus on water trading continued along the prescribed River Murray watercourse. The number of trades was down from last year, but the volume of water traded had increased.

The final allocation for irrigators taking water from the River Murray was maintained at 18 per cent, with the consequence that many irrigators needed to purchase water to sustain their crops.

The applications are compared with previous years in the following table. Total number of applications received were 548 in 2005-2006, 1 556 in 2006-2007, 4 637 in 2007-2008 and 3 643 in 2008-2009.

	2005-2006		2006-2007		2007-2008		2008-2009	
	No	Volume (ML)	No	Volume (ML)	No	Volume (ML)	No	Volume (ML)
NSW into SA	17	11 085	197	33 238	1 967	99 974	2 263	317 457
Vic into SA	19	11 818	361	18 118	1 692	47 766	299	22 445
SA to NSW	119	37 418	49	5 426	6	344	11	748
SA to Vic	76	9 681	60	5 799	30	2 036	61	2 890
SA intrastate (perm)	147	30 586	154	15 803	180	15 874	226	47 566
SA intrastate (temp)	170	45 249	735	64 960	762	259 816	783	408 801

Lower Murray Embankments

The principal role of the Lower Murray embankments is to protect reclaimed floodplains and wetlands used for agricultural purposes. The embankments also serve to contain the main river channel, and encourage recreational activities, including walking, cycling and fishing.

The State-owned sections of the embankments have a total length of around 67 kms, a mean height of around 2 metres and a mean top width of around 2.25 metres.

In March 2009, significant cracking was identified along 35 kilometres of the embankments caused by the prevailing drought conditions. Some of the cracks in the Mypolonga, Monteith and Pompoota district/trust areas have been repaired, but a significant length of embankment still remains damaged.

Riverbank Collapse

As a result of the ongoing drought and reducing water level below Lock 1, a number of incidents occurred in the downstream reaches of the River Murray. The most serious incident occurred in February 2009, at Long Island Marina, where a number of trees and three cars fell into the river due to an 80 metre strip of land collapsing into the River Murray. Between February and mid-June, there have been 15 reported incidents, involving approximately 1.7 kilometres of riverbank collapses into the River Murray.

The Department has co-ordinated efforts to manage these incidents and assess sites for potential of further collapse. Factors such as steep riverbanks and the presence of deep water have been used to identify 26 locations below Lock 1 that are facing a high risk of collapse. Other sites suffering cracking have been identified and are being monitored on a weekly basis. The Department established a hotline to receive reports from the wider community.

To manage the emergency response, the Department has implemented a range of responses including:

- the removal of trees that may exacerbate riverbank collapses
- battering the banks to increase stability and implemented by local councils
- reducing speed limits for vessels navigating the River Murray at key locations
- a public awareness campaign to notify river users of the risks associated with riverbank collapse.

The situation will continue to be monitored by the Department while a formalised strategy for ongoing management is being developed.

River Murray Disposal Basins

The Department operates and maintains 17 drainage disposal Basins in the Riverland area. Individual asset management plans have been prepared for each drainage Basin.

Ownership of each Basin has been resolved, with land titles from a number of Basins being transferred to the Minister for the River Murray from various previous ministers.

A review was undertaken to develop a long-term strategy, including the need for all of the Basins. From this review, a potential course of action has been identified and work on this action plan has begun.

Noora Drainage Disposal Scheme

The Noora Basin receives drainage water from the Renmark and Berri irrigation districts, and from the Bookpurnong, Loxton and Murtho (under construction) salt interception schemes. Rehabilitation work is planned for the Basin in order to ensure the sustainability of its continued use. Funding and contractual negotiations continued during the year.

The rehabilitation work ensures that the native vegetation clearance approval requirements of the Native Vegetation Council are met. Regular monitoring of the groundwater, surface water and salinity levels in and around the Basin continues. This monitoring assesses the impact that the disposal of the intercepted saline water may have on the Basin and the surrounding environment.

River Vessel Waste Disposal Stations

With the commissioning of a new River Vessel Waste Disposal Station (RVWDS) at Walker Flat in October 2008, there are now 13 RVWDS spread along the length of the River Murray to protect it from pollution from discharge of river vessel waste.

Modern, low maintenance, concrete floating platforms and higher capacity pumping plants are being constructed to replace the current plant, with upgrades to be spread over the next three to four years. The pumping upgrades will meet the future capacity requirements to accept grey water from river vessels, in line with EPA requirements.

Modifications to structures and dredging were undertaken at Swan Reach, Mannum and Murray Bridge to ensure continued access to RVWDS in response to the current falling river level from the Blanchetown Weir to Goolwa Barrages.

Swan Reach offshore facilities were replaced with new modern facilities that will significantly reduce the future maintenance costs for the station.

Investigations for sewage treatment upgrade options of the Locks 3 and 6 RVWDS began during the latter part of the financial year.

Lower Murray Reclaimed Irrigation Areas

The Department made significant progress in reclaiming Lower Murray irrigation areas, in that:

- all irrigation areas are now privately operated
- irrigators have control over their water
- all 125 water meters installed comply with licence conditions on water allocations and use
- mandatory drainage capture works have been completed for 4 082 hectares, which comply with River Murray water quality policies and regulations
- the permanent closure of all 153 unmetred sluices has been completed

- through Murray Mallee GP Network, the well being support program for farmers, the Lower Murray Farm Support program was completed
- an independent external review of the Lower Murray Reclaimed Irrigation Areas program was undertaken and will be reported on later in 2009 .

River Murray Compliance and Enforcement

A key focus of the Department has been to provide an on the ground presence to ensure that irrigators and shack owners are not tempted to take water without authorisation. The irrigation community has been largely compliant; however, a number of expiations were issued with respect to shacks. The compliance program issued 66 informal cautions, 191 formal cautions and 35 expiation notices.

The Department commissioned a new Compliance Investigation Reporting and Management System (CIRAMS).

Emergency Moorings

As a result of reduced flows in the River Murray caused by the current drought, water levels in the Lower Lakes and the lower reaches of the River Murray below Lock 1 are low. With falling river levels, some marinas have become too shallow to access, and boats are mooring in the main river channel.

Mooring sites have now been established to accommodate the boats. The sites are licensed to marina operators who will have the responsibility of maintaining the moorings. Operators are also subject to a number of licensing conditions to minimise the adverse effects of uncontrolled long-term, dense mooring on levee banks and native vegetation. The local community will benefit from the project because it is targeted at commercial operators i.e. both marina and houseboat fleets and commercial and tourism industries will be maintained in the region.

To avoid impacts on the adjoining riverbanks, the temporary mooring sites will:

- not allow overnight stays, or people to live on the houseboats at the proposed temporary mooring sites
- be located near an existing marina, and be managed by the relevant marina operator
- consist of mooring poles affixed to the riverbed with minimal construction or other works on the adjacent banks of the River Murray
- not be accessed from the adjacent riverbank i.e. via roads or other rights of way over private and Crown Land
- make use of existing services e.g. safe passenger loading, car parking, waste, water, rubbish, fuel located at the nearby marinas
- operate with any further drop in river levels
- have a minimum impact on riparian vegetation and bank stability. In some cases willow trees may require pruning to ensure safe access to mooring sites.

With the exception of Wellington, all sites were completed in 2008-2009, and the project is now in its final stages.

Program 3 - Office for Water Security

On 12 February 2008, the Premier announced the establishment of the Office for Water Security (OWS), which was operational by March 2008. The OWS was first led by Acting Commissioner Professor Rob Lewis until the appointment of the first full time independent Commissioner for Water Security, Ms Robyn McLeod, in November 2008.

The role of the OWS is to provide a single focal point for water security planning across Government. Key responsibilities of the OWS include leadership of:

- South Australia's Water for Good plan to ensure our water future
- the \$610 million Murray Futures program
- South Australia's contribution to the National Water Initiative and other water security monitoring activities (until December 2008) and;
- Working with the Stormwater Management Authority to improve stormwater outcomes.

The OWS supports the Water Security Council in providing strategic water security advice to the Minister for Water Security. The Minister chairs the Council, and the Commissioner for Water Security acts as the deputy chair.

Water for Good

During the reporting year, the OWS was responsible for co-ordinating the research, policy development and launch of the State water security plan, known as Water for Good.

This landmark document sets the blueprint for the State's water security for the next 40 years.

The plan is the result of collaboration between Australian, State and local Government policy makers, leading water scientists, climate and catchment specialists, agriculturalists, industrialists and water industry experts.

Aiming to provide South Australia with the most secure water supply system, the plan also seeks to diversify the State's water supplies to reduce reliance on the River Murray and other rain-dependent water sources.

In the preparation of the plan, a high level hypothetical study – the WorleyParsons EcoNomics™ Assessment – was conducted to identify those types of supply options likely to be the most economic and sustainable in meeting the growing water needs of greater Adelaide to 2050.

This sustainability assessment complements traditional financial analyses by explicitly including the life-cycle costs and benefits of environmental and social factors.

While similar approaches have been applied for water investment decisions in other States, this is the first triple bottom line assessment in Australia undertaken at a strategic water policy level. This assessment will help the State lead the nation in shaping a more sustainable future in water planning.

A further study informing the plan was the Urban Stormwater Harvesting Options study, undertaken by Wallbridge and Gilbert for the Stormwater Management Authority. This study is regarded as the most detailed investigation of urban stormwater harvesting opportunities at a metropolitan scale in any Australian capital city.

A vital component of the plan's statewide recommendations will be the development – with community involvement – of detailed water demand and supply plans for every NRM region.

This will ensure that long-term solutions are based on a thorough analysis of local resources, the demand for them, and likely future pressures. These regional plans will sit alongside Water for Good and support and inform its delivery in the short, medium and long-term.

The plan makes 94 recommendations to be implemented by key dates: 2014, 2025 and 2050. Of the recommendations, 95 per cent are expected to be complete by 2014, including:

- expanding the capacity of the Adelaide Desalination Plant to provide first water by the end of 2010 and 100GL per annum by the end of 2012
- substantially increasing our current stormwater capture and reuse across South Australia, with a target to recycle up to 75 billion litres a year in the long-term
- increasing the already high per cent of wastewater recycled across South Australia for non-drinking purposes, to reach a target of 45 per cent by 2013
- introducing new rebates for water saving devices to further encourage water efficiency
- appointing an independent regulator to oversee service standards and pricing for monopoly water and wastewater suppliers while retaining Government ownership of water infrastructure
- introducing legislation to foster a competitive water industry and allowing third-party access to Government water infrastructure.

Details of the Water for Good plan and a full list of policy actions are available to download at the OWS website. Action to implement the plan commenced immediately on its release in June and includes:

- the submission of a bid to the Australian Government for projects that will more than double the State's capacity to capture and reuse stormwater by 2013, a bid valued at \$145.1 million
- the implementation of an extensive advertising campaign promoting sustainable water use and promoting the presence of the plan
- by the end of 2009, the development of a new water information website, with clear and readily accessible information on the State's water resources, and information to help the community improve water-use practices.

Murray Futures

On 3 July 2008, the Premier announced that \$610 million was secured from the Council of Australian Government's (COAG) Water for the Future fund for the State's priority project, Murray Futures. The 10 year program included:

- \$120 million for Lower Lakes Pipelines to secure a quality water supply to the townships, communities and irrigators who draw water from the Lower Lakes:
 - the Narrung and Potalloch Potable Water pipeline was completed in December 2008, with formal commissioning of the pipeline and water supply commencing in January 2009
 - in May 2009, construction commenced on the Jervois to Langhorne Creek and Currency Creek Irrigation Pipeline. The irrigation pipeline will supply water from the River Murray at Jervois to the Langhorne Creek and Currency Creek region. It will provide access to irrigation water to sustain valuable horticultural industries in the region
- \$200 million for Lower Lakes and Coorong Recovery to undertake a series of medium to long-term projects around the Lower Lakes and Coorong to help protect this valuable Ramsar-listed site, and to sustain the communities reliant on it:
 - in March 2009, the Government signed a funding deed for a \$10 million feasibility study as a crucial step in developing a long-term solution for the Coorong and Lower Lakes
 - a draft directions document for the area was released for community consultation in May 2009. There have also been a number of on-ground works, including limestone trials to combat acid sulfate soils, other bioremediation projects and scientific studies commenced
 - in June 2009, construction of environmental flow regulators in the Goolwa Channel and Currency Creek commenced to manage the risk of further acidification in the Lower Lakes area

- \$110 million for River Industry Renewal to reinvigorate irrigation communities including the uptake of newer and smarter irrigation technology
 - The development of a Commonwealth/State partnership investment program, available to all private irrigation infrastructure owners and operators in South Australia, that is due to be launched in 2009-10, was progressed
 - Supported the application process for priority infrastructure renewal projects for private irrigation infrastructure owners
- \$100 million for Riverine Recovery to improve how river wetlands and floodplains are managed from the South Australian border to Wellington:
 - A start-up funding deed for \$2.7 million from the Australian Government and \$300 000 in State Government funding was executed in June 2009 for the Riverine Recovery Program. The program considers how the management and delivery of water can be made more flexible
- \$80 million water buy back to purchase water entitlements from willing sellers, with water to be held by the Commonwealth Environmental Water Holder.

National Water Initiative

Implementation of the National Water Initiative (NWI) and its associated projects has progressed during the reporting year, in particular, at South Australia's instigation, the Australian Government has agreed to provide \$56 million towards the development of a National Water Market System (NWMS). This NWMS will consist of:

- an internet portal that allows any potential water trader to access the necessary data held by any jurisdiction in the nation
- a Common Registry System which will be account for and provide robust security for water access entitlements
- improved inter-operability between all jurisdictions with respect to water trading activities.

Stormwater

The Urban Stormwater Harvesting Options Study conducted for the Stormwater Management Authority and released with Water for Good involved a high-level assessment of the potential to maximise large scale stormwater capture and storage in the Adelaide region.

A major focus was to identify opportunities to use existing open space and groundwater systems to harvest and store large volumes of stormwater without significantly affecting existing land uses.

The study, undertaken in conjunction with SA Water, Adelaide and Mount Lofty Ranges NRM Board and the Local Government Association, investigated larger scale schemes with a yield of more than 250ML per annum.

The study shows that SA already harvests more stormwater than anywhere else in Australia. By 2013, we will be capable of harvesting 20GL for non-drinking purposes in Greater Adelaide – more that double the amount currently harvested.

The study identified that in the longer term approximately 60GL of urban stormwater could be harvested per annum including:

- 6GL from existing operational schemes
- 12GL from committed schemes
- 42GL from potential new schemes.

The study does not identify potential markets or investigate distribution networks for use of harvested stormwater; these must be addressed prior to the implementation of any scheme.

In June 2009, the Government submitted a \$145.1 million bid to the Australian Government for seven stormwater projects across the metropolitan area that will have capacity to harvest up to 8 090 million litres of stormwater for reuse.

The Government has committed about \$45 million to these projects, which are:

Waterproofing the west - \$58.6 million

Harvesting 2,500 million litres through wetland and aquifer storage and recovery projects at Cheltenham, Riverside Golf Club and Old Port Road. Partners include the City of Charles Sturt, Adelaide and Mount Lofty Ranges NRM Board, Land Management Corporation and the Stormwater Management Authority

Adelaide Airport stormwater scheme - \$9.7 million

Harvesting up to 1,000ML of stormwater to reduce the draw on mains and groundwater supplies in partnership with the Adelaide Airport Ltd.

Unity Park biofiltration - \$14 million

Expanding the existing scheme at Pooraka to harvest an extra 1 300ML to supply local industry and school and sport facilities, in partnership with the City of Salisbury.

Water for the future - \$19.2million

Building on the success of Waterproofing Northern Adelaide to harvest an additional 640ML for irrigation of sports reserves and gardens, in partnership with the City of Playford.

Waterproofing the south, Stage 2 - \$30 million

Using sites at Reynella East, Pedler Creek Reserve and Pt Willunga to harvest 2 200ML, improving water security in partnership with the City of Onkaparinga.

Adelaide Botanic Gardens Aquifer Storage and Recovery (ASR) scheme - \$5.8 million

Harvesting and treating 100ML of stormwater to replace drinking water used to irrigate the gardens.

Barker Inlet stormwater reuse scheme - \$7.8 million

A SA Water project using existing wetlands to harvest 350ML to supply industrial and commercial customers in the Regency Park area.

