SYDNEY CATCHMENT AUTHORITY

# annual report 2011–12

*Healthy catchments, quality water – always.*

## Letter to the Minister

PO Box 323 Penrith NSW 2751
Level 4, 2-6 Station Street
Penrith NSW 2750

31 October 2012

The Hon Katrina Hodgkinson MP
Minister for Primary Industries
Level 30 Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

We are pleased to submit the 2011–12 Annual Report of the Sydney Catchment Authority for presentation to the Parliament of New South Wales.

The report has been prepared in accordance with the *Annual Report (Statutory Bodies) Act 1984*, the *Annual Report (Statutory Bodies) Regulation 2010*, the *Public Sector Employment and Management Act 2002*, the *Public Finance and Audit Act 1983*, and the Public Finance and Audit Regulation 2010.

Yours sincerely

**Robert Rollinson**
Chairman

**Sarah Dinning**
Acting Chief Executive

# Contents



This report can be viewed or downloaded online at **www.sca.nsw.gov.au**

**Cover images: (above) Warragamba Dam spill in March 2012; (bottom, left to right) SCA staff at work in the field – Wijaya Dasanayaka carrying out inspections inside the Warragamba pipelines during the year; Jacqui Page answering questions of visitors at the Warragamba Dam Visitor Centre; Bernie Millyn at work on spatial analysis of catchment projects.**

# Highlights at a glance for 2011–12

- Managing the first spill at Warragamba Dam in 14 years which drew over 200,000 visitors in March 2012 (see pages 20–21)
- 100 percent continuous supply of high quality water to our major customers (418,000 million litres) (see appendix 7)
- 92 percent satisfaction level with Sydney Catchment Authority in stakeholder benchmarking project with councils and schools (see page 55)
- $38.8 million 10-year Accelerated Sewerage Program to upgrade nine sewage treatment plants near completion with final upgrades to Lithgow and Wallerawang completed this year (see pages 66–67)
- Major infrastructure improvements – Wingecarribee Dam upgrade and Warragamba pipeline outages – ahead of schedule (see pages 73 and 77).

*Warragamba Dam spilling in March 2012.* *A major upgrade of Wingecarribee Reservoir was undertaken during the year.*

# Our Vision

*Healthy Catchments, Quality Water – Always*

# Our role

The role of the Sydney Catchment Authority is to capture, store and supply quality raw water from well managed catchments.

To do this, we have in place strategies that help drive the business, and values that guide and support our people.


*SCA's Karina Spagnol (left) and Colleen Purvis are the friendly faces at reception in the SCA's Penrith office.*

# About us

The Sydney Catchment Authority is a NSW State Government agency responsible for managing and protecting the drinking water catchments of Greater Sydney and maintaining the dams and other water supply infrastructure assets across a 16,000 square kilometre area of south-eastern New South Wales.

Although the water catchments that supply Greater Sydney cover only two percent of the land area of NSW, they supply water to around 60 percent of the state's population.

Responsible to the Minister for Primary Industries, the agency was established in 1999. *The Sydney Water Catchment Management Act 1998* (the Act) defines the roles, functions and objectives of the Sydney Catchment Authority.

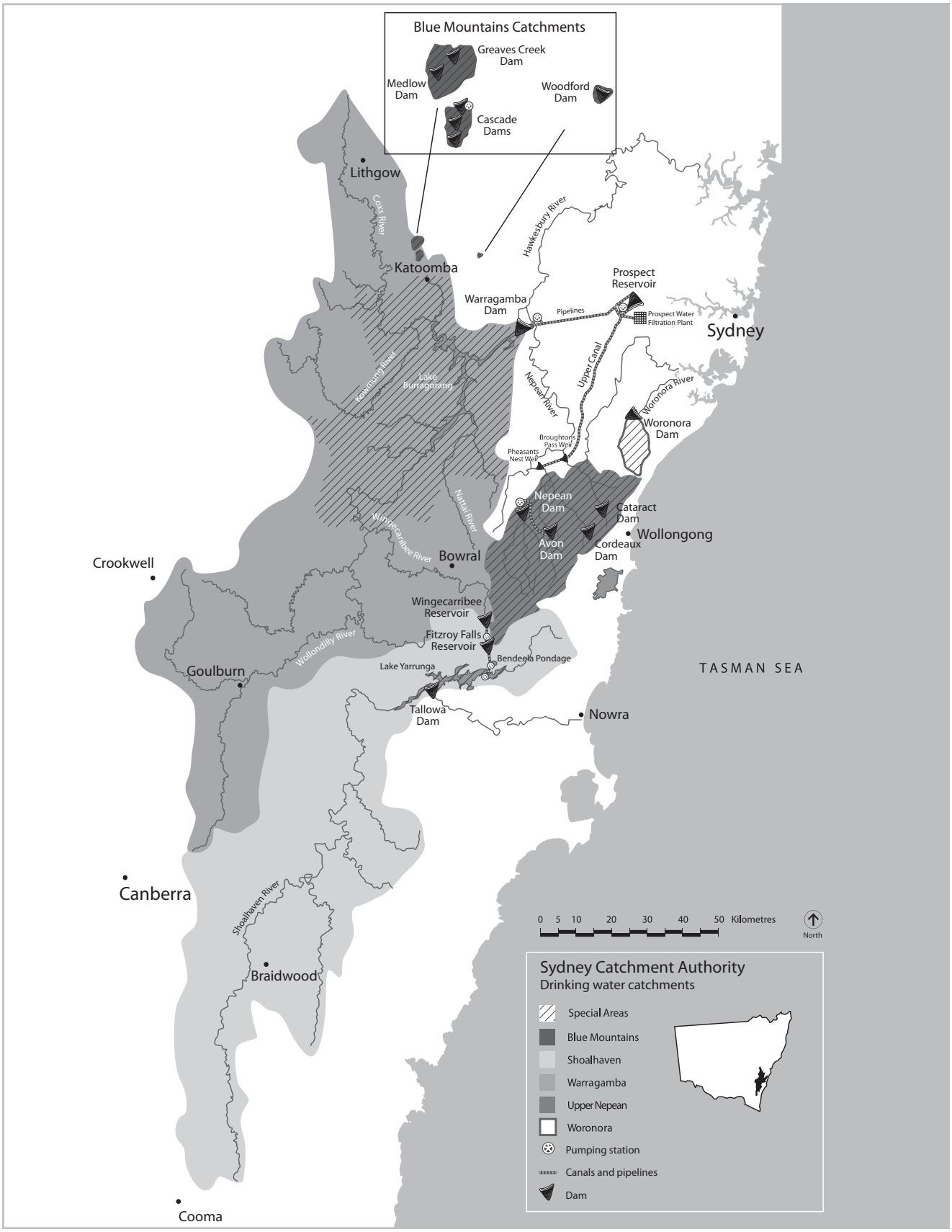
Our revenue is generated by supplying raw water to our customers, including Sydney Water and Shoalhaven, Goulburn-Mulwaree and Wingecarribee councils, who together supply water to 4.5 million households, businesses and other users in Sydney and the Illawarra, Blue Mountains, Southern Highlands, Goulburn and Shoalhaven regions.

The Sydney Catchment Authority works in partnership with catchment communities and other agencies including the Office of Environment and Heritage, the Department of Primary Industries and the catchment management authorities to manage and protect catchments that stretch west through the Blue Mountains to Lithgow and south-west past Goulburn to the headwaters of the Shoalhaven River near Cooma.

We manage a network of 21 dams and weirs capable of holding more than 2.6 million megalitres of water.

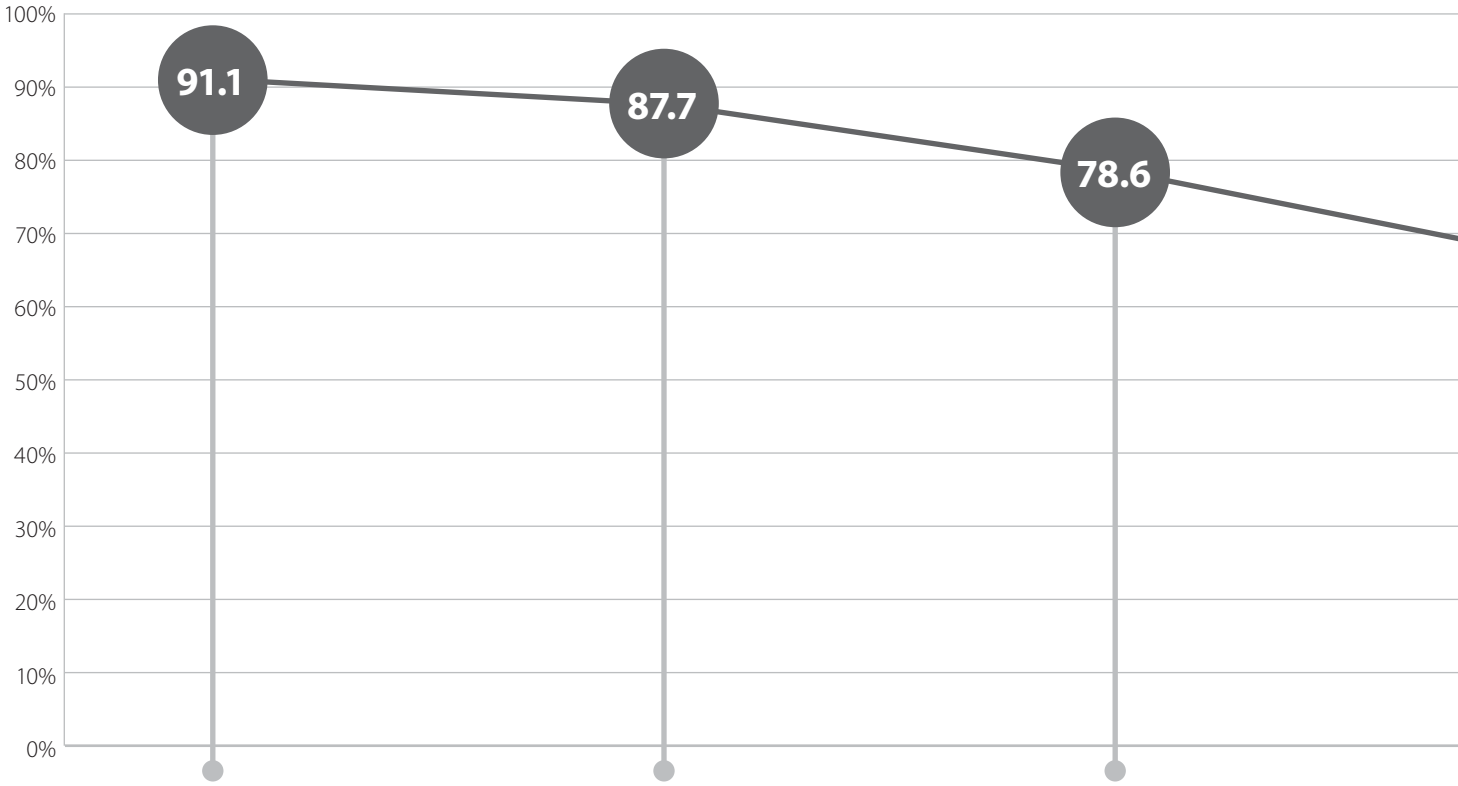
By drawing on the best science and engineering, we are able to ensure our catchments and water supply infrastructure assets are well managed in order to provide customers with an uninterrupted supply of high quality water, delivering on our vision *Healthy Catchments, Quality Water – Always*.

## Sydney Catchment Authority's area of operations



# Sydney Catchment Authority Organisation Timeline

**Total available storage (%) at year's end**




## 1999–2000

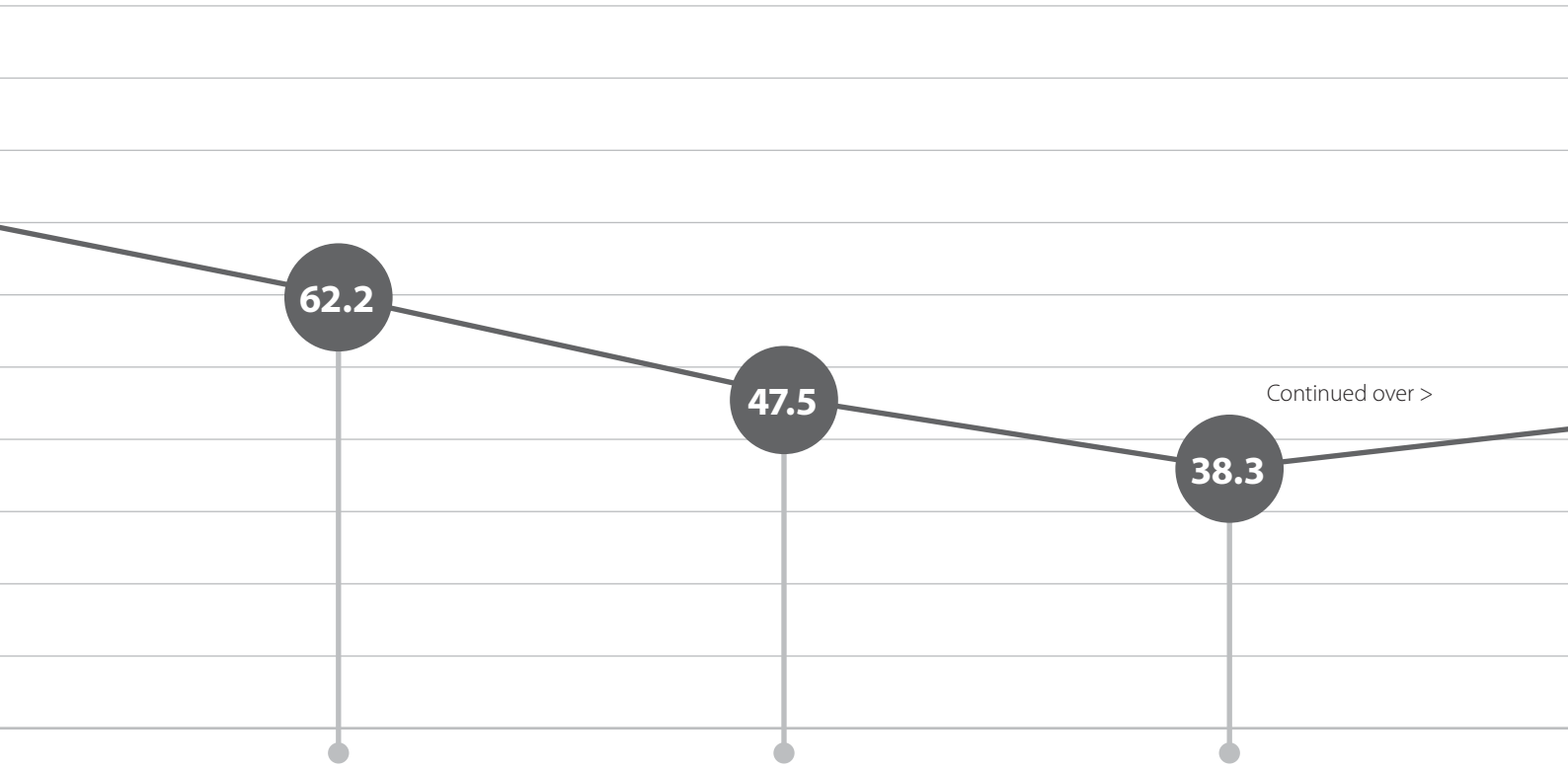
- SCA constituted under the *Sydney Water Catchment Management Act 1998* on 8 January 1999
- SCA granted its first Operating Licence and commenced full operations
- Memorandums of Understanding established with Water Administration Ministerial Corporation, the Environment Protection Authority, and the Department of Health
- A Bulk Water Supply Agreement was established with Sydney Water
- First independent audit of the catchments undertaken
- New Asset Management Strategy, 10-Year Capital Works Program, Incident Management Manual and Data Management Systems approved.

## 2000–01

- Independent Pricing and Regulatory Tribunal (IPART) establishes SCA's first five-year price path
- System Management Plans completed for all seven water supply systems
- SCA granted a 20-year Water Management Licence
- Special Areas Strategic Plan of Management and Wingecarribee Swamp Strategic Plan of Management approved by Minister
- Local Government Reference Panel, Expert Reference Group and two regional consultative committees established
- Two new regulations made to enhance the SCA's ability to protect the environment
- Pollution Source Risk Management Plan and Bulk Raw Water Quality Management Plan implemented
- NSW enters a period of drought.

## 2001–02

- Managing the impacts of the Christmas bushfires
- Five-year Pollution Source Risk Management Plan prepared
- Accelerated Sewerage Program commenced
- Drought Management Plan and Bulk Water Supply Protocols developed
- Soil and landscape mapping for all SCA catchment areas completed.




### 2002–03

- Three-year collaborative research program commenced
- Shoalhaven water supply transfers commenced
- Drought Response Plan implemented
- Hawkesbury-Nepean River Management Forum releases report on environmental flows for SCA dams.

### 2003–04

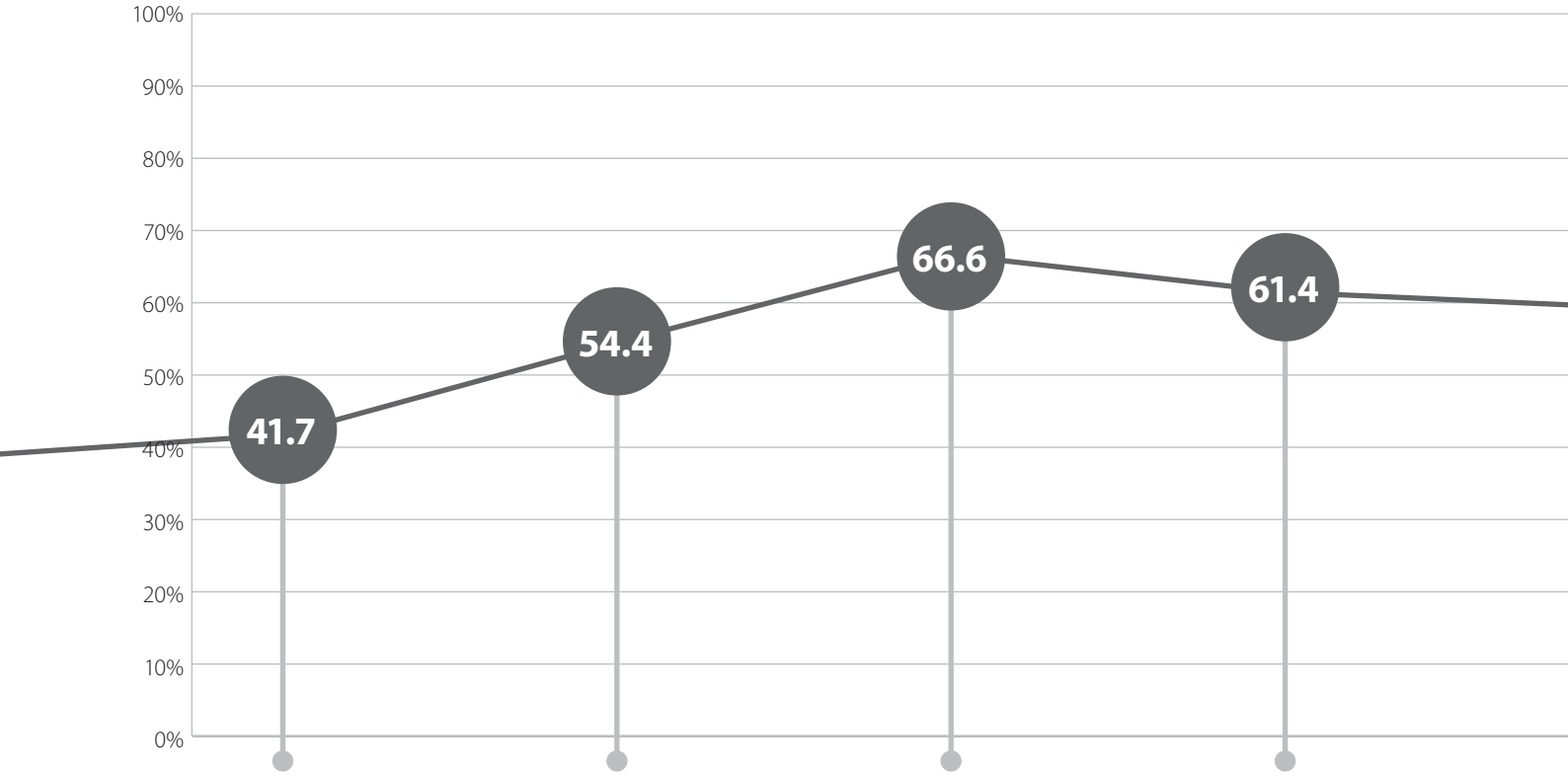
- Warragamba Dam upgrade program begins
- Warragamba Dam Auxiliary Spillway officially opened
- New environmental flows at Woronora Dam commenced
- Rainfall averages only 53 percent of long term (100 year) median rainfall across the catchments.

### 2004–05

- Water Quality Risk Management Framework finalised
- New Reservoir Management System (SCARMS) commissioned and operational
- Catchment Decision Support System developed to identify pollution issues
- 2004 Metropolitan Water Plan released.

# Sydney Catchment Authority Organisation Timeline (continued)

**Total available storage (%) at year's end**




## 2005–06

- Riparian Management Assistance Program introduced
- 2006 Metropolitan Water Plan released
- Investigations into accessing groundwater commenced
- Neutral or Beneficial Effect (NorBE) assessment tool developed for development application assessment
- Floodwatch system installed for flow and flood forecasting
- Drinking Water Catchments Regional Environmental Plan No 1 implemented.

## 2006–07

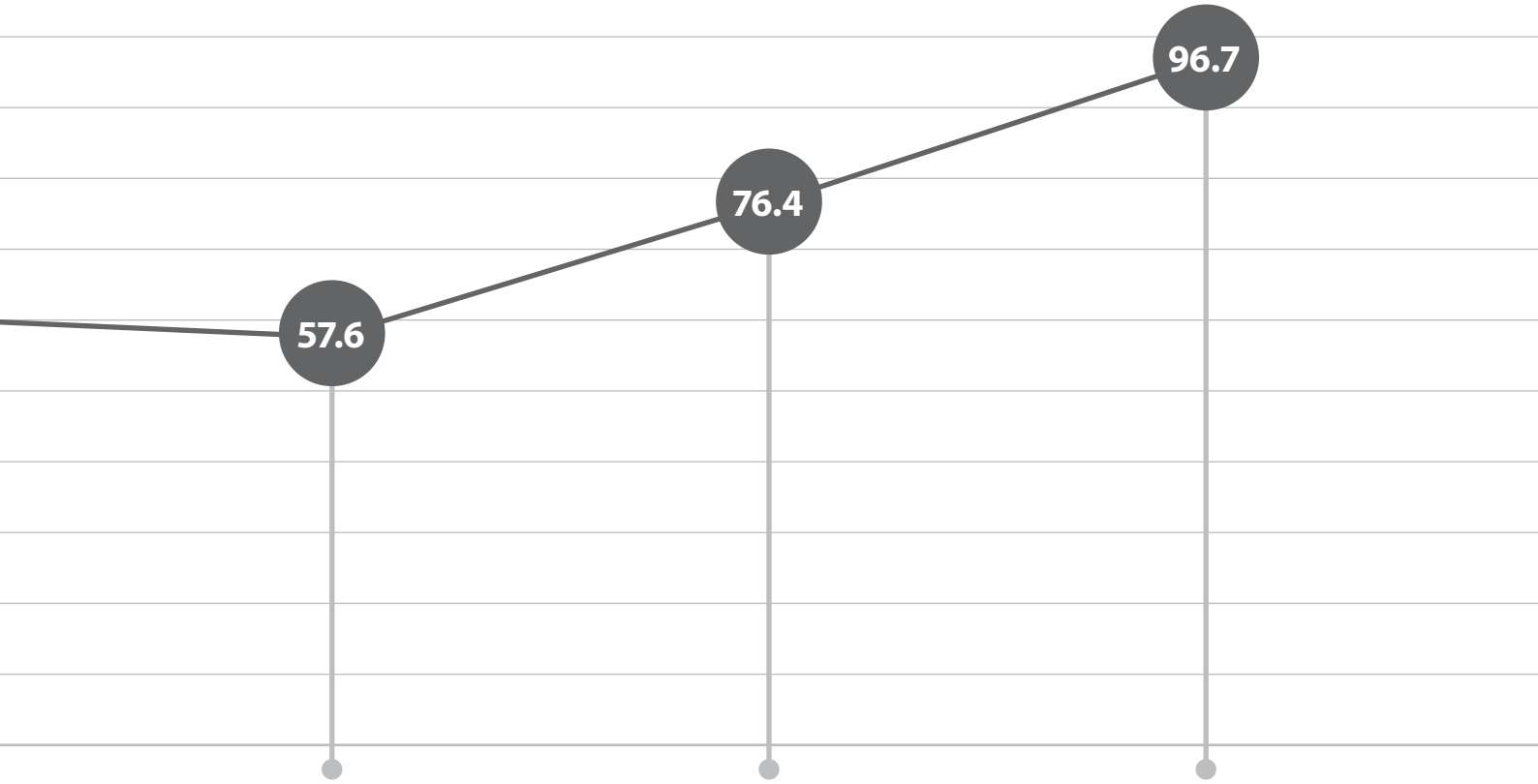
- Prospect Raw Water Pumping Station complete and operational
- Warragamba and Nepean dams deep storage access completed
- Warragamba Dam reaches lowest level since construction (32.4% capacity) in February 2007. Overall storage falls to 33.8% of capacity
- Cataract Dam 100 year anniversary.

## 2007–08

- Turbidity and algal bloom incidents at Warragamba Dam managed with no impact on supply or water quality
- Environmental flows at Avon Dam commenced
- Raw Drinking Water Quality Management Framework developed.

## 2008–09

- Tallowa Dam fish lift and environmental flow project completed
- Upgrade of Warragamba Dam electrical network completed
- Warragamba Dam visitor and operations centre completed
- SCA head office in Penrith relocated to new 4.5 star NABERS rated premises.




## 2009–10

- Warragamba Dam Blue-Green Algae Action Plan completed
- New environmental flows from Tallowa Dam commenced
- Hawkesbury-Nepean weirs modified to allow environmental releases and to assist fish passage
- Warragamba Dam grounds and new visitor centre reopened to the public
- Establishment of Healthy Catchments Strategy.

## 2010–11

- New cadetship and graduate program implemented
- Warragamba Dam celebrates its 50th anniversary
- SCA Mining Principles developed to support advice and research on the impact of mining in the catchments
- Warragamba Dam Crest Gates upgrade completed
- Prospect Reservoir Scours upgrade completed
- SCA Reservoir Management System (SCARMS) expanded to the Shoalhaven system.

## 2011–12

- Warragamba Dam fills and spills for the first time since 1998
- Accelerated Sewerage Program near completion
- Warragamba Pipelines taken offline for major maintenance – with no impact on supply to customers
- New stakeholder newsletter SCAN launched
- Asset and stakeholder benchmarking projects conducted
- Finance and business systems upgraded.

# Report from the Chairman and Acting Chief Executive

The Sydney Catchment Authority is responsible for managing and protecting the water supply for more than 4.5 million households, businesses and other users across Sydney and urban areas of south-eastern New South Wales. During the year we provided an uninterrupted supply to our major customers.

With this responsibility comes many challenges, including maintaining our infrastructure to meet growing demand, working with stakeholders to improve water quality and investigating the potential impacts of increased urbanisation, exploration and climate change.

We also need the systems and people in place to prepare for major events.

One such event this year was the spilling of Warragamba Dam.

In March 2012, the dam overflowed for the first time in 14 years, following a period of heavy rain.

The event saw our reception staff fielding hundreds of calls from the public, our incident and operations teams working around the clock to ensure the spill was well managed, and our media team dealing with more than 400 enquiries in just four days.

Despite the pressure on our people and systems, there was no interruption to water supply and it was business as usual for other parts of our organisation. The resilience of the business was tested and thanks to the strong commitment of our people the event was well managed.

We were also busy this year working on some major infrastructure upgrades, improving our business systems, working with stakeholders and communities on important education programs and developing new strategies and policies.

Both of the Warragamba pipelines were simultaneously taken offline in June 2012 for essential maintenance. It was the first time in more than 20 years that both pipelines were taken offline at the same time for maintenance. These pipelines supply water from Warragamba Dam to the Prospect Water Filtration Plant. Despite being offline for two weeks, the outage had no impact on supply to customers. This was the result of extensive planning and collaboration by the Sydney Catchment Authority and Sydney Water.

Upgrades to the Lithgow and Wallerawang sewage treatment plants were completed and substantial progress was made on constructing the Robertson and Kangaroo Valley sewerage schemes. These projects will complete our 10-year Accelerated Sewerage Program, which involved the building or upgrading of nine sewage treatment plants across our catchments.

The Sydney Catchment Authority performed well financially in 2011–12, achieving a profit after tax of $40.6 million, an increase of $3.8 million over the previous financial year and $7.6 million higher than the profit targeted in the budget. Revenue increased by $14.6 million mainly due to increased water sales. Over 96 percent of a $20.7 million capital budget was expended on forecasted projects. This favourable financial result was achieved while the bulk water price increase was contained to the Consumer Price Index.

The number of development applications referred to us continued to decline this year. This is a result of the Sydney Catchment Authority-developed Neutral or Beneficial Effect (NorBE) tool, an online computer application which was provided to local government and which enables councils to undertake their assessments of neutral or beneficial effects on water quality for low to medium complexity developments. To assist councils in using this tool we continued to provide training and support.

The Sydney Catchment Authority embraced the new Work Health and Safety legislation (introduced in January 2012) by updating our safety procedures and conducting an agency-wide communications program to explain the implications of the new requirements to staff, management and the Board.

