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The Chairman
Auditing and Assurance Standards Board
PO Box 204
Collins Street West
MELBOURNE VIC 8007

Re: Consultation Paper: Assurance Engagements on General Purpose Water Accounting Reports

Dear Sir

The Northern and Yorke Natural Resource Management Board welcomes the invitation to comment on the Auditing and Assurance Arrangements being developed for reporting on water holdings held by various agencies, private companies and individuals involved in the water industry.

The Board has reviewed the draft document and finds that the objectives are laudable and worthy. The Board notes the strong influence of Accounting and Auditing Standards that are applicable to financial reports.

The Board's concern is that the development of standards to apply to statements that account for water will only be as reliable as the data that is available. At this stage of implementing the National Water Initiative the Board finds that it is very difficult to begin to get a measure of the quantity of water that may be available within its jurisdiction. The main issue facing the Board is a lack of resources to fully implement those aspects of its legislation that begin to build a strong framework for the management of water, e.g. prescription of water courses and subsequent definition of water available for irrigation or other commercial activities versus the amount of water that should be reserved for environmental purposes. While the legislation that defines the Board's role is based on best practice principles and the objectives of the NWI also represent ideal objectives, the reality of our position is that we do not have the resources to implement the required systems and procedures. In these circumstances it is impossible to place any reliable figure on the quantity of water that is available within our jurisdiction.

The Board is concerned that the benefits of General Purpose Water Accounting Reports cannot be achieved until there has been a comprehensive assessment of the available water resources. The Accounting Reports can only be as reliable as the available information. Our preference is to direct funding to the task of completing the measurement of available water so that we can then plan for and introduce appropriate procedures for the allocation of water. In the meantime it is suggested that adoption of existing standards such as ASAE 3000 provide a level of assurance that is commensurate with the current status of information that is available.

In conclusion, the Board does not wish to detract from the work of the Auditing and Assurance Standards Board. The objectives are worthwhile and form an important part of the efforts to introduce processes that will enhance Australia's management of a scarce but vital resource. Our concern is that the process is running ahead of the capacity to measure the water that is under our jurisdiction and without reliable information it is difficult to see how it would be possible to prepare General Purpose Water Accounting Reports that could stand up to scrutiny under formal Auditing and Assurance Standards.

Yours faithfully,

Lynne Walden
REGIONAL MANAGER

27 October 2011