Stormwater Management Authority

The Stormwater Management Authority (SMA) was established in July 2007 as a body corporate under Schedule 1A of the *Local Government Act 1999*. The board of the SMA consists of seven members appointed by the Governor.

The SMA is responsible for the proper operation of the Stormwater Management Agreement between the State and the Local Government Association (LGA). This agreement sets out the roles and responsibilities of State and local Government and provides governance arrangements for stormwater management on a catchment basis throughout South Australia.

On 1 July 2008, ministerial responsibility for Schedule 1A was transferred from the Minister for Infrastructure to the Minister for Water Security.

Until this reporting year, administrative support for the SMA was provided by the Department for Transport, Energy and Infrastructure. The task of providing administrative support has now devolved to DWLBC, and the general manager of the SMA has relocated to the Department.

The SMA produces its own annual report, which can be downloaded on LGA's website.

Appendices

A - Management of Human Resources

Employee Numbers, Gender and Status:

Total Number of Employees		
Persons	620	
FTEs	587.7	<i>(FTEs shown to 1 decimal place)</i>
Gender	% Persons	% FTEs
Male	55.65	56.90
Female	44.35	43.10
Number of Persons During the 08-09 Financial Year		
Separated from the agency		115
Recruited to the agency		156
Separated from the agency (excluding casuals)		80
Recruited to the agency (excluding casuals)		106
Number of Persons at 30 June 2009		
On Leave without Pay		26

Number of Employees by Salary Bracket:

Salary Bracket	Male	Female	Total
\$0 - \$47 999	72	53	125
\$48 000 - \$60 999	65	104	169
\$61 000 - \$78 199	122	75	197
\$78 200 - \$98 499	74	38	112
\$98 500+	12	5	17
TOTAL	345	275	620

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

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 2008-2009 financial year. The tables include executives.

Status of Employees in Current Position:

FTEs	Ongoing	Short-Term Contract	Long-Term Contract	Other (Casual)	Total
Male	193.58	36.80	81.81	22.17	334.36
Female	138.06	43.90	62.10	9.24	253.30
TOTAL	331.64	80.70	143.91	31.41	587.66

PERSONS	Ongoing	Short-Term Contract	Long-Term Contract	Other (Casual)	Total
Male	196	37	83	29	345
Female	150	45	66	14	275
TOTAL	346	82	149	43	620

Executives

Executive remuneration is calculated according to a Total Remuneration Package Value (TRPV) approach, which identifies both salary (taxable income) and non-monetary benefits, such as the Government's employer superannuation liability. The sum of the monetary and non-monetary components is referred to as the TRPV. Salary level should be considered at value prior to any salary sacrifice.

Executives by Gender, Classification and Status:

Classification	Ongoing		Tenured Contract		Untenured Contract		Other (Casual)		Total	
	M	F	M	F	M	F	M	F	M	F
Com WS						1				1
Exec A					1				1	
Exec B					3				3	
Exec C					1				1	
SAES 1					5	4			5	4
SAES 2					2				2	
Total					12	5			12	5

Leave Management

All agencies are required to report on leave taken by employees, including sick leave, family carer's leave, and miscellaneous special leave for individual needs and responsibilities. Please note that the figures are to be provided as average days per FTE not average hours per FTE.

Sick Leave refers to absence, whether paid or unpaid, resulting from an employee being too ill to work, and where the illness or injury is due to a cause that does not entitle the employee to workers' compensation.

Family Carer's Leave refers to absence on account of family leave, with or without pay.

Miscellaneous Special Leave is outlined in Commissioner's Standard 3.4. It includes leave for unscheduled absences other than for the following reasons: Sick Leave, Family Carers Leave, Industrial Disputes, Workers Compensation, Maternity Paid Leave, Paid Parental Leave, Parental

Unpaid Leave, Leave Without Pay, Adoption Leave, Recreation Leave, Long Service Leave and Family Carers Leave.

Average Day's Leave per Full-time Equivalent Employee:

Leave Type	2005-06	2006-07	2007-08	2008-09
Sick Leave	5.49	5.67	7.05	6.25
Family Carer's Leave	0.56	0.79	0.86	0.91
Miscellaneous Special Leave	0.64	0.61	0.81	0.8

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

Salary Bracket	Aboriginal Staff	Total Staff	% Aboriginal	Target*
\$0 - \$47 999	1	125	0.8	2%
\$48 000 - \$60 999		169	0	2%
\$61 000- \$78 199		197	0	2%
\$78 200 - \$98 499	1	112	0.89	2%
\$98 500+		17	0	2%
TOTAL	2	620	0.32	2%

* Target from South Australia's Strategic Plan

Age Profile

Number of Employees by Age Bracket by Gender:

Age Bracket	Male	Female	Total	% of Total	2009 Workforce Benchmark*
15-19	0	1	1	0.16	6.5%
20-24	4	14	18	2.90	10.3%
25-29	37	39	76	12.26	11.1%
30-34	36	49	85	13.71	10.7%
35-39	30	32	62	10.00	11.7%
40-44	40	24	64	10.32	11.4%
45-49	50	46	96	15.48	11.9%
50-54	59	42	101	16.29	10.3%
55-59	56	18	74	11.94	8.2%
60-64	22	8	30	4.84	5.3%
65+	11	2	13	2.10	2.6%
TOTAL	345	275	620		100.0

*Source: Australian Bureau of Statistics Australian Demographic Statistics, 6291.0.55.001 Labour Force Status (ST LM8) by sex, age, State, marital status – employed – total from Feb78 Supertable, South Australia at May 2009.

Cultural and Linguistic Diversity

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

- employees born overseas
- employees who speak languages other than English at home.

	Male	Female	Total	% Agency	SA Community*
Number of employees born overseas	31	36	67	10.81	20.3%
Number of employees who speak language(s) other than English at home	14	12	26	4.19	16.6%

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

Performance Development

Documented Review of Individual Performance Management:

Employees* with ...	% Total Workforce
A review within the past 12 months	65.80
A review older than 12 months	17.53
No review	16.67

* excludes casual employees

Leadership and Management Development

In accordance with agreed reporting standards and section 12.4.2 of the SA Government Wages Parity Enterprise Agreement 2006, agency requirements for the Commissioner for Public Employment's Annual Report include the following key performance indicator:

- the percentage of expenditure by administrative units on management and leadership development.

Total Training and Development Expenditure includes structured training, off-the-job training and staff development initiatives, and encompasses:

- activity / registration fees
- traveling expenses, including accommodation, meals
- cost of facilities and the use of equipment
- fees for the design, implementation and evaluation of structured training
- salaries of internal trainers and relevant overheads
- course fees
- reimbursement of books and other study materials
- gross salaries and wages, plus employer's contributions to superannuation and pay roll tax, of those undertaking the training for the training period involved, but excluding salaries etc of those participating in on-the-job training
- HECS reimbursement
- costs of study leave
- costs associated with replacing people when training occurs, where it is essential to ensure the ongoing operation of the agency.

Leadership and Management Development expenditure includes the total value of all training and development activities relating to leadership and management undertaken by employees in the financial year to date, and includes all related costs listed in the above definition.

Leadership and management development programs include programs clearly focused on leadership or management skills and their associated costs. They can also include identified aspects of general development programs that address leadership and management as part of the course content.

Leadership and Management Training Expenditure:

Training and Development	Total Cost	% of Total Salary Expenditure
Total training and development expenditure	\$707 323.71	1.5%
Total leadership and management development expenditure	\$81 300.00	0.17%

In this table, '% of Total Salary Expenditure' refers to the percentage of training / leadership and management expenditure relative to total employee remuneration costs,

i.e.
$$\frac{\text{Total Training \& Development Expenditure} \times 100}{\text{Total Remuneration Expenditure}}$$

and:
$$\frac{\text{Total Leadership \& Management Development Expenditure} \times 100}{\text{Total Remuneration Expenditure}}$$

Total Remuneration Expenditure includes:

- total gross salaries and wages for the whole agency, including allowances, leave loading, overtime
- total of employer's contributions to superannuation, and
- total of pay roll tax.

Accredited Training Packages

In accordance with agreed reporting standards and section 12.4.3 of the SA Government Wages Parity Enterprise Agreement 2006, agency requirements for the Commissioner for Public Employment's Annual Report include the following key performance indicator:

- the extent of implementation of accredited training packages within administrative units and the classification level of the employees involved.

Accredited training is defined as training that involves competencies from an endorsed Training Package and which has led to a qualification or Statement of attainment being issued from a Registered Training Organisation to the participant(s). Accredited training packages are formally endorsed by the Department of Education, Science and Training.

Please note that the following table refers only to employees currently enrolled in an accredited training package or who have attained a qualification or Statement of attainment during the 2008-2009 financial year and who were 'active' or on leave with pay with the agency as at the end of the last pay period in the 2008-2009 financial year. The table includes executives.

Accredited Training Packages by Classification:

Classification	Number of Accredited Training Packages
ASO1	2
ASO2	8
ASO3	18
ASO4	30
ASO5	14
ASO6	29
ASO7	7
ASO8	5
MAS3	1
OPS2	2
OPS3	1
OPS4	1
PO1	11
PO2	20
PO3	18
PO4	4
TGO0	2
TGO2	2
TGO3	2
SAES1	1

Equal Employment Opportunity Programs

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

During the year, approximately 60 per cent of employees attended disability awareness training.

The Trainee Register and Aboriginal Employment Register have been actively promoted and utilised throughout the Department during the year.

The Department's current Aboriginal Employment Strategic Plan is due to expire shortly and a new plan has been developed. Implementation of the new plan will begin early 2009-10.

Occupational Health, Safety and Injury Management

The DWLBC Safety Management system comprises seven key OHS&IM Programs:

- awareness and accountability
- emergency preparedness
- hazard management
- employee health and well being
- training
- evaluation, reporting and continuous improvement
- injury management.

Activities within the Safety System occur within this framework and progress is reported against an OHS&IM Improvement Plan. The majority of actions planned for 2008-2009 have been completed within allocated time frames.

Consultative Arrangements

The Department continues to consult with employees through its OHSW Committee and Health and Safety Representative network. The OHSW Committee met on six occasions during 2008-2009. Attendance by management representatives was 88 per cent and employee representatives 85 per cent. Actions of the committee have focussed on:

- revising governance arrangements for OHSW in line with a new organisational structure
- ensuring that changes to the Workers Rehabilitation and Compensation legislation are reflected within internal Injury Management procedures
- reviewing procedures for hazardous plant and implementing a new Plant Management standard
- consolidating environmental hazard procedures into a Working in Extreme Climates standard and producing a new procedure on Snakes and Snakebite management
- reviewing Emergency Response measures including the Remote and Isolated Work standard
- revising method of provision of First Aid and Emergency Warden training to utilise centralised providers, including development of Departmental specific training materials
- co-ordinating activities for Safe Work Month 2008 including introduction of an award for the best OHSW initiative from a DWLBC employee
- reviewing and updating Pandemic Influenza response
- monitoring and reviewing the OHSW Internal Audit program.

Safety in the Public Sector 2007-2010 Strategy

The Department has developed and approved an implementation plan for the four key criteria of Safety in the Public Sector Strategy (SIPS), comprising a range of actions with target implementation dates. The aim of this plan is to attain the objective: "that the integrated Occupational Health Safety and Injury Management (OHS&IM) system moves towards a culture of resilience through the continuous improvement process".

Sustainable Commitment

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

- revised governance structures that define accountabilities and reporting lines for OHSW have been developed and implemented
- the new agency Chief Executive has released a Commitment Statement reflecting his intention to provide effective leadership to the Department's OHS&IM system
- a partnership plan with WorkCover has been developed to ensure that the agency continues to meet the five performance standards for self-insurers in the period between external audits

- continuous improvement of the safety management system through the seven key OHS&IM programs is ongoing
- executive performance agreements are being developed that include OHSW accountabilities and consider relevant OHSW performance
- OHSW training and development needs are identified through job competencies and included in performance development discussions
- regular networking is occurring with the NRM Boards OHSW Co-ordinator, including their attendance at the DWLBC OHSW Committee, to provide ongoing support to this role
- the Department offered a program of OHSW and Health Promotion activities in conjunction with Safe Work Month in October 2008 and continues to provide staff with regular opportunities to improve wellbeing and to make lifestyle improvements through the Health & Welfare Promotions sub-committee
- injury management procedures have been updated to reflect legislative changes to the *Workers Rehabilitation and Compensation Act 1986*, and
- training sessions in injury management have been provided to managers, aimed at improving the early reporting of injuries.

Financial Accountability

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

- quarterly reporting of OHSW performance to Executive including workers compensation costs;
- work has commenced on improving the integration of OHSW requirements with procurement of contracted services by the Department
- continued investment in safety and wellbeing initiatives such as:
 - safety log in system for staff required to work in remote areas
 - health promotion initiatives
 - employee assistance service and the provision of trained bullying and harassment officers
- efficiencies in the provision of OHSW training are being sought through the appointment of specific training providers and courses.

Integrated Risk Management

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

- integration of OHSW within a revised Departmental Strategic Risk Management framework
- review of emergency response planning including practical training of emergency wardens
- continued implementation of risk profiling for positions within DWLBC to identify inherent risks
- accountability for OHSW risks is being incorporated into Executive performance agreements
- internal audit of risk management programs is ongoing, including follow up actions implemented through corrective actions registers
- input to business contingency planning for pandemic influenza has occurred
- ongoing review of risk and corrective action registers, and
- planned inspections of DWLBC sites has been conducted six-monthly.

Rigorous Evaluation

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

- benchmarking of performance against the SA Public Sector and Departmental SIPS targets is undertaken quarterly and reported to Executive
- regular reporting of performance against SIPS targets and implementation plan is occurring via the Ministerial Safety checklist
- internal audit schedule has been implemented throughout the period including auditing of procurement, office ergonomics and the ergonomic hazard management program
- monitoring of progress against OHS&IM improvement plans occurs quarterly, and
- review of OHS&IM procedures occurs against a review schedule.

Implementation of a new model for divisional reporting of OHSW activity and performance has been postponed pending finalisation of a new organisational structure for DWLBC.

Responsible Officer Report

A Responsible Officer report for 2008 was submitted to Work Cover in March 2009. No potential or alleged breaches of sections 58B and 58C of the *Workers Rehabilitation and Compensation Act 1986* were identified.

Table 1 OHS Notices and Corrective Action taken

Number of notifiable occurrences pursuant to OHS&W Regulations Division 6.6	1
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 occurrence in September 2008, attributed to a staff member incorrectly recharging a vehicle battery resulted in an Improvement Notice issued by Safe Work SA. Corrective action was taken to ensure that all staff at the work site demonstrated competency in this work practice.

Table 2: Agency gross¹ workers compensation expenditure for 2008-2009 compared with 2007-08²

EXPENDITURE	2008-09 \$	2007-08 \$	Variation \$+ (-)	% Change + (-)
Income Maintenance	84 890	97 586	- 12 696	-13%
Lump Sum Settlements Redemptions - Sect.42	0	0	0	
Lump Sum Settlements Permanent Disability – Sect. 43	8 274	0	+ 8 274	
Medical/Hospital Costs combined	56 603	52 749	+ 3 854	+7.3%
Other	3 460	8 271	- 4 811	-58%
Total Claims Expenditure	153 227	158 606	- 5380	- 3.4%

Comment: there was an overall small reduction of \$5 380 in comparison to the previous financial year due in main to reduced income maintenance costs.

Table 3 Meeting Safety Performance Targets³

	Base: 2005-06	Performance: 12 months to end of June 2009 [*]			Final Target
	Numbers or %	Actual	Notional Quarterly Target ^{**}	Variation	Numbers or %
1. Workplace Fatalities	0	0	0	0	0
2. New Workplace Injury Claims	21	16	18	-2	17
3. New Workplace Injury Claims Frequency Rate	22.9	12.08	19.46	-7.38	18.3
4. Lost Time Injury Frequency Rate ^{***}	6.5	4.53	5.56	-1.03	5.2
5. New Psychological Injury Claims	0	1	0	1	0
6. Rehabilitation and Return to Work:					

¹ before 3rd party recovery

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

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

	Base: 2005-06	Performance: 12 months to end of June 2009 *			Final Target
	Numbers or %	Actual	Notional Quarterly Target **	Variation	Numbers or %
6a. Early Assessment within 2 days	66.67%	75%	80%	-5%	80% or more
6b. Early Intervention within 5 days	100%	66.67%	80%	-13.33%	80% or more
6c. RTW within 5 business days	81%	80%	75%	5%	75% or more
7. Claim Determination:					
7a. Claims determined in 10 business days	76.2%	66.67%	75%	-8.33%	75% or more
7b. Claims still to be determined after 3 months	0%	6.67%	3%	3.67%	3% or less
8. Income Maintenance Payments for Recent Injuries:					
2006/07 Injuries (at 24 months development)		\$14 112.99	\$11 298.60	\$2 814.39	Below previous 2 years average
2007/08 Injuries (at 12 months development)		\$11 735.25	\$9 070.50	\$2 664.75	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): $\frac{\text{Number of new cases of lost-time injury/disease for year}}{\text{Number of hours worked in the year}} \times 1\,000\,000$					

Comment: the Department met its targets for number and frequency rates of new workplace injury claims, although 1 psychological injury claim was received. Rehabilitation and Claims Determination targets were not met, although the small number of claims may impact the statistical significance of these data.