We launched a new quarterly newsletter SCAN for community members, dam visitors, landholders, councils and government agencies. We kept the wider community engaged and informed through regular updates to our website, a school excursions program and by showcasing our dams and catchments at the AQUA exhibition, held at the Australian National Maritime Museum in Sydney.

Other important achievements during 2011–12 included:

- Completing a risk assessment on the broader implications of climate change
- Conducting a benchmarking survey with local government and schools
- Continuing development work on Water Supply 2100, which will help us build a secure, reliable and healthy water supply as we head towards the year 2100
- Conducting an employee engagement survey
- Finalising the Cyanobacteria Management Strategy 2012–2015
- Redesigning our finance and business systems
- Implementing the Fraud Corruption Control Strategy.

## Planning for the future

The Sydney Catchment Authority remains committed to protecting our water supply and making our business more efficient by developing and implementing strategies and plans that will prepare us to meet future challenges.

This year we prepared and implemented a series of plans, actions and policies that will help us ensure we are prepared for the future.

Our aim is to continue improving our processes, actively engaging with our staff and stakeholders and ensuring we have the systems in place to provide an ongoing supply of reliable, quality water.

The appointment of a new Chief Executive and Board, and the introduction of a new price path and operating licence, will see the organisation embracing change and the challenges this creates.

We would like to thank the staff of the Sydney Catchment Authority and our colleagues in government for their support over the past year.

Thank you also to our Board members John Asquith, Stephen Corbett, David Evans, Louise Wakefield, Ken Wheelwright and Larry Whipper who helped guide the organisation through some significant challenges over the years including a prolonged drought.

We would also like to acknowledge the significant leadership and contribution of our former Chief Executive Michael Bullen who led the Sydney Catchment Authority through a period of change and renewal. Michael is now devoting his energies to his role as Deputy Director General of the Department of Primary Industries.

We hope you enjoy the 2011–12 Sydney Catchment Authority Annual Report.

**Robert Rollinson**
Chairman

**Sarah Dinning**
Acting Chief Executive

*Robert Rollinson, Chairman*

*Sarah Dinning, Acting Chief Executive*

# Chief Financial Officer Report

The Sydney Catchment Authority achieved profit after tax of $40.647 million for the year. This represents an increase of $3.888 million (10.6 percent) from last year's result and was $7.591 million higher than budget.

Revenues increased $14.549 million over the previous financial year. The growth in revenue was mainly attributable to increased water sales following a reduction of output from Sydney's desalination plant.

Expenses increased $17.833 million over the previous year. A number of factors contributed to this including:

- A sharp increase in expenditure on the Accelerated Sewerage Program within IPART approved funding. This program concluded in June 2012 and no further funding for the program was sought for the current price path.
- Total financing costs increased $3.129 million over the prior year. The continuing instability experienced in the financial markets resulted in losses to derivatives which are used to hedge adverse interest rate movements to the debt portfolio. The Sydney Catchment Authority's derivatives portfolio is managed by New South Wales Treasury Corporation.
- An Award increase, some salary scale progressions, and a reduction in Australian Government bond rates requiring additional long term entitlement provisions, increased employee related expenses by approximately $2.765 million.

Actuarial losses of $23.950 million on defined benefit superannuation schemes increased the Sydney Catchment Authority's personnel services expense. However, the increase to personnel services expense largely resulted in a $7.172 million reduction in income tax for the year.

The dividend for the year was $25.096 million. This exceeded the targeted dividend agreed with the shareholder in the Statement of Financial Framework. The dividend is paid in the following financial year.

The Sydney Catchment Authority remains in a strong financial position and is well placed to continue to efficiently service current and long term water demands while maintaining critical water supply infrastructure and catchments.

**Graham Collins**
Group General Manager, Finance & Business Services

*Graham Collins, Group General Manager, Finance and Business Services*

# Our Organisation

## The Board

Sydney Catchment Authority Board members, in accordance with the *Sydney Water Catchment Management Act 1998*, are appointed by the Minister in regard to their skills and expertise. Members of the Board perform their duties in accordance with the Board Code of Conduct.

The functions of the Board are to:

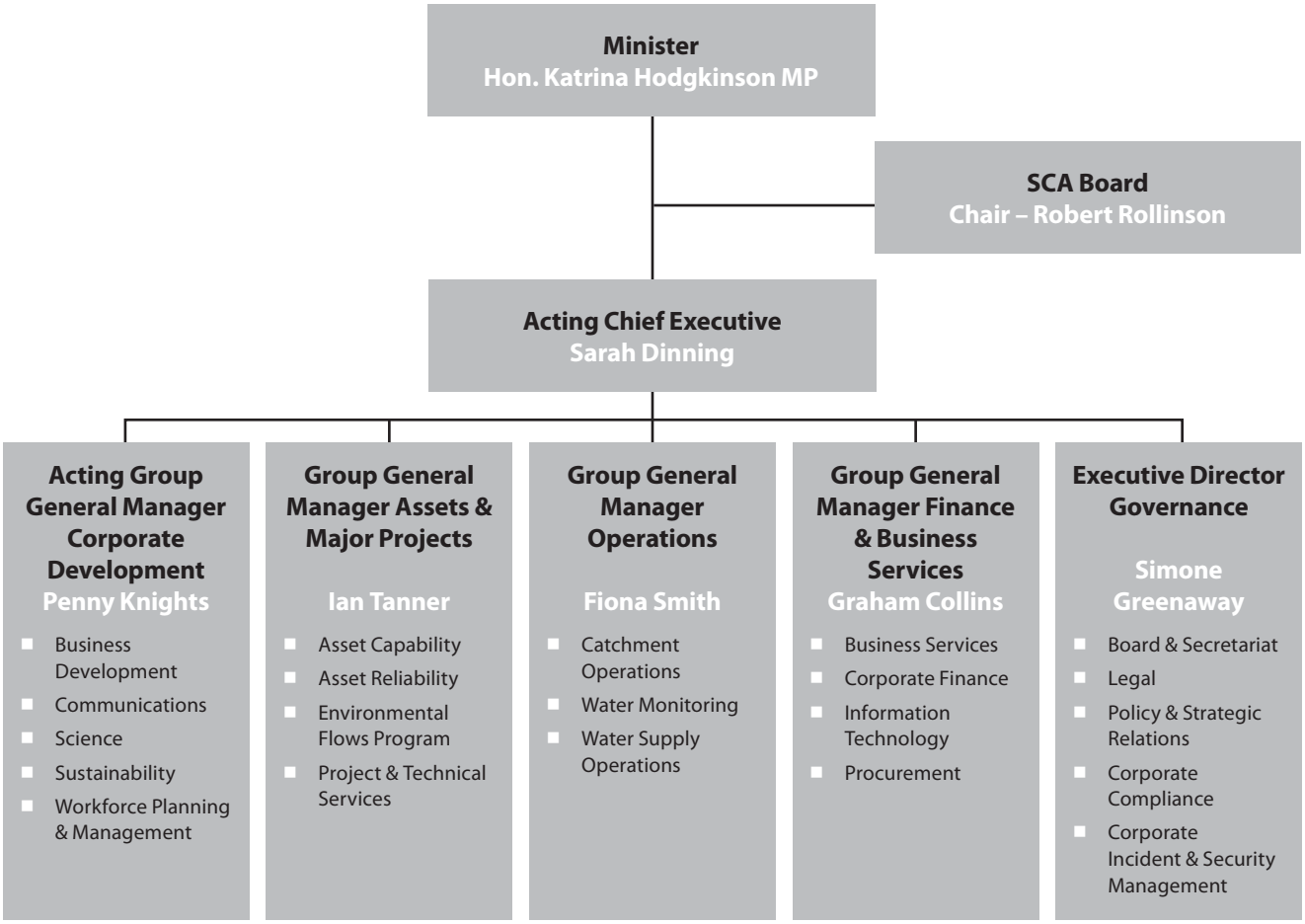
- ensure that the water supplied by the Sydney Catchment Authority complies with appropriate quality standards
- determine the Sydney Catchment Authority's policies and long-term strategic plans
- endeavour to ensure the Sydney Catchment Authority meets all public health and environmental requirements set out in the Operating Licence and any relevant instrument
- oversee effective, efficient and economical management of the Sydney Catchment Authority
- prepare the Annual Report required under the *Annual Reports (Statutory Bodies) Act 1984* and any other reports required under the Act.

In 2011–12 the Board had four standing committees:

- Audit and Risk Committee
- Catchments and Water Quality Committee
- Asset Management Committee
- Prosecutions Committee.

See pages 53–54 and 170–174 for details on Board members and standing committees

## Organisation Chart



# Corporate Sustainability Strategy

The Sydney Catchment Authority's activities during 2011–12 were measured against the Corporate Sustainability Strategy 2010–2015.

The strategy embeds sustainability in our governance and structures, establishes and maintains systems to evaluate and report on performance and increases the participation, and ownership, of sustainability practices amongst our employees.

The strategy and its associated business plan ensure the ongoing supply of reliable, quality water to meet the needs of our stakeholders and the community – now, and into the future.

The strategy defines Key Focus Areas (KFAs), objectives, strategies, and key performance indicators used to measure the success of our work.

**Figure 2**

**Sydney Catchment Authority Corporate Sustainability Strategy 2010–15**

| Key Focus Areas | | |
|---|---|---|
| **Engaged People** | **Stakeholder Relationships** | **Business Viability** |
| Employees are committed, trusted, valued, safe and accountable in supporting SCA's long-term success. | SCA has excellent partnerships with stakeholders, customers and the community. | The SCA is a viable, commercially successful organisation that is able to adapt to changing business environments and meet customer needs and seek new services and markets. |
| **Performance Indicators** | | |
| ■ Zero harm target.<br>■ 80% highly engaged employees. | ■ 80% of customers and stakeholders satisfied with SCA. | ■ Achieve return on asset target. |
| **Strategies** | | |
| 1.1 Provide a safe and healthy workplace where everyone takes responsibility for a safety culture.<br>1.2 Support, develop and reward employees so they will recommend SCA as an employer of choice.<br>1.3 Ensure SCA's organisational structure, and decision making processes support a commercial culture and accountable workforce.<br>1.4 Provide leadership and a clear direction for staff to support their commitment. | 2.1 Formalise the SCA's knowledge management capability to share knowledge internally and externally.<br>2.2 Understand, meet and effectively manage the needs and expectations of stakeholders, customers and the community.<br>2.3 Represent SCA's interests in key local, state and national forums. | 3.1 Position the organisation to be the Water Supplier of Choice.<br>3.2 Manage risk and pursue opportunities to support a resilient organisation.<br>3.3 Strive for cost efficiency through optimising operational expenditure and ensuring capital expenditure is efficient.<br>3.4 Provide reliable and effective systems, processes and tools to support business operations. |

# Our values

Our values help shape the culture and define the character of our organisation. They guide how we behave and how we make decisions.

**Trust**

We trust each other to be honest, fair and transparent in dealings and in sharing of information.

**Responsible**

We are professional and take responsibility for our decisions and actions, delivering outcomes and performing our work to the right quality and in a timely manner.

**Confident**

We are clear about our direction, understand our business, are courageous in making decisions and challenge the status quo for new and better ways of doing things.

**Respect**

We respect and value each other, our customers and stakeholders, listening to their needs, acting on them and acknowledging their priorities. We embrace diverse ideas and thinking, in and outside of our organisation.

| Industry Excellence | Reliable Water | Resource Optimisation |
|---|---|---|
| The SCA is recognised as a leader within the Australian water sector for its organisational practices. | The SCA provides reliable water of agreed quality and quantity to customers to minimise risk to public health. | The SCA achieves sustainable outcomes through the optimisation of its resources and innovative use of assets. |
| ■ 100% of management responses implemented within agreed timeframe. | ■ 95% compliance with specified water quality characteristics.<br>■ 100% continuity of water supply. | ■ Reduction in ecological footprint. |
| 4.1 Ensure accountability and ethical behaviour through sound corporate governance.<br>4.2 Achieve excellence through benchmarking activities.<br>4.3 Maintain compliance with statutory, regulatory and industry requirements.<br>4.4 Implement contemporary knowledge management and intellectual property practices. | 5.1 Protect and improve the health of the drinking water catchment through the delivery of the Healthy Catchments Strategy and sound scientific research.<br>5.2 Manage assets for improved efficiency, sound operations and safety.<br>5.3 Operate water supply system to deliver water to agreed quantity and quality criteria.<br>5.4 Achieve current and future water quality and quantity needs through water supply planning and asset investment. | 6.1 Investigate additional sources of renewable energy.<br>6.2 Improve the impact of the SCA's activities on the environment.<br>6.3 Utilise resources in innovative ways and embrace new technology.<br>6.4 Manage lands to contemporary standards. |

# Our year in review – key focus areas (KFA)

## KFA 1
## Engaged People

- Launched the Making Safety a Priority program – to reinforce the SCA's safety culture.
- Developed a mandatory learning framework that identifies statutory or compulsory training – to ensure staff maintain compliance with all relevant legislation.
- Embedded staff values into our job descriptions – to ensure management and staff have a clear understanding of our desired culture.
- Conducted staff information sessions – designed to update staff on key issues and new developments.

Average training days for staff:
4.7

Cadets working at the SCA:
6

Graduate Program participants:
7

Number of strategic interagency meetings held during the year:
10

Water system operator graduates:
19

Staff attending fraud and corruption control training:
100%

See page 22–29

## KFA 2
## Stakeholder Relationships

- Provided ongoing planning and assessment training to councils – to assist them in meeting regulatory requirements.
- SCA Executive participated in regular strategic meetings with Sydney Water, NSW Health, Environment Protection Agency and Office of Environment and Heritage and relevant catchment management authorities.
- Launched new stakeholder newsletter SCAN – to keep our partners informed about the work we do.
- Managed unprecedented community interest, media inquiries and website visits during the March spill at Warragamba Dam.
- Educated stakeholders about the potential impacts of longwall mining – outlining our rigorous assessment process and how it protects SCA lands.
- Partnered with government on climate change research – to assist us in making important decisions on how we manage water in the future.

See pages 30–41

Visitors to Warragamba Dam during the March spill event:
200,000+

Website visits for the year:
633,714

Media enquiries about the spill:
400 in 4 **days**

Catchment councils we work with:
15

Farm dam field days run:
5

Issues of SCAN (our new stakeholder newsletter) published:
4

Sustainable Grazing Program courses offered:
52

## KFA 3
# Business Viability

- Worked with the NSW Office of Water to develop operating protocols under the new Water Sharing Plan – to assist us in managing an increasingly dynamic water supply system.
- Redesigned our finance and business systems and introduced a new electronic document management system – to further streamline how we run our business.
- Introduced a new project management system – providing project managers with corporate financial information and a more efficient system.
- Commenced a $2.5 million upgrade to our SCADA system – integrating a number of systems into one SCA-wide remote monitoring and control network.

Major incidents managed:
20

Water supplied to customers:
418,300
**million litres**

Water discharged from Warragamba Dam during the March spill:
633 **gigalitres**

Percentage of SCA staff who worked to manage the March spill event:
53%

SCADA upgrade:
$2.5m budgeted

See pages 42–51

# Our year in review – key focus areas (KFA) (continued)

## KFA 4

## Industry Excellence

- Commenced a benchmarking survey with councils and schools – to help us better understand their needs and expectations.
- Introduced two new current recommended practices (CRPs) on rural subdivisions and on-site wastewater systems – to assist councils and consultants.
- Improved our response time to development applications – through the NorBE tool.
- Achieved full compliance with all requirements under our water management licence and new water sharing plan – ensuring our processes remain safe and efficient.
- Promoted the use of professionally hosted webinars and commenced work on an SCA image library – to share knowledge and protect and share important visual records.

Proportion of schools and councils that rate our reputation positively:
92%

Proportion of development proposals approved by the SCA within statutory timeframes:
96.5%

Operating Licence (high to full) compliance:
99%

See pages 52–61

## KFA 5

## Reliable Water

- Finalised development work on the Healthy Catchments Strategy 2012–2016 – to ensure we continue to deliver the best water quality outcomes.
- Completed upgrade program of nine sewage treatment plants (in conjunction with local councils and the NSW Office of Water) – helping to improve the quality of discharge into our waterways.
- Completed the first stage of improvement works at Wingecarribee Dam – to bring the dam in line with contemporary international standards.
- Implemented a new Asset Management System – to help us better manage our assets and fulfil our Operating Licence obligations.

See pages 62–77

Wetlands mapped for planning purposes:
47,505 hectares

Investment in rehabilitation of derelict mines:
$750,000

Wastewater management systems inspected by councils in our onsite sewage management program:
765

Dams monitored in our dams monitoring program:
21

Maintenance jobs performed this year:
4,781

KFA 6

## Resource Optimisation

- Completed a risk assessment on the broader implications of climate change – to help us respond to anticipated climate change impacts.
- Reduced energy consumption in our office buildings – confirming we are on track to meet our target of reducing energy consumption to 2000–01 levels by 2019–20.
- Revised our Waste Reduction and Purchasing Policy (WRAPP) Plan – to further reduce waste to landfill from SCA activities.
- Maintained 100 percent compliance with environmental flow requirements.

Projects that met the SCA's environmental impact assessment policy:
100%

Inspections conducted under new environment inspection procedure:
8

SCA's carbon footprint:
53,100 tonnes of $CO_2$

Green energy generated from SCA sites:
960kWh

SCA waste diverted from landfill through recycling:
57.7%

Leases renegotiated on properties we own in Braidwood:
8

See pages 78–94

# Our Performance

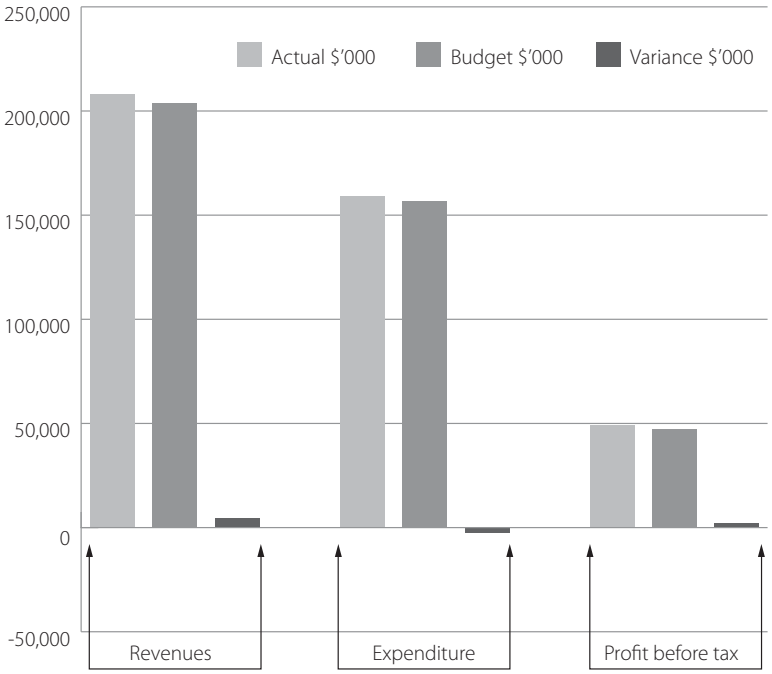
| Key focus area | Key performance indicator | Target | Actual 2011–12 | Actual 2010–11 | Actual 2009–10 | Actual 2008–09 | Actual 2007–08 |
|---|---|---|---|---|---|---|---|
| **Engaged people** | Zero harm target | 0 | **3** | 2 | 3 | 6 | 9 |
| **Engaged people** | % highly engaged employees | 80% | **72%**[1] | | 75%[1] | | |
| **Stakeholder relationships** | % of customers and stakeholders satisfied with SCA | 80% | **92%** | | | | |
| **Business viability** | Achieve return on assets | 5.6%[2] | **6.1%** | 6.1% | 7.5% | 5.7% | 3.5% |
| **Industry excellence** | % of management responses implemented within agreed timeframes | 100% | **96.15%** | 82%[3] | | | |
| **Reliable water** | % compliance with specified water quality characteristics | 95% | **99.7%** | 99.6% | 99.7% | 99.4% | 99.1% |
| **Reliable water** | % continuity of water supply | 100% | **100%** | 100% | 100% | 100% | 100% |
| **Resource optimisation** | Reduction in ecological footprint | | **53,000 tonnes of $CO_2$** | 51,500 tonnes of $CO_2$ | 77,306 tonnes of $CO_2$ | 151,300 tonnes of $CO_2$ | |

Notes:

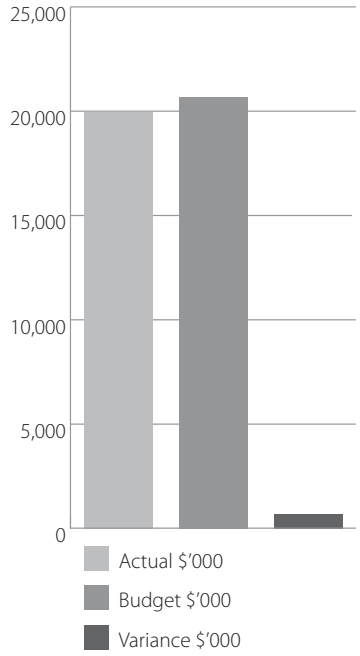
1. Employee survey began in 2009–10 and is conducted every two years. Findings from this survey are used to inform new initiatives to promote employee engagement at the Sydney Catchment Authority.
2. The target against achieving a return on assets will vary from year to year.
3. The percentage of Board actions completed on time has been used as an indicator against our management responses.

# Our Financial Outcomes

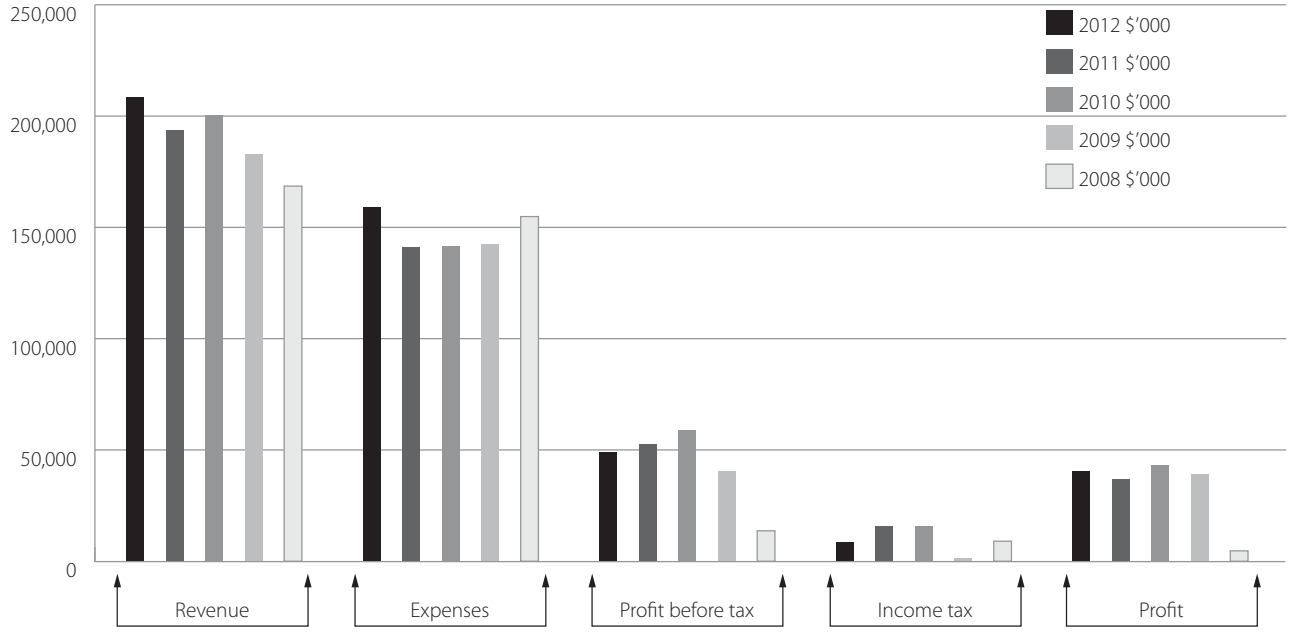
**Operational expenditure and income for 2011–12**




**Capital expenditure for 2011–12**




**Five-year financial performance comparison**



# Warragamba Dam spills for the first time in 14 years

## Event attracts more than 200,000 visitors in just 22 days

For the first time since 1998, Warragamba Dam reached capacity and spilled this year.

The event began at 6.53pm on Friday 2 March 2012, following more than 238mm of rain in late February across the 9,000-square kilometre Warragamba catchment.

The dam continued to spill for 22 days in March, releasing 633 gigalitres of water (more than the amount Sydney Harbour holds) into the Warragamba River and downstream into the Hawkesbury-Nepean river system.

This spill followed a period of prolonged drought which had seen the dam fall to historic lows of below 33 percent in 2007.

The event drew unprecedented community and media interest, with more than 200,000 visitors making their way to the viewing platforms around Warragamba Dam over 22 days – more than double the average annual visitor numbers.

The Sydney Catchment Authority's Emergency Control Centre staff, based in Penrith and Warragamba, maintained a 'round-the-clock' vigil managing the operation of the dam and the incident response. Our communications team managed 400 media enquiries in just four days, while our reception and Visitor Centre staff fielded

*A total of 633 gigalitres was released over 22 days from Warragamba Dam during the spill in March.*

hundreds of public inquiries and questions from visitors. Visits to our website increased from around 1,000 a day to a peak of more than 75,000 on Friday 2 March 2012 – a record level of interest for the organisation.

These teams were supported by other staff members across the organisation to ensure it was business as usual for the Sydney Catchment Authority.

In the lead up to the spill, operations staff undertook daily, and in many cases, hourly checks of the infrastructure to ensure the dam was working as planned. This included monitoring pressure gauges and seepage in the dam wall and gates, as well as taking dam levels and maintaining the dam gates.

Warragamba Dam operates as a water supply dam. Once it reaches 100 percent capacity, the spillway gates opens automatically to release the excess water. Water released through the gates flows down the spillway into a pond 100 metres below which acts as an energy dissipater, slowing the water before it flows into the Warragamba River.

Towards the end of the March spill, the level of Lake Burragorang was drawn down to below the height of the dam wall and all dam gates were closed on Sunday 25 March. The gates then reopened in April/May with the second spill of the year.

Although we have become used to droughts in recent years, spills are a regular feature of Sydney's water supply history. Warragamba Dam has spilled 52 times since 1960 – the largest spills occurring in November 1961, June 1974, March 1978 and August 1990.

The March 2012 spill was much more significant than the last spill in August 1998 when the gates were only open for a couple of days. However, the 2012 spill was still a small event compared to previous flood events since 1960.

Despite major inflows of water into the system during the spill, the Sydney Catchment Authority was able to continue supplying high quality water to our customers – a reflection of the efficiency of our water supply infrastructure and the commitment and experience of our dedicated staff.

*Crowds of visitors watched the spill from the Eighteenth St viewing platform at Warragamba.*

*The March spill was the 51st since Warragamba Dam was built.*

Key Focus Area (KFA) 1

# Engaged People

*SCA's Dieter Menken carrying out tests inside the Warragamba pipeline.*

**One of the primary goals of the Sydney Catchment Authority (SCA) is to maintain a workforce that is engaged, enthusiastic and committed. To do this, we need effective workplace strategies related to safety and clearly defined values. We also need to embrace diversity, welcome new ideas and encourage feedback.**

**The Engaged People Key Focus Area is driven by our Workforce Plan 2010–2015, Capturing Knowledge, Growing our Future. It helps us ensure we can manage existing and future demands, by putting in place effective employment initiatives, knowledge transfer programs, internal succession planning and career development opportunities.**

**At 30 June 2012, 274 people were employed by the SCA – 186 based in Penrith and 88 in regional facilities across the catchment area.**

## Our Goal

To ensure employees are committed, trusted, valued, safe and accountable in supporting SCA's long term success.

## Strategies

**1.1** Provide a safe and healthy workplace where everyone takes responsibility for a safety culture.

**1.2** Support, develop and reward employees so they will recommend SCA as an employer of choice.

**1.3** Ensure SCA's organisational structure, and decision-making processes support a commercial culture and accountable workforce.

**1.4** Provide leadership and a clear direction for staff to support their commitment.

# 1.1 Provide a safe and healthy workplace where everyone takes responsibility for a safety culture.

**Challenge:** Achieving and maintaining a zero harm target.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Implementing the Making Safety a Priority program. | ✓ | Safety training program conducted as part of the Making Safety a Priority program. | Develop a new Work Health and Safety Strategy. |
| Continue zero harm target. | ✓ | Safety First initiative launched. | Continue zero harm target. |
| Develop a new Work Health and Safety work plan. | ✓ | Reviewed the Work Health and Safety Plan to ensure it aligns with the new legislation – *Work Health and Safety Act 2011* (WHS Act)<br><br>New Work Health and Safety legislation communicated to staff. | Develop a Work Health and Safety roles and responsibilities procedure – to assist SCA officers to understand the implications of the legislation on individuals and the organisation. |

**KEY:**

✓ Completed

– Partially completed

**Safety is paramount to the Sydney Catchment Authority's (SCA) long term success and maintaining a safe and healthy workplace is vital for the ongoing wellbeing of our people, contractors and members of the community who visit our facilities.**

To do this, we regularly review and monitor our Work Health and Safety (WHS) Policy (formerly OH&S), conform to all legislative requirements, conduct safety awareness campaigns and support injured employees in their rehabilitation and return to work.

When it comes to safety, our target is zero harm.

Reaching this target remains a challenge. This was reflected in a rise in injuries this year (from two to three) and an increase in total lost time days (from 120 to 341) which was mainly due to to an ongoing worker's compensation case from 30 November 2010.

To achieve zero harm, the SCA has in place a range of important safety initiatives, educational programs, system audits, inspections, improvement programs and communication activities.