B - Financial Performance

INDEPENDENT AUDITOR'S REPORT



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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 statements of the Department of Water, Land and Biodiversity Conservation for the financial year ended 30 June 2009. The financial statements comprise:

- A Statement of Comprehensive Income
- A Statement of Financial Position
- A Statement of Changes in Equity
- A Statement of Cash Flows
- Disaggregated Disclosures - Expenses and Income
- Disaggregated Disclosures - Assets and Liabilities
- Notes to and Forming Part of the Financial Statements
- A Statement of Administered Comprehensive Income
- A Statement of Administered Financial Position
- A Statement of Administered Changes in Equity
- A Statement of Administered Cash Flows
- A Schedule of Expenses and Income attributable to Administered Activities
- Notes to and Forming Part of the Administered Statements and
- A Certificate from the Chief Executive and the Director, Finance and Organisational Improvement.

The Responsibility of the Chief Executive for the Financial Statements

The Chief Executive is responsible for the preparation and the fair presentation of the financial statements in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are 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 statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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 statements present fairly, in all material respects, the financial position of the Department of Water, Land and Biodiversity Conservation as at 30 June 2009, 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.



S O'Neill
AUDITOR-GENERAL
28 September 2009

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 2009 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
25 September 2009



Danny De Cesare
Director, Finance and
Organisational Improvement
25 September 2009

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2009

	Note No.	2009 \$'000	2008 \$'000
EXPENSES			
Employee benefit expenses	5	47 673	46 055
Supplies and services	6	49 588	44 757
Depreciation and amortisation expense	7	2 868	2 384
Grants and subsidies	8	109 506	37 342
Water recovery / acquisition expenses	9	74 746	13 299
Other expenses	10	282	428
Total Expenses		284 663	144 265
INCOME			
Revenues from fees and charges	12	26 444	21 116
Interest revenues	13	568	431
Net gain/(loss) from disposal of non-current assets	14	23	(15)
Grant revenues	15	29 537	36 018
Water recovery measures revenues	16	21 251	17 562
Other revenues	17	1 582	1 121
Total Income		79 405	76 233
NET COST OF PROVIDING SERVICES		205 258	68 032
REVENUES FROM SA GOVERNMENT GOVERNMENT	11	183 230	96 855
NET RESULT		(22 028)	28 823
OTHER COMPREHENSIVE INCOME			
Changes in property, plant and equipment asset revaluation reserve	21	10 437	-
Adjustments to accumulated surplus due to a change in accounting policy	21	(4 679)	-
TOTAL COMPREHENSIVE RESULT		(16 270)	28 823

The net result and total comprehensive result are attributable to the SA Government's owner

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

STATEMENT OF FINANCIAL POSITION
As at 30 June 2009

	Note No.	2009 \$'000	2008 \$'000
CURRENT ASSETS			
Cash and cash equivalents	18	26 272	57 925
Receivables	19	22 672	8 858
Inventories	20	1 576	1 349
Total Current Assets		50 520	68 132
NON-CURRENT ASSETS			
Property, plant and equipment	21	73 117	66 421
Intangible assets	22	7 038	5 745
Total Non-Current Assets		80 155	72 166
Total Assets		130 675	140 298
CURRENT LIABILITIES			
Payables	23	13 258	7 472
Employee benefits	24	4 840	4 295
Provisions	25	140	162
Total Current Liabilities		18 238	11 929
NON-CURRENT LIABILITIES			
Payables	23	1 109	964
Employee benefits	24	9 356	9 137
Provisions	25	400	426
Total Non-Current Liabilities		10 865	10 527
Total Liabilities		29 103	22 456
NET ASSETS		101 572	117 842
EQUITY			
Contributed capital		8 164	8 164
Asset revaluation reserve		34 719	24 282
Retained earnings		58 689	85 396
TOTAL EQUITY		101 572	117 842
The total equity is attributable to the SA Government's 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 2009

	Asset			Total \$'000
	Contributed Capital \$'000	Revaluation Reserve \$'000	Retained Earnings \$'000	
	Balance at 30 June 2007	8 164	24 280	
Net result for 2007-08	-	2	28 823	28 825
Total comprehensive result for 2007-08	8 164	24 282	85 396	117 842
Balance at 30 June 2008	8 164	24 282	85 396	117 842
Change in accounting policy (Lower Murray embankments, refer Note 21)	-	-	(4 679)	(4 679)
Restated balance at 30 June 2008	8 164	24 282	80 717	113 163
Net result for 2008-09	-	-	(22 028)	(22 028)
Gain on revaluation of property, plant and equipment during 2008-09 (refer Note 21)	-	10 437	-	10 437
Total comprehensive result for 2008-09	8 164	34 719	58 689	101 572
Balance at 30 June 2009	8 164	34 719	58 689	101 572

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

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2009

		2009	2008
	Note	Inflows (Outflows)	Inflows (Outflows)
	No.	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH OUTFLOWS			
Employee benefit payments		(46 801)	(44 098)
Payments for supplies and services		(50 996)	(46 115)
Payments of grants and subsidies		(113 447)	(42 563)
Water recovery / acquisition expenses		(76 846)	(13 299)
Other payments		(335)	(373)
GST paid to the Australian Taxation Office		(960)	(1 207)
Cash used in operations		(289 385)	(147 655)
CASH INFLOWS			
Fees and charges		14 942	19 094
Grant receipts		31 503	37 197
Interest received		577	381
Water recovery measures revenues		23 376	19 318
Other receipts		1 558	1 233
GST recovered from the Australian Taxation Office		7 456	5 927
Cash generated from operations		79 412	83 150
Receipts from SA Government		183 230	96 855
Cash generated from SA Government		183 230	96 855
Net Cash (used in) / provided by Operating Activities	29	(26 743)	32 350
CASH FLOWS FROM INVESTING ACTIVITIES			
CASH OUTFLOWS			
Purchase of property, plant and equipment		(4 299)	(1 429)
Purchase of intangibles		(638)	(574)
Cash used in investing activities		(4 937)	(2 003)
CASH INFLOWS			
Proceeds from sale of property, plant and equipment		27	-
Cash generated from investing activities		27	-
Net Cash (used in) Investing Activities		(4 910)	(2 003)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(31 653)	30 347
CASH AND CASH EQUIVALENTS AT 1 JULY		57 925	27 578
CASH AND CASH EQUIVALENTS AT 30 JUNE	18,29	26 272	57 925

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

DISAGGREGATED DISCLOSURES – EXPENSES AND INCOME

For the year ended 30 June 2009

(Refer Note 4 for activity descriptions)

	NRM		NRM (River Murray)		Water Security		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
EXPENSES								
Employee benefit expenses	34 186	33 857	11 583	11 717	1 904	481	47 673	46 055
Supplies and services	25 096	29 004	23 155	15 367	1 337	386	49 588	44 757
Depreciation and amortisation expense	1 606	1 359	1 233	1 025	29	-	2 868	2 384
Grants and subsidies	6 656	6 345	76 205	30 997	26 645	-	109 506	37 342
Water recovery / acquisition expenses	-	-	74 746	13 299	-	-	74 746	13 299
Other expenses	267	345	(7)	53	22	30	282	428
Total Expenses	67 811	70 910	186 915	72 458	29 937	897	284 663	144 265
INCOME								
Revenues from fees and charges	9 544	9 348	16 539	11 768	361	-	26 444	21 116
Interest revenues	469	427	2	4	97	-	568	431
Net Gain/(Loss) on disposal of non-current assets	23	(15)	-	-	-	-	23	(15)
Grant revenues	16 958	24 660	6 604	11 358	5 975	-	29 537	36 018
Water recovery measures revenues	-	-	21 251	17 562	-	-	21 251	17 562
Other revenues	1 216	1 111	365	9	1	1	1 582	1 121
Total Income	28 210	35 531	44 761	40 701	6 434	1	79 405	76 233
NET COST OF PROVIDING SERVICES	39 601	35 379	142 154	31 757	23 503	896	205 258	68 032
REVENUES FROM SA GOVERNMENT								
Revenues from SA Government	9 571	32 026	148 919	64 829	24 740	-	183 230	96 855
NET RESULT	(30 030)	(3 353)	6 765	33 072	1 237	(896)	(22 028)	28 823

DISAGGREGATED DISCLOSURES – ASSETS AND LIABILITIES

For the year ended 30 June 2009

(Refer Note 4 for activity descriptions)

	NRM		NRM (River Murray)		Water Security		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
ASSETS								
Cash and cash equivalents	14 102	25 192	5 919	32 559	6 251	174	26 272	57 925
Receivables	10 019	3 510	11 552	5 348	1 101	-	22 672	8 858
Inventories	1 576	1 349	-	-	-	-	1 576	1 349
Property, plant and equipment	38 941	38 003	33 177	28 386	999	32	73 117	66 421
Intangibles	3 826	2 975	3 212	2 770	-	-	7 038	5 745
Total Assets	68 464	71 029	53 860	69 063	8 351	206	130 675	140 298
LIABILITIES								
Payables	2 946	4 267	8 383	3 989	3 038	180	14 367	8 436
Employee benefits	10 398	10 059	3 262	3 241	536	132	14 196	13 432
Provisions	396	432	123	150	21	6	540	588
Total Liabilities	13 740	14 758	11 768	7 380	3 595	318	29 103	22 456

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

The objectives of the Department of Water, Land and Biodiversity Conservation (the Department) are to ensure South Australia's natural resources are managed in ecologically sustainable ways that support the wellbeing 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 Statements are general purpose financial Statements. The accounts have been prepared in accordance with relevant Australian accounting standards and Treasurer's instructions and accounting policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

Except for the amendments to AASB 101 *Presentation of Financial Statements* (September 2007 version) including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the Department has early adopted, Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2009. These are outlined in Note 3.

(b) Basis of preparation

The preparation of the financial Statements requires:

the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Department's accounting policies. The areas involving a higher degree of judgment 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; and

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

- (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. Generally, a threshold of \$100 000 for separate identification of these items applies, however a lower threshold may have been applied in some cases throughout the accounts;
- (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
- (c) 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 (refer to Note 5 for further details); and
- (d) 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 (refer to Note 28 for further details).

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

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

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

The accounting policies set out below have been applied in preparing the financial Statements for the year ended 30 June 2009 and the comparative information presented.

(c) Reporting Entity

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

The financial Statements and accompanying notes include 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 (schedule of administered items) at the back of the controlled General Purpose Financial Statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for Departmental items.

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

(d) Comparative information

The presentation and classification of items in the financial Statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 *Presentation of Financial Statements* and specific revised accounting standards and accounting policy Statements.

Comparative figures have been adjusted to conform to changes in presentation in these financial Statements where required.

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

(e) Rounding

All amounts in the financial Statements and accompanying notes 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 Statement of Financial Position.

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

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

(g) Events after the end of the reporting period

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

Note disclosure is made about events between 30 June and the date the financial Statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years. Refer to Note 33 for further details.

(h) Income

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

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

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

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

The following are specific recognition criteria:

Fees and charges

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

Grants received

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

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

grants with unconditional stipulations - this will be when the agreement becomes enforceable i.e. the earlier of when the receiving entity has formally been advised that the grant (e.g. grant application) has been approved; agreement/contract is executed; and/ or the grant is received;

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

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

Revenues from SA Government

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

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

Net gain/(loss) on non-current assets

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

Water recovery measures revenues

Revenues from water recovery measures includes 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.

Other income

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

(i) Expenses

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

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

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

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

The following are specific recognition criteria:

Employee benefits expenses

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

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Department to the various superannuation plans in respect of current services of current Departmental staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of Government financial Statements.

Depreciation and amortisation

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

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

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

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

Land is not depreciated as the item is considered to have a non-diminishing unlimited useful life.

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

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

Grants and Subsidies

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

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

Resources provided free of charge

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

(j) 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.

(k) Assets

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

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

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

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

Cash and cash equivalents

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

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

Cash is measured at nominal value. Refer to Note 18 for further details.

Receivables

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

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

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

Inventories

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

Inventories held for distribution at no or nominal consideration, are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value. The Department's inventories include plants and materials held by State Flora and the Branched Broomrape Eradication Program. Refer to Note 20 for further details.

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

Non-current assets - acquisition and recognition

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

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

All non-current tangible assets with a value equal to or in excess of \$5 000 are capitalised.

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

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

Revaluation of non-current assets

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

The Department revalues its land, buildings and leasehold improvements. 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 five 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 as an expense, in which case the increase is recognised as income.

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

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 respective asset revaluation reserve.

Intangible assets

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

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

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

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

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

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

(l) Liabilities

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

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

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

The Department has attempted to identify all relevant transactions with SA Government entities / non-SA Government entities. Where deemed immaterial to the overall disclosure balance, transactions with SA Government entities below the threshold of \$100 000 may have been included with the non-Government transactions, classified according to their nature.

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.

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

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

(m) 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.

Operating leases

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

The Department has entered into non-cancellable operating lease arrangements for office accommodation where the lesser 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.

(n) **Financial guarantees**

The Department has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2009 (there was no material liability recognised for financial guarantee contracts in 2008).

(o) **Employee Benefits**

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

Wages, salaries, annual leave and sick leave

The liability for salaries and wages 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.

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 Statement of Comprehensive Income net of any reimbursement.

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

(p) **Unrecognised contractual commitments and contingent assets and liabilities**

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

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. Refer Note 26.

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

(q) **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 2009 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 2008-09, the Department contributed \$1 424 000 (\$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 Invasive Animals
CRC for Desert Knowledge
CRC for E-Water

NRM Research Alliance

The NRM Research 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), 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.

In 2008-09, the Department contributed \$133 000 in both cash and in-kind support to the NRM Research Alliance.

Murray-Darling Basin Authority

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

3. **New and revised accounting standards and policies**

Details of the accounting policies that the Department has changed during 2008-09 are detailed below. In addition, details of the impact, where significant, on the Department's financial Statements from new and amended Australian accounting standards that are applicable for the first time in 2008-09 are also detailed below.

AASB 101

The Department has early adopted the September 2007 version of AASB 101 *Presentation of Financial Statements* including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) – this includes the preparation of a single Statement of Comprehensive Income. In accordance with the new accounting standard AASB 1052 *Disaggregated Disclosures*, the amounts of assets and liabilities reliably attributable to each activity has been disclosed.

Issued or amended but not yet effective

Except for the amendments to AASB 101 *Presentation of Financial Statements*, which the Department has early-adopted, the Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the reporting period ending 30 June 2009. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial Statements of the Department.

4. **Activities of the Department**

In achieving its objective, the Department provides a range of services classified into the following activities:

Activity 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.

Activity 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.

Activity 3: Water Security

Coordinating and leading the development of water security policy across Government.

The disaggregated disclosures schedules presents expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2008 and 30 June 2009.

5. **Employee Benefit Expenses**

	2009	2008
	\$'000	\$'000
Salaries and wages	35 423	33 495
Superannuation	4 609	4 604
Annual leave	3 361	3 207
Long service leave	1 715	2 120
Workers compensation	109	245
Board and Committee fees	214	126
Other	2 242	2 258
Total Employee Benefit Expenses	47 673	46 055

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

Remuneration of Employees

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

	2009	2008
\$100 000 - \$109 999	30	20
\$110 000 - \$119 999	13	5
\$120 000 - \$129 999	5	6
\$130 000 - \$139 999	5	4
\$140 000 - \$149 999	-	3
\$150 000 - \$159 999	2	1
\$160 000 - \$169 999	1	1
\$170 000 - \$179 999	2	4
\$180 000 - \$189 999	3	1
\$190 000 - \$199 999	1	1
\$200 000 - \$209 999	2	-
\$220 000 - \$229 999	2	-
\$230 000 - \$239 999	1	-
\$290 000 - \$299 999	1	1
Total Number of Employees	68	47

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 \$8 849 000 (\$6 096 000).

6. Supplies and Services

	SA Govt \$'000	Non-SA Govt \$'000	2009 \$'000	2008 \$'000
Supplies and services expenses for the reporting period comprised of				
Contractors	14 596	12 607	27 203	21 956
Service level agreement	3 137	-	3 137	3 905
Accommodation	3 044	699	3 743	3 332
Vehicles	1 886	427	2 313	2 267
Computing	48	888	936	1 329
Travel and accommodation	24	1 441	1 465	1 425
Printing, publishing and stationery	44	564	608	710
Telephones	416	223	639	572
Chemical analysis	27	709	736	782
Minor plant and equipment purchases	13	1 817	1 830	1 534
Maps, photographs and plans	110	95	205	576
Consultancies	-	798	798	438
Materials and consumables	8	1 039	1 047	965
Equipment repairs and maintenance	93	519	612	461
Advertising, exhibition and promotion	84	459	543	791
Legal fees	376	54	430	467
Staff development	55	1 067	1 122	934
Other supplies and services	691	1 530	2 221	2 313
Total Supplies and Services	24 652	24 936	49 588	44 757

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

	No	2009 \$'000	No	2008 \$'000
Below \$10 000	31	106	37	131
Between \$10 000 and \$50 000	14	312	8	144
Above \$50 000	5	380	3	163
Total Paid/Payable to the Consultants Engaged	50	798	48	438

7. Depreciation and Amortisation Expense

	2009 \$'000	2008 \$'000
Patawalonga seawater circulation and Barcoo outlet	355	354
Groundwater monitoring wells	584	584
Plant and equipment	526	580
Salinity disposal schemes	349	349
Surface water monitoring network	58	58
Waste disposal stations	63	63
Buildings	40	41
Intangible Assets	893	355
Total Depreciation and Amortisation Expense	2 868	2 384

8. **Grants and Subsidies**

	2009 \$'000	2008 \$'000
Grants and Subsidies paid/payable to entities external to the SA Government		
Murray-Darling Basin Authority	23 341	22 470
Department of Primary Industries and Fisheries (Qld) - red imported fire ants	426	553
Irrigators - Lower Murray reclaimed irrigation areas	1 121	2 436
Lake Eyre Basin - Environment Australia	241	155
Murray-Darling Basin Association Inc	-	20
River Murray E-Flows Fund	5 000	-
Other grants	1 910	1 748
Total Grants and Subsidies – Non SA Government Entities	32 039	27 382
	2009 \$'000	2008 \$'000
Grants and Subsidies paid/payable to entities within the SA Government		
River Murray improvement program - SA Government agencies	1 146	1 062
Grant subsidy (transferred to Administered Item - Dog Fence Board)	438	441
Transfer to NRM Fund in respect of Appropriations allocated to the regional NRM Boards [1]	3 342	3 269
Rainwater Tank Rebate Scheme	2 773	1 648
Branched Broomrape Eradication	578	700
Native Vegetation Fund	-	2 600
Survival of Permanent Plantings	24 352	-
Murray Futures – Integrated Pipelines (SA Water)	23 740	-
E-Flows Water Acquisition	17 536	-
Adaptive management of Coorong and Lower Lakes	2 885	-
Other grants	677	240
Total Grants and Subsidies - SA Government Entities	77 467	9 960
Total Grants and Subsidies	109 506	37 342

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

9. **Water Recovery / Acquisition Expenses**

	2009 \$'000	2008 \$'000
Water Recovery / Acquisition expenses paid/payable to entities external to the SA Government		
The Living Murray Water recovery projects [1]	62 758	13 299
Other water recovery projects	1 488	-
Total Water Recovery / Acquisitions Expenses – Non SA Government Entities	64 246	13 299
Water Recovery / Acquisition expenses paid/payable to entities within the SA Government		
The Living Murray Water acquisition [1]	10 500	-
Total Water Recovery / Acquisitions Expenses – SA Government Entities	10 500	-
Total Water Recovery / Acquisition Expenses	74 746	13 299

[1] Refer to Note 16 for further commentary regarding the Living Murray initiative.

10. **Other Expenses**

	2009 \$'000	2008 \$'000
Other expenses paid/payable to entities external to the SA Government		
Donated assets	-	95
Bad and doubtful debts	(25)	47
Audit fees	22	32
Other	34	17
Total Other Expenses – Non SA Government Entities	31	191
Other expenses paid/payable to entities within the SA Government		
Audit fees paid/payable to the Auditor-General's Department (Refer Note 30)	225	237
Other	26	-
Total Other Expenses - SA Government Entities	251	237
Total Other Expenses	282	428

11. Revenues from SA Government		
	2009	2008
	\$'000	\$'000
Appropriations from consolidated account pursuant to the <i>Appropriation Act 2008</i>	108 353	96 812
Appropriations under Contingencies	43 824	43
Commonwealth grants received via Treasury:		
- The Living Murray	7 313	-
- Murray Futures – Integrated Pipeline	23 740	-
Total Revenues from SA Government	183 230	96 855
<p>The revenues from SA Government include \$25 300 000 (\$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 <i>Waterworks Act 1932</i> (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 \$37 985 000 (\$20 010 000). A special purpose financial report is prepared for the Fund.</p>		
12. Revenues from Fees and Charges		
	2009	2008
	\$'000	\$'000
Fees and charges received/receivable from entities external to the SA Government		
Sale of goods and services	15 187	10 659
Fees, levies and licences	2 313	2 109
Service recoveries	32	-
Total Fees and Charges – Non SA Government Entities	17 532	12 768
Fees and charges received/receivable from entities within the SA Government		
Sale of goods and services	8 197	6 859
Fees, levies and licences	33	30
Service recoveries	682	1 459
Total Fees and Charges - SA Government Entities	8 912	8 348
Total Fees and Charges	26 444	21 116
13. Interest Revenues		
	2009	2008
	\$'000	\$'000
Interest revenues from entities within the SA Government	564	430
Other interest	4	1
Total Interest Revenues	568	431
14. Net Gain/(Loss) from Disposal of Non-Current Assets		
	2009	2008
	\$'000	\$'000
Plant and Equipment		
Proceeds from disposal	27	-
Less net book value of assets disposed	4	15
Net Gain/(Loss) from Disposal of Plant and Equipment	23	(15)
Land and Buildings		
Proceeds from disposal	-	-
Less net book value of assets disposed	-	-
Net Gain from Disposal of Land and Buildings	-	-
Total Non-Current Assets		
Total proceeds from disposal	27	-
Less total value of assets disposed	4	15
Total Net Gain/(Loss) from Disposal of Non-Current Assets	23	(15)
15. Grant Revenues		
	2009	2008
	\$'000	\$'000
(a) Grant Revenues from the Commonwealth		
Department of Agriculture Fisheries and Forestry - Branched Broomrape Eradication Program	1 168	1 176
National Water Commission - National Water Initiative - Mount Lofty Ranges	3 745	2 455
National Water Commission - National Water Initiative - Implementation	2 979	2 407
National Water Commission - National Water Initiative - South East	1 602	2 803
National Water Commission - National Water Initiative - Fractured Rock	622	258
National Water Commission – Restoring Flows to the Wetlands in the Upper South East of SA	761	1 083
Bureau of Meteorology	1 822	172
Murray Futures – Adaptive Management of Coorong and Lower Lakes	3 000	-
Murray Futures – Goolwa Channel	863	-

Murray Futures – Riverine Recovery	675	-
Murray Futures – Integrated Pipeline [1]	1 500	-
Other	151	1 038
Total Grant Revenues from the Commonwealth	18 888	11 392

	2009 \$'000	2008 \$'000
(b) Grant Revenues from SA Government		
Department for Environment and Heritage	34	266
Adelaide and Mount Lofty Ranges NRM Board	-	300
SA Murray-Darling Basin NRM Board	-	90
South East NRM Board	834	56
Alinytjara Wilurara NRM Board	-	100
South Australian Arid Lands NRM Board	145	354
Northern and Yorke NRM Board	-	202
Native Vegetation Fund	368	312
NRM Alliance	499	-
SA Water Corporation – Murray Futures Executive	800	-
Complementary State NRM Program	2 397	-
Other	226	242
Total Grant Revenues from SA Government	5 303	1 922

(c) Grant Revenues from National Action Plan		
Grant Revenues from State National Action Plan Unmatched		
Administration Contribution	415	750
Regional Liaison Officers Annual Payment	-	20
Other	254	-
Total Grant Revenues from State National Action Plan Unmatched	669	770

Grant Revenues from National Action Plan Joint Commonwealth and State Funding		
Upper South East Program	-	8 157
Lower Murray Reclaimed Irrigation Areas	1 108	4 260
Salt Interception Scheme - Regional Disposal Strategy	200	2 873
Salt Interception Scheme - Pike/Munro	-	528
Salt Interception Scheme - Murtho	91	159
Salt Interception Scheme - Chowilla	332	323
Salt Interception Scheme - Other	166	211
Capacity Building	-	1 750
Upper South East Salinity Accession – (Centre for Natural Resource Management)	65	-
Centre for Natural Resource Management	126	67
Imagery Baseline Data NRM Planning, Monitoring and Evaluation	892	1 308
Other	119	145
Total Grant Revenues from National Action Plan Joint Commonwealth and State Funding	3 099	19 781
Total Grant Revenues from National Action Plan	3 768	20 551

(d) Grant Revenues from Natural Heritage Trust		
Regional Liaison Officers Annual Payment	-	680
Administration of National Landcare Community Support	60	60
Other	170	161
Total Grant Revenues from Natural Heritage Trust	230	901

(e) Grant Revenues from Other Entities		
Loxton District Irrigation Rehabilitation - Growers	-	14
Branched Broomrape Eradication Program (Other State Governments)	970	976
Cooperative Research Centre Flora Search	75	50
Sundry grants and contribution	303	212
Total Grant Revenues from Other Entities	1 348	1 252
Total Grant Revenues	29 537	36 018

[1] In addition \$23 740 000 was received from the Commonwealth Government for the Murray Futures – Integrated Pipeline project. Refer to Note 11.

16. Water Recovery Measures Revenues

	SA Govt \$'000	Non-SA Govt \$'000	2009 \$'000	2008 \$'000
The Living Murray [1]	-	21 251	21 251	17 562
Total Water Recovery Measures Revenues	-	21 251	21 251	17 562

[1] In addition \$7 313 000 was received from the Commonwealth Government towards the Living Murray initiative. Refer to Note 11.

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 9, 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.

17. Other Revenues

	SA Govt \$’000	Non-SA Govt \$’000	2009 \$’000	2008 \$’000
Operating expenses recouped	30	18	48	40
Pastoral leases	-	904	904	893
Donated assets	166	-	166	-
Other revenue	312	152	464	188
Total Other Revenues	508	1 074	1 582	1 121

18. Cash and cash equivalents

	2009 \$’000	2008 \$’000
Deposits with the Treasurer	26 232	57 875
Imprest accounts/cash on hand	32	42
Other	8	8
Total Cash	26 272	57 925

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 and cash equivalents represents fair value.

19. Receivables

	SA Govt \$’000	Non-SA Govt \$’000	2009 \$’000	2008 \$’000
Current				
Receivables	4 312	15 129	19 441	7 734
Less allowance for doubtful debts	-	(38)	(38)	(63)
Accrued interest	61	-	61	70
Workers compensation recoveries	21	-	21	21
GST receivables	-	3 187	3 187	1 085
Prepayments	-	-	-	11
Total Current Receivables	4 394	18 278	22 672	8 858

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired. An allowance for impairment loss has been recognised in ‘other expenses’ in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists. The allowance for doubtful debts was reduced by \$25 000 in 2008-09.

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. Receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

20. Inventories

	2009 \$'000	2008 \$'000
Materials at cost	1 576	1 349
Total Current Inventories	1 576	1 349

Cost of inventories

The cost of inventories recognised as an expense for raw materials and consumables was \$1 387 000. The net change in inventories held for distribution and other inventory for the period is \$130 400 and \$96 600 respectively.

21. Property, Plant and Equipment, and Intangibles

(a) Reconciliation of Carrying Amounts

	2009			
	Cost \$'000	Valuation \$'000	Accumulated Depreciation/ Amortisation \$'000	Written Down Value \$'000
Land and buildings	291	5 194	(1 720)	3 765
Groundwater monitoring wells	221	17 924	(1 840)	16 305
Surface water monitoring network	-	2 474	(116)	2 358
Waste disposal stations	215	5 210	(2 986)	2 439
Patawalonga seawater circulation and Barcoo outlet	31	20 545	(1 586)	18 990
Plant and equipment	6 636	-	(5 125)	1 511
Salinity disposal schemes	-	20 031	(1 395)	18 636
Lower Murray embankments	-	10 062	(4 679)	5 383
Work in progress	3 730	-	-	3 730
Total Property, Plant and Equipment	11 124	81 440	(19 447)	73 117
Internally developed & acquired intangibles	6 653	2 610	(2 225)	7 038
Total Property, Plant and Equipment, and Intangibles	17 777	84 050	(21 672)	80 155

	2008			
	Cost \$'000	Valuation \$'000	Accumulated Depreciation/ Amortisation \$'000	Written Down Value \$'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 outlet	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
Total Property, Plant and Equipment	8 403	66 941	(8 923)	66 421
Internally developed & acquired intangibles	4 467	2 610	(1 332)	5 745
Total Property, Plant and Equipment, and Intangibles	12 870	69 551	(10 255)	72 166

(b) Movement Schedule

	Land and Buildings \$'000	Groundwater Monitoring Wells \$'000	Surface Water Monitoring Network \$'000	Waste Disposal Stations \$'000	Patawalonga Seawater Circulation \$'000	Plant and Equipment \$'000
Gross Carrying Value						
Balance as at 1 July	4 584	18 145	2 474	1 383	20 576	6 406
Additions (capital acquisitions)	-	-	-	215	-	354
Additions (donated assets)	166	-	-	-	-	-
Transfers between classes	(2 031)	-	-	-	-	(16)
Disposals	-	-	-	-	-	(108)
Revaluation increment	2 766	-	-	3 827	-	-
Balance as at 30 June	5 485	18 145	2 474	5 425	20 576	6 636
Accumulated Depreciation						
Balance as at 1 July	(226)	(1 256)	(58)	(315)	(1 231)	(4 791)
Transfers between classes	(88)	-	-	-	-	88
Disposals	-	-	-	-	-	104

Revaluation increment	(1 366)	-	-	(2 608)	-	-
Depreciation and amortisation	(40)	(584)	(58)	(63)	(355)	(526)
Balance as at 30 June	(1 720)	(1 840)	(116)	(2 986)	(1 586)	(5 125)
Carrying Amount						
As at 30 June	3 765	16 305	2 358	2 439	18 990	1 511

	Salinity Disposal Schemes	Lower Murray Embankments	Work in Progress	Internally Developed Intangible Assets	Externally Acquired Intangible Assets	2009 Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Carrying Value						
Balance as at 1 July	20 031	-	1 745	4 106	2 971	82 421
Additions (capital acquisitions)	-	-	3 730	576	62	4 937
Additions (donated assets)	-	-	-	-	-	166
Transfers between classes	-	2 244	(1 745)	1 548	-	-
Disposals	-	-	-	-	-	(108)
Revaluation increment [1]	-	7 818	-	-	-	14 411
Balance as at 30 June	20 031	10 062	3 730	6 230	3 033	101 827
Accumulated Depreciation						
Balance as at 1 July	(1 046)	-	-	(1 173)	(159)	(10 255)
Transfers between classes	-	-	-	-	-	-
Disposals	-	-	-	-	-	104
Revaluation increment [1]	-	-	-	-	-	(3 974)
Depreciation and amortisation [2]	(349)	(4 679)	-	(831)	(62)	(7 547)
Balance as at 30 June	(1 395)	(4 679)	-	(2 004)	(221)	(21 672)
Carrying Amount						
As at 30 June	18 636	5 383	3 730	4 226	2 812	80 155

[1] The net revaluation increment of \$10 437 000 is recognised in the Statement of Comprehensive Income and the Statement of Changes in Equity.