## Implementing the Making Safety a Priority program

The Making Safety a Priority program is aimed at reinforcing the SCA's safety culture, focussing on staff and contractor engagement, systems improvements and cultural change initiatives.

In its first year of operation, training was conducted to highlight safety awareness based on a real SCA incident. At our all staff Safety Day in October 2011, a video 'What Price on Safety?' was launched by our Chief Executive to reinforce the importance of safety in the SCA.

Making Safety a Priority grew from an innovation competition in 2009–10 where employees were invited to submit ideas that would improve workplace safety – with a view to achieving our zero harm target.

KFA 1

# Engaged People

## Injury management performance

### SCA compensable injury figures

| Financial year | Total injuries | Total lost time days | Average lost time days per compensable injury |
|---|---|---|---|
| 2011–12 | 3 | 341 | 113 |
| 2010–11 | 2 | 120 | 60 |
| 2009–10 | 3 | 11 | 3.7 |
| 2008–09 | 6 | 43 | 7.2 |

*Total injuries rose this year (from 2 to 3) and total lost time days from 120 to 341. This was due to to an ongoing worker's compensation case from 30 November 2010. The SCA will continue to focus on achieving a zero harm target and improved injury management performance during 2012–13.*

## New Work Health and Safety Plan developed

In January 2012, the new *Work Health and Safety Act 2011* (WHS Act) and WHS Regulations 2011 commenced.

To ensure we met our obligations with the new requirements, we undertook a review of our safety procedures, along with an agency wide communications program that included:

- WorkCover NSW information sessions – to explain the implications of the WHS Act to all staff.
- Reviewing documentation to ensure the new legislation was reflected in all procedures and policies.
- An All staff Safety Day – including briefings on the new legislation.
- Publishing information on the WHS Act in our iSCAN staff newsletter.
- Work Health and Safety Committee meetings and consultation processes.
- Toolbox talks and team meetings.

## WHS consultation

During 2011–12, the SCA continued to focus on safety performance. This was achieved through increased visibility of safety initiatives, systems audits, inspections and related improvement programs.

Our Work Health and Safety Plan priorities were overseen by the SCA's WHS Executive Steering Committee, chaired by the Chief Executive, and Penrith and Regional WHS committees. Meetings were held bimonthly, with committees reviewing WHS incidents, reports and program priorities.

The SCA monitored and tracked corrective actions for 69 WHS incidents this year, as well as conducting safety inspections at several key sites. The total number of health and safety incidents was the same as for 2010–11. Of these incidents, 36 related to staff, 25 to contractors and eight to visitors.

SCA and WorkCover safety alerts were also developed to increase worker awareness on important safety issues such as snakes, hot work, chemicals, and fatigue.

## Safety programs and initiatives

To ensure our workplace remains safe, the SCA undertakes ongoing safety programs and initiatives.

During 2011–12 these included:

### Launch of the ChemWatch chemical database

Launched in March 2012, this tool helps manage the Dangerous Goods and Hazardous Substances Manifest, which includes information on storage handling, personal protective equipment (PPE) requirements and material safety data sheets.

### Safety audits

Our February 2012 safety audit focussed on the safety and security of SCA water operation assets that have grates, hatches, catwalks and openings. We assessed its findings with water operators and developed an action plan during the year to address all the issues raised.

### Annual all staff Safety Day

Held at Warragamba Dam in October 2011, activities on the day included the launch of a What Price on Safety? video (based on an actual incident), an overview of the new WHS Act, and a session on future SCA directions and priorities (including the SCA Safety First Program).

### Work Health Safety Learning Workshops

Held throughout 2011–12, these workshops covered issues including confined spaces, first aid, four wheel drive vehicle operation, WHS general induction for construction work, emergency procedures, chainsaw operation, bushfire awareness and the new ChemWatch chemical database.

# 1.2 Support, develop and reward employees so they will recommend SCA as an employer of choice.

**Challenge:** Delivering corporate learning and development initiatives to identify future skill shortages and succession planning and attracting suitable candidates to the SCA's entry level programs.

| Target 2011–12 | Achievements | Future Directions 2012–13 |
|---|---|---|
| Continue offering placements in the Cadetship, Graduate and VET (Vocational Education Training) programs. ✓ | Recruited two water supply cadets, two catchment cadets, an Information Technology cadet and VET work experience placements. | Further enhance SCA entry employment level programs. |
| Develop initiatives to celebrate and promote cultural and linguistic diversity. ✓ | ■ Harmony Day celebration.<br>■ *Don't DIS my ABILITY* ambassador program.<br>■ Engaged a work experience participant of the Migrants & Refugee Program. | Provide a range of initiatives to inform and engage employees in workplace equity and diversity. |
| Finalise the Equity & Diversity Management (E&DM) Plan. ✓ | Equity & Diversity Management Plan 2011–14 approved. | Ensure initiatives identified in the Equity & Diversity Management Plan are implemented and evaluated. |
| Conduct Aboriginal Cultural Awareness training for relevant staff. ✓ | Aboriginal Cultural Awareness Training session held in August 2011. | Deliver cultural intelligence training to staff. |
| Develop web-based and other e-learning initiatives. ✓ | Used a range of online learning packages (including fraud prevention) as part of our induction program and ongoing capacity building. | Develop and implement an online performance management system. |

**Maintaining the respect and confidence of our employees is a priority for the Sydney Catchment Authority (SCA). To do this, we have in place a number of educational and support programs which encourage career development, skills building and social responsibility.**

## Learning and development program

The SCA is committed to providing a comprehensive and needs-based learning and development program. Learning needs are identified through our FOCUS performance program, and are monitored to ensure priority areas are addressed.

During 2011–12, we developed a Mandatory Learning Framework that identifies statutory or compulsory training that our staff must complete in order to:

- comply with legislation, codes of practice, Australian Standards and other regulatory requirements
- carry out duties safely and efficiently
- reduce/address areas of risk
- maintain compliance to the required standards identified by external bodies.

Each staff member was provided with an average of 4.7 days of training during 2011–12.

A key initiative of the Learning and Development program was to continue providing support to enable staff to gain formal qualifications through the recognition of prior learning.

During the reporting period, four staff members completed Certificate IV in Government, four completed Certificate IV in Water Operations, and 14 completed Certificate III in Water Operations. Existing worker traineeships, established to support these initiatives, have seen approximately 90 percent of the employees enrolled completing their traineeships, with the seven remaining staff due to complete during 2012–13.

The SCA continues to use and develop web-based and e-learning modules available on our intranet. During 2011–12, staff completed more than 408 e-learning modules on topics such as fraud and corruption prevention, work health and safety, and records management responsibilities.

KFA 1

# Engaged People

**Case Study**

## Water System Operators graduate

Nineteen SCA employees successfully completed their certificate courses in water operations this year, thanks to a program that recognises prior learning.

The employees were part of a group of 25 Water Systems Operators given the opportunity (in 2010) to achieve a Certificate III or IV in Water Operations, a nationally recognised tertiary qualification.

Of the 19, 15 completed a Certificate III and four completed a Certificate IV. The remaining six of the original 25 are on track to complete their courses during 2012.

The operators were able to attain their qualification through recognition of prior learning, formal training, assignments and distance education modules. This process acknowledges the vast amount of skill and experience attained by SCA employees.

With the assistance of a dedicated assessor from Riverina Institute of TAFE, each operator went through a rigorous process to demonstrate their knowledge, complete their qualifications and graduate.

"The experience was very rewarding."

"It's great to have this formal, national recognition of our skills in water operations."

"I found the course very good, from start to finish."

## Entry level employment programs

To ensure we maintain a skills and knowledge base in an ageing workforce, the SCA continued supporting a range of entry level employment programs this year, including our ongoing Cadetship, Graduate and VET programs.

### Cadetship program

Established in January 2010, the SCA's Cadetship Program helps school leavers gain valuable on-the-job skills and knowledge. The program supports the NSW Government's base level employment initiative. At 30 June 2012, this program had employed 10 cadets – filling roles in identified skill shortage areas. During the year, two cadets progressed to temporary positions within the organisation, one cadet resigned and one cadet was not extended, leaving six cadets in the program.

### Graduate program

The SCA's Graduate Program commenced in December 2010, with an intake of seven graduates in the areas of science and engineering. Five were employed as permanent placements and two in three year temporary positions. During the 12-month program, each graduate gained practical work experience and developed skills and organisational knowledge through a series of targeted training initiatives. Our retention rate to date has been 100 percent, with all seven graduates completing their program during 2011–12.

### Vocational Education Training (VET) program

The SCA continues to provide a week-long tailored Vocational Education Training (VET) work experience program for Year 11 and 12 students. In collaboration with the Schools Industry Partnership, we hosted two business administration students from Glenmore Park High School this year. We also hosted three Year 10 work experience students and two university industrial placements in the fields of engineering and science. In September 2011, we promoted our entry level employment programs at the Western Sydney Apprenticeship and Trainee Expo.

## Promoting equal employment opportunity

The SCA is committed to the principles of equity and diversity. These principles underpin the way we relate to staff and members of the community.

We recognise that the workforce and the community consist of people who are diverse, with varying skills and abilities, offering a range of perspectives, opinions and knowledge. Valuing and drawing on this diversity enhances the performance of the SCA by equipping us to respond to the community, our customers and stakeholders.

### Equity and Diversity Management Plan

Our Equity and Diversity Management Plan 2011–2014 (E&DM) was finalised on 1 July 2011. It was developed with input from SCA employees, and based on guidelines provided by the Department of Premier & Cabinet, Department of Ageing, Disability & Home Care, and the Community Relations Commission.

The E&DM Plan covers the following outcomes:

- **Outcome 1:** Equal Employment Opportunity (EEO)
- **Outcome 2:** Equal access to services and information
- **Outcome 3:** A society and workplace free of discrimination harassment and victimisation.

This plan is being communicated to staff through team meetings, new employee inductions, and our iScan newsletter – with the aim of raising awareness on diversity and the importance of 'inclusion'.

All 51 employee inductions held during 2011–12 covered EEO awareness, rights and responsibilities, legal obligations, how to deal with grievances and practical strategies to prevent, identify and manage harassment and bullying in the workplace.

EEO data collection statistics for new SCA employees registered a response rate of 96 percent.

The SCA continued its membership of NEEOPA (NSW Equal Employment Opportunity Practitioners Association) this year, sharing experiences and ideas on EEO, workforce diversity and work-life balance. We are also members of the Diversity Council Australia and Diversity NSW.

### Disability and equitable access

The SCA continued to support the recognition of people with disabilities by being involved with some key initiatives. On 29 November 2011, the SCA hosted an event supporting the Family & Community Services, Ageing, Disability & Home Care's 2011 'Don't DIS my ABILITY' ambassador program and displayed campaign posters promoting disability awareness in the workplace.

We also supported the Australian Network on Disability's Raising the Bar Conference in May 2012.

In the first half of 2012 we employed a person with a disability as part our commitments under the Equity and Diversity Management Plan.

### Supporting cultural diversity

The SCA supports cultural diversity throughout the workplace. This includes leave for religious observance and cultural obligations.

This year we provided a work-experience opportunity, under a Migrants & Refugee Program, for a new refugee who had lived in a culture of racial and religious intolerance. Her story was delivered to an audience of more than 80 employees as part of our annual Harmony Day celebrations (held at our Penrith, Warragamba and Campbelltown offices).

We also recruited an Interpretation Officer to manage interpretative installations at all dam sites, ensure plain English is used in SCA signs and communication, and coordinate community exhibitions at the Warragamba Dam Visitor Centre (including accessibility requirements) and our interpretation program.

The Warragamba Dam Visitor Centre exhibitions consider the accessibility requirements of different audiences, including:

- culturally and linguistically diverse (CALD) groups
- people with disabilities, such as hearing and vision impairments, reduced mobility
- varying literacy levels.

These strategies help raise awareness of people from cultural and linguistically diverse backgrounds and enhance the visitor experience.

Other activities this year included the accreditation of four employees under the NSW Government's Community Language Allowance Scheme, which recognises the use of their community language skills in aspects of SCA work.

### Aboriginal employment strategy

Aboriginal cultural awareness training was delivered in August 2011. The training provided participants with the knowledge and practical tools to manage projects that have Indigenous elements. The SCA set aside a targeted position for an Indigenous person, which was filled in June 2012.

## Employee support activities

Key employee support activities held during 2011–12 included:

### Employee engagement survey

Our biennial employee engagement survey attracted a 75 percent response rate this year, with the results presented to the Executive and Senior Management Team. Feedback and planning sessions with SCA teams will be conducted, and agreed actions monitored, throughout 2012–13.

### Development of an e-Performance tool

Work commenced this year on the development of an online tool to support our FOCUS performance management program. This e-Performance tool is due to be implemented at the end of 2012. The FOCUS program is designed to further enhance the performance and capability of the SCA – by identifying and addressing skills gaps in employees. Workshops designed to support managers in effectively addressing performance issues were held throughout the year.

## Recognising staff service

In June 2012, SCA employees Barry Clark and Dennis Ashton were awarded the NSW Service Medallion for their outstanding achievement of 40 years in NSW Government service. Pictured is Dennis Ashton (right) with the Premier of NSW, Hon. Barry O'Farrell MP, presenting him with his NSW Service Medallion.

KFA 1

# Engaged People

## 1.3 Ensure SCA's organisational structure, and decision-making processes support a commercial culture and accountable workforce.

**Challenge:** Providing an effective organisational structure that supports sound decision-making processes.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Revise and update the SCA Privacy Management Plan. | ✓ | Developed Guidelines and Work Instructions for managing privacy complaints and personal information published on the staff intranet. | Update SCA Privacy Management Plan and conduct awareness refresher training for workers. |
| Continue drive to achieve a commercial culture. | ✓ | The organisational structure continues to support and drive the SCA to achieve a commercial culture and position itself to meet future challenges. | Continue drive to achieve a commercial culture. |

**An efficient organisational structure that allows for sound and effective decision making is important for the Sydney Catchment Authority's (SCA) long term success, and for the accountability of our staff.**

## Privacy Management Plan

The SCA complies with the requirements of the *Privacy and Personal Information Protection Act 1998* (PPIP Act) and the *Health Records and Information Privacy Act 2002*, and ensures internal processes for protecting personal information about employees, stakeholders, clients or other people are applied. All new workers are provided with information at induction to ensure both an understanding and compliance with how we collect and store personal information and how to manage personal information requests under the PPIP Act.

## Public Interest Disclosures

The *Public Interest Disclosures Act 1994* requires each public authority to provide a report on its compliance with its obligations under the Act for each six month period. In accordance with the Act, the SCA has a policy and procedures for receiving, assessing and dealing with public interest disclosures.

### Statistical information on Public Interest Disclosures

| | July 2011 – June 2012 |
|---|---|
| Number of public officials who made Public Interest Disclosures | 1 |
| Number of Public Interest Disclosures received | 1 |
| Primarily about Corrupt conduct | 1 |
| Primarily about Maladministration | |
| Primarily about Serious and substantial waste of public money | |
| Primarily about Government information contraventions | |
| Number of Public Interest Disclosures finalised | 1 |

# 1.4 Provide leadership and a clear direction for staff to support their commitment.

**Challenge:** Ensuring staff have access to good information and are provided with clear leadership and direction.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Hold an all staff Safety Day in 2011. | ✓ | All staff Safety Day held in October 2011. | Continue providing an all staff event that focuses on workplace safety. |
| Further develop and implement our corporate values. | ✓ | Embedded corporate values into job descriptions. | Further instil SCA values into the workplace culture. |
| Conduct ongoing staff information sessions. | ✓ | Executive staff meetings and information sessions held at all agency offices. | Continue providing information to staff at sessions held at all offices and at team meetings. |

**Providing leadership and guidance to staff is vital in maintaining an engaged and committed workforce.**

We do this through information sessions, staff meetings, our internal newsletter, an annual staff safety day and regular updates to our policies and procedures.

## All staff Safety Day

Our annual all staff Safety Day was held on 13 October 2011.

The aim of this day is to discuss employee safety and wellbeing, communicate our strategic direction, and update staff on key initiatives.

We used the event this year to launch our Safety First-Zero Harm campaign and introduce our mascot SAM [which stands for **S**ee It! **A**ssess it! **M**anage it!]

There were also presentations from our Chief Executive on the new Work Health and Safety legislation and a question and answer session featuring the Chairman and the Chief Executive.

## Staff information sessions

Held throughout the year, these information sessions are designed to update staff on key issues and new developments. The Director General, Department Trade and Investment, Regional Infrastructure and Services met with staff in November 2011 to provide information on the newly formed department.

During 2011–12, a series of toolbox talks and information sessions were conducted in relation to work, health and safety legislation, SCA systems and corporate values. These sessions, scheduled to coincide with regular team meetings, are aimed at keeping staff informed and engaged.

## New Award ratified

During the year, the Joint Consultative Committee (JCC) finalised the Sydney Catchment Authority Consolidated Award 2011–12. The Award, which was modernised by removing obsolete clauses, was ratified in the Industrial Relations Commission.

The JCC provides a forum for peak level discussions between the SCA, the Australian Services Union, and the Association of Professional Engineers, Scientists and Managers Australia.

Negotiations for a 2012–13 Award were finalised in June 2012.

## Embedding our values into job descriptions

To ensure managers and staff have a clear understanding of our values, we began to embed them into our job descriptions this year.

These values – trust, respect, confident, responsible – define the capability and behaviours expected of our management and staff.

The strategy was aligned with behavioural statements in the NSW Public Sector Capability Framework and NSW Public Sector Executive Capabilities Framework to ensure a consistent approach was maintained.

We also conducted a 360 degree feedback survey on Living the SCA Values – undertaken by the Executive and Senior Management Team. Feedback was provided to each participant. This forms the basis of individual development plans for both these groups in 2012–13.

Key Focus Area (KFA) 2

# Stakeholder Relationships

*Kangaroo Valley landholders attending a farm dams field day in May 2012.*

**Maintaining good relationships with our stakeholders, customers and the community is vital to the continued success of the Sydney Catchment Authority (SCA). Understanding and managing the needs of our stakeholders helps us to fulfil our commitment to provide an ongoing supply of quality raw water from well managed catchments.**

**We nurture our stakeholder relationships by operating in an open and ethical manner, providing best practice advice and information, and by maintaining effective partnerships with industry groups and forums.**

## Our Goal

To ensure the SCA has excellent partnerships with stakeholders, customers and the community.

## Strategies

**2.1** Formalise the SCA's knowledge management capability to share knowledge internally and externally.

**2.2** Understand, meet and effectively manage the needs and expectations of stakeholders, customers and the community.

**2.3** Represent SCA's interests in key local, state and national forums.

# 2.1 Formalise the SCA's knowledge management capability to share knowledge internally and externally.

**Challenge:** Sharing knowledge effectively across a geographically dispersed management area.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Providing ongoing support for NorBE (neutral or beneficial effect on water quality) tool. | ✓ | NorBE refresher training offered to all councils. | Continue council mentoring and assistance for NorBE tool. |
| Making Strategic Land and Water Capability Assessment (SLWCA) information available on the Land and Property Information Authority website. | ✓ | SLWCA made available to councils electronically as a GIS layer compatible with their own GIS. | Continue to make SLWCA available on the SIX viewer (for councils) and on the SCA's website (for the public). |
| Finalising Planning Proposal Guidelines for councils. | ✓ | Drafts of both the Local Environment Plan (LEP) Guidelines and SLWCA Guidelines made available to catchment councils. | Finalise SLWCA guidelines for planning authorities. |
| Investigating new webinar technology. | ✓ | Webinars and virtual meetings made available to staff. | Promote webinar and virtual meeting technologies to staff. |
| Incorporating our Local Environmental Plan Review and Guideline for Strategic Land and Water Capability Assessments into our planning proposal guideline. | – | Commenced consolidation of the LEP and SLWCA guidelines into Planning Proposal Guidelines. | Finalise amalgamating the planning proposal and SLWCA guidelines. |
| | | | Finalise new guidelines and development controls for the Upper Canal and Warragamba pipelines. |
| | | | Provide ongoing advice to councils and the Department of Planning & Infrastructure regarding planning proposals and development in the drinking water catchment and around the Upper Canal and Warragamba pipelines. |
| | | | Update SCA website, responding to user needs, and align it with NSW Government policy for being accessible and making relevant data available for the public. |

**KEY:**

✓ Completed

– Partially completed

KFA 2

# Stakeholder Relationships

**The Sydney Catchment Authority (SCA) actively shares knowledge with the community, councils, industry and amongst our own staff.**

We do this through face-to-face meetings, teleconferencing, the intranet and the preparation and presentation of studies and reports.

Our website provides access to a wide range of information resources including updates on dam levels, supply and rainfall data and water transfer schedules.

Regular information streams include:

- weekly storage and supply reports – summarising catchment rainfall, supply and storage levels
- daily catchment rainfall figures
- environmental flow information
- weekly Shoalhaven water supply transfer schedule (when relevant).

We also share knowledge by making available reports and studies that highlight the policies and direction of the SCA.

## Sharing knowledge externally

### Government stakeholders

The SCA is often asked to provide information and advice to government on issues relating to land use and water conservation.

Activities this year included:

- Advising the Department of Planning and Infrastructure on the Upper Canal and Warragamba pipelines for new land releases and development around these SCA assets.
- Identifying and mapping the extent and types of new development, infrastructure upgrades and land releases in western and south western Sydney around the Upper Canal and Warragamba pipelines.

### Local government

Local government stakeholders are important partners for our business. We work together to deliver healthy outcomes across the drinking water catchment.

#### NorBE refresher training

The State Environmental Planning Policy (Sydney Drinking Water Catchment) 2011 requires local councils, as consent authorities, to ensure that development proposed in the catchment has a neutral or beneficial effect on water quality (NorBE).

To assist with this, the SCA worked with catchment councils to develop an online NorBE assessment tool. The tool allows councils to determine if a development proposal will have a neutral or beneficial effect on water quality, and if the application needs to be referred to the SCA.

It was introduced in 2010–11, with ongoing one-on-one training and support offered this year.

Participating councils included Wingecarribee, Wollondilly, Palerang, Upper Lachlan, Lithgow, Goulburn Mulwaree, Shoalhaven, Wollongong, Oberon, Kiama, Eurobodalla and Blue Mountains. A helpdesk ensures ongoing support for more technical issues.

#### Local Government Reference Panel

The SCA shares and exchanges information with 15 local councils in the catchment through the Local Government Reference Panel.

The panel met throughout 2011–12 to consider reports and provide feedback on a range of matters including:

- onsite wastewater systems
- Healthy Catchments Strategy
- NorBE tools
- current recommended practices
- catchment audit
- mining in the catchments
- educational partnerships
- Metropolitan Water Plan activities
- catchment operational activities.

#### Planning and assessment assistance

Under the Local Planning Direction 5.2 – Sydney Drinking Water Catchments, councils in the drinking water catchment are required to consider the outcomes of the SCA's Strategic Land and Water Capability Assessments (SLWCA) when developing planning proposals. To assist councils in meeting this requirement, we provided them with SLWCA data, maps, draft guidelines and ongoing advice. This helps with the preparation of planning proposals, including comprehensive Local Environmental Plan (LEP) revisions.

Drafts of both the LEP Guidelines and SLWCA Guidelines were made available to catchment councils this year, along with training support.

SLWCA has been made available to councils electronically as a GIS layer compatible with their own GIS. Individual SLWCA data layers are also available to be viewed by councils through Land and Property Information's Spatial Information Exchange (SIX) viewer. The public can view SLWCA maps on the SCA's website.

### Landholders

The SCA works closely with landholders to ensure they have the support they need to properly observe water quality and conservation requirements. We assist them by providing ongoing advice on legislation and information that helps them better manage their landholdings.

## Sharing knowledge internally

The SCA regularly shares information and tools with staff to ensure they remain up to date with changes in the industry and are able to communicate more effectively.

Highlights this year included:

### Science Bites seminar series

This internal information exchange seminar series shares the expertise, experience and professional enthusiasm of SCA staff by demonstrating how science contributes to priority setting and operations. Topics this year included environmental flows and fish passage, climate change and water supply, water monitoring in the SCA, understanding the SCA's Reservoir Management System (SCARMS) and state-of-the-science catchment impacts.

### Virtual meeting technology

SCA offices are spread widely across the catchments. To make information sharing more effective, virtual meeting technology was introduced this year. It is now possible for staff from several offices to interact remotely during a presentation via a video link.

### Pollution Source Assessment Tool (PSAT)

The PSAT is a purpose-built tool for assessing the risks associated with four priority pollutants (sediments, pathogens, phosphates, nitrates). It informs us on where in our drinking catchments we should focus our intervention works. In 2011–12 the PSAT delivered a new complete 'run' of spatial maps. This information has helped in the revision of our Healthy Catchments Strategy 2012–2016.

**Case Study**

## Farm dams course goes state wide

Following the successful launch of the Farm Dams Handbook in 2011, which aimed to improve water quality and biodiversity around farm dams, the SCA (in conjunction with the Department of Primary Industries) offered free farm dam workshops for landholders in the catchment this year.

More than 60 landholders benefited from the practical training in Goulburn, Southern Highlands and Kangaroo Valley – delivered through the Sustainable Grazing Program.

The workshops focussed on key catchment management principles such as protecting drainage lines above and below dams, managing aquatic weeds, improving land management practices that impact on water quality, and designing wildlife-friendly dams.


*Five farm dam field days were held across the catchment during the year.*

KFA 2

# Stakeholder Relationships

## 2.2 Understand, meet and effectively manage the needs and expectations of stakeholders, customers and the community.

**Challenge:** Managing and meeting the needs of our stakeholders and providing information that is appropriate, relevant and accessible.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Provide input to the review of the *Environmental Planning and Assessment Act* (EP&A Act) and Regulation. | ✓ | Provided input to the reforms of the NSW Planning System, including the EP&A Act and Regulation. | ■ Continue to provide input to proposed major changes to the NSW planning system and legislation.<br>■ Provide input to a new raft of planning instruments that evolve from the planning review.<br>■ Continue responding to planning proposals and precinct plans submitted for advice by councils and the Department of Planning & Infrastructure. |
| Improve communication strategies. | ✓ | Conducted stakeholder benchmarking exercise, Warragamba Dam Visitor Centre survey, launched SCAN newsletter and made enhancements to our website. | ■ Launch a new program of temporary exhibitions at the Warragamba Dam Visitor Centre.<br>■ Implement an interpretation program across dam and recreation sites to improve the education experience for visitors. |
| Participate in further NSW planning system reforms. | ✓ | Provided input to the reforms of the proposed new NSW planning system, including the EP&A Act and Regulation, and attended Department of Primary Industries (DPI) briefings and workshops. | Continue to provide submissions and attend meetings on the new planning system, in preparation for a new Planning Act by the end of 2012. |
| Develop a new Special Area Strategic Plan of Management (SASPoM). | — | Commenced work on a new SASPoM (Special Areas Strategic Plan of Management) and WSSAPoM (Wingecarribee Swamp and Special Areas Plan of Management). | Finalise revised SASPoM, supporting documents and operational plans. |

In 2011–12, most of our dams were full for the first time in 14 years and community interest was significant. This had a considerable impact on visits to Warragamba Dam and to the SCA website.

**Engaging with stakeholders, customers and the community to understand their views is an important part of the Sydney Catchment Authority's (SCA) work and helps to inform our decisions.**

We undertake consultation through all the different stages of our projects. This ensures that stakeholder and community feedback is considered before, during and at the end of our projects and policy reviews.

On all major projects, we consult directly with stakeholders or the committees that represent their interests through forums such as community reference groups, and take into account the outcomes of the consultation process when making decisions.

## Stakeholder communications

The SCA is committed to effectively managing the needs and expectations of our stakeholders, including our customers and metropolitan and catchment communities.

We do this by providing advice, important water resource information and access to online applications and tools. Our challenge is to provide information that is appropriate, relevant and accessible.

Key activities this year included:

### New stakeholder newsletter

Our new quarterly newsletter SCAN features articles about our work protecting the health of the catchments, operating the dams, major infrastructure projects and upgrades, our science and research activities and other key topics. It also includes interviews with our staff and special case studies and photos on major events. SCAN is distributed to key stakeholders and subscribers, and to the wider community through council offices, libraries and tourist information centres

### Website upgrade

We made a number of significant improvements to our website this year, based on feedback from staff and stakeholders (gathered through online surveys and staff workshops). Major improvements and content updates in 2011–12 included:

- using social media applications (Vimeo, You Tube and Flickr) to post footage and images of Warragamba Dam spilling – as it happened
- an online version of the 2010–11 Annual Report
- heritage content to link with the Heritage and Conservation Section 170 register
- detailed information on designing and installing on-site wastewater systems
- 2010–11 statement of financial framework
- information on our Bendeela master planning process and Community Reference Group
- detailed information about mining and coal seam gas activities.

We also completed stages one and two of the Web Accessibility National Transition Strategy for government websites (which included training and content assessment) and progressed with a Website Accessibility Action Plan to ensure the website meets best practice standards for access by people with disabilities.

A major upgrade to the website will be completed in 2012–13 – including a new style, new information and an improved structure. We will also conclude the implementation of our Website Accessibility Action Plan, achieving the very high level compliance required by the NSW Government by the end of 2013.

### Ongoing media liaison

We continued to work with metropolitan and regional media this year to promote SCA activities and water issues more broadly. We were busiest during the rainfall events in March and April 2012 when Warragamba Dam spilled for the first time in 14 years. During the first spill in March we responded to more than 400 media enquiries in just four days, providing 24-hour media access to the dam.

This year we also worked with several international production companies on high profile documentaries on Sydney's dams. These films focused on the vast network of dams and catchments the city of Sydney relies on for drinking water, and the infrastructure required to manage this supply. In 2012–13, we will deliver on a new proactive media schedule to improve the promotion of SCA activities and major projects.