[2] An adjustment to accumulated depreciation of \$4 679 000 was recognised for Lower Murray Embankments. This represented a change in accounting policy and is recognised in the Statement of Comprehensive Income and the Statement of Changes in Equity.

(c) **Key features**

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

Asset Revaluations

The Land and buildings, Waste disposal stations and Lower Murray embankments were independently revalued during the year ending 30 June 2009. The following table details all 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 2009	Southwick Goodyear Pty Ltd
Groundwater monitoring wells	30 June 2006	GHD Pty Ltd
Surface water monitoring network	30 June 2007	Valcorp Pty Ltd
Waste disposal stations	30 June 2009	Valcorp Pty Ltd
Patawalonga seawater circulation and Barcoo outlet	1 January 2005	Currie and Brown (Australia) Pty Ltd
Salinity disposal schemes	30 June 2005	Currie and Brown (Australia) Pty Ltd
Lower Murray embankments	30 June 2009	Valcorp Pty Ltd
Plant and equipment*	-	-

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

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 2009 (refer to Note 22), the acquisition and transfer of water licences for environmental purposes is generally expensed when such expenditure is incurred (refer previous comments here above).

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

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

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

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

The transactions pertaining to the acquisition of water licences and subsequent application of these licences, together with other financial investments in eligible 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.

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

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

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

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

22. Intangible Assets

	2009	2008
	\$'000	\$'000
Internally Developed Intangible Assets		
Internally developed computer software	6 230	4 106
Less accumulated amortisation	2 004	1 173
Total Internally Developed Intangible Assets	4 226	2 933
Externally Acquired Intangible Assets		
Computer and water licences	3 033	2 971
Less accumulated amortisation	221	159
Total Acquired Intangible Assets	2 812	2 812
Total Intangible Assets	7 038	5 745

Intangible Assets

The Department recognises the following intangible assets:

- *Water Licences – acquired in the market*
While the acquisition and transfer of water licences for environmental purposes are generally expensed when such expenditure is incurred, there may be points during which the nature of such assets is transformed due to policy decisions. Ultimately these licences will be applied for environmental purposes and the accounting treatment will be to expense the purchases.
- *Water licences – 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 outlined in AASB 138 are expensed. Subsequent expenditure on intangible assets has not been capitalised. The Department has capitalised the internal development of software for the Water Information and Licensing and Management Application system (WILMA). In addition, certain costs have been capitalised in respect of the Natural Resources Management Information System and are included in Work in Progress.

23. Payables

	SA Govt	Non-SA Govt	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current				
Creditors and accrued expenses	7 284	5 244	12 528	6 753
Employment on-costs	377	353	730	719
Total Current Payables	7 661	5 597	13 258	7 472
Non-Current				
Employment on-costs	498	611	1 109	964
Total Non-Current Payables	498	611	1 109	964
Total Payables	8 159	6 208	14 367	8 436

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

	2009	2008
	\$'000	\$'000
Current		
Annual leave	3 077	2 825
Long service leave	492	481
Accrued salaries and wages	1 271	989
Total Current Employee Benefits	4 840	4 295
Non-Current		
Long service leave	9 356	9 137
Total Non-Current Employee Benefits	9 356	9 137
Total Employee Benefits	14 196	13 432

The total current and non-current employee expense (i.e. aggregate employee benefit plus related on-costs) for 2009 is \$5 570 000 (\$5 014 000) and \$10 465 000 (\$10 101 000) 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 2008 benchmark (6.5 years).

25. Provisions

	2009	2008
	\$'000	\$'000
Current		
Provision for workers compensation	140	162
Total Current Provisions	140	162
Non-Current		
Provision for workers compensation	400	426
Total Non-Current Provisions	400	426
Total Provisions	540	588
Reconciliation of movement in provisions		
Carrying amount at 1 July	588	503
Additional provisions (reduction in provision) recognised	109	245
Amounts used	(157)	(160)
Carrying amount at 30 June	540	588

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

26. Unrecognised Contractual Commitments

	2009	2008
	\$'000	\$'000
Capital Commitments		
Commitments in relation to capital contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	4 216	-
Total Capital Commitments	4 216	-

The Department's capital commitments are for the undertaking of environmental works and measures.

	2009	2008
	\$'000	\$'000
Operating Lease Commitments		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	2 665	2 664
Later than one year but not later than five years	5 226	7 826
Later than five years	971	5 123
Total Operating Lease Commitments	8 862	15 613

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.

	2009 \$'000	2008 \$'000
Remuneration Commitments		
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	9 477	11 125
Later than one year but not later than five years	5 791	4 895
Total Remuneration Commitments	15 268	16 020

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

	2009 \$'000	2008 \$'000
Other Commitments		
Other expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	28 919	50 318
Later than one year but not later than five years	89 634	88 196
Later than five years	-	803
Total Other Commitments	118 553	139 317

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 Authority, infrastructure costs associated with the Living Murray – Water Recovery Program under inter-government agreements and management of biodiversity assets under the *Upper South East Dryland Salinity and Flood Management Act 2002* and cash and in-kind contributions to Co-Operative Research Centres.

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 2009 financial year were:

Environmental Management Advisory Group – Upper South East

M Bachmann #	G Garf	R Johnson #	J Schilling #
R Breen *	M Geddes *	R Merry	S Vines #
M DeJong #	J Hosking #	W Meyer	J White
R England	J Hutson *	S Mustafa #	G Wood #

Ministerial Advisory Committee on Branched Broomrape

J T Arney	M Cole *	R K Marks	M L Thiele
J A Berger	J G Klitscher	J Marszal *	P Warren #
D Cartwright #	T Dendy #	A M Piggott	J McGorman

Natural Resources Management Council Members and Sub-Committees

W Bell	G Gates	H MacDonald	J Chester #	H Davey *
R M Bouchee	C D Ball	K Martin	L Crocker	C Ireland
A Cheshire *	A Crisp	D Mitchell	C Dodd	D Nicholls
K Lester	R L Melland	J Pedler	T J Hartman #	
D R Mutton	K Stokes	F M Simes #	G Lewis *	
V Russell	G Webster	A Todd	A Simpson #	
S R Starick	M Dennis	F J Vickery	D Walker	
R B Wickes	L M Liddle #	C Woolford	K Wanganeen #	

Pastoral Board

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

Branched Broomrape Community Focus Group

J A Berger

Upper South East Program Board

P Alexander #	A Gargett #	N Power #	R B Wickes
M Bolster	C Johnson	C Schweizer *	J Lillecrapp
R England	J Osborne	G Stopp	

Water Security Council

S W Ashby #	B Cunningham #	G R Knight #	D R Mutton	J W Weatherill #
D Blackmore	J V Hallion #	K Maywald #	I Nightingale #	J S Wright #
D Flett	A N Holmes #	P Caica #	T Sherbon #	
H M Fulcher #	A Howe #	R McLeod #	C Eccles #	

Adelaide Desalination Project Steering Committee

S W Ashby #	J V Hallion #	A Howe #	K G Osborn
P J Case #	A N Holmes #	R McLeod #	J S Wright #

South East Water Conservation and Drainage Board Act Review Reference Group [1]

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

Border Groundwater Review Committee

H Hopton #	N Power #	B Cohen #
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The number of members whose remuneration received or receivable falls within the following bands:

	2009	2008
\$0 - \$9 999	45	53
\$10 000 - \$19 999	4	-
\$20 000 - \$29 999	-	1
\$50 000 - \$59 999	1	-
Total Number of Members	50	54

[1] No meetings were held during the year and therefore no remuneration paid to eligible members.

* Members who have elected not to receive payments during 2008-09.

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

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 \$200 000 (\$109 000).

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.

For the purposes of this table, travel allowances paid to members has not been included as remuneration as it is considered to be a reimbursement of direct out-of-pocket expenses incurred by the relevant members.

29. Cash Flow Reconciliation

	2009 \$'000	2008 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position (refer also to Note 18)	26 272	57 925
Balance as per Statement of Cash Flows	26 272	57 925
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services:		
Net cash (used in) / provided by operating activities	(26 743)	32 350
Less revenues from SA Government	(183 230)	(96 855)
Add (Less) Non-Cash Items		
Depreciation and amortisation expense of non-current assets	(2 868)	(2 384)
Bad debts expense	25	(47)
Gain/(loss) on disposal of non-current assets	23	(15)
Gain/(loss) on donated assets	166	(111)
Movement in Assets and Liabilities		
Increase in receivables	13 789	3 888
Increase in inventories	227	133
(Increase) in payables	(5 931)	(3 006)
(Increase) in employee benefits	(764)	(1 900)
Decrease/(increase) in provisions	48	(85)
Net Cost of Providing Services	(205 258)	(68 032)

30. Auditor's Remuneration

	2009 \$'000	2008 \$'000
Auditor's Remuneration paid/payable to entities external to the SA Government		
Audit fees	22	32
Total Auditor's Remuneration – Non SA Government Entities	22	32
Auditor's Remuneration paid/payable to entities within the SA Government		
Audit fees paid/payable to the Auditor-General's Department	225	237
Total Auditor's Remuneration - SA Government Entities	225	237
Total Auditor's Remuneration	247	269

Other Audit Services

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

31. Financial Risk Management**Categorisation of financial instruments**

The following table discloses the carrying amounts and fair value of the Department's financial assets and financial liabilities.

Category of financial asset and financial liabilities	Statement of Financial Position line item	Note Ref.	Carrying amount 2009 \$'000	Fair value 2009 \$'000	Carrying amount 2008 \$'000	Fair value 2008 \$'000
Financial assets						
Cash and cash equivalents	Cash and cash equivalents	18	26 272	26 272	57 925	57 925
Loans and receivables	Receivables	19	22 672	22 672	8 858	8 858
Financial liabilities						
Financial liabilities at cost	Payables	23	14 367	14 367	8 436	8 436

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

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.

Credit risk

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

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

	<i>Past due By</i>			Total	\$'000
	Overdue for < 30 days \$'000	Overdue for 30 - 60 days \$'000	Overdue for > 60 days \$'000		
2009					
Not impaired					
Receivables	18 293	793	3 624		22 710
Impaired					
Receivables	-	-	(38)		(38)
2008					
Not impaired					
Receivables	8 021	706	194		8 921
Impaired					
Receivables	-	-	(63)		(63)

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.

Maturity analysis

The Department's maturity analysis on its financial liabilities extends only to payables – all of which are due within the next 12 months.

Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they fall due. The Department is funded principally from appropriation by the SA Government as well as from grant payments - received principally from the Commonwealth Government. The Department works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution. The Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

Market risk

The Department is not exposed to any market risk or interest rate risk as the Department has no interest bearing liabilities such as borrowings. Most SA Government agencies have their interest bearing liabilities managed through SAFA and any movements in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

32. Restrictions on Grants Received

The Department received grants from various funding sources, expressly for the purposes of undertaking specific projects. As at 30 June 2009 \$20 564 000 (\$60 416 000) of grants, which have been recognised as revenues in the Statement of Comprehensive Income, are yet to be spent in the manner specified by the contributors. These figures include \$948 000 (\$931 000) of administered funds.

33. Events after Balance Date

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

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2009

	Note No.	2009 \$'000	2008 \$'000
EXPENSES			
Employee benefit expenses	5	47 673	46 055
Supplies and services	6	49 588	44 757
Depreciation and amortisation expense	7	2 868	2 384
Grants and subsidies	8	109 506	37 342
Water recovery / acquisition expenses	9	74 746	13 299
Other expenses	10	282	428
Total Expenses		284 663	144 265
INCOME			
Revenues from fees and charges	12	26 444	21 116
Interest revenues	13	568	431
Net gain/(loss) from disposal of non-current assets	14	23	(15)
Grant revenues	15	29 537	36 018
Water recovery measures revenues	16	21 251	17 562
Other revenues	17	1 582	1 121
Total Income		79 405	76 233
NET COST OF PROVIDING SERVICES		205 258	68 032
REVENUES FROM SA GOVERNMENT	11	183 230	96 855
NET RESULT		(22 028)	28 823
OTHER COMPREHENSIVE INCOME			
Changes in property, plant and equipment asset revaluation reserve	21	10 437	-
Adjustments to accumulated surplus due to a change in accounting policy	21	(4 679)	-
TOTAL COMPREHENSIVE RESULT		(16 270)	28 823

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

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

STATEMENT OF FINANCIAL POSITION
As at 30 June 2009

	Note No.	2009 \$'000	2008 \$'000
CURRENT ASSETS			
Cash and cash equivalents	18	26 272	57 925
Receivables	19	22 672	8 858
Inventories	20	1 576	1 349
Total Current Assets		50 520	68 132
NON-CURRENT ASSETS			
Property, plant and equipment	21	73 117	66 421
Intangible assets	22	7 038	5 745
Total Non-Current Assets		80 155	72 166
Total Assets		130 675	140 298
CURRENT LIABILITIES			
Payables	23	13 258	7 472
Employee benefits	24	4 840	4 295
Provisions	25	140	162
Total Current Liabilities		18 238	11 929
NON-CURRENT LIABILITIES			
Payables	23	1 109	964
Employee benefits	24	9 356	9 137
Provisions	25	400	426
Total Non-Current Liabilities		10 865	10 527
Total Liabilities		29 103	22 456
NET ASSETS		101 572	117 842
EQUITY			
Contributed capital		8 164	8 164
Asset revaluation reserve		34 719	24 282
Retained earnings		58 689	85 396
TOTAL EQUITY		101 572	117 842
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 2009

	Asset			Total \$'000
	Contributed Capital \$'000	Revaluation Reserve \$'000	Retained Earnings \$'000	
Balance at 30 June 2007	8 164	24 280	56 573	89 017
Net result for 2007-08	-	2	28 823	28 825
Total comprehensive result for 2007-08	8 164	24 282	85 396	117 842
Balance at 30 June 2008	8 164	24 282	85 396	117 842
Change in accounting policy (Lower Murray embankments, refer Note 21)	-	-	(4 679)	(4 679)
ReStated balance at 30 June 2008	8 164	24 282	80 717	113 163
Net result for 2008-09	-	-	(22 028)	(22 028)
Gain on revaluation of property, plant and equipment during 2008-09 (refer Note 21)	-	10 437	-	10 437
Total comprehensive result for 2008-09	8 164	34 719	58 689	101 572
Balance at 30 June 2009	8 164	34 719	58 689	101 572

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

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2009

		2009	2008
	Note	Inflows (Outflows)	Inflows (Outflows)
	No.	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH OUTFLOWS			
Employee benefit payments		(46 801)	(44 098)
Payments for supplies and services		(50 996)	(46 115)
Payments of grants and subsidies		(113 447)	(42 563)
Water recovery / acquisition expenses		(76 846)	(13 299)
Other payments		(335)	(373)
GST paid to the Australian Taxation Office		(960)	(1 207)
Cash used in operations		(289 385)	(147 655)
CASH INFLOWS			
Fees and charges		14 942	19 094
Grant receipts		31 503	37 197
Interest received		577	381
Water recovery measures revenues		23 376	19 318
Other receipts		1 558	1 233
GST recovered from the Australian Taxation Office		7 456	5 927
Cash generated from operations		79 412	83 150
Receipts from SA Government		183 230	96 855
Cash generated from SA Government		183 230	96 855
Net Cash (used in) / provided by Operating Activities	29	(26 743)	32 350
CASH FLOWS FROM INVESTING ACTIVITIES			
CASH OUTFLOWS			
Purchase of property, plant and equipment		(4 299)	(1 429)
Purchase of intangibles		(638)	(574)
Cash used in investing activities		(4 937)	(2 003)
CASH INFLOWS			
Proceeds from sale of property, plant and equipment		27	-
Cash generated from investing activities		27	-
Net Cash (used in) Investing Activities		(4 910)	(2 003)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(31 653)	30 347
CASH AND CASH EQUIVALENTS AT 1 JULY		57 925	27 578
CASH AND CASH EQUIVALENTS AT 30 JUNE	18,29	26 272	57 925

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

DISAGGREGATED DISCLOSURES – EXPENSES AND INCOME

For the year ended 30 June 2009

(Refer Note 4 for activity descriptions)