### School excursion program

This year we welcomed almost 7,000 school students to Warragamba Dam to participate in our school excursion program. The program – which includes hands-on activities, the interactive Water for Life exhibition, and an escorted tour of the dam – is linked to curriculum outcomes and includes resources for teachers. It also includes participation in catchment events (such as Wingecarribee Shire Council's Schools Environment Day). Professional development opportunities for high school geography teachers, who successfully trialled tablet computers to carry out fieldwork and record lessons, were also provided.

### Sustainable Grazing Program

The Sustainable Grazing Program – delivered in partnership with the NSW Department of Primary Industries (DPI) – provides 750 graziers in the water catchments the opportunity to attend training subsidised by the SCA. A total of 52 courses were delivered this year, covering a combination of grazing land management and water quality linked topics. These included paddock plant identification, soil biology, seasonal issues, farm and landscape planning, managing phosphorus and best practice for farm dams. The DPI also conducted 78 follow-up farm visits with graziers to support changes in practices on their farms.

KFA 2

# Stakeholder Relationships

**Case Study**

## Sydney's dams showcased at AQUA exhibition

The Sydney Catchment Authority (SCA) partnered with the Australian National Maritime Museum this year to tell an important local water story as part of AQUA: A Journey into the World of Water, held from December 2011 to February 2012.

AQUA was created by ONE DROP, an initiative of Guy Laliberte´ – founder of Cirque du Soleil®. Its key message is 'water is a vital resource for our planet'.

As part of our partnership, the SCA staged an exhibition at the museum called $H_2O$ 2U. It told the story of Sydney's dams and provided fun activities for children.

Many people know about our largest dam, Warragamba, but not many know about our other smaller dams that also supply water to 4.5 million people in Sydney, the Illawarra, Blue Mountains, Southern Highlands and Shoalhaven areas. $H_20$ 2U provided an important opportunity to share the stories of our smaller dams with the wider community.

Visitors to $H_20$ 2U learned which dam was inspired by Tutankhamun's tomb and which one is among the thinnest in the world. They were also able to discover how many Sydney Harbours can be stored in Warragamba Dam and which dams had torpedo nets for protection during World War II.

Once visitors to AQUA learned about the global water story and aspects of Sydney's water supply system at $H_2O$ 2U, they were invited to complete their journey at Warragamba Dam to see for themselves one of the most important parts of Sydney's water network.


*A water vortex was a central part of the $H_20$ 2U exhibition.*

## Consultation activities

On all major projects, the SCA consults directly with stakeholders or the committees that represent their interests through forums (such as community reference groups), and takes into account the outcomes of the consultation process when making decisions.

Consultation activities for 2011–12 included:

- **Wingecarribee Dam improvement works**

  The SCA engaged residents, environment and indigenous groups, and local government regarding upgrade works to Wingecarribee Dam. This included doorknocks and mailouts to neighbouring residents and key stakeholders, phone calls and meetings with impacted and interested residents, updates to Wingecarribee Shire Council, media releases and website information, and the establishment of appropriate road and construction compound signs.

- **Bendeela Recreation Area Masterplan**

  The SCA is developing a masterplan for Bendeela Recreation Area, a rustic picnic and camping ground near Kangaroo Valley south of Sydney. After finalising a community engagement plan, we established a Community Reference Group consisting of identified key stakeholders and public nominations. The 12 member group held its first meeting in March 2012 (the minutes of this meeting are published on the SCA website). During Easter 2012, we conducted a visitor survey at Bendeela to gather views about visitors' experiences at the site and their thoughts on the masterplan. Around 50 percent of visitors participated in the survey. Further stakeholder and community consultation will be conducted during 2012–13.

- **Memorandums of Understanding with NSW Health and the Environment Protection Authority**

  A review of the Memorandums of Understanding (MoU) with NSW Health and the Environment Protection Authority was conducted in 2011. Both memorandums were publicly exhibited including advertising in the major Sydney papers, and across local catchment newspapers.

- **Healthy Catchments Strategy 2012–2016**

  A new Healthy Catchments Strategy is being developed to guide our catchment management activities for 2012–16. It will outline seven initiatives to reduce the identified risks to water quality from past, current and future practices in the catchment. Initial consultation has been undertaken with 17 government stakeholders and 15 catchment councils. This feedback was considered in preparation of the draft strategy. A public exhibition will take place in the second half of 2012.

The SCA also continued to provide advice and community engagement support for a range of interagency activities this year, including the Warragamba Dam environmental flows project.

## Interagency consultation

The SCA shares certain responsibilities with other government agencies in managing water quality and the environment and maintains close working relationships with these agencies.

### Sydney Water

The SCA continued to maintain a close working relationship with Sydney Water to provide safe drinking water to Sydney, Illawarra and the Blue Mountains. Activities included:

- Supplying the requested quantity of raw water for treatment (to within Australian Drinking Water Guidelines).
- Working together and exchanging information to manage and maintain water supply during flood events.
- Reviewing the Raw Water Supply Agreement.
- Assisting Sydney Water in the planning and commissioning of Sydney Water's pH buffering plant at Prospect Water Filtration Plant.
- Joint planning for the successful undertaking of major outage works associated with the Warragamba pipelines.

The SCA provides ongoing dam safety surveillance services to Sydney Water which owns 16 prescribed dams. The current service agreement for the Provision of Dam Safety Services (2008–2013) assists Sydney Water in undertaking its program of dam safety activities to meet NSW Dams Safety Committee (DSC) requirements.

### Shoalhaven City Council

The SCA supplies raw water to Shoalhaven City Council for the supply of (treated) drinking water to the Kangaroo Valley township. We also release water from Tallowa Dam as required to supply the Shoalhaven area. Activities this year included supplying the requested quantity of raw water for treatment (to within Australian Drinking Water Guidelines).

### Wingecarribee Shire Council

The SCA supplies raw water to Wingecarribee Shire Council for the supply of (treated) drinking water to communities in the Southern Highlands. Activities included:

- Supplying the requested quantity of raw water for treatment (to within Australian Drinking Water Guidelines).
- Liaising with the Council regarding the impending upgrade of Wingecarribee Dam during 2011–12 and 2012–13.

### Goulburn Mulwaree Council

The SCA will be able to supply water to Goulburn Mulwaree Council from Wingecarribee Reservoir in the Southern Highlands via an 88 kilometre pipeline from the reservoir to Goulburn, which was completed this year.

The pipeline is owned by Goulburn Mulwaree Council and has a maximum capacity of five megalitres per day. A bulk water supply agreement is being prepared and will be completed in 2012–13.

No extra water is required to be pumped from Lake Yarrunga (the lake formed by Tallowa Dam) into Wingecarribee Reservoir specifically for the pipeline.

The water supply for the Shoalhaven community from Tallowa Dam remains secure and is guaranteed through the Water Sharing Plan for the Greater Metropolitan Region.

KFA 2

# Stakeholder Relationships

### Catchment Management Authorities (CMAs)

The SCA has close working relationships with the two catchment management authorities (CMAs) that operate within our area of operations – Hawkesbury-Nepean and Southern Rivers.

During 2011–12, we established a memorandum of understanding (MoU) with both authorities to keep abreast of updates and exchange information. We also continued our regular strategic and operational forums, which enhance information sharing and the coordination of catchment management initiatives.

We work with the Hawkesbury-Nepean and Southern Rivers CMAs to deliver the Catchment Protection Scheme (CPS) and the Grazier Incentives Program (GIP), and with the Department of Primary Industries (DPI) to deliver the Sustainable Grazing Program.

### NSW Health

NSW Health plays a regulatory and advisory role on the potential public health impacts of drinking water. NSW Health advocates the multi-barrier approach to water quality management – from the catchments to customers' taps. The SCA has in place a memorandum of understanding (MoU) with NSW Health, which formally outlines the cooperative relationship between the two agencies in managing water quality – including research, reporting and information sharing.

During 2011–12, we continued to maintain close liaison with NSW Health on:

- Managing water quality issues to protect public health.
- Implementation of the revised Australian Drinking Water Guidelines 2011.
- Review of proposed new water monitoring sites.

### Environment Protection Authority

The SCA is also required to have a MoU with the Environment Protection Authority (EPA). The SCA and the EPA liaise through regular strategic and operational forums, similar to those operating between the SCA and NSW Health. The forums assist the agencies to cooperatively manage issues relating to potential pollution threats to water quality, land management, enforcement, science and research, environmental monitoring and policy development.

During the year, public exhibition (see consultation section) of the EPA and NSW Health MoUs were finalised and can be viewed on SCA's website.

### NSW Office of Water

The NSW Office of Water is responsible for administering functions under the *Water Act 1912* and *Water Management Act 2000.* Since 2001, the SCA has held a water management licence issued under the Water Act 1912. This licence remained in force until May 2012 when the SCA was issued a set of Water Access Licences and Works and Use approvals under the Water Sharing Plan for the Greater Metropolitan Region Unregulated River Water Sources 2011 (in accordance with the *Water Management Act 2000*). These licences and approvals regulate access to water resources by authorising us to use water from specified water sources and water management works, and to extract and release water to rivers.

A Water Management Licence Working Group comprising representatives of the SCA and Office of Water meet regularly to discuss matters associated with the SCA's extractions, releases and contribution to maintaining river health. The licence working group continued to meet during the implementation of the Water Sharing Plan and was instrumental in developing the Operating Protocol to support the new licences.

### Eraring Energy

A deed of agreement exists between the SCA and Eraring Energy over the use of the Shoalhaven Water Supply and Electricity Generating Scheme. Activities this year included:

- Attending scheduled joint operational meetings.
- Developing an agreed 10 year outage plan (as required under the Shoalhaven Operations and Maintenance Agreement between Eraring Energy and SCA).

### Office of Environment and Heritage (National Parks and Wildlife)

In 2011–12, the SCA and the National Parks and Wildlife Service (NPWS) jointly reviewed the Special Areas Strategic Plan of Management 2007 (SASPoM) and the Wingecarribee Swamp and Special Area Plan of Management 2007 (WSSAPoM), as required in our Operating Licence.

The SASPoM and WSSAPoM document the land management obligations and catchment management activities the SCA and NPWS undertake to influence water quality outcomes – by protecting the natural and cultural values in our jointly managed Special Areas. The SASPoM 2007 and WSSAPoM 2007 are valid for 10 years (until July 2017), with a review cycle at five years (July 2012).

The findings and recommendations from the review (due to be completed in 2012–13) will assist the development of the new SASPoM. The SCA Annual Catchment Management Report 2011–12 will contain information on the review's findings and our performance against key actions. It will be released in late 2012 and will be available on our website.

*Visitors to Bendeela Recreation Area were surveyed over Easter 2012 as part of the master planning process.*

KFA 2

# Stakeholder Relationships

## 2.3 Represent SCA's interests in key local, state and national forums.

**Challenge:** Enhancing the SCA's profile across partner agencies and the water industry.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Deliver initiatives to enhance sharing of information with our stakeholders, including other government and partner agencies. | ✓ | Implemented SCA Communication Strategy including major benchmarking exercise with education and local government stakeholders to improve sharing of information. | Continue to implement and review actions outlined in the SCA Communication Strategy. |
| Continue to undertake and present research into the impacts of longwall mining on water resources in the Special Areas. | ✓ | Undertook research into surface water and groundwater interaction within mining impacted catchments. | Continue to assess, and make representations on, mining proposals that affect the Special Areas and water supply infrastructure.<br><br>Continue to monitor mining company compliance with development and access conditions. |

**Participating in forums helps us to interact with our industry colleagues, share knowledge and promote the activities of the Sydney Catchment Authority (SCA).**

In doing this, we take a proactive approach to managing risk by developing mutually supportive networks at the national, state and local level – enhancing our profile so the SCA is engaged early on matters that affect water quality.

We also manage risk through our involvement in established committees and ongoing liaison with various security and emergency management contacts.

### Metropolitan Water Plan

The SCA is an active member and contributor to the process for developing the Metropolitan Water Plan, including on the following committees:

- **Metropolitan Water CEOs**

  The SCA is represented on the Metropolitan Water Chief Executive Officers Group. This group meets to consider water planning matters such as supply, demand, development, recycling, wastewater and river health. The SCA is also represented on a number of interagency water planning groups including the Metropolitan Water Senior Officers Group.

- **Metropolitan Water Education Group**

  We continue to be represented on the interagency Metropolitan Water Education Group, supporting communication and engagement activities for the Metropolitan Water Plan. In 2011–12, we began developing a community engagement plan for investigations into environmental flow options from Warragamba Dam, shared information about major projects and contributed to the development of key messages for use across the water sector.

### Climate change partnership research

We continued our research this year on the impacts of climate change on Greater Sydney's raw water supplies. This involved investigating possible changes in system yield and looking at the interactive effects of climate change on vegetation, fire and hydrology to develop tools to assist in making management decisions. Research is underway with the University of NSW, Office of Environment and Heritage (OEH) and the NSW Office of Water.

The OEH is developing a regional climate model for NSW and the ACT (NARCLiM) using a weather research and forecasting model. It will produce climate projections over NSW at a resolution of 10 kilometre grid squares.

### Research partnerships

The SCA is a member of several national and international research organisations. This helps us to learn and share knowledge on important water issues.

Our memberships include:

- **Water Quality Research Australia (WQRA)** – a research centre that focuses on nationally applicable collaborative research about drinking water quality, recycled water and wastewater management.
- **eWater Cooperative Research Centre (CRC)** – a joint venture aiming to improve the ability of the industry to make water management decisions that are cost effective, transparent and scientifically defensible. This ended in June 2012.

- **Water Research Foundation (US based)** – the largest drinking water research organisation in the world covering the urban water sector.
- **Water Environmental Research Foundation (US based)** – looks at the natural processes, ecosystems and other physical processes that impact our understanding of water systems, conducting research across fresh and marine environments.

## Australian National Committee on Large Dams

The SCA is an active member of the Australian National Committee on Large Dams (ANCOLD), a voluntary association of organisations with a common interest in dams. ANCOLD holds annual technical conferences and produces guidelines on various aspects of managing dam safety. SCA's voting member currently holds the position of Senior Vice-Chairman. Our nominee, Ian Landon-Jones, also represents ANCOLD on two working groups of the International Commission on Large Dams (ICOLD). This helps ensure SCA dam safety management is in line with international best practice.

## Australian Water Association

The SCA is a member of the Australian Water Association (AWA) which supports the Australian water sector in the delivery of effective and sustainable water management practices. AWA runs a comprehensive program of conferences, workshops, publications, industry programs, training courses, and networking as well as an annual conference and exhibition.

## Water Services Association of Australia

The SCA is a member of various Water Services Association of Australia (WSAA) networks, collectively sharing information and focussing on key and emerging issues in the sector.

**Case Study**

### Providing advice on mining and coal seam gas proposals

The drinking water catchments contain mineral and petroleum resources. Some of them are already being mined, while others have been earmarked for future mining. The Sydney Catchment Authority (SCA) provides advice on the management of the existing mines and assesses proposed locations for the new mines. In doing so, our role is to ensure water quality and quantity, water supply infrastructure and ecological integrity within the Special Areas is maintained and protected.

During the year, we provided advice to the Department of Planning and Infrastructure, the Division of Resources and Energy and the Planning Assessment Commission. Developments included underground and open cut coal mines; shale, sand and hard rock quarries; a zinc and copper mine; and coal seam gas exploration projects.

The SCA has a special role in the assessment and approval of mining related activities (such as proposals for exploration and installation of monitoring equipment) when they are located on SCA property. We make assessments under Part 5 of the *Environmental Planning and Assessment Act 1979*. If we are satisfied the proposals are acceptable, we always include comprehensive conditions and conduct regular inspections to ensure works are consistent with these conditions.

The SCA assisted stakeholders to understand the potential impacts of longwall mining and coal seam gas mining on water resources.

Presentations were made to the Local Government Reference Panel, various councils, the SCA Board and our staff.

## NSW Dams Safety Committee

SCA has a nominee on the NSW Dams Safety Committee (the NSW regulator for dam safety) and three of its subcommittees.

## Subsidence Management Plan Review Committee

The SCA is a member of this interagency committee, established by the NSW Department of Trade and Investment, Regional Infrastructure and Services to review subsidence management plans and advise on approval conditions.

Key Focus Area (KFA) 3

# Business Viability

*SCA's senior scientist Bala Vigneswaran analysing data.*

**Conducting business in a competitive market brings with it many challenges. It requires a strong commercial focus and the ability to adapt to a rapidly changing environment.**

**The Sydney Catchment Authority (SCA) continues to ensure our business viability by overseeing a sound financial control framework that includes security, risk, incident and business continuity initiatives. We aim to deliver effective business and administrative services and operations supported by reliable systems, processes and tools.**

## Our Goal

The SCA is a viable, commercially successful organisation that is able to adapt to changing business environments and meet customer needs and seek new services and markets.

## Strategies

**3.1** Position the organisation to be the water supplier of choice.

**3.2** Manage risk and pursue opportunities to support a resilient organisation.

**3.3** Strive for cost efficiency through optimising operational expenditure and ensuring capital expenditure is efficient.

**3.4** Provide reliable and effective systems, processes and tools to support business operations.

# 3.1 Position the organisation to be the Water Supplier of Choice.

**Challenge:** Responding effectively to the changing environment of the water sector in NSW.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Respond to requirements of the Greater Metropolitan Water Sharing Plan. | ✓ | Worked with the NSW Office of Water to develop the Water Licences and Approvals Package and operating protocols to operationalise the Water Sharing Plan. | Continue to meet requirements of the Water Sharing Plan. |
| Participate in investigations for new environmental flows from Warragamba Dam. | ✓ | Worked with the Metropolitan Water Directorate to support its investigations into Warragamba Dam environmental flows. | Continue to support the investigation into new environmental flows for Warragamba Dam. |

**KEY:**

✓ Completed

– Partially completed

**The SCA has positioned itself to respond to the changing environment of the water sector in NSW and to continue to be the water supplier of choice.**

Regulation of the water sector in the Sydney metropolitan area changed with the introduction of a Water Sharing Plan from 1 July 2011. Water sharing plans include rules for protecting the environment, extractions, managing licence holders' water accounts and water trading.

## Implementing the Metropolitan Water Sharing Plan

Implementation of the Greater Metropolitan Region Unregulated River Water Sources 2011 Water Sharing Plan was completed this year.

In consultation with the NSW Office of Water, we developed operating protocols to assist in meeting the requirements of the water sharing plan. These included managing water supply allocations, environmental releases and inter-basin transfers and to establish agreed responses to events that have the potential to affect our ability to comply with any of these requirements.

This plan was fully implemented in May 2012 when the NSW Office of Water issued the SCA's Water Licence and Approvals Package – for the Shoalhaven, Upper Nepean and Upstream Warragamba Rivers, Hawkesbury and Lower Nepean Rivers and Southern Sydney Rivers water sources.

To assist in managing an increasingly dynamic water supply system (including daily variable environmental flow releases), we also began developing a comprehensive SCADA (Supervisory Control and Data Acquisition) system. The system will give us greater capability to monitor and control assets.

## NorBE and SLWCA tools awarded for excellence

The SCA's innovative NorBE (neutral or beneficial effect) and SLWCA water assessment tools were officially recognised by our industry peers this year.

Our NorBE on water quality assessment tool won the Spatial Information category at the 2011 NSW Excellence in Surveying and Spatial Information Awards. NorBE is a web-based application that allows councils to undertake their own NorBE assessments.

Our SLWCA tool won a commendation award in the Best Small Project Planning Ideas category at the Planning Institute of Australia NSW Division 2011 Awards for Excellence. The SLWCA is a GIS based tool which has enabled councils to consider water quality protection principles in their land use planning decisions.

**Case Study**

### OzWater 12

The SCA presented six papers at the OzWater 12 conference this year – the largest industry gathering of professionals from the water sector, held in Sydney in May 2012. We shared a range of perspectives, including the human resourcing challenge of an aging workforce, climate change impacts and long term storage supply implications, cyanobacteria research, reservoir management systems and our neutral or beneficial effect (NorBE) and pollution source assessment tools.

*SCA's Manager of Spatial Science Mark Noonan presents at OzWater*

KFA 3

# Business Viability

## 3.2 Manage risk and pursue opportunities to support a resilient organisation.

**Challenge:** Managing risk in an increasingly competitive environment.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Improve physical security at our sites. | ✓ | Introduced 24/7 patrol security services and cameras at key SCA locations. | Install additional fencing and gates in 2012–13 – as part of our ongoing security program. |
| Continue our focus on incident reporting. | ✓ | Conducted refresher training and awareness sessions on incident management. | Implement a revised incident management training program. |
| Enhance our business continuity plans and disaster recovery arrangements. | ✓ | Significant progress made in developing Business Continuity and Information Technology Disaster Recovery plans for critical systems. | Finalise Business Continuity and Information Technology Disaster Recovery plans for critical financial and business systems. |
| Implement revised Fraud and Corruption Control Strategy and Action Plan. | ✓ | Revised Fraud and Corruption Control Strategy and Action Plan and conducted staff training. | Review awareness training and fraud risk assessment. |

**Understanding and managing risk is vital to maintaining a sustainable business. To do this, the right systems and processes must be in place.**

In 2011–12, the Sydney Catchment Authority (SCA) continued to implement our Enterprise Risk Management Framework – developed to meet the ISO 31000 international risk management standard and NSW Treasury TPP 09-05 Internal Audit and Risk Management Policy. This provides a sound basis for consistently managing risk to support achievement of business objectives.

We also worked on refining the security strategy and better integrating controls into the way we manage security risk. Effectively managing security risks helps to ensure the continuity of high quality water supply and a sustainable water business.

The SCA was re-certified under the international information security management standard ISO 27001:2005. A process of continual improvement is in place and improvement actions have been included in our security strategy.

### Fraud and corruption control

The SCA's Fraud and Corruption Control Strategy is a key element of our approach to risk management. Its aim is to prevent, detect, report and investigate fraud and corruption. We implemented a new action plan this year, following a detailed review conducted in 2010–11, and carried out a staff training program. There were no reported incidents of suspected fraud or corruption by staff during 2011–12.

The Public Interest Disclosures Policy was also made available on our website and awareness training was provided to staff during the year.

### Insurance

The SCA purchases insurance that covers travel, group personal accident including volunteers, aviation liability, statutory liability and legal defence costs.

We buy this insurance from insurers with industry experience, financial reserves and a good credit rating – necessary to fully cover our business needs and risk exposure.

The SCA finalised its insurance renewal strategy to 31 May 2013.

The strategy included:

- business changes
- risk appetite and the ability to self insure
- using the best insurers having regard to price and policy wordings
- anticipated changes to market conditions
- producing the lowest cost of insurable risk
- objectives for the insurance renewal period.

Although business risks remained static during the previous 12 months, we were not immune from the catastrophic losses which insurers suffered in Australia and the Asia Pacific region in 2011. With our long term property placement insurance arrangement with AON expiring, we were able to negotiate a policy renewal at a rate increase of less than 10 percent.

Liability insurance was renewed at the same highly competitive rate (the same as negotiated two years ago when the insurance program was remarketed). There was a small premium increase for our directors and officers liability insurance (which includes employment practices insurance). Motor vehicle insurance was renewed with the same insurer, earning us a claims experience discount.

## Internal auditing

A key component of the SCA's risk management strategy is our internal audit program.

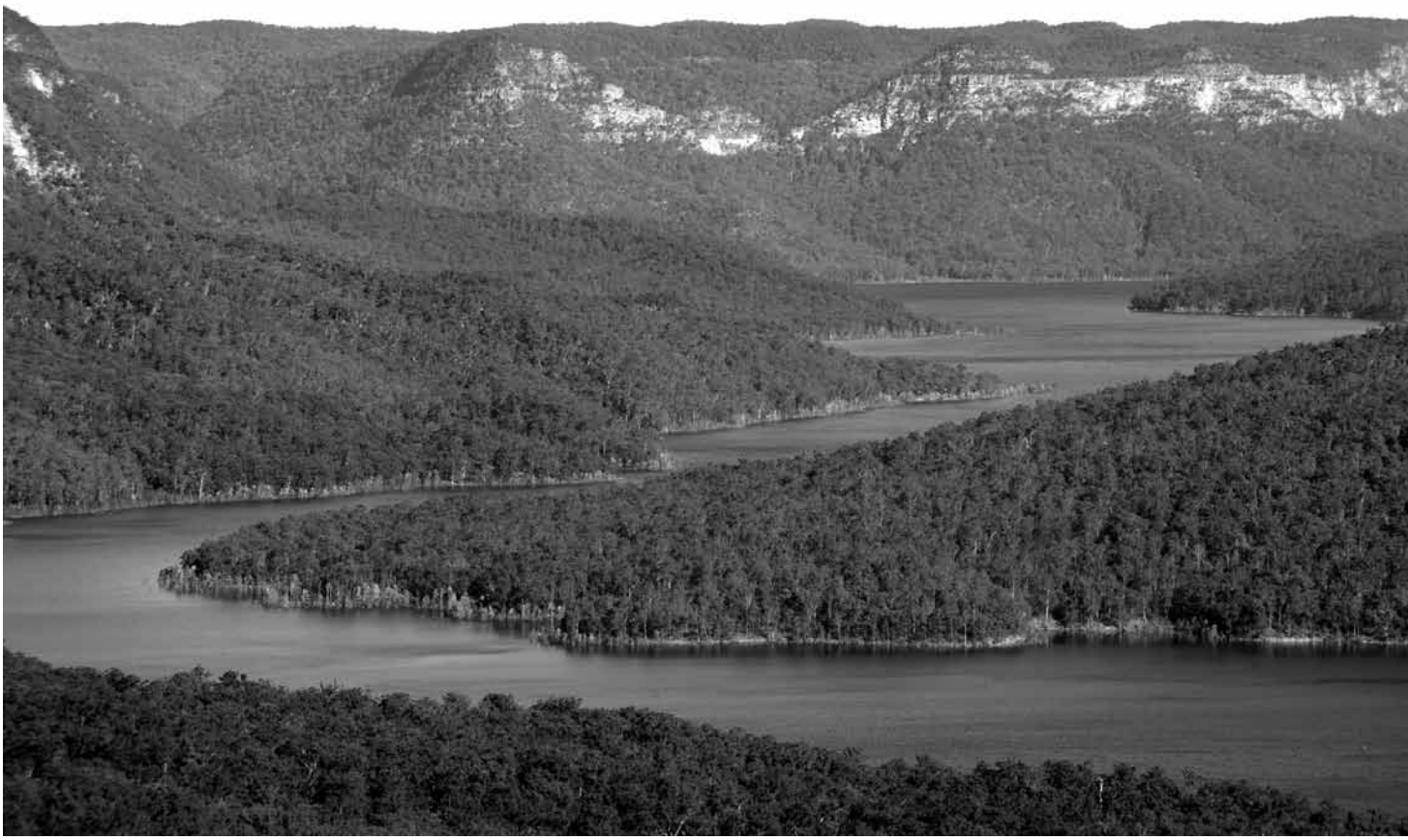
This function is outsourced and provides us with independent, quality assured reviews of our key business processes and internal controls. In 2011–12, internal auditors reviewed the following business areas:

- Board effectiveness (annual audit)
- catchment grants
- contractor performance
- environmental management audit (annual audit)
- fleet management
- Work Health and Safety (hazard identification, risk assessment and control)
- payroll management
- project management
- SCA access to DRIVES (Driver and Vehicle Information System database, Roads and Maritime Services)
- Service Level Agreement Performance – SCA and Office of Environment and Heritage.

Internal audit findings and management responses are reported to the Board's Audit and Risk Committee. The committee monitors implementation of the management responses.

The SCA complied with the requirements of the Internal Audit and Risk Management Policy for NSW Government Agencies this year. Our internal audit functions and the Audit and Risk Committee Charter aligned with the policy. The Board provided a 'No Exceptions' attestation to NSW Treasury *(pictured next page)*, as required by the policy.

*Lake Burragorang with over 95% capacity in May 2012.*



## **Internal auditing** (continued)

**SCA Statement for annual report disclosure 2011–12**

**No Exceptions**

**Internal Audit and Risk Management Statement for the 2011–12 Financial Year for the Sydney Catchment Authority**

I, Robert Rollinson, Chairman of the Board of the Sydney Catchment Authority, am of the opinion that the Sydney Catchment Authority has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy.*

I, Robert Rollinson, Chairman of the Board of the Sydney Catchment Authority, am of the opinion that the Audit & Risk Committee for Sydney Catchment Authority is constituted and operates in accordance with the independence and governance requirements of Treasury Circular TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- John Asquith, independent Member (May 2008–August 2012 – Chair from January 2010–March 2011; October 2011–August 2012)
- Larry Whipper, independent Member (June 2009–May 2012; May 2012–August 2012)
- Stephen Corbett, non-independent Member (May 2008–August 2012)

I, Robert Rollinson, Chairman of the Board of the Sydney Catchment Authority, declare that this Internal Audit and Risk Management Statement is made on behalf of the Sydney Catchment Authority.

These processes provide a level of assurance that enables the senior management of the Sydney Catchment Authority to understand, manage and satisfactorily control risk and exposures.

**Board Resolution**

The Board of the Sydney Catchment Authority resolved at its meeting of 27 July 2012 to approve the Chairman's statement for annual report disclosure in relation to the SCA's compliance with the Internal Audit and Risk Management Policy.

Robert Rollinson
Chairman
27 July 2012

## Building resilience, managing incidents and business continuity

Organisational resilience is the capacity of an organisation to adapt in a complex and changing environment. The SCA focuses on building resilience to routine and non-routine risks and participates in national water sector initiatives in this area.

We define incidents as 'occurrences or situations that could cause harm'. During the year 198 incidents were reported. While most of them were of a minor nature, there were 20 major incidents including two water quality incidents (in March and April 2012) following high rainfall events. See pages 20–21 for more information.