	NRM		NRM (River Murray)		Water Security		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
EXPENSES								
Employee benefit expenses	34 186	33 857	11 583	11 717	1 904	481	47 673	46 055
Supplies and services	25 096	29 004	23 155	15 367	1 337	386	49 588	44 757
Depreciation and amortisation expense	1 606	1 359	1 233	1 025	29	-	2 868	2 384
Grants and subsidies	6 656	6 345	76 205	30 997	26 645	-	109 506	37 342
Water recovery / acquisition expenses	-	-	74 746	13 299	-	-	74 746	13 299
Other expenses	267	345	(7)	53	22	30	282	428
Total Expenses	67 811	70 910	186 915	72 458	29 937	897	284 663	144 265
INCOME								
Revenues from fees and charges	9 544	9 348	16 539	11 768	361	-	26 444	21 116
Interest revenues	469	427	2	4	97	-	568	431
Net Gain/(Loss) on disposal of non-current assets	23	(15)	-	-	-	-	23	(15)
Grant revenues	16 958	24 660	6 604	11 358	5 975	-	29 537	36 018
Water recovery measures revenues	-	-	21 251	17 562	-	-	21 251	17 562
Other revenues	1 216	1 111	365	9	1	1	1 582	1 121
Total Income	28 210	35 531	44 761	40 701	6 434	1	79 405	76 233
NET COST OF PROVIDING SERVICES	39 601	35 379	142 154	31 757	23 503	896	205 258	68 032
REVENUES FROM SA GOVERNMENT								
Revenues from SA Government	9 571	32 026	148 919	64 829	24 740	-	183 230	96 855
NET RESULT	(30 030)	(3 353)	6 765	33 072	1 237	(896)	(22 028)	28 823

DISAGGREGATED DISCLOSURES – ASSETS AND LIABILITIES

For the year ended 30 June 2009

(Refer Note 4 for activity descriptions)

	NRM		NRM (River Murray)		Water Security		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
ASSETS								
Cash and cash equivalents	14 102	25 192	5 919	32 559	6 251	174	26 272	57 925
Receivables	10 019	3 510	11 552	5 348	1 101	-	22 672	8 858
Inventories	1 576	1 349	-	-	-	-	1 576	1 349
Property, plant and equipment	38 941	38 003	33 177	28 386	999	32	73 117	66 421
Intangibles	3 826	2 975	3 212	2 770	-	-	7 038	5 745
Total Assets	68 464	71 029	53 860	69 063	8 351	206	130 675	140 298
LIABILITIES								
Payables	2 946	4 267	8 383	3 989	3 038	180	14 367	8 436
Employee benefits	10 398	10 059	3 262	3 241	536	132	14 196	13 432
Provisions	396	432	123	150	21	6	540	588
Total Liabilities	13 740	14 758	11 768	7 380	3 595	318	29 103	22 456

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

The objectives of the Department of Water, Land and Biodiversity Conservation (the Department) are to ensure South Australia's natural resources are managed in ecologically sustainable ways that support the wellbeing 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

(b) Statement of Compliance

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

Except for the amendments to AASB 101 *Presentation of Financial Statements* (September 2007 version) including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the Department has early adopted, Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2009. These are outlined in Note 3.

(b) Basis of preparation

The preparation of the financial Statements requires:

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

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

- (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. Generally, a threshold of \$100 000 for separate identification of these items applies, however a lower threshold may have been applied in some cases throughout the accounts;
- (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
- (c) 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 (refer to Note 5 for further details); and
- (d) 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 (refer to Note 28 for further details).

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

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

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

The accounting policies set out below have been applied in preparing the financial Statements for the year ended 30 June 2009 and the comparative information presented.

(c) Reporting Entity

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

The financial Statements and accompanying notes include 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 (schedule of administered items) at the back of the controlled General Purpose Financial Statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for Departmental items.

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

(d) Comparative information

The presentation and classification of items in the financial Statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 *Presentation of Financial Statements* and specific revised accounting standards and accounting policy Statements.

Comparative figures have been adjusted to conform to changes in presentation in these financial Statements where required.

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

(e) Rounding

All amounts in the financial Statements and accompanying notes 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 Statement of Financial Position.

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

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

(g) Events after the end of the reporting period

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

Note disclosure is made about events between 30 June and the date the financial Statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years. Refer to Note 33 for further details.

(i) **Income**

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

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

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

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

The following are specific recognition criteria:

Fees and charges

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

Grants received

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

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

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

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

Revenues from SA Government

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

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

Net gain/(loss) on non-current assets

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

Water recovery measures revenues

Revenues from water recovery measures includes 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.

Other income

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

(i) **Expenses**

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

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

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

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

The following are specific recognition criteria:

Employee benefits expenses

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

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Department to the various superannuation plans in respect of current services of current Departmental staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of Government financial Statements.

Depreciation and amortisation

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

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

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

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

Land is not depreciated as the item is considered to have a non-diminishing unlimited useful life.

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

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

Grants and Subsidies

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

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

Resources provided free of charge

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

(j) 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.

(r) Assets

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

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

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

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

Cash and cash equivalents

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

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

Cash is measured at nominal value. Refer to Note 18 for further details.

Receivables

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

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

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

Inventories

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

Inventories held for distribution at no or nominal consideration, are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value. The Department's inventories include plants and materials held by State Flora and the Branched Broomrape Eradication Program. Refer to Note 20 for further details.

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

Non-current assets - acquisition and recognition

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

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

All non-current tangible assets with a value equal to or in excess of \$5 000 are capitalised.

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

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

Revaluation of non-current assets

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

The Department revalues its land, buildings and leasehold improvements. 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 five 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 as an expense, in which case the increase is recognised as income.

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

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 respective asset revaluation reserve.

Intangible assets

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

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

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

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

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

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

(s) Liabilities

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

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

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

The Department has attempted to identify all relevant transactions with SA Government entities / non-SA Government entities. Where deemed immaterial to the overall disclosure balance, transactions with SA Government entities below the threshold of \$100 000 may have been included with the non-Government transactions, classified according to their nature.

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.

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

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

(t) 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.

Operating leases

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

The Department has entered into non-cancellable operating lease arrangements for office accommodation where the lesser 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.

(u) Financial guarantees

The Department has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2009 (there was no material liability recognised for financial guarantee contracts in 2008).

(v) Employee Benefits

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

Wages, salaries, annual leave and sick leave

The liability for salaries 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.

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 Statement of Comprehensive Income net of any reimbursement.

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

(w) Unrecognised contractual commitments and contingent assets and liabilities

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

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. Refer Note 26.

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

(x) 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 2009 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 2008-09, the Department contributed \$1 424 000 (\$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 Invasive Animals
CRC for Desert Knowledge
CRC for E-Water

NRM Research Alliance

The NRM Research 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), 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.

In 2008-09, the Department contributed \$133 000 in both cash and in-kind support to the NRM Research Alliance.

Murray-Darling Basin Authority

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

3. New and revised accounting standards and policies

Details of the accounting policies that the Department has changed during 2008-09 are detailed below. In addition, details of the impact, where significant, on the Department's financial Statements from new and amended Australian accounting standards that are applicable for the first time in 2008-09 are also detailed below.

AASB 101

The Department has early adopted the September 2007 version of AASB 101 *Presentation of Financial Statements* including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) – this includes the preparation of a single Statement of Comprehensive Income. In accordance with the new accounting standard AASB 1052 *Disaggregated Disclosures*, the amounts of assets and liabilities reliably attributable to each activity has been disclosed.

Issued or amended but not yet effective

Except for the amendments to AASB 101 *Presentation of Financial Statements*, which the Department has early-adopted, the Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the reporting period ending 30 June 2009. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial Statements of the Department.

4. Activities of the Department

In achieving its objective, the Department provides a range of services classified into the following activities:

Activity 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.

Activity 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.

Activity 3: Water Security

Coordinating and leading the development of water security policy across Government.

The disaggregated disclosures schedules presents expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2008 and 30 June 2009.

5. Employee Benefit Expenses

	2009	2008
	\$'000	\$'000
Salaries and wages	35 423	33 495
Superannuation	4 609	4 604
Annual leave	3 361	3 207
Long service leave	1 715	2 120
Workers compensation	109	245
Board and Committee fees	214	126
Other	2 242	2 258
Total Employee Benefit Expenses	47 673	46 055

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

Remuneration of Employees

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

	2009	2008
\$100 000 - \$109 999	30	20
\$110 000 - \$119 999	13	5
\$120 000 - \$129 999	5	6
\$130 000 - \$139 999	5	4
\$140 000 - \$149 999	-	3
\$150 000 - \$159 999	2	1
\$160 000 - \$169 999	1	1
\$170 000 - \$179 999	2	4
\$180 000 - \$189 999	3	1
\$190 000 - \$199 999	1	1
\$200 000 - \$209 999	2	-
\$220 000 - \$229 999	2	-
\$230 000 - \$239 999	1	-
\$290 000 - \$299 999	1	1
Total Number of Employees	68	47

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 \$8 849 000 (\$6 096 000).

6. Supplies and Services

	SA Govt \$'000	Non-SA Govt \$'000	2009 \$'000	2008 \$'000
Supplies and services expenses for the reporting period comprised of				
Contractors	14 596	12 607	27 203	21 956
Service level agreement	3 137	-	3 137	3 905
Accommodation	3 044	699	3 743	3 332
Vehicles	1 886	427	2 313	2 267
Computing	48	888	936	1 329
Travel and accommodation	24	1 441	1 465	1 425
Printing, publishing and stationery	44	564	608	710
Telephones	416	223	639	572
Chemical analysis	27	709	736	782
Minor plant and equipment purchases	13	1 817	1 830	1 534
Maps, photographs and plans	110	95	205	576
Consultancies	-	798	798	438
Materials and consumables	8	1 039	1 047	965
Equipment repairs and maintenance	93	519	612	461
Advertising, exhibition and promotion	84	459	543	791
Legal fees	376	54	430	467
Staff development	55	1 067	1 122	934
Other supplies and services	691	1 530	2 221	2 313
Total Supplies and Services	24 652	24 936	49 588	44 757

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

	No	2009 \$'000	No	2008 \$'000
Below \$10 000	31	106	37	131
Between \$10 000 and \$50 000	14	312	8	144
Above \$50 000	5	380	3	163
Total Paid/Payable to the Consultants Engaged	50	798	48	438

7. Depreciation and Amortisation Expense

	2009 \$'000	2008 \$'000
Patawalonga seawater circulation and Barcoo outlet	355	354
Groundwater monitoring wells	584	584
Plant and equipment	526	580
Salinity disposal schemes	349	349
Surface water monitoring network	58	58
Waste disposal stations	63	63
Buildings	40	41
Intangible Assets	893	355
Total Depreciation and Amortisation Expense	2 868	2 384

8. Grants and Subsidies

	2009 \$'000	2008 \$'000
Grants and Subsidies paid/payable to entities external to the SA Government		
Murray-Darling Basin Authority	23 341	22 470
Department of Primary Industries and Fisheries (Qld) - red imported fire ants	426	553
Irrigators - Lower Murray reclaimed irrigation areas	1 121	2 436
Lake Eyre Basin - Environment Australia	241	155
Murray-Darling Basin Association Inc	-	20
River Murray E-Flows Fund	5 000	-
Other grants	1 910	1 748
Total Grants and Subsidies – Non SA Government Entities	32 039	27 382

	2009	2008
	\$'000	\$'000
Grants and Subsidies paid/payable to entities within the SA Government		
River Murray improvement program - SA Government agencies	1 146	1 062
Grant subsidy (transferred to Administered Item - Dog Fence Board)	438	441
Transfer to NRM Fund in respect of Appropriations allocated to the regional NRM Boards [1]	3 342	3 269
Rainwater Tank Rebate Scheme	2 773	1 648
Branched Broomrape Eradication	578	700
Native Vegetation Fund	-	2 600
Survival of Permanent Plantings	24 352	-
Murray Futures – Integrated Pipelines (SA Water)	23 740	-
E-Flows Water Acquisition	17 536	-
Adaptive management of Coorong and Lower Lakes	2 885	-
Other grants	677	240
Total Grants and Subsidies - SA Government Entities	77 467	9 960
Total Grants and Subsidies	109 506	37 342

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

9. Water Recovery / Acquisition Expenses

	2009	2008
	\$'000	\$'000
Water Recovery / Acquisition expenses paid/payable to entities external to the SA Government		
The Living Murray Water recovery projects [1]	62 758	13 299
Other water recovery projects	1 488	-
Total Water Recovery / Acquisitions Expenses – Non SA Government Entities	64 246	13 299
Water Recovery / Acquisition expenses paid/payable to entities within the SA Government		
The Living Murray Water acquisition [1]	10 500	-
Total Water Recovery / Acquisitions Expenses – SA Government Entities	10 500	-
Total Water Recovery / Acquisition Expenses	74 746	13 299

[1] Refer to Note 16 for further commentary regarding The Living Murray initiative.

10. Other Expenses

	2009	2008
	\$'000	\$'000
Other expenses paid/payable to entities external to the SA Government		
Donated assets	-	95
Bad and doubtful debts	(25)	47
Audit fees	22	32
Other	34	17
Total Other Expenses – Non SA Government Entities	31	191
Other expenses paid/payable to entities within the SA Government		
Audit fees paid/payable to the Auditor-General's Department (Refer Note 30)	225	237
Other	26	-
Total Other Expenses - SA Government Entities	251	237
Total Other Expenses	282	428

11. Revenues from SA Government

	2009	2008
	\$'000	\$'000
Appropriations from consolidated account pursuant to the <i>Appropriation Act 2008</i>	108 353	96 812
Appropriations under Contingencies	43 824	43
Commonwealth grants received via Treasury:		
- The Living Murray	7 313	-
- Murray Futures – Integrated Pipeline	23 740	-
Total Revenues from SA Government	183 230	96 855

The revenues from SA Government include \$25 300 000 (\$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 \$37 985 000 (\$20 010 000). A special purpose financial report is prepared for the Fund.

12.	Revenues from Fees and Charges		
		2009	2008
		\$'000	\$'000
	Fees and charges received/receivable from entities external to the SA Government		
	Sale of goods and services	15 187	10 659
	Fees, levies and licences	2 313	2 109
	Service recoveries	32	-
	Total Fees and Charges – Non SA Government Entities	17 532	12 768
	Fees and charges received/receivable from entities within the SA Government		
	Sale of goods and services	8 197	6 859
	Fees, levies and licences	33	30
	Service recoveries	682	1 459
	Total Fees and Charges - SA Government Entities	8 912	8 348
	Total Fees and Charges	26 444	21 116
13.	Interest Revenues		
		2009	2008
		\$'000	\$'000
	Interest revenues from entities within the SA Government	564	430
	Other interest	4	1
	Total Interest Revenues	568	431
14.	Net Gain/(Loss) from Disposal of Non-Current Assets		
		2009	2008
		\$'000	\$'000
	Plant and Equipment		
	Proceeds from disposal	27	-
	Less net book value of assets disposed	4	15
	Net Gain/(Loss) from Disposal of Plant and Equipment	23	(15)
	Land and Buildings		
	Proceeds from disposal	-	-
	Less net book value of assets disposed	-	-
	Net Gain from Disposal of Land and Buildings	-	-
	Total Non-Current Assets		
	Total proceeds from disposal	27	-
	Less total value of assets disposed	4	15
	Total Net Gain/(Loss) from Disposal of Non-Current Assets	23	(15)
15.	Grant Revenues		
		2009	2008
		\$'000	\$'000
	(a) Grant Revenues from the Commonwealth		
	Department of Agriculture Fisheries and Forestry - Branched Broomrape Eradication Program	1 168	1 176
	National Water Commission - National Water Initiative - Mount Lofty Ranges	3 745	2 455
	National Water Commission - National Water Initiative - Implementation	2 979	2 407
	National Water Commission - National Water Initiative - South East	1 602	2 803
	National Water Commission - National Water Initiative - Fractured Rock	622	258
	National Water Commission – Restoring Flows to the Wetlands in the Upper South East of SA	761	1 083
	Bureau of Meteorology	1 822	172
	Murray Futures – Adaptive Management of Coorong and Lower Lakes	3 000	-
	Murray Futures – Goolwa Channel	863	-
	Murray Futures – Riverine Recovery	675	-
	Murray Futures – Integrated Pipeline [1]	1 500	-
	Other	151	1 038
	Total Grant Revenues from the Commonwealth	18 888	11 392

	2009 \$'000	2008 \$'000
(b) Grant Revenues from SA Government		
Department for Environment and Heritage	34	266
Adelaide and Mount Lofty Ranges NRM Board	-	300
SA Murray-Darling Basin NRM Board	-	90
South East NRM Board	834	56
Alinytjara Wilurara NRM Board	-	100
South Australian Arid Lands NRM Board	145	354
Northern and Yorke NRM Board	-	202
Native Vegetation Fund	368	312
NRM Alliance	499	-
SA Water Corporation – Murray Futures Executive	800	-
Complementary State NRM Program	2 397	-
Other	226	242
Total Grant Revenues from SA Government	5 303	1 922
(c) Grant Revenues from National Action Plan		
Grant Revenues from State National Action Plan Unmatched		
Administration Contribution	415	750
Regional Liaison Officers Annual Payment	-	20
Other	254	-
Total Grant Revenues from State National Action Plan Unmatched	669	770
Grant Revenues from National Action Plan Joint Commonwealth and State Funding		
Upper South East Program	-	8 157
Lower Murray Reclaimed Irrigation Areas	1 108	4 260
Salt Interception Scheme - Regional Disposal Strategy	200	2 873
Salt Interception Scheme - Pike/Munro	-	528
Salt Interception Scheme - Murtho	91	159
Salt Interception Scheme - Chowilla	332	323
Salt Interception Scheme - Other	166	211
Capacity Building	-	1 750
Upper South East Salinity Accession – (Centre for Natural Resource Management)	65	-
Centre for Natural Resource Management	126	67
Imagery Baseline Data NRM Planning, Monitoring and Evaluation	892	1 308
Other	119	145
Total Grant Revenues from National Action Plan Joint Commonwealth and State Funding	3 099	19 781
Total Grant Revenues from National Action Plan	3 768	20 551
(d) Grant Revenues from Natural Heritage Trust		
Regional Liaison Officers Annual Payment	-	680
Administration of National Landcare Community Support	60	60
Other	170	161
Total Grant Revenues from Natural Heritage Trust	230	901
(e) Grant Revenues from Other Entities		
Loxton District Irrigation Rehabilitation - Growers	-	14
Branched Broomrape Eradication Program (Other State Governments)	970	976
Cooperative Research Centre Flora Search	75	50
Sundry grants and contribution	303	212
Total Grant Revenues from Other Entities	1 348	1 252
Total Grant Revenues	29 537	36 018

[1] In addition \$23 740 000 was received from the Commonwealth Government for the Murray Futures – Integrated Pipeline project. Refer to Note 11.