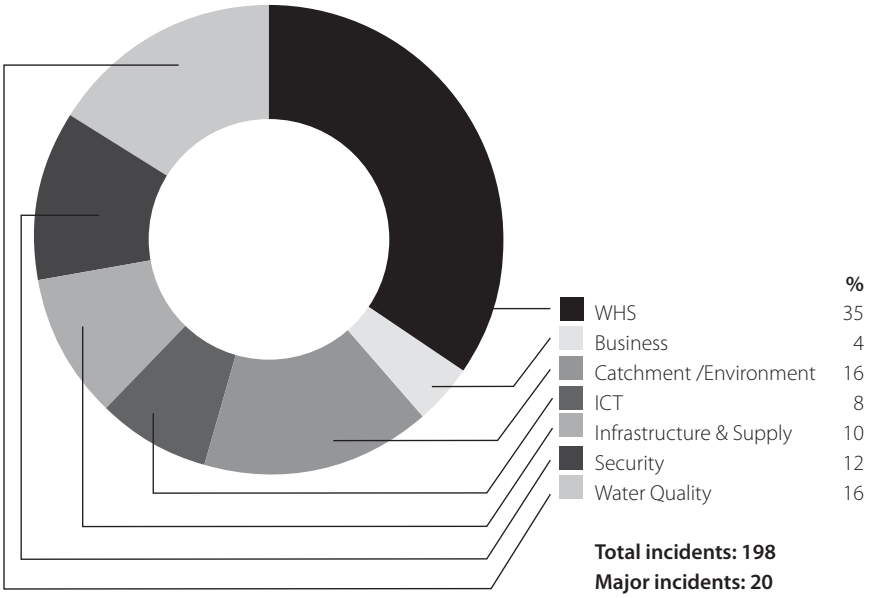
The number of incidents was similar to previous years, with the types of incidents remaining consistent.

During 2011–12, the SCA maintained the Corporate Incident Management Framework and supporting procedures. Continuous improvement actions – identified from lessons learned during incidents and exercises – continued to be progressively implemented. Work also continued during the year on developing our business continuity and disaster recovery plans, though completion of these plans for mission critical systems was delayed due to service delivery issues with a supplier and other competing priorities.

Other activities included:

- Conducting, and participating in, a range of simulation exercises – to test our readiness for floods, dam safety, wildfires and cyber security threats.
- Maintaining our proactive approach to managing risk – through active membership of the Australian Trusted Information Sharing Network for Critical Infrastructure Resilience.
- Participating in a number of security, risk and resilience forums and networks – in NSW and nationally.

**SCA Incidents by type 2011–12**




## Managing water quality incidents

Significant rainfall and associated inflows into our storages characterised much of 2011–12, resulting in a number of minor water quality incidents.

These included:

- Elevated levels of nutrients in inflows causing populations of cyanobacteria in Nepean, Warragamba and Wingecarribee dams to increase for short periods.
- Elevated levels of *E. coli* were observed in Nepean Dam, Bendeela Pondage and Broughtons Pass Weir following large inflow events. We managed these incidents in consultation with NSW Health and with our customers by changing outlet configuration or source waters to continue to supply best quality water. Elevated metals and true colour were observed at the raw water offtake to Nepean Dam. These levels remained within the site specific standards under the Raw Water Supply Agreement, but combined with low turbidity, affected the operation of the Nepean water filtration plant. The event did not result in any failure to meet demand.

The heaviest rainfall occurred between late February and early March 2012. During this period approximately 210 millimetres of rainfall was recorded over the Warragamba catchment. Associated inflows resulted in the dam filling and spilling for the first time in 14 years. During the event Warragamba Dam captured the first 240 gigalitres, lessening the impact of the rain on the downstream community, while another 633 gigalitres was discharged from the dam with a peak flood outflow of 125 gigalitres per day.

The rainfall also resulted in a number of other storages filling and spilling – including Cataract, Cordeaux and Nepean dams, as well as Tallowa Dam (which continued to spill throughout most of the year). There were also some minor spills from storages in the Blue Mountains.

In managing these flood events, the SCA worked closely with customers and stakeholders including Sydney Water, State Emergency Services, Bureau of Meteorology, NSW Health and identified stakeholders downstream of our storages.

There were no interruptions to the supply of raw water to our customers.

KFA 3

# Business Viability

## 3.3 Strive for cost efficiency through optimising operational expenditure and ensuring capital expenditure is efficient.

**Challenge:** Ensuring our operating and capital expenditure programs are prudent and delivered efficiently.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Continue to monitor and manage our operating and capital programs to ensure they are delivered efficiently. | ✓ | ■ Managed within IPART determination allowance.<br>■ Met or exceed financial targets as agreed with NSW Treasury. | Continue to monitor and manage our operating and capital programs to ensure they are delivered efficiently. |

**The Sydney Catchment Authority (SCA) has robust processes in place to ensure its operating and capital expenditure is prudent and efficient. These processes govern the way projects are developed and managed and ensure they align with the Corporate Sustainability Strategy and deliver business benefits.**

In 2011–12 these processes enabled the SCA to meet financial targets agreed with NSW Treasury. The SCA's capital expenditure was within 95 percent of the agreed target while operating expenditure was slightly lower than budget during the year.

In July 2011, the Independent Pricing and Regulatory Tribunal commenced a price setting process for the SCA's 2012–16 regulatory period. The SCA proposed to maintain its core operating expenditure in real terms at the 2008–09 level of $80 million per year. The proposed operating expenditure will absorb additional licence fees to the SCA through efficiency savings.

The SCA also proposed a modest capital works program. Projects in the capital works program have been tested for deliverability and alignment with the SCA's business drivers. The SCA price proposal ensures it minimises impact on drinking water customers and allows the SCA to keep price increases as close to the consumer price index as possible.

*Maintenance works of the Warragamba pipeline commenced during the year.*

# 3.4 Provide reliable and effective systems, processes and tools to support business operations.

**Challenge:** Implementing new purchasing, contract management, project management and document management systems.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Continuing to integrate business systems and improve the way we use processes, systems and tools. | ✓ | Integrated a range of financial and business systems (CHRIS, eTrim, Maximo and SCA Connect). | ■ Develop the 2012–17 IT Strategic Plan<br>■ Improve integration of business systems.<br>■ Finalise the SCA IT Disaster Recovery Plan.<br>■ Upgrade the SCA's PC fleet to Windows 7<br>■ Expand the SCADA network and improve security. |
| Implement the new corporate Project Management Information System (PMIS). | ✓ | Introduced the PMIS and trained SCA staff. | Review our Business Impact Analysis and develop Disaster Recovery and Business Continuity Plans for critical finance and business systems. |
| Implement SCADA technology. | ✓ | Progressed the SCADA project and redesigned our telecommunications network. | Continue the roll out of the integrated enterprise SCADA system. |
| Implementing the new purchasing module (iPOS) for the financial system. | ✓ | iPOS implemented across the organisation in first half of 2012 including staff training. | Develop and implement the Contract Procurement and Management Manual. |

**To continue operating as a viable and successful business, the Sydney Catchment Authority (SCA) needs reliable and effective systems, processes and tools.**

This covers everything from our business management framework through to procurement, IT, purchasing policies, tendering processes, project management and disaster recovery procedures.

## Finance and Business System project

The Finance and Business System project, completed this year, involved the redesign and realignment of our business and financial business processes and the introduction of an electronic document management system.

Key features of the project included:

- Introduction of an electronic document management system (see details next page).
- Implementing the labour costing and time recording system (TRS) – an automated system that captures time and attendance and allocates labour costs. The application is integrated with our financial management and payroll systems.
- Commencing work on the integration of the Time Recording System (TRS) with the Maximo asset management system – to enable employeee related costs on SCA assets to be individually costed to an asset.
- Implementing a new electronic purchasing system (iPOS) in March 2012. In doing this, we undertook a review of our purchasing model and adopted a preferred supplier model (in line with NSW Government procurement policy). We also introduced supplier catalogues, which support a more efficient purchasing process.
- Successfully replacing our Maximo asset maintenance system and aligning it to its core functionality by removing finance and accounting functions that now form part of the SCA Finance System. The system is now able to better support asset maintenance and the newly introduced asset management system.

Although the project has concluded, regular reviews will be conducted to ensure our systems and processes always meet business and audit needs.

KFA 3

# Business Viability

## Electronic document management system

During 2011–12, more than 93,000 records were created in eTRIM (Total Records and Information Management) – our electronic document management system. This included the electronic conversion of paper records, the transfer of records from computer drives, and new entries.

Document preparation and approval processes are now actioned electronically in eTRIM, reducing the reliance on hard copy documents.

A number of enhancements to eTRIM were introduced during 2011–12, including:

- compliance reporting
- Board, Executive and committee action tracking and reporting
- plans and manuals
- Ministerial response action tracking and management.

Developments planned for 2012–13 include complaints and compliments handling, smart forms, a digital image library, and integration between Word/ Excel and eTRIM.

## Integrating the Intranet and the document management system

A new Intranet, hosted in an enterprise web content management system was integrated with the eTRIM document management system during the year.

Some of its key benefits include:

- providing a single, authoritative source of accurate information
- allowing staff to manage information in one place
- both systems use our Business Management Framework to classify information
- improving security and the descriptions and archiving of information.

## Fleet management

The SCA owns 85 motor vehicles. During 2011–12, we purchased 61 new vehicles at a cost of $2,365,000. The vehicles these replaced sold for $2,011,000. All passenger and light commercial vehicles are updated at two years or 40,000 kilometres.

## Procurement

To optimise our procurement and contracting activities, the SCA implements interagency service level agreements (SLAs), panels of pre-qualified service providers and bespoke contract engagements.

These arrangements complement our use of the NSW State Contracts Control Board (SCCB) contracts for goods and services.

The SCA continues to improve procurement outcomes by:

- expanding the use of interagency service level agreements (SLAs)
- aligning our agency contracts with existing government contracts to procure goods and services
- continuing to utilise the SCCB contracts, where appropriate
- using standard NSW government construction contract forms
- providing contract management support and training to SCA contract managers.

These initiatives continue to reduce processing time and cost, improve our responsiveness and compliance with NSW Procurement Guidelines (July 2010).

The SCA procurement team continued to assist the NSW Taskforce into construction insolvencies and subcontractor arrangements. The taskforce aims to provide a mechanism to improve the management of existing government construction contracts to ensure that future procurement activity incorporates effective risk management strategies.

## Electronic tendering

The SCA uses the NSW eTendering website (https://tenders.nsw.gov.au) for advertising all open tenders. This approach ensures transparency in procurement process and ensures all disclosure requirements are met. During 2011–12 the SCA submitted 121 tenders valued at $31.5 million.

**Case Study**

### New Project Management Information System (PMIS) implemented

A new Project Management Information System (PMIS) was rolled out this year.

The system aims to provide:

- better reporting and analysis of projects
- project managers with a comprehensive project management tool that integrates with the financial system
- a centralised repository to act as the 'source of truth' for all project data
- an online set of templates for entering project data.

The system has already improved integration with other corporate processes (such as business planning and operating and capital programs) and serves as a central repository for all project data.

## Electronic tools help manage Warragamba Dam spill

Electronic tools, such as our SCA Reservoir Management Model (SCARMS), proved invaluable in helping us manage this year's Warragamba Dam spill – the first in 14 years.

SCARMs predicted that the inflows into the dam would travel along the upper layers of water in the reservoir, with no impact on the quality of water towards the bottom of the dam.

As a result of this information, we adjusted the dam off takes to draw water for supply from lower in the reservoir, without any water quality impacts from the inflows.

During the rainfall events (March and April 2012), the SCA provided regular spill forecasts to the Bureau of Meteorology and the State Emergency Service.

The rainfall event provided an opportunity for the SCA to review and improve our processes and forecasting systems for use in future rainfall events.

## Warragamba environmental flow modelling

The calculation and assessment of environmental flows requires estimates of daily inflows of water to dams and its release.

A daily rainfall-runoff model for the Warragamba catchment was developed this year for this purpose.

The resulting 100 year daily inflow dataset, combined with a daily water supply system model, provides estimates of releases for environmental flows. The impact of environmental flows on water supply system yield can then be calculated.

This data is being used by the NSW Department of Finance and Services to predict the effect of options, including different environmental flows, for improving river health downstream of Warragamba Dam.

## SCADA upgrade commences

The $2.5 million SCADA upgrade project, which commenced in July 2011, aims to integrate a number of existing remote monitoring systems into one SCA-wide remote monitoring and control network.

The key outcomes of the project will include:

- Remote control and monitoring of the SCA's key operational assets and hydrometric sites.
- Secure access to the SCADA facility from within an agency-wide network.
- Secure remote access to the SCADA facility for out of office hours control and monitoring.
- A data historian with access to current and historical data.
- Capability to integrate with other corporate systems such as Maximo and our water quality database.

Progress during 2011–12 included the development of key hardware and software platforms to manage the SCADA system. This involved the testing and development of a new data management system and SCADA system hardware configurations.

When complete in 2013, the project will improve the SCA's management of operational systems and drive workforce efficiencies as new remote monitoring sites are added to the SCADA system.

During the heavy rainfall events in 2011–12, our existing SCADA systems remained very reliable, with no interruption to services.

## Asset Information System

Our Maximo asset and maintenance management system was successfully upgraded this year, with the system going live in February 2012.

This upgrade has provided a number of benefits, including:

- Improvements in the overall reliability of the system.
- An ability to allocate full and limited users which will reduce system running costs.
- Introduction of a service request module to support identification and management of asset related issues.
- Consolidation of heritage asset data within Maximo (formerly in a separate database).
- Integration of Maximo with the Time Recording System to improve allocation of staff time to assets.
- Discontinuation of purchasing functionality in Maximo (in favour of the new iPOS module in the SUN financial management system).

Some integration works will be completed later in 2012 to further enhance the availability and efficiency of the system.

During the year, $64 million of assets were uploaded to the SCA asset register including assets related to the Upper Nepean environmental flows project ($39 million) and the Warragamba Dam Visitor Centre ($21 million). We also converted hard copy operations and maintenance manuals into electronic format, which will continue through 2012–13.

Key Focus Area (KFA) 4

# Industry Excellence

*Warragamba Dam.*

**The Sydney Catchment Authority (SCA) has in place key strategies to ensure we continue to achieve industry excellence and maintain our role as a recognised leader in the Australian water sector.**

**The SCA Board's primary responsibility is to provide strong corporate governance for the organisation to ensure accountability and transparency.**

**We conduct ongoing benchmarking activities (to measure and improve our performance) and are committed to innovation.**

**We deliver our services in an accountable and ethical way and comply with statutory, regulatory and industry requirements.**

## Our Goal

The SCA is recognised as a leader within the Australian water sector for its organisational practices.

## Strategies

**4.1** Ensure accountability and ethical behaviour through sound corporate governance.

**4.2** Achieve excellence through benchmarking activities.

**4.3** Maintain compliance with statutory, regulatory and industry requirements.

**4.4** Implement contemporary knowledge management and intellectual property practices.

# 4.1 Ensure accountability and ethical behaviour through sound corporate governance.

**Challenge:** Providing sound corporate governance that ensures accountable and ethical behaviour.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Ongoing commitment to sound corporate governance. | ✓ | The Board met 11 times during the year and used an Audit and Risk Committee to assist in delivering its governance obligations. The Board also set the direction for the SCA's price determination and licence reviews.<br><br>96% of management actions completed.<br><br>Board held Strategy Days to review and plan corporate direction. | Continue our commitment to sound corporate governance principles and practice. |
| Ongoing commitment to ethical behaviour. | ✓ | Maintained the Board Code of Conduct. | Continue our commitment to ethical behaviour. |

**The Sydney Catchment Authority (SCA) Board maintained a corporate governance framework which includes clear accountability for direction setting, risk assessment and mitigation, internal control and audit. These behaviours were articulated through codes of conduct and training, an awareness of the code as well as reporting of corporate performance.**

The SCA takes accountability and ethical behaviour seriously. It defines our approach to business and is deeply instilled across the organisation.

This is driven from the top down, starting with our Board.

The Board, under its code of conduct, models the values of respectfulness, responsiveness and responsibility in the public interest and we conduct ourselves in an ethical and transparent way.

## SCA Board Members

*(at 30 June 2012)*

**Robert Rollinson**
Chairman

**Michael Bullen**
Deputy Chairman and Chief Executive (ex-officio) (1/7/11–3/2/12)

**Sarah Dinning**
Acting Chief Executive (12/12/11–30/6/12)

**John Asquith**

**Stephen Corbett**

**David Evans**
(1/7/11–6/10/11)

**Louise Wakefield**
(1/7/11–6/10/11)

**Kenneth Wheelwright**

**Larry Whipper**

Please refer to Appendix 1 for details of meeting and committee attendances.

*Left to right (top): Robert Rollinson, Michael Bullen, Sarah Dinning*

*Left to right (middle): John Asquith, Stephen Corbett David Evans*

*Left to right (bottom): Louise Wakefield, Kenneth Wheelwright, Larry Whipper*

KFA 4

# Industry Excellence

## Our Board

SCA Board members are appointed by the Minister in accordance with Section 7 of the *Sydney Water Catchment Management Act 1998* (SWCM Act). The SCA's Board Guidelines outline the responsibilities of the Board.

## Code of Conduct

Members of the SCA Board discharge their duties under the SWCM Act and relevant NSW statutes and follow the principles contained in the Board Code of Conduct which forms part of the Board Guidelines and Charter. These principles include: respecting people, acting responsibly, honestly and responsively, and in the public interest. The Board Code of Conduct is provided in Appendix 1 and is available on the SCA's website.

## Performance

In accordance with sound corporate governance principles, the Board once again reviewed and evaluated its performance and that of its committees. Our internal auditor, Deloitte, was engaged to undertake an independent performance review.

This review considered performance in relation to the Board's roles and responsibilities under the SWCM Act, the NSW Treasury Commercial Policy Framework: Guidelines for Boards of Government Businesses, and the NSW Audit Office On Board: Guide to Better Practice for Public Sector Governing and Advisory Boards 1998. It also considered the composition of Board committees, the interaction between the committees, participation and attendance at Board and committee meetings and Board members' contribution to, and consideration of, the SCA's financial and stakeholder obligations.

Board members completed an Australian Institute of Company Directors (AICD) education program as a component of their continuing professional development, gaining membership of the AICD.

## SCA Committees

The SCA has a number of committees to support sound governance in the management of our operations.

### Work Health and Safety (WHS) Executive Steering Committee

This committee provides strategic direction and facilitates the effective implementation and review of the SCA's WHS Management System, oversees WHS performance and coordinates our response to WHS related incidents.

### Project Review Panel

The panel provides independent peer review and assessment of project briefs, business cases, project and program changes, project portfolio status and implications for the forward capital and operating programs.

### Information Management and Communications Technology (IM&CT) Executive Steering Committee

This committee ensures IM&CT resources effectively support the business needs and the strategic direction of the SCA.

### Science Executive Steering Committee

This committee oversees the implementation of the Science Strategic Plan. It met regularly during 2011–12, directing the priorities and implementation of our Science Strategic Plan. Highlights included the endorsement of the first Annual Science Evaluation Report, which outlines our scientific endeavours and ranks the confidence we have in various elements of our scientific work.

### Business Resilience Executive Steering Committee

This committee provides executive oversight and guidance in the development and management of business resilience functions (risk, security, business continuity and incident management) and the internal audit program to ensure a consistent and integrated approach to resilience management across the SCA.

### Grants Committee

This committee assesses community grant applications and sponsorship requests, and makes recommendations regarding individual grant applications, grant variations and new grant programs.

# 4.2 Achieve excellence through benchmarking activities.

**Challenge:** Seeking opportunities for improvement through benchmarking.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Participate in Water Services Association of Australia (WSAA) Asset Management Benchmarking. | ✓ | Participated (for the third time since 2004) in WSAA Asset Benchmarking. | Review recommendations for improvement from the utility and industry reports to be issued in October 2012 and participate in the leading practices conference in November 2012. |
| Continue to participate in the National Water Initiative (NWI) performance program. | ✓ | Participated in the NWI performance program, which assists us review and improve our business performance. | Continue to participate in the NWI performance program. |
| Conduct benchmarking exercise with local government and education stakeholders. | ✓ | Completed benchmarking and built indentified initiatives into the SCA communication strategy. | Conduct benchmarking exercise with customers, science partners and government organisations. |
| | | | Finalise the SCA Water Quality Management Framework and gain endorsement from NSW Health. |

**The Sydney Catchment Authority (SCA) continues to evolve and improve by using systems and processes that measure our performance against our targets. We set these targets by observing benchmarks within our organisation and across the water industry more broadly.**

## Benchmarking survey targets council and schools

To help us better understand the needs and expectations of our stakeholders in councils and schools we undertook an important benchmarking survey this year.

Forty five council contacts from across our area of operations, and around 100 school teachers who participated in our education program at Warragamba Dam, were invited to complete the survey. Of those who responded, 92 percent said they were 'satisfied' and rated our reputation positively. Compared to other state government organisations they engage with, both schools and councils rated the SCA 'better'.

Comments and suggestions from this survey have been built into our Communication Strategy. In 2012–13, we will extend our benchmarking survey to our customers, science partners and government agencies.

Benchmarking the satisfaction of our stakeholders is a key initiative in our Communication Strategy. It is an important first step in helping us understand the needs and expectations of our stakeholders and the effectiveness of the information we provide them. It also helps us measure future success against our Corporate Sustainability Strategy Key Focus Area of Stakeholder Relationships (which aims for 80 percent satisfaction from customers and stakeholders).

KFA 4

# Industry Excellence

## National Performance Report shows six percent drop in residential water use

The 2010–11 National Water Initiative (NWI) National Performance Report, released this year, identified a six percent drop in residential water supplied by water utilities.

This was attributed to reduced demand as a result of extremely high rainfall during 2010–11.

This outcome, coupled with the completion of major water scarcity projects improving water availability, resulted in a reduction in revenue for the SCA this year and a decrease in net profit after tax.

The National Performance Report 2010–11 – in its sixth year of publication – is a detailed account of the performance of urban water utilities. It is a comprehensive, comparative urban water utility performance report of 79 utilities in Australia who supply around 18.7 million Australians with urban water services. The report spans all critical performance area of water resources, including pricing, finance, customer service, asset management, environment indicators and health.

## IWA/WSAA asset management benchmarking

The SCA again participated in an asset management benchmarking exercise conducted by the International Water Association (IWA) and the Water Services Association of Australia (WSAA).

Previous results (in 2004 and 2008) benchmarked the SCA as amongst the top asset management practitioners in the Australian water industry. The self assessment component, conducted in April 2012, confirmed we were on track for another positive result. This component comprised 752 measures relating to corporate policy and business planning, asset capability planning, asset acquisition, asset operation, asset maintenance, asset replacement and rehabilitation, and business support systems.

Previous benchmarking exercises focused exclusively on processes concerning the water supply assets. Following the introduction of our new Asset Management System (AMS), the scope of the benchmarking exercise has been expanded to include all asset categories. This has resulted in the refinement of many processes and represents a significant change since the last assessment in 2008.

On-site validation was due for completion in July 2012, with results of the benchmarking exercise finalised by September 2012.

It is anticipated the results will provide a valuable opportunity for the SCA to assess the maturity of our asset management processes against a broad range of national and international peers, along with learning opportunities for ongoing refinement.

*SCA's Water System Operator Nicole Athans inspecting the Warragamba Pipeline.*

# 4.3 Maintain compliance with statutory, regulatory and industry requirements.

**Challenge:** Maintaining compliance with multiple statutory and regulatory requirements.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Continued conformance with Water Management Licence. | ✓ | The SCA had 100% compliance with licence requirements. | Continue to conform with the SCA's obligations under the Water Sharing Plan. |
| Continue to improve the SCA's rate of response to development assessment matters. | ✓ | Provided concurrence on 171 development applications with 96.5% within statutory timeframes. | Continue to improve our rate of response to development assessment matters. |

## Development application response times improve

**The Sydney Catchment Authority (SCA) has rigorous assessment processes for undertaking our concurrence assessments for high risk developments in the catchment.**

The SCA provided our concurrence on 171 development applications this year – only six of these were outside of statutory timeframes. This result (96.5 percent of all applications) compares favourably with 92.4 percent for 2010–11. It also represents a 50 percent reduction in the number of development applications referred by councils to the SCA for concurrence.

This reduction was largely due to councils now having access to the SCA's NorBE assessment tool which allows them to undertake NorBE assessments themselves. We provide training and mentoring to support councils in the use of this tool.

The reduction in the number of development applications referred to the SCA has enabled us to focus on assessing developments that pose a higher risk to water quality, and on other major developments proposed in the catchment.

We developed the NorBE tool to allow councils to undertake their assessments consistent with the NorBE guidelines, and as required by the State Environmental Planning Policy (Sydney Drinking Water Catchment) 2011.

### Number of development applications assessed in 2011–12

| | 2011–12 | 2010–11 | 2009–10 |
|---|---|---|---|
| Number of development applications assessed | 171 | 340 | 344 |
| Proportion (of total received) of development proposals assessed by SCA within statutory timeframes (%) | 96.5 | 92.4 | 98.3 |
| Proportion (of total received) of development proposals where SCA concurrence withheld (%) | 0 | 0 | 0 |

KFA 4

# Industry Excellence

## Essential restoration work undertaken at key heritage sites

Important restoration works were undertaken at three key SCA heritage sites this year. The properties – at Prospect, Cataract Dam and Appin – all required essential maintenance.

### Prospect

Built in 1887, Lower Valve House is one of our oldest water infrastructure assets. The building contains equipment which once controlled water flows from Prospect Reservoir to the Lower Canal. The building has been leaking because of an ageing roof and the failure of the stormwater system around the base of the building. To rectify this, we installed a new roof and re-laid the concrete drainage to direct water away from the structure.

### Cataract Dam

We have three former worker cottages at Cataract Dam – two of which are located in the upper picnic area and can be viewed by the general public. Both cottages are made from quarry faced ashlar stone and ornate timber with a corrugated iron roof. Each cottage roof was badly rusted and these were replaced during 2011–12.

### Appin

There is group of old farming properties in this area known as Windmill Hill. The oldest of the buildings is an original homestead with parts of its sandstone walls collapsing. Our maintenance works included replacing parts of the roof and beams and rebuilding collapsed walls. Guttering and eaves were also installed to improve drainage. To prevent vandalism, doors and windows were boarded up. We are negotiating with the Heritage Branch to have this property heritage listed.

The SCA is continuing to prepare conservation management plans for items of State significance. During 2011–12, we had plans for Prospect Reservoir and Woronora Dam endorsed by the Heritage Council.

*Windmill Hill properties at Appin before restoration (below).*

## Operating Licence compliance

The *Sydney Water Catchment Management Act 1998* (SWCM Act) requires IPART to report annually to the Minister on its audit of the SCA's Operating Licence. The 2010–11 report was tabled in Parliament on 13 January 2012.

The report indicated we performed well against our Operating Licence, achieving 99 percent high to full compliance in the audit. Of the conditions assessed, we achieved full compliance for 84 percent (71/85), high compliance for 15 percent (13/85) and moderate compliance for 1 percent (1/85).

The report also noted that moderate or high compliance assessments did not represent significant issues for the SCA's core responsibilities or performance against the key provisions of the licence.

## Water Quality Management Framework

The SCA operates and manages the catchment infrastructure within the Operating Licence requirements, Raw Water Supply agreements and protocols and the Raw Drinking Water Quality Management Framework (RDWQMF).

The RDWQMF outlines how the SCA has implemented the Australian Drinking Water Guidelines Framework for the management of drinking water quality, which emphasises a multi barrier approach to minimising risk to water quality.

The SCA reviewed the RDWQMF during 2011–12 – to better align it with the 12 elements of the Australian Drinking Water Guidelines 2011.

## Water Management Licence/Water Sharing Plan compliance

The Water Sharing Plan for the Greater Metropolitan Region Unregulated River Water Sources 2011 came into effect across the SCA's area of operations from 1 July 2011.

We continued to comply with the requirements of the former Water Management Licence while working with the NSW Office of Water to implement the new Water Access Licences, and Works and Use approvals required under the Water Sharing Plan.

A final Water Licences and Approvals Package, including operating protocols to assist in interpretation of requirements, was provided to the SCA for implementation in May 2012.

The water licences and approvals contained in the licensing package define our water access rights and obligations – including releases for environmental and other purposes, and monitoring and reporting requirements (in accordance with the provisions of the Water Sharing Plan). The operating protocol includes agreed processes and procedures to meet the requirements of the water licences and approvals.

We have achieved full compliance with all requirements of the relevant licences and approvals throughout 2011–12. Notifications were provided to the Office of Water, in accordance with the new operating protocol, for any events which had the potential to result in non-compliance with approval conditions. We also notified the office of planned raw water transfers from the Shoalhaven system and other releases from Wingecarribee Reservoir to maintain the storage level within safe operating limits (as required for the Wingecarribee Dam upgrade works).

In order to meet new requirements under the Water Sharing Plan, we have put in place appropriate water accounting systems. The existing daily returns system, used for operational purposes, has been adapted to record details of inflows, releases and adjustments.

## Dam safety

The SCA owns 21 dams and structures prescribed by the NSW Dams Safety Committee (DSC) under the *Dams Safety Act 1978*. A rolling five-year Dam Safety Management Program assists the SCA in complying with the DSC requirements and Australian National Committee on Large Dams (ANCOLD) guidelines.

**Case Study**

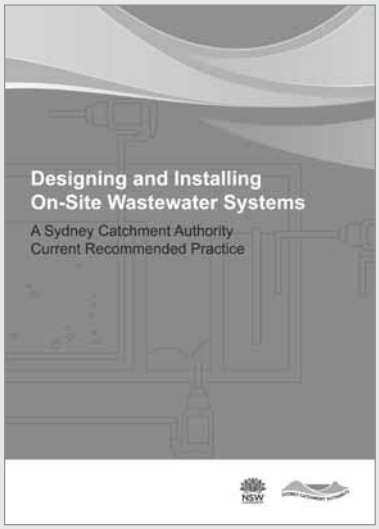
### New wastewater guide helps prevent system failures

Many on-site wastewater systems in the Sydney drinking water catchment are not operating efficiently.

The SCA recognises that the failure of systems is partly due to the lack of readily available technical information about installations.

In response we developed the Designing and Installing On-Site Wastewater Systems manual. It aims to help system installers, design consultants, property owners, council officers, plumbers and contractors ensure best practice methods are used to design and install on-site wastewater and effluent management systems in the Sydney drinking water catchment.

After extensive review and refinement, the manual was launched in May 2012, with copies sent to 130 catchment consultants, councils and agencies. It provides practical solutions for problems with the more common types of on-site wastewater systems, and some innovative systems (likely to become more common).



KFA 4

# Industry Excellence

## 4.4 Implement contemporary knowledge management and intellectual property practices.

**Challenge:** Putting in place sound knowledge management practices and protecting our intellectual property.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Continue to seek opportunities for contemporary knowledge management. | ✓ | ■ Promoted the use of professionally hosted webinars and other virtual conferences.<br>■ Introduced the SCA image library project to protect and share important visual information. | Develop and deliver Stage 1 of the SCA image library (capture, storage, distribution and disposal of images). |
| Finalise intellectual property policy. | – | Developed an intellectual property policy. | Finalise the intellectual property policy (in 2012–13). |
| Develop data custodianship policy. | ✓ | Completed a review of data custodianship, ensuring those responsible are accountable for data sets and management plans. | Designate operational custodian and data manager roles, and develop data management plans for all corporate spatial datasets. |
| Review research partnerships. | ✓ | Reviewed research partnership and implemented refinements, (including reducing our financial contribution to Water Quality Research Australia–to better reflect the research scope and benefits derived from this organisation). | Ongoing monitoring of research partnership benefits. |
| Prepare State of the Science reports. | ✓ | Presented the State of the Science – Catchment Impacts recommendations, which influenced the development and prioritisation of future research work. | Complete the State of the Science Report – Reservoir Dynamics. |

**The Sydney Catchment Authority (SCA) seeks to be recognised as a leader in the Australian water sector for its organisational practices. We strive for innovation and best practice.**

Contemporary knowledge management and intellectual property practices are important to protect the organisation's investment and to ensure our information and knowledge is shared appropriately.

## Contemporary knowledge management

Each year the SCA implements a range of measures designed to ensure continued improvement in contemporary knowledge management, with particular emphasis on science data and models.

To do this, we established the Science Executive Steering Committee late in 2010. Its role is to set strategic scientific direction, scrutinise scientific initiatives, and oversee knowledge management and information transfer.

The progress of all science projects is reported to the SCA Board twice a year, with an evaluation of scientific achievements and the status of scientific knowledge and tools reported annually.

Our science activities are driven by our Science Strategic Plan.

Activities this year included promoting the use of professionally hosted webinars and other virtual conferences. As a result, staff members significantly increased their use of webinar technologies for accessing national and international science knowledge.

This year we also initiated a new project to make the storage and accessibility of images easier.

The SCA image library project will adopt best practice to protect and share our important visual information.

We are responsible for a large number of still and moving images, including historical and contemporary documentation of Sydney's water assets and natural resources.

Stage 1 of the project, which includes the capture, storage, distribution and disposal of images, will be undertaken during 2012–13.

## State of the Science – Catchments Impact report

The State of the Science–Catchments Impact report was completed in October 2011.

The report provides a synthesis of the current state of SCA's scientific knowledge, and is an on ongoing reference source for scientists and operators.

The report outlined nine recommendations – presented to the Science Executive Steering Committee and Standing Committee of the Board. These recommendations are now informing future research programs for the SCA.

Many new science projects have been implemented as a result of gaps identified through the State of the Science–Catchment Impacts report.

One example is the wet weather risk assessment tool, which will be developed over the next two years to support reservoir managers understand, and be more prepared for, the quality of inflowing flood waters to reservoirs.

A review of SCA's research partnerships was also undertaken during the year. As a result, we refined the priorities for each research partner and relationship manager–to maximise the cost benefit outcome for the organisation.

*SCA's science graduate Sarah Holdsworth viewing photos of pathogen cells.*

Key Focus Area (KFA) 5

# Reliable Water


*SCA Scientist Lisa Hamilton reviewing water quality at Lake Burragorang.*

**To deliver safe, reliable water to our customers, the Sydney Catchment Authority (SCA) must effectively manage our assets and continue to protect and improve the health of the catchments.**

**We do this by having in place robust risk strategies, strong compliance and enforcement systems, applying the best science and delivering on a highly effective asset management and investment framework.**

**The SCA has accelerated its science program in relation to mining activities occurring in the catchment that may pose a risk to water quality, quantity or infrastructure. In particular, the SCA has sought to gain a better understanding of the impacts of longwall and coal seam gas mining. This will enhance our evidence based decision making. We also expanded our mining principles this year and used them in our communications with mining companies, government agencies and other stakeholders.**

**During the year significant effort was devoted to planning the of the Upper Canal refurbishment program so that it remains in working order until a decision on its replacement is finalised.**

## Our Goal

The SCA provides reliable water of agreed quality and quantity to customers to minimise risk to public health.

## Strategies

**5.1** Protect and improve the health of the drinking water catchment through the delivery of the Healthy Catchments Strategy and sound scientific research.

**5.2** Manage assets for improved efficiency, sound operations and safety.

**5.3** Operate water supply system to deliver water to agreed quantity and quality criteria.

**5.4** Achieve current and future water quality and quantity needs through water supply planning and asset investment.

# 5.1 Protect and improve the health of the drinking water catchments through the delivery of the Healthy Catchments Strategy and sound scientific research.

**Challenge:** Ensuring the SCA works with key stakeholders to deliver the Healthy Catchments Strategy and provide water quality outcomes in our assessment of developments across the catchments.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Assist councils and developers to use SCA-developed current recommended practices (CRPs) for rural residential subdivision design, technical design and installation of on-site wastewater treatment and disposal systems. | ✓ | Finalised two CRP documents and made them available to councils and developers. | Train council officers in the use of the Designing and Installing On-Site Wastewater Systems current recommended practice. |
| Provide the Guide to the Use of MUSIC in Sydney's Drinking Water Catchment to consultants and councils. | ✓ | Prepared final draft of the MUSIC (stormwater modelling software) Users Guide – due for approval in late 2012. | Establish grants programs to minimise the water quality risks from rural lands and sewage and stormwater infrastructure. |
| Provide advice on all planning directions, strategies, instruments and proposals and development control plans relevant to the drinking water catchments or affecting SCA infrastructure. | ✓ | ■ Provided advice to councils on comprehensive LEPs (Palerang and Shoalhaven), spot rezoning proposals and Development Control Plans (DCPs).<br>■ Provided advice to Department of Planning and Infrastructure on proposed changes to the NSW Planning System and the Metropolitan Strategy. | Provide advice on all planning directions, strategies, instruments and proposals and development control plans relevant to the drinking water catchment or affecting SCA infrastructure. |
| Continue to improve the SCA's rate of response to development assessment matters. | ✓ | Provided concurrence on 170 development applications (only six of these outside of statutory timeframes). | Continue to improve the SCA's rate of response to development assessment matters. |
| Undertake a field trial to enable the calibration and validation of the numerical (property scale) grazing evaluation model built by the SCA. | ✓ | Commenced trial on field based property scale and collected all equipment in situ and preliminary data. Also collected faecal sample shave to determine pathogen loads. | Continue the Grazing Evaluation trial to enable the calibration and validation of our numerical (property scale) grazing evaluation model. |
| Ensure all development and activities in the catchment have a neutral or beneficial effect (NorBE) on water quality. | ✓ | Provided the NorBE assessment tool and training to catchment councils. | Ensure all development and activities in the catchment have a neutral or beneficial effect on water quality. |

**KEY:**

✓ Completed

– Partially completed

KFA 5

# Reliable Water

**The Healthy Catchments Strategy 2009–2012 (HCS) outlines the Sydney Catchment Authority's (SCA) priorities for preventative and remediation works in the catchments. It explains how we determine priorities and how they are addressed and evaluated. Actions are delivered under annual Healthy Catchments programs.**

Implementation of the HCS relies on a number of key stakeholders, who influence outcomes. These include catchment management authorities, the Department of Planning and Infrastructure, the Department of Primary Industries, the Office of Environment and Heritage, local councils, landowners and the community.

Our role is to ensure all stakeholders contribute to maintaining the health and quality of drinking water in the catchments. We also aim to ensure SCA funding provided to stakeholders is delivered in the right areas to achieve the best water quality outcomes.

## Wet weather delays field work

A significant challenge during 2011–12 was above average rainfall which affected our research and field work. Wet conditions prevented scheduled hazard reduction burns and delayed many catchment management activities. For example, a tracer scientific study at Waratah Rivulet required relatively dry conditions to undertake the work and research was delayed for many months as conditions were wetter than anticipated.

## Developing a new Healthy Catchments Strategy

Development began this year on a new Healthy Catchments Strategy (HCS), as the 2009–12 strategy was completed.

In developing a new HCS for 2012–16, we reviewed the HCS 2009–12 to identify the programs that were successful, those that should be closed and those that could be improved.

We also looked at our core responsibilities required under the *Sydney Water Catchment Management Act 1998* and other legislation.

The SCA's Science Strategic Plan 2010–2015, our Pollution Source Assessment Tool (previously referred to as the Catchment Decision Support System) and the comprehensive catchment-to-tap risk assessment (completed in 2010) also helped in developing the new HCS 2012–16.

The Healthy Catchments Program 2011–12 is the last annual program under the Healthy Catchments Strategy 2009–2012.

This program outlined the planned catchment management actions for 2011–12 required to implement the HCS. It included five initiatives: rural lands, sewage and stormwater, SCA land management, statutory and regulatory operations, and catchment partnerships (see KFA 2).

Information about our Healthy Catchments Strategy and our Healthy Catchments programs is available on our website. More detailed information on the delivery of Healthy Catchments Program in 2011–12 activities can be found in the SCA's Annual Catchment Management Report 2011–12 (also on our website).

## Surface water mining impacts research

The SCA continued our research this year into the impacts of longwall mining.

Longwall mining impacts land surfaces and changes the hydrological and hydrogeological properties of nearby land. The deformation of surrounding rock (due to mining) increases rock permeability, which can result in greater interaction of water between surface and groundwater (such as loss of surface flow or movement of water between aquifers).

To assess these changes, tracer and isotopic studies were conducted during the year to analyse flow paths, the age and origin of groundwater, surface water-groundwater interaction and the baseflow discharges into surface waterways.

This work is an extension of the research project 'Impact of longwall mining on subsidence, flow and water quality in the Waratah Rivulet' (conducted between 2007 and 2010). Peer reviewed modelling suggested that inter-catchment groundwater flow through a fractured sandstone aquifer may be the cause of water loss from the Waratah Rivulet.

This environmental research involved extensive planning and significant field work, undertaken by experienced staff over 33 days between February and April 2012.

The results of this research will be available in December 2012.

## Scientific research

Science and evidence are used by the SCA to inform management decisions.

Key research activities this year included:

- **The State of the Science – Catchment Impacts Summary Report**

  This was presented to the SCA Board in October 2011. The report contains nine key recommendations to improve the SCA's understanding of catchment issues. Work commenced on implementing these recommendations – through the revision of the Water Monitoring Program, updates to the Pollution Source Assessment Tool, and the development of a wet weather risk assessment tool.

- **SCA Cyanobacteria Management Strategy 2012–2015**

  Endorsed in March 2012, this strategy is tailored to the current scientific understanding of SCA' s reservoirs. Each reservoir has been rated by taking into consideration historical data, environmental conditions and management options at each storage. Research and operational actions are matched to the risk ratings assigned to specific reservoirs. This strategy brings together science knowledge and best practice risk assessment approaches – to help us better understand and manage cyanobacteria in drinking water reservoirs.

- **Trialling innovative detection methods for sewage effluent contamination**

  Sampling of pollutant indicators – including microbial, nutrients and pharmaceuticals and personal care products – provided encouraging results during this trial. Using pharmaceuticals and personal care products as markers of human sewage in waterways may provide a method to develop a rapid detection approach for sewage contamination in waterways.

- **Developing a tool to assess pollutant risks across SCA catchments during wet weather events**

  This included developing groundcover indices, methods for estimating event rainfall data between telemetered rainfall stations, and an analysis of statistical relationships within wet weather event data from the Wollondilly catchment. This work will continue during 2012–13 with piloting and user testing.

- **Mapping 47,505 hectares of wetlands in the SCA's drinking water catchments**

  An analysis of the distribution and type of wetlands has been prepared and is now being used by operational staff for planning purposes.

- **Mapping 3000 gully segments**

  This included erosion risk, treatment and catchment area mapping across three drainage units – allowing high risk gullies to be identified and prioritised at drainage unit level.

- **Modelling and evaluating high flow environmental releases in the Woronora River**

  The results of this modelling exercise were submitted to the NSW Office of Water.

- **Developed and assessed new techniques to study iron-phosphate interaction, and the influence of chemical characteristics on cyanobacteria in an artificial environment**

- **Investigating the source of taste and odour compounds in Prospect Reservoir**

  This will help scope the significance of the problem and any mitigation options that will improve confidence in Prospect Reservoir as a water supply option.

- **Developing new tools and methods to improve our understanding of the impacts of climate change on vegetation and fire**

  This includes robust estimates of water expired by vegetation and the response of vegetation to fire.

- **Completing a comprehensive scientific literature review on coal seam gas**

  This helps us understand processes and risks associated with coal seam gas exploration and extraction in Sydney's drinking water catchments. This review compares the geology and conditions found in the Surat Basin in Queensland with the Sydney Basin area. Significantly, the difference in risk factors appeared to be due to the differences in the geology of the basins.

- **Commencing water sample research**

  To improve our understanding of the differences between faecal and environmental (harmless) *E. coli* isolated from water samples, and to develop a method to differentiate them, we began a research project this year. It is expected to continue until 2015.

KFA 5

# Reliable Water

## Pathogen research helps us plan for the future

Since our inception in 1999, the SCA has invested in numerous research projects to understand the protozoan pathogens, *Cryptosporidium* and *Giardia*, in our catchments. This research has been seeking answers to a number of important questions including:

- Which animals carry pathogens?
- How do pathogens survive and move through the environment?
- Which pathogens are infective to humans?
- How can we better monitor for pathogens?
- What methods are best for understanding the risks that pathogens pose to drinking water supplies?

Our research findings have helped us to better understand pathogens and the risks they pose to water quality.

During the year we undertook an historical survey of this research to determine what we have learned over the past 14 years.

Some of the findings/outcomes of this research have included:

- The highest risk rating from pathogens was from sewage treatment plants in the catchment. This stimulated the Accelerated Sewerage Program (which began in 2001 and is due to finish later in 2012).
- We now have robust conceptual models of catchment processes that support our understanding of the sources, the fate and the transport of pathogens. This work was completed in 2005.
- Farm dams and dairy effluent systems have been studied to better understand if they are effective treatments for pathogens. Research in 2007 found this treatment achieved 1-log reduction of bacterial indicators, but protozoan pathogens persisted in the effluent. This science informed our decision to support the dairy farmers in our catchments to make changes to their effluent systems.
- The Pollution Source Assessment Tool (PSAT) – completed 2008 – has developed risk models for all potential pathogen sources and can identify high risk sources (point and diffuse) at a high spatial resolution. This information is used to inform the Healthy Catchments Program. The PSAT enhancement and improvement work is ongoing and this includes the pathogen modelling. A field scale investigation of grazing land is underway, which looks to better quantify the pathogen loading from grazing lands to inform the PSAT modelling.
- A conservative Quantitative Microbial Risk Assessment (QMRA) of nine sewage treatment plants (STPs) confirmed in 2011 that the typical low level detection of protozoa are not a cause for concern. The QMRAs of Wallerawang and Lithgow STPs were instrumental in the inclusion of ultra violet (UV) disinfection in the STP upgrades to maximise reduction of *Cryptosporidium* and *Giardia*. The findings from this research have been the basis for the current STP evaluation study.

## Improving sewage management

Through the Accelerated Sewerage Program (ASP) – part of the Healthy Catchments Strategy 2009–2012 – the SCA has worked with local councils and the NSW Office of Water to construct or upgrade nine sewage treatment plants.

In 2011–12, upgrades to the Lithgow and Wallerawang sewage treatment plants were completed with UV disinfection commencing at both sites. Substantial progress was also made in constructing the Robertson and Kangaroo Valley sewerage schemes, with both expected to be completed in November 2012.

Our ASP funding allocation commitment has now been met, with $38.8 million now invested in sewage treatment plant upgrades across the catchment. The program has resulted in substantial reductions in the loads of nitrogen and phosphorus entering waterways.

There are almost 15,000 wastewater management systems in the catchments, including septic tanks and aerated wastewater treatment systems. The SCA has provided funding incentives to support councils in the inspection, assessment and rectification of on-site sewage management systems.

In 2011–12, councils involved in our on-site sewage management program inspected 765 systems. Approximately 30 percent of the systems inspected were found to be faulty at the time of inspection and required rectification works. Of these, approximately 25 percent were considered to have the potential to pose a major risk to water quality. Councils worked with property owners to rectify faulty systems, with most being repaired within six months.

The program to assist councils to inspect on-site wastewater systems will not continue under the new Healthy Catchments Strategy 2012–2016. In future, sewage and stormwater risks to water quality will be addressed through the Priority Pollutant Program under the Healthy Catchments Strategy 2012–2016.

## Preventing water pollution through compliance

The SCA is continually faced with the challenge of identifying and reducing water quality risks from unlawful activities and unauthorised access in the catchments.

We are empowered through a range of Acts and Regulations to protect the catchments from water pollution. The legislation provides us with the ability to issue warnings, fines, and notices, or to initiate court action.

Our compliance actions during the year focused on activities with the potential to significantly impact water quality in the catchment. Our enforcement measures included patrolling Special Areas and inspecting high risk activities such as mining, construction of sewerage schemes and unauthorised development.

In the Special Areas, we used vehicle, boat and aerial surveillance patrols, surveillance cameras and joint operations with the NSW Police, National Parks and Wildlife Service and local councils.

We also responded to trespassers and illegal activities by issuing 15 warning letters, 45 penalty infringement notices, 19 notices, one clean-up notice and three catchment correction notices. (See Appendix 10 for more information on compliance activities.)

**Case Study**

## Validation of the Grazing Evaluation Model

There are 518,000 hectares of grazing land across the SCA's area of operations.

To assess the pollutant loads generated and exported from these lands (such as nitrogen, phosphorus, suspended solids and pathogens), and the influence of pasture and stock management on these loads, we began a research program this year. Its aim is to build, calibrate and validate a model for quantifying the pollutant loads from grazing lands.

The project will be conducted in three stages, with completion expected by the end of 2013:

1. Field trials – construction of temporary weirs in minor drainage lines within grazing paddocks, with rain gauges, autosamplers and probes to monitor pathogens and nutrients under different runoff events.
2. Data collection – on stock movements, faecal loading and decay, and groundcover variability.
3. Model refinement – the development and calibration of model functions and parameters for mobilisation and transport of pathogens and nutrients based on field data.

This work will improve the hazard assessment module for grazing in the SCA's Pollution Source Assessment Tool (PSAT).

## Rural lands assistance

The Sustainable Grazing Program (SGP) and Grazier Incentives Program (GIP) were designed to positively influence landowners to accept and adopt water quality best management practice.

Sixteen of these best management practices have been identified as being important to protect water quality.

The SCA, in partnership with the Hawkesbury-Nepean and Southern Rivers catchment management authorities, assisted 37 landowners to improve 2,382 hectares of land this year.

We also gave 750 graziers in the drinking water catchments the opportunity to attend SCA subsidised training, provided under the Sustainable Grazing Program.

## Derelict mine rehabilitation at Tolwong

The SCA undertook rehabilitation work at the Tolwong derelict mine site this year.

Works commenced in March 2012, following extensive planning and delays in 2011 when wet weather and high river levels prevented access to the site. Rehabilitation was completed in May 2012.

Since 2005, the SCA has invested more than $750,000 in rehabilitating six derelict mine sites across the catchment – in partnership with the NSW Department of Primary Industries (DPI).

Derelict mines are former mining sites where no individual or company can be held responsible for their management or rehabilitation. They are generally not located on SCA land, but can produce pollutants such as metals, sediment, acid mine drainage and other contaminants, which can impact on water quality and aquatic ecosystems.

The Tolwong derelict mine site is the sixth and final site to be rehabilitated under our Derelict Mines Program. The program will not continue under the new Healthy Catchments Strategy 2012–2016.

KFA 5

# Reliable Water

## Pollution Source Assessment Tool (PSAT) Implementation Plan 2012–16

Work began this year on the development of a Pollution Source Assessment Tool (PSAT) Implementation Plan.

The plan (developed via a series of internal workshops) outlines the approach for improving PSAT over the next few years.

Launched during 2010–11, PSAT is a processing framework that brings together the best science and technical information, spatial data, modelling, expert knowledge and best management practices to assist the SCA in prioritising management activities in the catchments.

The PSAT Implementation Plan aims to achieve the following:

- Develop a strategic direction for the delivery of a set of new priorities for the Healthy Catchments Strategy 2016–2020.
- Identify strategic water quality priorities to inform programs under the Strategic Plans of Management between the SCA and Office of Environment and Heritage.
- Improve our contemporary knowledge of pollution source risks in the catchments.
- Increase our confidence in the scientific methods used to assess the risk of key pollution sources and types.
- Provide a more flexible and sustainable assessment tool.
- Improve the integration of catchment intervention monitoring and evaluation data into the PSAT modules.

**Case Study**

### Erosion evaluation trial maps high risk gully areas

A gully erosion evaluation trial was initiated this year to establish the method for mapping and classifying erosion gullies in Sydney's drinking water catchments, and to develop a gully erosion pollutant export model.

More than 366 kilometres of gullies across three trial drainage units in Sydney's drinking water catchments were mapped and prioritised as part of Stage 1 of the trial.

Gullies mapped as high risk were inspected in the field by SCA staff to validate their risk status (determined by the mapping process). The mapping method evolved as more efficient methods were established. The gully mapping methods use innovative GIS approaches, including 3D imaging with high resolution imagery and catchment size derivation utilising a hydrological model (Archydro).

A gully risk tool was developed to prioritise individual gullies based on the presence/absence of treatments and their current stability, observed gully head and wall movements and the size of their individual catchments.

Stage 2 of this project – a gully erosion export model – will provide additional information that will be integrated into the risk tool.


*SCA's John Bickmore using a 3D mapping system to assess gully changes in the catchment.*

# 5.2 Manage assets for improved efficiency, sound operations and safety.

**Challenge:** Implementing initiatives resulting in maintaining efficient and safe assets.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Upgrade of Wingecarribee Dam. | ✓ | Completed the first stage of improvement works at Wingecarribee Dam. | Finalise the installation of protective measures to minimise the dam safety risks posed by peat in Wingecarribee Reservoir. |
| Implement the SCA's Asset Management System. | ✓ | ■ Developed an Asset Management Policy, Strategy and Framework<br>■ Implemented Maximo (asset maintenance management system). | ■ Continue development of the asset management system with particular focus on developing a suite of Asset Management Plans<br>■ All SCA asset stewards and controllers using Maximo. |
| Develop asset management plans for SCA's portfolio of assets. | ✓ | Developed a program of works, framework and templates for our portfolio of assets. | First Asset Management Plan to be developed by December 2012. |
| Update Dam Safety Emergency Plans. | ✓ | Updated all 21 Dam Safety Emergency Plans. | Finalise alert levels to comply with the new DSC requirements (and incorporate as part of the current review), and update the Dam Safety Emergency Plans. |
| Undertake dam safety risk assessment of Prospect Reservoir. | ✓ | Completed a safety risk assessment for Prospect Dam. | Finalise the business case and commence implementation of improvement works to the downstream face (Stage 1) of Prospect Dam embankment. |
| | | | ■ Complete a dam safety risk assessment on Tallowa Dam and Stage 2 of the Cataract/Cordeaux Dams safety and stability review<br>■ Implement Stage 1 post mining rectification work on Cataract Tunnel during the next available Upper Canal outage (third quarter of 2012–13).<br>■ Undertake investigation and concept planning for the rectification work required for Broughtons Pass Weir.<br>■ Review mining applications that have the potential to impact on SCA catchment and infrastructures, and advise on approval conditions to protect our assets and interests in accordance with our Mining Principles.<br>■ Reconcile records to clearly identify SCA property interests including the identification of any ownership and boundary anomalies. |

KFA 5

# Reliable Water

## Dam safety

Performance monitoring of the SCA's 21 prescribed dams continued this year, and all were found to be performing satisfactorily.

Dam safety inspections, monitoring and maintenance activities were undertaken in compliance with the NSW Dams Safety Committee (DSC) requirements. All SCA operations staff undertaking routine dam safety visual inspection and monitoring attended dam safety training.

Other key dam safety activities during the year included:

- **Five-yearly surveillance reports for Prospect Dam and Broughtons Pass Weir**

  The DSC reviewed and endorsed these reports that concluded overall condition of each dam was satisfactory, but that the weir was cracked and leaking and needing repairs. Comprehensive inspections of Glenquarry Cut Control Structure and Wingecarribee Dam were also completed during preparation of their surveillance reports that will be submitted to the DSC in first quarter of 2012–13.

- **Monitoring surveys of SCA dams and structures**

  Seventeen tests were undertaken to provide vital information on the stability and safety status of our dams and structures. Instruments such as total stations, precise levels, clinometers and global positioning system (GPS) techniques were used to measure progressive changes in the structures (to millimetre level accuracy), giving greater assurance to the community and compliance with regulatory bodies.

- **Kangaroo pipeline control gate tests**

  Testing of the operational preparedness of the Kangaroo pipeline control gate was successfully undertaken during the year following refurbishment of the gate.

- **Underground coal mining activities assessed**

  Mining activities in Appin Area 7, Westcliff Area 5, Dendrobium Area 3A, Metropolitan, and NRE Collieries were deemed to have a 'negligible impact' on SCA water supply infrastructure. Subsidence monitoring surveys undertaken during the year did not show any unusual movements due to mining. Existing mitigation measures implemented previously on our infrastructure have been assessed as sufficient to cater for movement outside of prediction.

- **Concept and initiation phases for post mining rectification works on Cataract Tunnel**

  Stage 1 components commenced, with the technical specification being finalised during 2011–12.

- **Upper Canal mining activity surveys**

  Survey data is used to monitor the ongoing integrity and functionality of the Upper Canal as well as surface displacements against predicted ground displacement. Movement of the ground surface includes vertical subsidence, horizontal displacement, strains (tensile and compressive), curvature and tilt. This year's survey data indicated that the actual displacements remained within predicted range.

## New Asset Management System implemented

The SCA continued to implement our new Asset Management System (AMS) this year, focussing on finalising asset management governance arrangements and the Asset Management Strategy.

Asset management helps us to maximise the potential of our asset portfolio by delivering an agreed level of service that optimises resources and cost.

Like other asset intensive organisations, it is not only the stakeholder/regulator perspective that drives our asset management, but also ensuring that our $5.3 billion in assets is properly managed (ie the required capacity, capability and reliability for the lowest lifecycle cost).

The Asset Management Strategy is a key document of the AMS and provides a link between our corporate intent and the actions and plans required to achieve asset management objectives. The strategy also aligns the SCA with the yet-to-be released ISO 55000 series of standards.

During the year, IPART conducted an audit of the asset management obligations of the SCA within our Operating Licence and found that the SCA is 'committed to continuing development and improvement of its asset management practices'. The level of compliance across all obligations was assessed as ranging from 'high' to 'full'.

As part of the implementation process for our new AMS, roadshows were held during late 2011 and early 2012 to ensure that all staff are familiar with the AMS and understand their responsibilities.

The next steps in implementing the AMS will involve the development of asset category specific Asset Management Plans that facilitate the decision making processes and outcomes in developing the short and long term investment plans, operational plans and maintenance regimes.

These plans will be a key component of the business planning cycle – ensuring that all phases within the asset life cycle are considered, and ultimately funded, from initial investment, operations and maintenance through to renewal and/or disposal.

## Civil, mechanical and electrical maintenance

We experienced some significant challenges for maintenance activity during the first quarter of 2012 due to heavy rainfall events.

These events stretched our resources, requiring us to support spill management at several dams as well as responding to many asset support requests that arose due to localised flooding.

Notwithstanding these pressures, the SCA achieved the following:

- We completed 261 more corrective jobs than last year with the heavy rainfall events the main contributor.
- There were no disruptions to the supply of water due to asset failures.
- Assets worth more than $1 million were replaced through the Minor Asset Renewals Program. This program again contributed to the high level of reliability of water supply infrastructure this year.

There were only five critical asset failures in 2011–12 – four of which were electrical and control related and promptly repaired with no impact on operations or customers.

The Kangaroo Pipeline control gate failed a load test following a planned outage of the pipeline. Remedial works were conducted and the gate reinstalled.

With the implementation of our new civil, mechanical and electrical (CME) maintenance contract in 2011 came a broadening of the contract services to meet the needs of all managers across the asset portfolio. It also provided an opportunity to improve the way asset maintenance data is collected and processed.

During 2012–13, the last element of these broadened services will be implemented. This will see post tension anchor monitoring works – previously undertaken by specialist contractors – consolidated within the maintenance contract, saving around $16,500 a year.