16. Water Recovery Measures Revenues

	SA Govt \$'000	Non-SA Govt \$'000	2009 \$'000	2008 \$'000
The Living Murray [1]	-	21 251	21 251	17 562
Total Water Recovery Measures Revenues	-	21 251	21 251	17 562

[1] In addition \$7 313 000 was received from the Commonwealth Government towards the Living Murray initiative. Refer to Note 11.

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 9, 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.

17. Other Revenues

	SA Govt \$'000	Non-SA Govt \$'000	2009 \$'000	2008 \$'000
Operating expenses recouped	30	18	48	40
Pastoral leases	-	904	904	893
Donated assets	166	-	166	-
Other revenue	312	152	464	188
Total Other Revenues	508	1 074	1 582	1 121

18. Cash and cash equivalents

	2009 \$'000	2008 \$'000
Deposits with the Treasurer	26 232	57 875
Imprest accounts/cash on hand	32	42
Other	8	8
Total Cash	26 272	57 925

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 and cash equivalents represents fair value.

19. Receivables

	SA Govt \$'000	Non-SA Govt \$'000	2009 \$'000	2008 \$'000
Current				
Receivables	4 312	15 129	19 441	7 734
Less allowance for doubtful debts	-	(38)	(38)	(63)
Accrued interest	61	-	61	70
Workers compensation recoveries	21	-	21	21
GST receivables	-	3 187	3 187	1 085
Prepayments	-	-	-	11
Total Current Receivables	4 394	18 278	22 672	8 858

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired. An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists. The allowance for doubtful debts was reduced by \$25 000 in 2008-09.

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. Receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

20. Inventories

	2009 \$'000	2008 \$'000
Materials at cost	1 576	1 349
Total Current Inventories	1 576	1 349

Cost of inventories

The cost of inventories recognised as an expense for raw materials and consumables was \$1 387 000. The net change in inventories held for distribution and other inventory for the period is \$130 400 and \$96 600 respectively.

21. Property, Plant and Equipment, and Intangibles

(a) Reconciliation of Carrying Amounts

	2009			
	Cost \$'000	Valuation \$'000	Accumulated Depreciation/ Amortisation \$'000	Written Down Value \$'000
Land and buildings	291	5 194	(1 720)	3 765
Groundwater monitoring wells	221	17 924	(1 840)	16 305
Surface water monitoring network	-	2 474	(116)	2 358
Waste disposal stations	215	5 210	(2 986)	2 439
Patawalonga seawater circulation and Barcoo outlet	31	20 545	(1 586)	18 990
Plant and equipment	6 636	-	(5 125)	1 511
Salinity disposal schemes	-	20 031	(1 395)	18 636
Lower Murray embankments	-	10 062	(4 679)	5 383
Work in progress	3 730	-	-	3 730
Total Property, Plant and Equipment	11 124	81 440	(19 447)	73 117
Internally developed & acquired intangibles	6 653	2 610	(2 225)	7 038
Total Property, Plant and Equipment, and Intangibles	17 777	84 050	(21 672)	80 155

	2008			
	Cost \$'000	Valuation \$'000	Accumulated Depreciation/ Amortisation \$'000	Written Down Value \$'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 outlet	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
Total Property, Plant and Equipment	8 403	66 941	(8 923)	66 421
Internally developed & acquired intangibles	4 467	2 610	(1 332)	5 745
Total Property, Plant and Equipment, and Intangibles	12 870	69 551	(10 255)	72 166

(c) Movement Schedule

	Land and Buildings \$'000	Groundwater Monitoring Wells \$'000	Surface Water Monitoring Network \$'000	Waste Disposal Stations \$'000	Patawalonga Seawater Circulation \$'000	Plant and Equipment \$'000
Gross Carrying Value						
Balance as at 1 July	4 584	18 145	2 474	1 383	20 576	6 406
Additions (capital acquisitions)	-	-	-	215	-	354
Additions (donated assets)	166	-	-	-	-	-
Transfers between classes	(2 031)	-	-	-	-	(16)
Disposals	-	-	-	-	-	(108)
Revaluation increment	2 766	-	-	3 827	-	-
Balance as at 30 June	5 485	18 145	2 474	5 425	20 576	6 636

Accumulated Depreciation						
Balance as at 1 July	(226)	(1 256)	(58)	(315)	(1 231)	(4 791)
Transfers between classes	(88)	-	-	-	-	88
Disposals	-	-	-	-	-	104
Revaluation increment	(1 366)	-	-	(2 608)	-	-
Depreciation and amortisation	(40)	(584)	(58)	(63)	(355)	(526)
Balance as at 30 June	(1 720)	(1 840)	(116)	(2 986)	(1 586)	(5 125)
Carrying Amount						
As at 30 June	3 765	16 305	2 358	2 439	18 990	1 511

	Salinity Disposal Schemes	Lower Murray Embankments	Work in Progress	Internally Developed Intangible Assets	Externally Acquired Intangible Assets	2009 Total \$'000
Gross Carrying Value	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July	20 031	-	1 745	4 106	2 971	82 421
Additions (capital acquisitions)	-	-	3 730	576	62	4 937
Additions (donated assets)	-	-	-	-	-	166
Transfers between classes	-	2 244	(1 745)	1 548	-	-
Disposals	-	-	-	-	-	(108)
Revaluation increment [1]	-	7 818	-	-	-	14 411
Balance as at 30 June	20 031	10 062	3 730	6 230	3 033	101 827
Accumulated Depreciation						
Balance as at 1 July	(1 046)	-	-	(1 173)	(159)	(10 255)
Transfers between classes	-	-	-	-	-	-
Disposals	-	-	-	-	-	104
Revaluation increment [1]	-	-	-	-	-	(3 974)
Depreciation and amortisation [2]	(349)	(4 679)	-	(831)	(62)	(7 547)
Balance as at 30 June	(1 395)	(4 679)	-	(2 004)	(221)	(21 672)
Carrying Amount						
As at 30 June	18 636	5 383	3 730	4 226	2 812	80 155

[1] The net revaluation increment of \$10 437 000 is recognised in the Statement of Comprehensive Income and the Statement of Changes in Equity.

[2] An adjustment to accumulated depreciation of \$4 679 000 was recognised for Lower Murray Embankments. This represented a change in accounting policy and is recognised in the Statement of Comprehensive Income and the Statement of Changes in Equity.

(c) **Key features**

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

Asset Revaluations

The Land and buildings, Waste disposal stations and Lower Murray embankments were independently revalued during the year ending 30 June 2009. The following table details all 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 2009	Southwick Goodyear Pty Ltd
Groundwater monitoring wells	30 June 2006	GHD Pty Ltd
Surface water monitoring network	30 June 2007	Valcorp Pty Ltd
Waste disposal stations	30 June 2009	Valcorp Pty Ltd
Patawalonga seawater circulation and Barcoo outlet	1 January 2005	Currie and Brown (Australia) Pty Ltd
Salinity disposal schemes	30 June 2005	Currie and Brown (Australia) Pty Ltd
Lower Murray embankments	30 June 2009	Valcorp Pty Ltd
Plant and equipment*	-	-

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

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 2009 (refer to Note 22), the acquisition and transfer of water licences for environmental purposes is generally expensed when such expenditure is incurred (refer previous comments here above).

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

The Agreement gives effect to a decision by the southern Murray-Darling Basin jurisdictions to commit \$500 million over five years to address water over-allocation in the Murray-Darling Basin with an initial

focus on achieving specific environmental outcomes for six significant ecological assets along the River Murray.

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

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

The transactions pertaining to the acquisition of water licences and subsequent application of these licences, together with other financial investments in eligible 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.

- *Upper South East Drainage Scheme*

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

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

- *Salt Interception Schemes*

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

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

22. Intangible Assets

	2009	2008
	\$'000	\$'000
Internally Developed Intangible Assets		
Internally developed computer software	6 230	4 106
Less accumulated amortisation	2 004	1 173
Total Internally Developed Intangible Assets	4 226	2 933
Externally Acquired Intangible Assets		
Computer and water licences	3 033	2 971
Less accumulated amortisation	221	159
Total Acquired Intangible Assets	2 812	2 812
Total Intangible Assets	7 038	5 745

Intangible Assets

The Department recognises the following intangible assets:

- *Water Licences – acquired in the market*

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

- *Water licences – 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 outlined in AASB 138 are expensed. Subsequent expenditure on intangible assets has not been capitalised. The Department has capitalised the internal development of software for the Water Information and Licensing and Management Application system (WILMA). In addition, certain costs have been capitalised in respect of the Natural Resources Management Information System and are included in Work in Progress.

23. Payables	SA Govt \$'000	Non-SA Govt \$'000	2009 \$'000	2008 \$'000
Current				
Creditors and accrued expenses	7 284	5 244	12 528	6 753
Employment on-costs	377	353	730	719
Total Current Payables	7 661	5 597	13 258	7 472
Non-Current				
Employment on-costs	498	611	1 109	964
Total Non-Current Payables	498	611	1 109	964
Total Payables	8 159	6 208	14 367	8 436

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	2009 \$'000	2008 \$'000
Current		
Annual leave	3 077	2 825
Long service leave	492	481
Accrued salaries and wages	1 271	989
Total Current Employee Benefits	4 840	4 295
Non-Current		
Long service leave	9 356	9 137
Total Non-Current Employee Benefits	9 356	9 137
Total Employee Benefits	14 196	13 432

The total current and non-current employee expense (i.e. aggregate employee benefit plus related on-costs) for 2009 is \$5 570 000 (\$5 014 000) and \$10 465 000 (\$10 101 000) 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 2008 benchmark (6.5 years).

25. Provisions	2009 \$'000	2008 \$'000
Current		
Provision for workers compensation	140	162
Total Current Provisions	140	162
Non-Current		
Provision for workers compensation	400	426
Total Non-Current Provisions	400	426
Total Provisions	540	588
Reconciliation of movement in provisions		
Carrying amount at 1 July	588	503
Additional provisions (reduction in provision) recognised	109	245
Amounts used	(157)	(160)
Carrying amount at 30 June	540	588

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

26. Unrecognised Contractual Commitments	2009 \$'000	2008 \$'000
Capital Commitments		
Commitments in relation to capital contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	4 216	-
Total Capital Commitments	4 216	-

The Department's capital commitments are for the undertaking of environmental works and measures.

	2009	2008
	\$'000	\$'000
Operating Lease Commitments		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	2 665	2 664
Later than one year but not later than five years	5 226	7 826
Later than five years	971	5 123
Total Operating Lease Commitments	8 862	15 613

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.

	2009	2008
	\$'000	\$'000
Remuneration Commitments		
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	9 477	11 125
Later than one year but not later than five years	5 791	4 895
Total Remuneration Commitments	15 268	16 020

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

	2009	2008
	\$'000	\$'000
Other Commitments		
Other expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	28 919	50 318
Later than one year but not later than five years	89 634	88 196
Later than five years	-	803
Total Other Commitments	118 553	139 317

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 Authority, infrastructure costs associated with the Living Murray – Water Recovery Program under inter-Government agreements and management of biodiversity assets under the *Upper South East Dryland Salinity and Flood Management Act 2002* and cash and in-kind contributions to Co-Operative Research Centres.

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 2009 financial year were:

Environmental Management Advisory Group – Upper South East

M Bachmann #	G Ganf	R Johnson #	J Schilling #
R Breen *	M Geddes *	R Merry	S Vines #
M DeJong #	J Hosking #	W Meyer	J White
R England	J Hutson *	S Mustafa #	G Wood #

Ministerial Advisory Committee on Branched Broomrape

J T Arney	M Cole *	R K Marks	M L Thiele
J A Berger	J G Klitscher	J Marszal *	P Warren #
D Cartwright #	T Dendy #	A M Piggott	J McGorman

Natural Resources Management Council Members and Sub-Committees

W Bell	G Gates	H MacDonald	J Chester #	H Davey *
R M Bouchee	C D Ball	K Martin	L Crocker	C Ireland
A Cheshire *	A Crisp	D Mitchell	C Dodd	D Nicholls
K Lester	R L Melland	J Pedler	T J Hartman #	
D R Mutton	K Stokes	F M Simes #	G Lewis *	
V Russell	G Webster	A Todd	A Simpson #	
S R Starick	M Dennis	F J Vickery	D Walker	
R B Wickes	L M Liddle #	C Woolford	K Wanganeen #	

Pastoral Board

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

Branched Broomrape Community Focus Group

J A Berger

Upper South East Program Board

P Alexander #	A Gargett #	N Power #	R B Wickes
M Bolster	C Johnson	C Schweizer *	J Lillecrapp
R England	J Osborne	G Stopp	

Water Security Council

S W Ashby #	B Cunningham #	G R Knight #	D R Mutton	J W Weatherill #
D Blackmore	J V Hallion #	K Maywald #	I Nightingale #	J S Wright #
D Flett	A N Holmes #	P Caica #	T Sherbon #	
H M Fulcher #	A Howe #	R McLeod #	C Eccles #	

Adelaide Desalination Project Steering Committee

S W Ashby #	J V Hallion #	A Howe #	K G Osborn
P J Case #	A N Holmes #	R McLeod #	J S Wright #

South East Water Conservation and Drainage Board Act Review Reference Group [1]

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

Border Groundwater Review Committee

H Hopton #	N Power #	B Cohen #
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The number of members whose remuneration received or receivable falls within the following bands:

	2009	2008
\$0 - \$9 999	45	53
\$10 000 - \$19 999	4	-
\$20 000 - \$29 999	-	1
\$50 000 - \$59 999	1	-
Total Number of Members	50	54

[1] No meetings were held during the year and therefore no remuneration paid to eligible members.

* Members who have elected not to receive payments during 2008-09.

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

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 \$200 000 (\$109 000).

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.

For the purposes of this table, travel allowances paid to members has not been included as remuneration as it is considered to be a reimbursement of direct out-of-pocket expenses incurred by the relevant members.

29. Cash Flow Reconciliation

	2009	2008
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position (refer also to Note 18)	26 272	57 925
Balance as per Statement of Cash Flows	26 272	57 925
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services:		
Net cash (used in) / provided by operating activities	(26 743)	32 350
Less revenues from SA Government	(183 230)	(96 855)
Add (Less) Non-Cash Items		
Depreciation and amortisation expense of non-current assets	(2 868)	(2 384)
Bad debts expense	25	(47)
Gain/(loss) on disposal of non-current assets	23	(15)
Gain/(loss) on donated assets	166	(111)
Movement in Assets and Liabilities		
Increase in receivables	13 789	3 888
Increase in inventories	227	133
(Increase) in payables	(5 931)	(3 006)

(Increase) in employee benefits	(764)	(1 900)
Decrease/(increase) in provisions	48	(85)
Net Cost of Providing Services	(205 258)	(68 032)

30. Auditor's Remuneration

	2009	2008
	\$'000	\$'000
Auditor's Remuneration paid/payable to entities external to the SA Government		
Audit fees	22	32
Total Auditor's Remuneration – Non SA Government Entities	22	32
Auditor's Remuneration paid/payable to entities within the SA Government		
Audit fees paid/payable to the Auditor-General's Department	225	237
Total Auditor's Remuneration - SA Government Entities	225	237
Total Auditor's Remuneration	247	269

Other Audit Services

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

31. Financial Risk Management

Categorisation of financial instruments

The following table discloses the carrying amounts and fair value of the Department's financial assets and financial liabilities.

Category of financial asset and financial liabilities	Statement of Financial Position line item	Note Ref.	Carrying amount 2009 \$'000	Fair value 2009 \$'000	Carrying amount 2008 \$'000	Fair value 2008 \$'000
Financial assets						
Cash and cash equivalents	Cash and cash equivalents	18	26 272	26 272	57 925	57 925
Loans and receivables	Receivables	19	22 672	22 672	8 858	8 858
Financial liabilities						
Financial liabilities at cost	Payables	23	14 367	14 367	8 436	8 436

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

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.

Credit risk

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

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

	<i>Past due By</i>			Total
	Overdue for < 30 days \$'000	Overdue for 30 - 60 days \$'000	Overdue for > 60 days \$'000	\$'000
2009				
Not impaired				
Receivables	18 293	793	3 624	22 710
Impaired				
Receivables	-	-	(38)	(38)
2008				
Not impaired				
Receivables	8 021	706	194	8 921
Impaired				
Receivables	-	-	(63)	(63)

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.

Maturity analysis

The Department's maturity analysis on its financial liabilities extends only to payables – all of which are due within the next 12 months.

Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they fall due. The Department is funded principally from appropriation by the SA Government as well as from grant payments - received principally from the Commonwealth Government. The Department works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution. The Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

Market risk

The Department is not exposed to any market risk or interest rate risk as the Department has no interest bearing liabilities such as borrowings. Most SA Government agencies have their interest bearing liabilities managed through SAFA and any movements in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

32. Restrictions on Grants Received

The Department received grants from various funding sources, expressly for the purposes of undertaking specific projects. As at 30 June 2009 \$20 564 000 (\$60 416 000) of grants, which have been recognised as revenues in the Statement of Comprehensive Income, are yet to be spent in the manner specified by the contributors. These figures include \$948 000 (\$931 000) of administered funds.

33. Events after Balance Date

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

C - Contractual Arrangements

During 2008-09, the Department 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.

D - 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*	17,746	86.4%	164,554,272	69.2%
Paid late, within 30 days of due date	1,862	9.1%	32,630,114	13.7%
Paid more than 30 days from due date	925	4.5%	40,512,547	17.1%

*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:

The average Accounts Payable payment rate achieved for 2008/09 was 86.4% and represents a significant improvement over the 2007/08 payment rate of 82.5%.

Monthly analysis of the results identified instances of invoices relating to travel, including employee travel reimbursements were incorrectly reflected in the statistics and adjusted accordingly. Discussions were held with Shared Services SA to review these invoices and agreement reached on the date of the invoice to enter into the system. In addition, there were instances noted of invoices having been received from suppliers, later than the invoice date, which contributed to payments being classified late. Strategies will be implemented in 2009-10 to ensure the date the invoice is received is input into the system where it is clearly identified that the due to supplier invoice processing, invoices were received late.

E - Fraud

There were no instances of fraud detected within the Department during 2008-09.

The Department has a Fraud and Corruption Policy and various supporting policies and procedures in place (e.g. Credit Card Policy, Financial Management Compliance Program) designed to minimise the risk of fraud. In addition, the Department's governance committees (e.g. Audit and Risk Committee, 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, requires greater emphasis with respect to a fraud and corruption, including the controls supporting their detection and minimisation. The Department's Audit and Risk Committee has responsibility for ensuring the effectiveness of this new requirement.

F - Consultants

Consultants to 30 June 2008	Services Provided	Expenditure
Below \$10 000		
31 Minor Consultancies		\$106,092
\$10 000 - \$50 000		
University of South Australia	<i>Market research conducted for Australian Water Recovery Program</i>	\$10,351
EconSearch Pty Ltd	<i>Preparation of sheep and cattle financial models for the Western & Eastern Mt Lofty Ranges Regions.</i>	\$10,395
Hender Consulting	Professional recruitment services for various executive positions.	\$13,000
Morton Philips Pty Ltd	Conduct review of business operations.	\$14,481
M21 Pty Ltd	<i>Customer satisfaction survey consultancy to do with the Red Tape reduction & Whole of Government Initiative.</i>	\$15,953
Hoey De Kroon Consulting	Professional Services in relation to the Murray Darling Basin and Water Management.	\$17,884
CQR Consulting Pty Ltd	Examine options for AN IP based telemetry system.	\$18,000
Sinclair Knight Merz	Services provided to the South East NWI Project Workshop component – development of an Adaptive Management Approach to Groundwater Management	\$18,774
MBH Management Pty Ltd	Work on Murray Futures scoping paper and business case including final workshop.	\$23,500
Beatwave.Com.Au	Qualitative Study and Focus Group Engagement, Communications.	\$26,023
University of South Australia	Independent survey of the community perspectives of the water management proposal for the West Avenue Watercourse and Bald Hill Flat.	\$31,000
Kowalick, Ian J	Undertake work on the project MDBA Independent Commissioner.	\$31,591
CA Technology	<i>Customer Satisfaction Survey consultancy to do with the Red Tape Reduction & Whole of Government Initiative.</i>	\$35,760

Consultants to 30 June 2008	Services Provided	Expenditure
Storm Consulting Pty Ltd	Investigation into Market-based Instruments approach for in-stream salinity management: A Basin scale cap and trade system for salinity credits.	\$45,455
Over \$50 000		
Marsden Jacob Associates	<i>Preparation of the South Australian Implementation Plan for the NWI Metering Project.</i>	\$52,384
Tonkin Consulting	Review GHD report and provide engineering advice on the construction of the drains.	\$54,103
Worley Parsons Services P/L	Lifecycle Augmentation SAWSP.	\$82,000
GHD Pty Ltd	Report on the risks and benefits to environmental values of the West Avenue Watercourse and Bald Hill Flat associated with hydrological manipulation and drainage.	\$82,354
Frontier Economics Pty Ltd	Economic review for SA Water Security Plan.	\$109,328
Total Expenditure		798,428

G - Overseas Travel

Number of Employees	Destination/s	Reasons for Travel	Total Cost to Agency
1	Canada	exchange project with the Government of Manitoba to examine how flood hazards are managed	\$8750
1	Canada	presentation to the National Water and Agricultural Policy Forum	\$200
1	East Timor	participating in the East Timor Public Sector Capacity Development Program	\$0

H - Disability

A new definition was established in 2008 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.

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

- a) total or partial loss of a part of the body, or
- b) the presence in the body of organisms causing disease or illness, or
- c) the presence in the body of organisms capable of causing disease or illness, or
- d) the malfunction, malformation or disfigurement of a part of the person's body, or
- e) a disorder or malfunction that results in the person learning differently from a person without the disorder or malfunction, or
- f) 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

Disability Action Plan

The Department remained committed to implementation of our Disability Action Plan with a strong focus on addressing disability access issues identified in the 2007-2008 audits.

Highlights include:

At State Flora's Nursery Centre at Murray Bridge:

- Regraded the ramp pathway from the display area to the shop;
- Installed ramps and seating on the pathway to the disabled toilet;
- Provided seating in the nursery retail yard.

At State Flora's Nursery Centre retail outlet at Belair National Park:

- Levelled and bituminised the car park, providing dedicated space for disabled parking;
- Remodelled the pathway to the display area including realigning, regrading, widening some areas and improving overhead access;
- Provided rest areas, signage and tactile indicators along the pathway; and
- Levelled the viewing area in the Self Service and Display area.

At DWLBC's Field Depot at Netley:

- Installed disabled car park signage;
- Provided tactile signs for the male and female toilets; and
- Provided tactile signs at the front and rear entrances.

The Department continued with its awareness program, with a comprehensive program commencing in the second half 2008, building on earlier programs and the basic induction

based training provided in 2007-08. Almost 60 per cent of DWLBC staff undertook this program in 2008-09.

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
- need to be given ongoing assistance or supervision to carry out their duties safely.

Number of Employees with Disabilities (According to Commonwealth DDA Definition):

Male	Female	Total	% of Agency
3		3	0.48

Note: Disabilities (according to Commonwealth DDA Definition) details have only been collected for 15 per cent of the agency at this stage.

Types of Employee Disabilities:

Disability	Male	Female	Total	% of Agency
Physical				
Intellectual				
Sensory	3		3	0.48
Psychological/ Psychiatric				
Other				
Total	3	0	3	

A more comprehensive survey of the organization will be conducted in the future.

Number of Employees with Disabilities Requiring Workplace Adaptation:

Male	Female	Total	% of Agency
6	5	11	1.77

This data covers the whole of the Department.

I - Asbestos Management

Category	Number of Sites		Category Description	Interpretation One or more items at these sites ...
	At start of year	At end of year		
1	0	0	Remove	should be removed promptly.
2	3	3	Remove as soon as practicable	should be scheduled for removal at a practicable time during upgrade or replacement program
3	0	0	Use care during maintenance	may need removal during maintenance works.
4	0	0	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.

J - Freedom of Information

Information Statement

Under the provisions of Section 9 of the *Freedom of Information Act 1991* the following details comprise the information Statement of the Department.

Structure and Functions

The Department comprises a number of groups and divisions, the role and functions of which are described elsewhere in this report.

Affecting the Public

The Department has a direct and indirect effect on the general public through the delivery of a range of policies, programs and advice on practices relating to the integrated management of South Australia's natural resources. The focus of the agency is to help the State achieve the delicate balance between promoting the economic development of our State and protecting and enhancing our precious natural resources. The groups and divisions of the agency providing those services are listed below and their roles are described elsewhere in this report.

Water Resources Group:

- Water Resources Allocation Division
- Water Resources Infrastructure Programs Division

Natural Resources Management Group:

- Natural Resource Management Support Division
- Land and Biodiversity Conservation Division
- Investment Division

Corporate, Science and Information Group:

- Corporate and Business Services Division
- Science, Monitoring and Information Division
- State Flora

Office of Water Security

Policy 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.

Public Participation

Officers from the Department are members of various committees in which community and/or industry members also participate. An underlying philosophy in the Department's management of natural resources is the involvement of local communities in the policy formulation and decision making processes. This philosophy is supported by legislation that requires consultation.

Documents held by the Department

Documents held by Department are mainly in hard copy format, although some are stored electronically, 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 *Freedom of Information Act 1991*:

- Departmental files – official files containing correspondence and operational records.

- accounting records
- personnel files
- policy and procedure manuals
- scientific and technical information
- Departmental publications, plans and reports

The following documents are available for purchase from the Department's website or from specified locations:

Soils and Land Information

- 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)
 - Black and white manual
 - Colour manual

Pastoral Land Management

- South Australian Rangelands and Aboriginal Lands Wildlife Management Manual

The reports below are available from Pastoral Land Management 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

Documents available from the Department free of charge:

The following documents are available on the Department's website:

- Annual reports
 - Departmental
 - Murray-Darling Basin Salinity Management strategy
 - Natural Resources Management Council and regional Boards
 - Pastoral Land
 - River Murray Act
 - Save the River Murray levy
- Information bulletins
- Fact sheets and brochures

- Technical Reports and notes
- Water Allocation Plans
- Integrated Natural Resource Management plans
- Lower Murray Reclaimed Irrigation Areas guidelines and information:
 - Selected technical reports
 - State Water plan 2000
 - Water for Good plan 2009

Policy Documents

A policy register on the Department's website 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 key 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 1991* 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 Department's Freedom of Information Officer or State Records.

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* can be directed in writing to the Freedom of Information Officer.

K - Energy Efficiency Action Plan Report

	Energy Use (GJ)	GHG Emissions (Tonnes CO ₂)	Business Measure (FTE's)
Base Year 200/01*	1815	560	203.3
Base Year 200/01 (MJ/FTE)	8,928		
2008/09	2472	762	587.7
2008/09 (MJ/FTE)	4,206		
Portfolio Target 2008/09 (MJ/FTE)	7,722		
Final Portfolio Target 2014 (MJ/FTE)	6,696		

* Data is for the former Department of Water Resources

There has been a slight decrease in consumption on last year (2007/2008) due to the consolidation of some city Department office tenancies.

Significant energy management achievements

Energy audits of all DWLBC owned accommodation sites have been completed. Recommendations will be budgeted and prioritised this coming financial year.

Energy efficient preventative maintenance upgrades have been implemented within sites where applicable, this has included smaller hot water services and the install of efficient appliances and equipment.

L - Greening of Government Operations

Energy Management

The Department has conducted audits on energy and lighting efficiency at all accommodation sites to identify savings in energy use.

Negotiations are ongoing with building owners and their agents to partner in projects that provide savings in usage in our leased buildings.

Water

Review of existing water efficiency plans identified priority projects to be undertaken.

Projects that were completed include installation of dual flush toilets at Naracoorte and 211 Victoria Square, Adelaide.

Waterless urinals have been installed in 25 Grenfell Street, Adelaide.

Built Environment

A waste recycling program has been negotiated with building owners and is operating in 25 and 150 Grenfell Street, Adelaide.

M - Regional Impact Assessment Statements

Agencies are to prepare and publish Regional Impact Assessment (RIA) Statements prior to implementing significant changes to existing Government services to rural and regional areas.

The Department prepared RIA Statements to compliment the following bodies of work:

- development of a Statewide policy framework to manage the water resource impacts from plantation forests
- draft South East Drainage System Operation and Management Bill
- review and amendment of the *Native Vegetation Regulations 2003*.

N - Reconciliation Statement

The Department maintains its commitment to reconciliation and working closely with aboriginal communities. During the year, we undertook a range of activities including:

- convening a Caring for our Country Aboriginal NRM Forum in Port Augusta with the objective to improve Aboriginal community engagement in NRM.
- funding an Aboriginal NRM engagement scoping project, which examined the current methods and effectiveness of Aboriginal engagement in NRM across the eight regional NRM Boards, and DWLBC. The findings of the report will provide a focus for subsequent action.

DWLBC continued its participation in the National NRM reconciliation action group and worked with the Natural Resources Management Boards on a range of State based indigenous matters, including:

- The South Australian Murray-Darling Basin NRM Board continued to show a strong commitment to developing partnerships and supporting Aboriginal communities throughout the region. Land and cultural values are acknowledged and communicated at all public events and launches.
- The South East NRM Board signed an MOU with the SE Aboriginal Focus Group (SEAFG), cemented the strong and productive relationship between the Board and the SEAFG. SEAFG, through support from the Board is developing and implementing management plans for Aboriginal managed properties in the SE, including coastal management.
- Through the Alinytjara Wilurara NRM Board, Maralinga Tjarutja Community, the AW NRM Board staff in Ceduna based office spent a few days on a field camping trip organised for local community women into the Pidinga area. The field trip enabled very positive relationship building with community ladies and stakeholders which was attended by women who were interested in discussing natural resources management from a women's perspective and attracted a strong interest in the development of nurseries and plant propagation techniques.

DWLBC is committed to community engagement with the communications and community engagement component of the DWLBC Drought and Water Security initiative supporting formal community committees such as the Lower Murray Drought Reference Group. Indigenous representation at committee meetings is routinely invited in an attempt to incorporate indigenous views into the drought policy, strategy and decision making processes.

The Department completed a major review into cultural access to water which will form the basis for the development of a South Australian strategy for Aboriginal access to water.

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)