KFA 5

# Reliable Water

## 5.3 Operate water supply system to deliver water to agreed quantity and quality criteria

**Challenge:** Continuing to supply raw water to the agreed quality and quantity in a constantly changing natural environment.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Continue to supply reliable, high quality raw water to our customers. | ✓ | Delivered 100% supply continuity and 99.7% conformance with site specific quality standards. | Continue to supply reliable, high quality raw water to our customers. |
| Finalise and implement new bulk water supply agreements with customers. | – | Continued negotiations with Sydney Water and Goulburn Mulwaree Council. | Finalise and implement new raw water supply agreements with customers (including new customer Goulburn Mulwaree Council). |
| Reinstate Shoalhaven transfers following expiration of the moratorium. | ✓ | Resumed Shoalhaven transfers from 9 November 2011 until 9 December 2011 when the total system storage reached 80 percent (as per requirements of Water Sharing Plan). | Manage Shoalhaven transfers according to Water Sharing Plan requirements. |
| | | | Delivering actions within the Cyanobacteria Management Strategy 2012–2015. |

**The core business of the Sydney Catchment Authority (SCA) is to supply customers with high quality raw water (to an agreed quantity and quality) from well-managed catchments.**

We have in place water supply agreements with key customers such as Sydney Water Corporation and Shoalhaven and Wingecarribee councils, and we are negotiating a supply agreement with Goulburn Mulwaree Council. This follows the completion in March 2012 of a pipeline linking Wingecarribee Dam with Goulburn Mulwaree's water supply.

Our standard operating procedures and processes ensure the quality and quantity of supply during routine operations.

To protect the continuity of supply during extreme events – such as floods, drought and bushfires – we have in place contingency plans and incident response processes. These are regularly tested and updated as required.

During 2011–12, rainfall events (particularly in February and March 2012) resulted in major inflows to SCA storages. This resulted in many reservoirs spilling and significant variations in the water quality within the storages. We worked closely with our customers to determine and select the best available raw water for supply.

The SCA supplied 418,300 million litres of water to customers this year – 99.12 percent to Sydney Water and 0.85 percent to Shoalhaven City Council and Wingecarribee Shire Council. The remainder was purchased by other customers.

Refer to Appendix 7 for individual customer quantities.

Key water delivery achievements during 2011–12 included:

- No interruptions to the supply of raw water to our customers.
- Both Warragamba pipelines were taken offline for the first time in more than 20 years, with no significant impact on supply to Sydney.
- The Upper Canal was taken offline for maintenance works with no significant impact on Sydney Water.
- SCA's Cyanobacteria Management Strategy 2012–2015 was developed and approved for implementation. It outlines specific operational and research work that will be undertaken to improve our knowledge and readiness for dealing with cyanobacteria blooms in our reservoirs.

## Operational activities

- Warragamba Dam spilled for the first time in 14 years in March 2012, followed by another spill event in April 2012.
- For the first time in 20 years, the Warragamba pipelines were isolated from supplying the Prospect Water Filtration Plant. They were taken offline for two weeks in early June for essential, planned maintenance (by the SCA and Sydney Water). The outage required months of extensive joint planning by both organisations. This included risk assessments and developing contingency plans for scenarios such as the failure of the Upper Canal, loss of power or loss of Sydney Water's pH buffering plant. This analysis has been retained for use in planning future outages.

  The second spill event in April added to the complexity of this task as contingencies were required for possible local flooding while the pipelines were out of service. During the outage, raw water was supplied to the Prospect Water Filtration Plant from the Upper Nepean dams via the Upper Canal and Prospect Reservoir.
- The Upper Canal was taken offline in May 2012 for planned maintenance and corrective works. There was no impact on raw water supplied for treatment.

## Fish River Water Supply Scheme

Due to storage levels in the Blue Mountains dams remaining high throughout 2011–12, the SCA transferred a minimal volume of water from the Fish River Water Supply Scheme for operational purposes – to maintain the transfer infrastructure.

The SCA and Sydney Water continued to work with State Water to develop operating protocols for the Blue Mountains water supply system. These provide both organisations with the most efficient balance between Sydney Water's supplementary pumping system and transfers from the Fish River Water Supply Scheme to meet demands.

*SCA's Senior Manager Water Supply Operations Graham Attenborough inspecting works on the Warragamba pipeline.*

KFA 5

# Reliable Water

## Changing dam levels

At 30 June 2012, available storage in the SCA's dams was 96.7 percent – up 20.3 percent compared to the same time last year.

Rainfall received in the catchments during 2011–12 (including 974 mm across the Warragamba catchment) was higher than the annual average rainfall for the past five years. This, and a decrease in demand due to the desalination plant operation, contributed to the increase in storage levels. (See Appendix 7 for the year's rainfall statistics.)

The level of Warragamba Dam on 30 June 2012 was 99.3 percent, an increase of 22 percent since July 1, 2011.

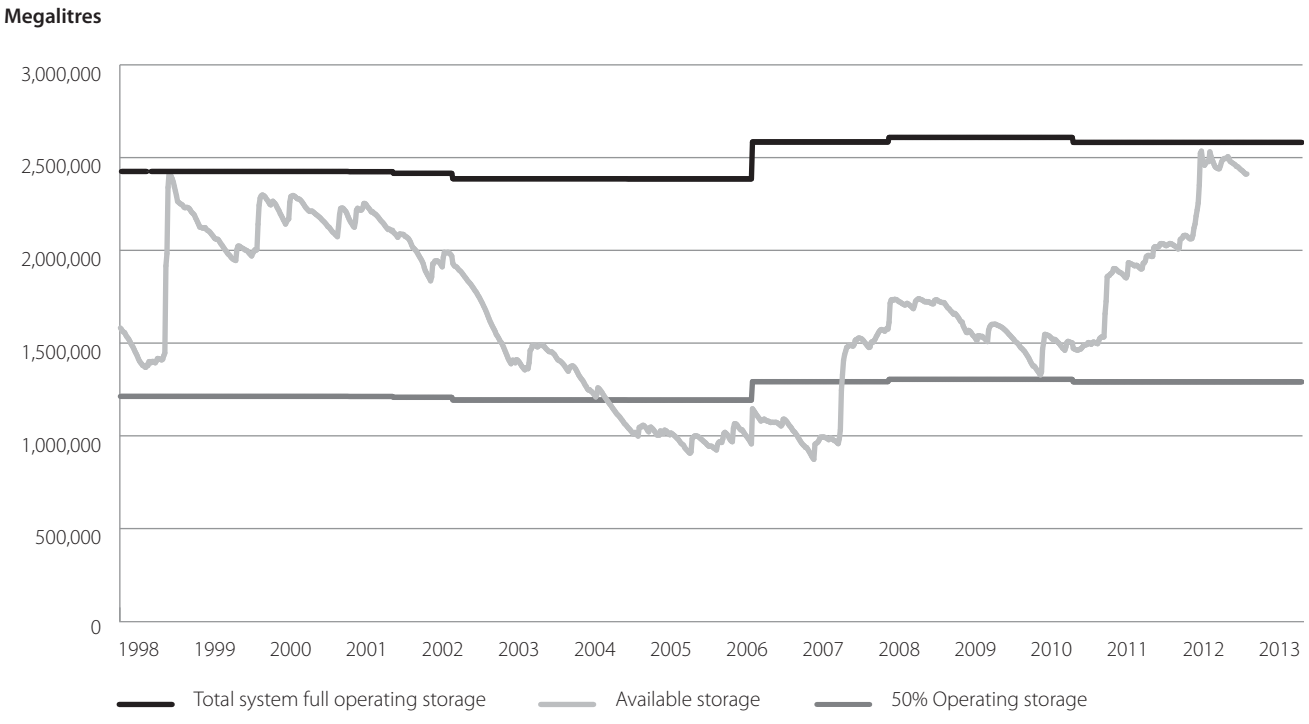
By the end of June 2012, the storage level in Woronora Dam was at 87.4 percent, an increase of 41.7 percent compared to the same time last year. For the first half of 2011–12, Woronora remained well below storage levels in other SCA reservoirs (below 60 percent when total system storage was nearly 80 percent of operating capacity).

During this time, we worked closely with Sydney Water and the NSW Office of Water to reduce the drawdown of Woronora Dam. We reduced demand on the Woronora system by rezoning supply to the Sutherland Shire and gaining an exemption from the Water Management Licence requirement to carry out a high flow release. Steady rainfall in 2011 saw total system storage levels gradually increase until heavy rain in February and March 2012 saw the storage rise above 80 percent for the first time since May 2004.

The three year moratorium on Shoalhaven transfers ended in November 2011.

The SCA transferred approximately 10 gigalitres of water from Tallowa Dam over a four week period. Transfers ended by 9 December 2011 as total storage levels reached 80 percent, which is the trigger to cease transfers from the Shoalhaven.

**Dam storage levels at 30 June 2012**



# 5.4 Achieve current and future water quality and quantity needs through water supply planning and asset investment.

**Challenge:** Responding to uncertainties faced with regional and global climate change predictions.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Continue collaboration between government agencies and industry to address climate change issues and develop agreed adaptation responses. | ✓ | ■ Participated in the Climate Change Adaptation Senior Officer Group, the Public Land Manager Adaptation Steering Group and the Infrastructure Adaptation Panel.<br>■ Started work on our own climate change adaptation strategy. | Continue our engagement with interagency climate change research. |
| Participate in research as part of the climate change downscaling project for the whole of NSW. | ✓ | Participated in the NSW and ACT Regional Climate Model (NARCliM) project. | Continue to engage and support the NARCLiM research project. |
| Develop the Regional Climate Change Model for the SCA's areas of operations to inform future water supply planning. | ✓ | Participated in the NSW and ACT Regional Climate Model (NARCliM) project. | Continue our collaborative research on the Climate Change Model for the SCA's area of operations. |
| Develop the Water Supply 2100 (WS2100) strategy. | ✓ | Developed the WS2100 strategy, which will help ensure a secure, reliable and healthy water supply as we head towards the year 2100. | Work with Sydney Water to refine WS2100 strategy so that it can be used to inform the Metropolitan Water Plan. |

**The Sydney Catchment Authority (SCA) continued our asset management and long term water supply planning this year to ensure we meet our obligations to customers and to protect and improve river health.**

## Climate change research project

The SCA continued work this year on the interagency NSW & ACT Regional Climate Modelling (NARCliM) project.

The project is assessing the potential implications of climate change for Sydney's water supply. Unlike a previous assessment project, this one is also able to model multi-year droughts.

The NARCLiM project is being led by the NSW Office of Environment and Heritage, with the University of NSW (UNSW) undertaking the climate model downscaling. The UNSW has completed the evaluation of existing climate models and selected the three best performers for the NSW and Canberra regions. These models will be linked to four different regional climate models (RCM) to provide high resolution data for further analysis.

The simulation of one global climate model with four RCMs has been completed and the data is ready for catchment scale analysis.

Further results will become available during 2012–13, and will be incorporated into long term water supply planning for the 2014 Metropolitan Water Plan.

KFA 5

# Reliable Water

## Development of the Blue Mountains Water Supply model

During 2011–12 a detailed economic model of the Blue Mountains water supply system was created to help guide a long term water supply strategy for the area.

The model informs how we might improve the reliability and security of the supply at lowest cost to the consumer. The model was built using our Water System Model WATHNET.

The Blue Mountains Water Supply System is small, but complex. Water is sourced from a number of small dams in the Upper Blue Mountains and from the Fish River Water Supply Scheme near Oberon.

Treated water can also be pumped from Orchard Hills near Penrith by Sydney Water, but this incurs significant costs. Although the Blue Mountains receives relatively high rainfall, the small size of the dams means that the area is vulnerable during extended dry periods.

The new model will help ensure that the supply system is optimised and can provide adequate levels of service into the future.

## Water Supply 2100 (WS2100)

This year we developed the Water Supply 2100 (WS2100) Strategy.

The strategy provides a framework for a secure, reliable and healthy water supply as we head towards the year 2100.

WS2100 provides information on a range of possible supply options that will allow us to respond flexibly to future supply scenarios and uncertainties – taking into account population, climate, energy, environmental and other challenges – to meet greater Sydney's water needs.

The strategy explores potential demand for water up until 2100, and identifies those factors that could influence supply (including future environmental flows from Warragamba Dam and the potential effects of climate change). It also explores the key uncertainties in projecting water supply issues over the long term, and identifies a broad range of potential measures that could be considered into the future.

WS2100 adopts a building block approach to developing portfolios of potential solutions. It will be used by the SCA to inform planning undertaken by the Department of Finance and Services.

## Electrical upgrades

Electrical condition assessments and option studies of the electrical, communication and control equipment at the SCA's metropolitan dams and Burrawong Pumping Station were completed this year.

The electrical condition assessment and option study identified that some equipment requiring upgrading. At Burrawang installation of high efficiency motors and VSD drives (estimated to save between 12–16 percent in energy consumption) were recommended. Concept design and detailed engineering design work is expected to commence in August 2012, and be completed by late 2013.

Key objectives of the upgrade include:

- Increasing system reliability by ensuring the operational life of the electrical assets is extended by at least 20–25 years.
- Reducing risk of supply interruptions caused by unplanned electrical faults.
- Eliminating or reducing WHS risks by ensuring equipment and electrical systems comply with statutory requirements.
- Optimising system operation through improved dam safety monitoring and improved technologies to enhance pumping station monitoring, control and reduced power usage.

At the metropolitan dams site works are expected to commence in 2014 and be completed by 2016. At Burrawang works will commence in 2014 and be completed by 2015.

The electrical condition assessment and option study concept design, detailed engineering and technical specification work is expected to commence in August 2012 and be completed by late 2013.

The key objectives of the project include:

- Increasing pumping station reliability by ensuring the operational life of the electrical assets is extended by at least 20–25 years.
- Reducing risk of supply interruptions caused by unplanned pumping station outages.
- Eliminating or reducing WHS risks by providing equipment and electrical systems that comply with current statutory requirements.

## Upper Nepean Transfer Scheme

During the year the SCA reviewed the long term water supply system requirements and potential supply system upgrades to meet the future water supply demand of greater Sydney.

A key element to increasing system yield, security and reliability is the future replacement of the 120 year old Upper Canal. The canal is at the end of its serviceable life and significant urban growth planned over the next 10 years directly adjacent to the canal will impact on the quality of raw water supplied and pose public safety risks.

In 2011–12 an interim works package was developed to enable the canal to remain in service until such time as a decision is made on its replacement.

## Wingecarribee Dam upgrade

Work was completed this year on Stage 1 of the Wingecarribee Dam upgrade.

Stage 1 ($3 million) involved piping works to raise the existing filter trench to the crest level of the main embankment and installing a small cut-off wall on the right abutment of the main dam wall. It was completed in January 2012, one month ahead of schedule and under budget.

Work on Stage 2 ($6 million) has commenced and is expected to be completed by November 2012. This stage involves peat management works, and includes the installation of two new floating peat barrier fences, a primary fence adjacent to the existing upstream fence and secondary barrier in front of the spillway. To date, all new peat fence anchors have been completed.

The objective of the upgrade project is to ensure the dam meets contemporary safety standards.

*Stage One of upgrade works to Wingecarribee Dam were completed this year.*

Key Focus Area (KFA) 6

# Resource Optimisation

*A Kangaroo River tributary which is in the catchment for Tallowa Dam.*

**The Sydney Catchment Authority (SCA) is committed to ensuring we do all we can to minimise energy and resource use without impacting on the safety or quality of the water we supply.**

**In doing so, we will face a number of challenges. These include managing existing and new infrastructure in an energy efficient manner, managing the effects of climate change, responding to any increase in carbon pricing, accommodating resource limitations, and promoting a sustainable culture.**

## Our Goal

The SCA achieves sustainable outcomes through the optimisation of its resources and innovative use of assets.

## Strategies

**6.1** Investigate additional sources of renewable energy.

**6.2** Improve the impact of the SCA's activities on the environment.

**6.3** Utilise resources in innovative ways to embrace new technology.

**6.4** Manage lands to contemporary standards.

# 6.1 Investigate additional sources of renewable energy.

**Challenge:** Identifying and implementing new sources of renewable energy.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Continue to investigate sources of renewable energy | ✓ | Held discussions with contractors regarding the availability of new mini-hydro units at Warragamba Dam. | Ongoing commitment to investigating sources of renewable energy. |
| Oopportunities for renewable energy are considered in developing new projects. | ✓ | Continued to participate in investigations for new environmental flows at Warragamba Dam. | Investigate ways of energy storage to augment green power generation. |

**KEY:**

✓ Completed

– Partially completed

**The Sydney Catchment Authority (SCA) continued to identify and implement energy saving measures designed to reduce our carbon footprint this year.**

This included completing a qualitative risk assessment to consider the broader implications of climate change on our infrastructure, water supply, catchment land use and business planning.

The outcome was a Climate Change Impact Assessment Report, which proposed 10 overarching climate change actions outlining ways we could become more energy efficient.

Ten percent of the electricity purchased by the SCA is now Green Power, allowing us to use the Green Power customer logo.

KFA 6

# Resource Optimisation

## 6.2 Improve the impact of the SCA's activities on the environment.

**Challenge:** Embedding sustainability into decision making and actions.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Review and expand the WRAPP (Waste Reduction and Purchasing Policy) Plan to include other sites. | ✓ | Revised the WRAPP Plan to include strategies to reduce waste to landfill from SCA activities and achieve better recycling from picnic grounds and all SCA offices. | Investigate opportunities for mixed waste recycling in picnic areas. |
| Continued conformance with environmental flow requirements. | ✓ | 100 percent compliance with licence requirements for environmental flows. | ■ Implement Supervisory Control and Data Acquisition (SCADA) system to improve control of variable environmental flows.<br>■ Continue to conform with environmental flow requirements under the Water Sharing Plan. |
| | | | Develop the Environmental Management System. |

**The Sydney Catchment Authority (SCA) has obligations under our Operating Licence to meet certain environmental objectives. We address these through our environmental management programs, which cover activities including water conservation, energy management and waste.**

We have achieved sustainable outcomes in these programs through the optimisation of our resources and the innovative use of assets.

### Managing our ecological footprint

To ensure we meet our commitment to be environmentally sustainable, the SCA undertakes a range of important activities and assessments each year that let us know how we are tracking and how we can do better.

These include environmental site inspections, flow monitoring, energy and water conservation assessments, waste management, training and auditing.

#### Environmental Management System

This year, we began developing an Environmental Management System (EMS) that will manage the potential impacts and risks to the environment of all our activities. The EMS is a requirement of our new Operating Licence that comes into effect 1 July 2012.

The overall aim of the EMS is to balance the economic and social needs of the organisation and community with the need to protect the environment.

The SCA has always been committed to engaging in good environmental practices in our day-to-day work. We are now looking to progress it to the next level and meet international standard ISO14001.

A key part of the process will be raising environmental awareness of activities amongst staff and management. Training will be provided across all levels of the organisation to support the changes.

The new system will be fully operational by the end of 2014.

### Environmental site inspections

A new inspection procedure (introduced this year) is helping us improve our environmental practices and reduce the impact of our activities on the environment.

These environmental site inspections provide a snapshot of the day-to-day environmental management of SCA projects, activities and works as well as operational sites, such as depots.

They provide valuable feedback on environmental compliance to project managers, contractors and external organisations working on SCA lands.

Two environmental site inspections were conducted in August 2011 to test and refine the procedure. A further 12 were undertaken of SCA works in progress using the endorsed approach.

The projects inspected were selected based on the type of works, nature of the risk and the duration of the work.

No non-compliance issues were identified during the inspections, however several recommendations for improved practice were made.

## Sustainability tool identifies areas for improvement

We began tracking our carbon and ecological footprint this year through a new integrated sustainability analysis (ISA) tool. It allows us to identify where our carbon emissions are highest and where reductions in our ecological footprint can be made. A benchmarking process will be conducted during 2012–13 where the SCA, along with 14 other water utilities across Australia who are using the ISA tool, will be compared.

### Staff training

Every project the SCA works on must meet stringent environmental requirements – outlined in the *Environmental Planning and Assessment Act 1979* (EP&A Act), the *Heritage Act 1977* and the *Fisheries Management Act 1994*.

To do this, we must ensure our staff are suitably trained and that an environmental impact assessment (EIA) – consistent with Part 5 of the EP&A Act – has been prepared and approved before work commences.

All staff involved with these projects must understand the EP&A Act, the Infrastructure State Environment Planning Policy (SEPP) and our EIA procedures. This includes how to prepare a NorBE (neutral or beneficial effect on water quality) assessment as required by the Sydney Drinking Water Catchment SEPP 2011.

Our staff learn these skills through ongoing training.

This year, our Planning and Assessments Team provided training to 144 staff over 15 sessions (at Penrith, Campbelltown, Burrawang and Warragamba). This included half and one day sessions on Part 5 environmental assessments.

Training on these assessments helps ensure staff members are:

- Undertaking Part 5 assessments for all activities, projects and works within the SCA's operational area in a correct manner.
- Aware of new statutory requirements and recent changes to legislation relating to the protection and management of Aboriginal cultural heritage and how the required due diligence process has been incorporated in the ready reckoner checklist (RRC).
- Trained in the implications of the Infrastructure SEPP on project planning and EIA and the use of a new version of the RRC to document exempt development.

In addition to in-house training, some SCA operational staff are undertaking a Certificate III or IV in Water Supply Operations, which includes a subject on environmental procedures.

Staff training sessions on environmental issues will continue on a regular basis.

### Environmental auditing

The SCA's annual environmental audit assesses the effectiveness of our actions in minimising environmental impacts.

The findings are used to improve environmental management for future activities.

In 2011–12, three SCA projects and one third party project were subject to an independent audit (desktop and on-site).

All four projects met the requirements of our Environmental Impact Assessment Policy and environmental assessment conditions.

Our 2010–11 environmental audit provided four recommendations – including further training in environmental impact assessment and ensuring that environmental assessment conditions are implemented prior to works commencing.

The 2011–12 audit confirmed that:

- 100 percent of audited projects met the SCA's environmental impact assessment policy.
- 100 percent of audited projects complied with the environmental assessment conditions imposed.
- 100 percent of audited projects had environmental performance provisions included in the relevant contracts.
- 100 percent of audited projects met contract conditions in relation to environmental management.
- 100 percent of approved 2010–11 recommendations were addressed before 30 June 2012.

KFA 6

# Resource Optimisation

### Planned environmental releases

The SCA's Water Management Licence sets out the minimum environmental and riparian flows to be released from the water storages to maintain river flows.

This year, the total volume of water released as environmental and riparian flows were 548 and 22 gigalitres respectively.

From 1 July 2011, the Water Sharing Plan for the Greater Metropolitan Region Unregulated River Water Sources 2011 (the Water Sharing Plan) commenced. Environmental flow provisions under the Water Management Licence have been retained in the Water Sharing Plan and the SCA continued to deliver flows throughout the year.

Releases from Tallowa Dam and the dams and weirs in the Upper Nepean River system are varied daily based on the daily inflows into the storages in order to better mimic natural variations in river conditions.

We communicated regularly with the Office of Water, providing timely information on planned and unplanned outages to ensure environmental flows are maintained.

The SCA maintains a banked environmental flow account. The account was reset to zero in March 2012 as a result of spills from Warragamba Dam.

(For more detail on environmental flows see Appendix 7 Water Balance for the Total Supply System.)

### Monitoring environmental flows

Monitoring and evaluation programs for environmental flows continued in the Woronora, Shoalhaven and Nepean rivers this year.

These involved measuring a range of parameters downstream of the dams and at comparable reference sites. The programs are still in their early stages and any trends as a result of environmental flows are yet to be confirmed.

Results of monitoring this year included:

- Water quality was generally good and water temperatures downstream of dams were generally consistent with inflows.
- There continued to be a richer macroinvertebrate community downstream of dams at sites subject to environmental flows than at sites on rivers flowing into the dams. Factors not related to flow may also be contributing to this difference.

*SCA's senior water systems operator Ben Shallis releasing environmental flows from Woronora Dam.*

- The stratification of river pools subject to environmental flows continued to be similar to reference sites.
- Fish have proved responsive to the new environmental flows and installation of fishways at the weirs along the Nepean River and at Tallowa Dam. A joint program with NSW Department of Primary Industries is tracking these improvements. The new flows and fishways have seen fish moving more readily through the rivers (from very small fish, such as smelt and gudgeons, to larger bass and eels).

The SCA is making a substantial contribution to the Department of Finance and Services' review of the Metropolitan Water Plan.

A key element is investigating how the plan might improve the health of the Hawkesbury-Nepean River. Environmental flows from Warragamba Dam are being examined as a possible option.

In 2012–13, monitoring and evaluation programs for environmental flows will continue in the Woronora, Shoalhaven and Nepean rivers.

The Sydney Catchment Authority's (SCA) Nepean River environmental flows and fishways project won the Environment and Heritage Excellence Award and The President's Award at the Engineering Excellence Awards, Sydney Division this year. The project was also a finalist in the National Engineering Excellence Awards.

## Adapting for climate change

In 2010–11, the SCA completed a qualitative risk assessment to consider the broader implications of climate change adaptation on our infrastructure, water supply, catchment land use and business planning.

We also undertook a preliminary review of this risk assessment and the recommended actions.

Following the review, we established a Climate Change Working Group to coordinate input on climate change initiatives and allocate responsibilities.

The group also oversees the development of an overarching Climate Change Adaptation Strategy for the SCA, which will be completed by the end of 2012.

This strategy will allow us to set a detailed and targeted direction to respond to anticipated climate change impacts. It will leverage off, and complement, other government and water authority initiatives and planning.

To expand and improve climate modelling we began work this year with other government agencies and research providers to establish NARCLiM (the NSW and ACT Regional Climate Model).

Led by the NSW Office of Environment and Heritage (OEH), NARCLiM will help us adapt global climate models to use in a regional environment. In conjunction with this collaborative study, the SCA is funding downscaling using statistical techniques to provide further information in the face of uncertainty.

In addition to NARCLiM, we are also represented on the Climate Change Adaptation Senior Officer Group, coordinated by the OEH. This group meets quarterly to facilitate knowledge sharing and participation by state government agencies on climate change adaptation initiatives.

KFA 6

# Resource Optimisation

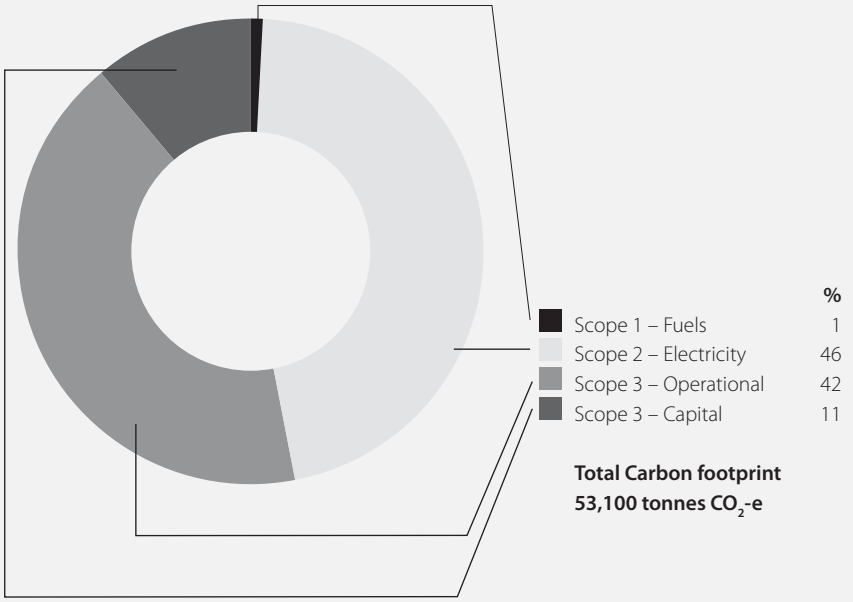
## SCA Sustainability Report

### Carbon and Ecological Footprint

The Sydney Catchment Authority (SCA) tracks its carbon and ecological footprints through the use of an internationally recognised methodology developed by Sydney University that measures the water supply chain. This had enabled the SCA to identify where its carbon emissions are highest and where reductions in our ecological footprint can potentially be made. The SCA is joining a benchmarking process along with other water utilities across Australia who are using the same methodology to track their ecological footprint.

The SCA has calculated its carbon and ecological footprint for 2011–12 and has compiled data for these indicators over the past four years. This has enabled the SCA's environmental performance for 2011–12 to be compared with previous years.

**SCA's full supply chain carbon footprint 2011–12**



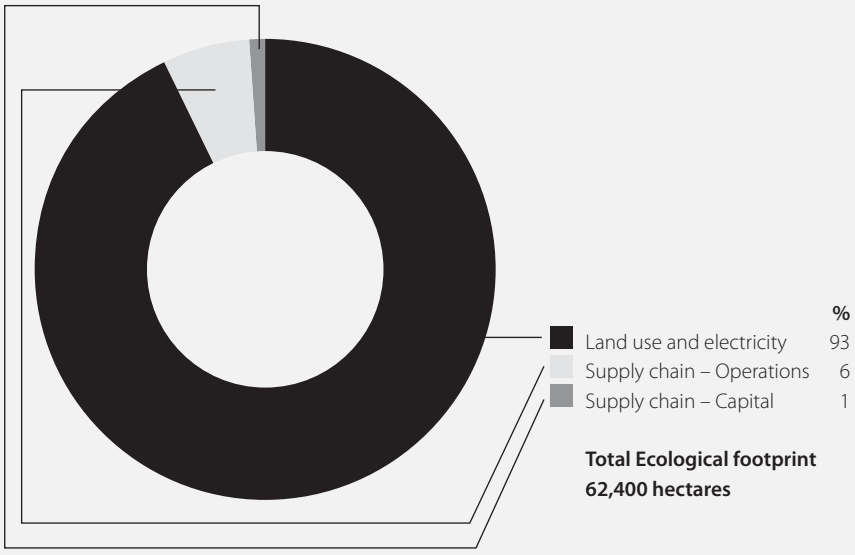

## Our 2011–12 Footprint

### Carbon footprint

In 2011–12, the SCA's carbon footprint was 53,100 tonnes of carbon dioxide equivalent ($CO_2$-e), up from 51,500 tonnes the previous year. However, in comparison to 2008–09, there has been a substantial reduction in the SCA's carbon footprint.

Only one percent of SCA's carbon emissions came from direct emissions (scope 1 emissions) which primarily consisted of fuel used by SCA's motor vehicles and plant and equipment. Electricity use (scope 2 emissions) made up the largest proportion of the SCA's carbon footprint, contributing 46 percent which is expected as water supply operations are energy intensive. 53 percent of the SCA's carbon footprint resulted from indirect emissions produced through our supply chain (scope 2 emissions). This reflects the energy used to produce construction material and provide services essential for the SCA to carry out its business.

**SCA's full supply chain ecological footprint 2011–12**

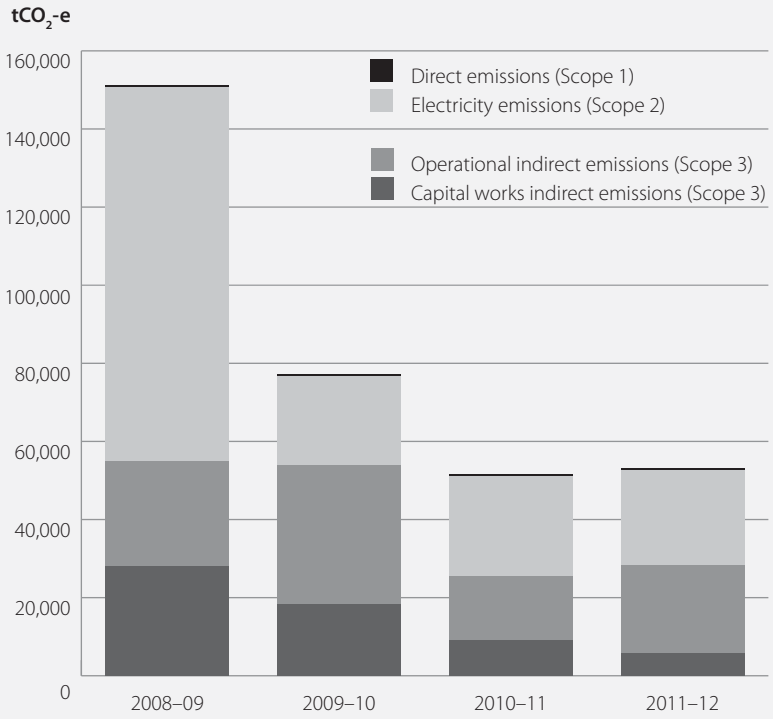


The operations supply chain accounted for 42 percent of our carbon footprint in 2011–12, including the provision of technical services and providing substantial funding for accelerated sewerage projects in the catchment. Another 11 percent of our carbon footprint was due to emissions embedded in capital works, including upgrades and repairs to our infrastructure.

Our energy use has been substantially lower this year, when compared to 2008–09 as substantial pumping was not required from the Shoalhaven water supply system to secure Sydney and the Illawarra's water supply this year. The SCA is identifying opportunities for reducing its carbon footprint, and some of our energy management initiatives include:

- Ten percent of the electricity purchased by the SCA is now Green Power allowing the SCA to use the Green Power customer logo.
- Subscribed 70 vehicles to the Greenfleet program this year.
- A total of 960 kilowatt hours (kWh) of energy was generated from SCA sites in 2011–12 from the solar street lights in the Warragamba Dam precinct.
- Further explored opportunities to generate renewable energy from Warragamba Dam environment flows through discussions with contractors regarding the availability of new mini-hydro units on the market.
- Completed an electrical condition assessment at Burrawang Pumping Station as the first stage for the upgrade project, which concluded that the SCA could see between 12–16 percent in savings in energy consumption at this site.

**SCA's carbon footprint 2008–2012**




## Ecological footprint

In 2011–12, the SCA's ecological footprint was 62,400 hectares, about 0.5 percent higher than the previous year. However this was 16 percent lower than the 2008–09 footprint. This reduction was largely achieved through reductions in our carbon footprint due to lower electricity use and less capital works being undertaken.

Calculating our ecological footprint allows us to better understand the total environmental impact of our business activities and how we are progressing towards sustainability. Our ecological footprint represents the land area taken up by our infrastructure, including water supply reservoirs, land disturbed to produce the material we use, and land forecast to be disturbed as a result of our greenhouse gas emissions from our carbon footprint. The SCA's 2011–12 ecological footprint was dominated by land use and electricity usage, with supply chain operations and capital only representing seven percent of the total footprint.

The SCA's carbon and ecological footprints are likely to fluctuate each year as a result of varied capital works program and the need to transfer water from the Shoalhaven system. The SCA aims to reduce our footprints and continue to improve our sustainability practices.

**SCA's ecological footprint 2008–12**

| | 2011–12 | 2010–11 | 2009–10 | 2008–09 |
|---|---|---|---|---|
| Total ecological footprint – land disturbance (ha) | 62,400 | 62,100 | 64,000 | 74,700 |

KFA 6

# Resource Optimisation

## Waste Management Highlights

One of the ways in which we are improving our sustainability practices is through waste management. We have implemented the following initiatives:

### Improving our knowledge

- We have completed a waste audit in October 2011 and have completed many of the audit's recommendations.
- Our staff have been informed through a suite of waste fact sheets published in the staff newsletter and on the SCA's Intranet.

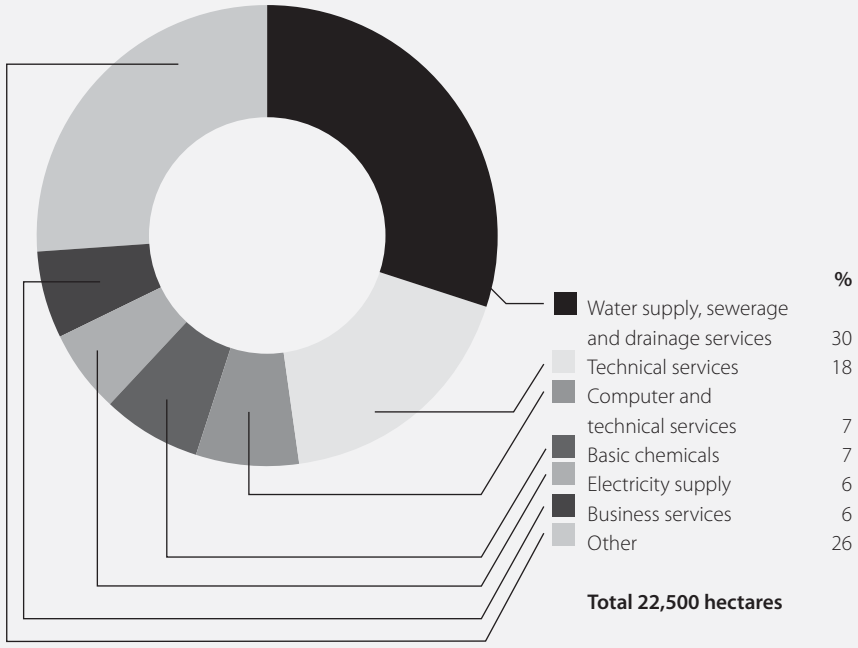
### Improving our practices

We have increased the number and size of our mixed container recycling bins at our Penrith head office to encourage improved practice in recycling by staff.

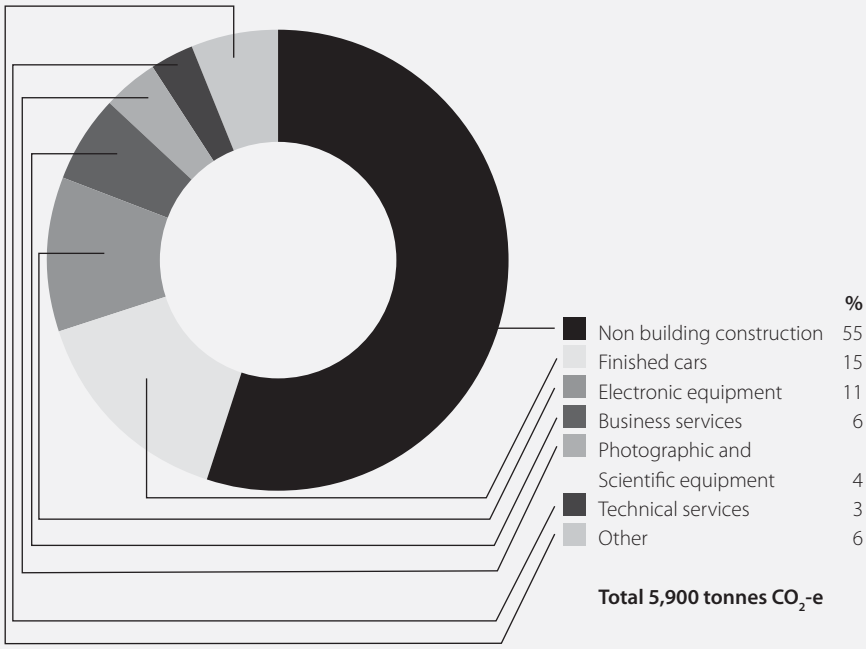
### Diverting waste from landfill

- 58 percent of total waste generated was diverted from landfill through the various recycling streams the SCA has in place.
- The recovery rate of paper was 97 percent (an increase of 1.5 percent from the previous year), which compares favourably with the government average of 80 percent.
- Approximately 6.7 tonnes of paper was recycled, saving three tonnes of carbon dioxide per annum in greenhouse gas emissions.

**Breakdown of scope 3 – main carbon commodities for operational**




**Breakdown of scope 3 – main carbon commodities for capital**



### Breakdown of carbon footprint and yearly comparison

| Year | Direct emissions (Scope 1) | Electricity emissions (Scope 2) | Operational indirect emissions (Scope 3) | Capital works indirect emissions (Scope 3) |
|---|---|---|---|---|
| 2008–09 | 681.00 | 95,725.00 | 26,948.81 | 27,943.42 |
| 2009–10 | 608.00 | 22,671.00 | 35,803.57 | 18,223.56 |
| 2010–11 | 540.00 | 25,488.00 | 16,517.39 | 8,967.80 |
| 2011–12 | 550.00 | 24,140.00 | 22,501.92 | 5,860.23 |

### Breakdown of carbon emissions for 2011–12

| Scope | Source | t $CO_2$-e | % Total |
|---|---|---|---|
| Scope 1 – Fuels | Fuels | 550.00 | 1.04 |
| Scope 2 – Electricity | Electricity | 24,140.00 | 45.50 |
| Scope 3 – Operational | Operational | 22,501.92 | 42.41 |
| Scope 3 – Capital | Capital | 5,860.23 | 11.05 |
| | **Total** | **53,052.15** | **100.00** |

### Summary Ecological Footprint 2011–12

| | Source | Impact (ha) | % total impact |
|---|---|---|---|
| Direct impacts | Land use & electricity | 58,224.00 | 93.34 |
| Indirect | Supply chain – Operational | 3,426.18 | 5.49 |
| Indirect | Supply chain – Capital | 728.62 | 1.17 |
| | **Total** | **62,378.80** | **100.00** |

KFA 6

# Resource Optimisation

## Sustainability Report

### Reducing energy consumption

The SCA is committed to reducing energy consumption across all our areas of operations, particularly our office buildings.

The energy consumption for our office buildings has reduced by more than 54.6 percent since 2007–08, due in part to our move to a new Penrith office which has been awarded a 4.5 star NABERS (National Australian Built Environment Rating System) rating.

The 2011–12 energy consumption data for office buildings shows we have meet our target of reducing our building energy consumption to 2000–01 levels (540,853 kilowatt hours) by 2019–20.

Total electrical energy consumption in 2011–12 was 27,904,875 kilowatt hours, 2.25 percent more than for the previous year. Total energy used for water supply infrastructure was 27,191,895 kilowatt hours, an increase of 2.5 percent.

**Electricity consumption since 2008–09 (in kilowatt hours)**

| | 2011–12 | 2010–11 | 2009–10 | 2008–09 |
|---|---|---|---|---|
| Office buildings | 516,760 | 533,541 | 612,170 | 855,858 |
| Public buildings | 108,849 | 128,403 | 113,245 | 122,044 |
| Other facilities | 67,466 | 79,721 | 79,602 | 91,864 |
| Water supply infrastructure | 27,191,895 | 26,529,340 | 23,834,578 | 8,412,190 |
| Shoalhaven drought transfers | 0 | 0 | 0 | 91,805,594 |
| Infrastructure roadways | 19,905 | 19,542 | 19,471 | 19,468 |
| **Total electricity** | **27,904,875** | **27,290,547** | **24,659,066** | **101,307,018** |

**Energy comparisons since 2010–11 (in gigajoules)**

| | Total energy (GJ) | | Change in GJ% | Costs of energy ($) | |
|---|---|---|---|---|---|
| | 2011–12 | 2010–11 | 2011–12 | 2011–12 | 2010–11 |
| Electricity | 100,954 | 98,246 | 2.8 | 1,773,622 | 1,935,631 |
| Petrol | 1,849 | 1,959 | -5.6 | 67,811 | 65,700 |
| Auto distillate (diesel) | 6,112 | 5,890 | 3.8 | 209,027 | 185,235 |
| Bio fuel (B20) | 0 | 0 | 0 | 0 | 0 |
| Wood | 0 | 0 | 0 | 0 | 0 |
| Gas | 13.4 | 13.4 | 0 | 683 | 683 |
| **Total** | **108,928** | **106,108** | **2.7** | **2,051,143** | **2,187,249** |

We continued to implement our 2006–2011 Energy Management Plan this year, with a focus on maintaining our five star rating under the Energetics One 2 Five Rating System.

Key energy management achievements and activities included:

- Changing the tariff structure of two accounts based on their energy consumption patterns saving $6,000.
- Reporting on our energy usage to the NSW Department of Trade and Investment, Regional Infrastructure and Services and to the Water Services Association of Australia (WSAA).
- Fulfilling our obligations under the Federal Energy Efficiency Opportunities (EEO) & National Greenhouse Energy Reporting System (NGERS) Legislation.
- Organising workshops to calculate the SCA's ecological footprint.
- Subscribing 70 vehicles to the Greenfleet program.
- Investigating the need to change electricity meters at Burrawang Pumping Station due to faulty vibration monitoring equipment.

A total of 960 kilowatt hours (kWh) of green energy was generated from the solar street lights in the Warragamba Dam precinct during 2011–12.

## Protecting water quality in the Blue Mountains catchment area

Work undertaken by Roads and Maritime Services (RMS) this year to upgrade a section of the Great Western Highway between Woodford and Hazelbrook in the Blue Mountains posed a risk to water quality in nearby watercourses.

To address this, the SCA became involved during the year in the environmental assessment, design and construction of the works.

The SCA considered there was an opportunity to modify stormwater detention basins built by the RMS to manage downstream flooding to improve the quality of water discharged. As a result of our input, the RMS will retrofit the basins at the end of road construction project.

### Greenhouse gas emissions

In 2011–12 the SCA's use of electricity, fuel and gas resulted in a total of 24,693 tonnes of greenhouse gas emissions ($CO_2$ equivalent).

### Greenhouse gas emissions comparisons (carbon dioxide tonnes equivalent)

| Energy type | Greenhouse gas emissions | | Greenhouse gas emissions % | | % change in greenhouse gas emissions |
|---|---|---|---|---|---|
| | 2011–12 | 2010–11 | 2011–12 | 2010–11 | 2011–12 |
| Electricity | 24,141 | 25,488 | 97.8 | 97.9 | -5.3 |
| Petrol | 124 | 129 | 0.5 | 0.5 | -4.3 |
| Auto distillate (diesel) | 427 | 411 | 1.7 | 1.6 | 3.9 |
| Bio fuel (B20) | 0 | 0 | 0 | 0 | 0 |
| Wood | 0 | 0 | 0 | 0 | 0 |
| Gas | 0.8 | 0.8 | 0 | 0 | 2.4 |
| **Total** | **24,693** | **26,029** | **100** | **100** | **-5.1** |

KFA 6

# Resource Optimisation

## Reducing the risk of water quality from mining operations

To improve the water quality and rehabilitation of mining sites located in the catchments, the SCA has developed new conditions of approval – eliminating the need for soil to be excavated on each borehole site.

This has been achieved by improving practices in the drilling of boreholes for mining surface exploration in the Special Areas.

Previously, practices for drilling of coal exploration boreholes involved the excavation of sumps. These sumps were designed to capture stormwater runoff and drilling water fluids from the site. Sumps were excavated into the ground and involved disturbance of the ground vegetation as well as the soil structure.

The SCA now requires all drilling fluids to be diverted to temporary, portable above ground tanks. These tanks are designed with baffles to assist in filtering the water for re-use in the drilling process. This reduces the amount of water to be used, reduces the risk of erosion from the excavations and improves water quality.

The new conditions of approval apply to all mining surface explorations involving borehole drilling within the Special Areas.

## Waste Reduction and Purchasing Policy (WRAPP) Plan

All government agencies in NSW are required to prepare and report on their waste reduction and purchasing policies – to demonstrate what they are doing to reduce waste and protect the environment.

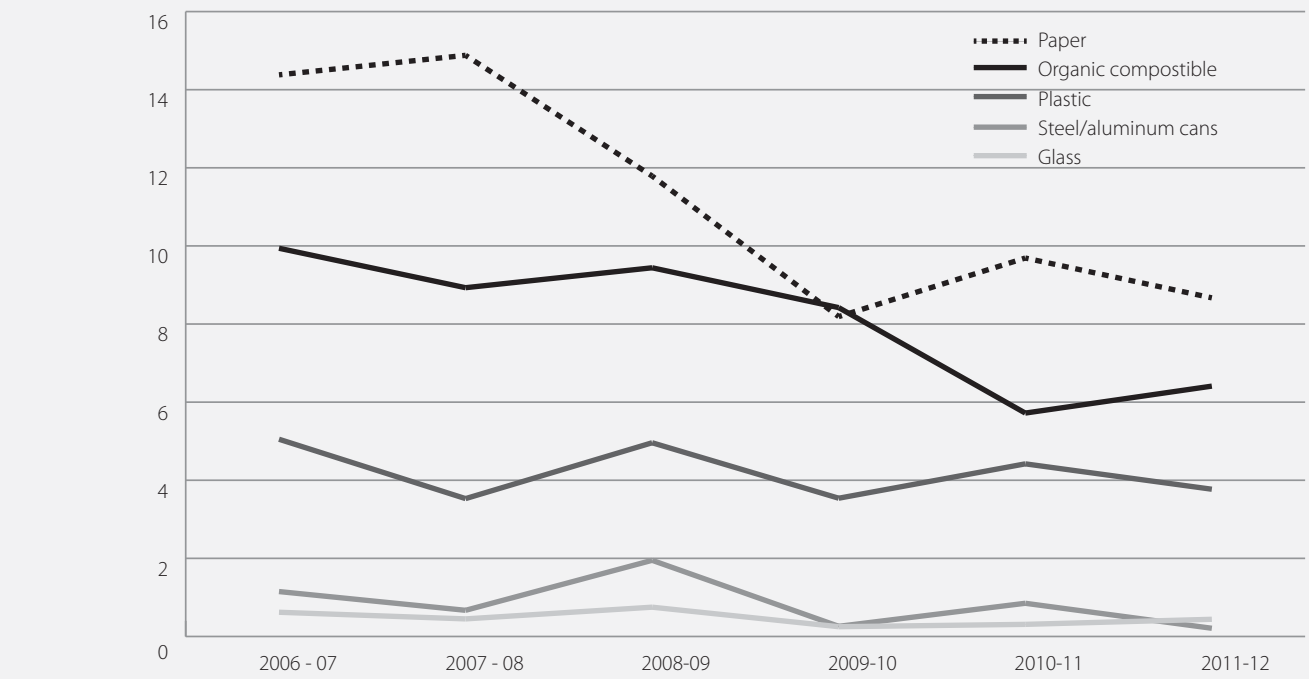
They do this through a biennial Waste Reduction and Purchasing Policy (WRAPP) Plan. The progress report serves as the monitoring and evaluation element of the overall WRAPP planning process.

The SCA's draft WRAPP Action Plan 2012 was revised during 2011–12 including a status update of the progress of the plan. Most of the actions have been implemented, and are now well established or ongoing. New or outstanding initiatives have been included in the revised draft WRAPP Action Plan 2012.

## Waste diverted from landfill (recycled)

Of the total waste generated by the SCA this year, 57.7 percent was diverted from landfill through the various recycling streams we have in place.

**Volume and type of waste sent to landfill (kg/employee/year)**



The best material recovery rate was paper at 96.7 percent (up from 95.2 percent the previous year). This compared favourably with the government average of 80 percent. The overall paper contamination rate of 0.6 percent was well below the 2.2 percent recorded during the previous audit in March 2011.

Approximately 6.67 tonnes of paper was recycled (copy paper, newspapers, brochures, cardboard). This equates to savings of three tonnes of carbon dioxide per annum in greenhouse gas emissions.

Our performance in mixed container recycling fell to 49 percent, compared to 56 percent the previous year. This was well below the government average of 85 percent and highlights more needs to be done in the year ahead.

The highest contamination rate occurred in the mixed container recycling stream (12.8 percent) – paper, cardboard and non-recyclable plastic.

## Waste diverted to landfill

Of the total waste generated by the SCA this year, 42.3 percent of waste generated was sent to landfill.

This comprised food, kitchen and vegetation waste and non-recyclable paper, cardboard and plastic. In comparison with the previous audit in March 2011, there has been an overall decrease in the total amount of waste generated, as well as the amount of waste diverted from landfill via recycling.

## Waste audit

The 2011–12 annual waste audit was undertaken by an independent auditor over five consecutive days commencing on 9 December 2011.

The scope of this year's audit included the SCA's Warragamba, Macarthur and Penrith offices.

A total of 234.8 kilograms of waste and recycling was collected for sorting and analysis. The audit findings were extrapolated to provide annual results based on 50 working weeks (52 weeks, less 10 working days for public holidays) and 266 full time staff equivalent including 15 staff at our Burrawang office.

Paper and cardboard recycling recovery rates and contamination levels were excellent. Recyclable paper and cardboard represents the largest category in the total waste stream at 55.5 percent, followed by non-recyclable paper at 16.8 percent and organic/compostable material at 13.9 percent.

Since the 2010–11 waste audit report there has been a consolidated effort to implement its recommendations.

Presentations on the findings of the 2010–11 and 2011–12 waste audits and WRAPP requirements have been delivered to staff via team meetings and new staff inductions.

Educational material, comprising a suite of waste fact sheets, has been published on our Intranet and in our staff newsletter.

The 2011–12 recommendations have been included in the WRAPP Action Plan 2012 including new proposals in addition to the initiatives already undertaken:

- Implementing a 'best recyclers' rewards program at each site to encourage staff.
- Liaising regularly with the building manager and cleaners to ensure they are aware of the waste systems in place.
- Considering the removal of additional waste bins at Penrith to improve recycling performance.

KFA 6

# Resource Optimisation

## Potable water use

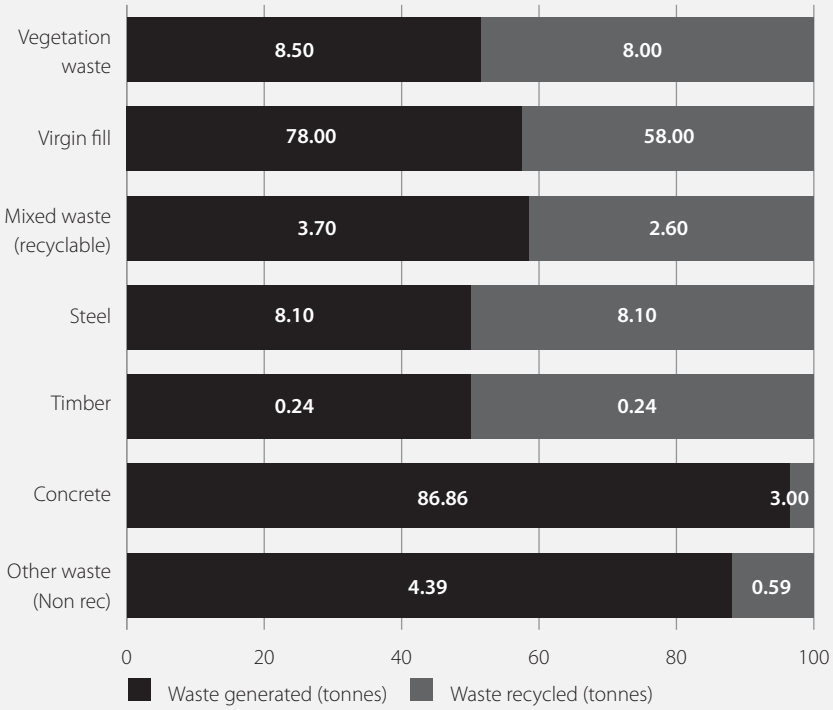
The use of potable water in our Penrith office rose slightly this year – up to 1,263 kilolitres from 1,162 kilolitres last year.

This increase was due to our rainwater system being decommissioned while a new meter and filters were installed. Rainwater is the main supply in our Penrith building.

Rainwater consumption is estimated at 448 kilolitres for the year. Precise figures for both potable and rainwater use are not available, as floors are not separately metered.

The SCA's target to reduce Penrith office water consumption to 2005–06 levels by 15 percent has been met as water consumption has reduced by 57 percent (from 2,938 kilolitres in 2005–06 to 1,263 kilolitres this year). This is largely due to the SCA moving to a more efficient building in 2008 where the water supply is supplemented by unmetered rainwater from rooftop tanks.

**Amount of construction, landscape and demolition waste generated and recycled by type (tonnes)**




## Demand management and water conservation

The SCA collaborates with Sydney Water and other customers to ensure we have a consistent approach to demand management and water conservation.

The Water Wrap newsletter, which accompanies Sydney Water's quarterly billing notices for customers and SCA billing notices for retail customers, delivers water conservation messages.

The Warragamba Dam Visitor Centre includes the Water For Life exhibition, with audio-visual material and interactive displays about the dams and catchments, and the history and future of Sydney's water supply. In particular, the exhibition includes information on the Metropolitan Water Plan which incorporates information on water efficiency. The exhibition also has a strong focus on communicating water wise messages.

The SCA continued to play an active role this year in the interagency Metropolitan Water Education Group comprising representatives from the NSW Office of Water, Sydney Water, the Office of the Hawkesbury-Nepean and the Office of Environment and Heritage. The group oversees the implementation of the Water for Life education program under the NSW Government's Metropolitan Water Plan.

We also continued to deliver important water conservation messages through our schools education program at Warragamba Dam and in our corporate publications.

## Reporting on leakage and loss

The SCA provides annual reports to the Independent Pricing and Regulatory Tribunal (IPART) on 1 September each year, detailing our progress on actions to address water leakage and loss. This report is published on our website.

## Resource Efficiency Working Group

The SCA established a Resource Efficiency Working Group this year to implement efficiencies in energy, water and waste management, and sustainable procurement. Working group members will assist the SCA implement the newly revised WRAPP Plan, and raise awareness among staff of sustainable practice.

# 6.3 Utilise resources in innovative ways and embrace new technology.

**Challenge:** Remaining innovative in a rapidly changing water supply environment.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Undertake further evaluation of GreenTrac software – which decreases IT emissions. | ✓ | Evaluated new GreenTrac software, an enterprise monitoring and environmental impact analysis tool. | Implement GreenTrac software to improve auditing and monitoring of our environmental impacts |
| Investigate carbon sequestration opportunities on SCA land. | ✓ | Formed a working party to develop a long term strategy for the management of SCA property holdings in the Braidwood area. | |

**The Sydney Catchment Authority (SCA) is always looking at ways to use technology to help us utilise our resources in more innovative ways.**

Activities this year included:

## Joining the Technology Approval Group (TAG)

This group – made up of members from across the Australian urban water industry including the Sydney Catchment Authority – facilitates trialling new technologies (such as innovative water monitoring techniques) which focus on bringing a range of efficiencies to the water industry. In 2011–12, two technologies were considered including rapid detection methods for cryptosporidium and the ZAPS LiquID Station which provides real-time measurements of water quality.

## Evaluating GreenTrac software

We began comparing this enterprise monitoring and environmental impact analysis tool with existing software on the SCA system prior to making a final decision on what system to implement in 2012–13.

## SCA Connect

Our new intranet application, SCA Connect, was launched this year.

Developed following an Innovations Group meeting held in April 2011, it allows staff to quickly connect with each other by providing profiles of all staff members. This includes searchable contact details, ID photos, information on their roles, skills and capabilities and the team they work with.

The application is integrated with our CHRIS21 (name, email, office and team) and Active Directory (phone numbers) systems, ensuring it is always up-to-date.

## Field force automation

In conjunction with our civil, mechanical and electrical maintenance contractor, we will be implementing phase 1 – field force automation (FFA) in 2012–13. This system allows field technicians to receive electronic work packages for their robust field computing devices, allowing them to return work details electronically to our computerised maintenance management system.

The implementation of FFA will significantly improve maintenance data processing speeds, simplify our analysis of this data and reduce the labour required to manage the process.

## Establishing a better procurement process

We reviewed procurement processes for large electrical projects to establish a strategy for minimising procurement costs for large electrical contracts. Options included principal supplied items, splitting large contracts into high, low, and extra low voltage, and inviting smaller contractors to tender.

## Investigating world class data centre practices

During the year we reviewed the software and instrumentation used to measure and allocate energy and carbon costs in data centres to IT users, and the level of accuracy needed to balance implementation costs to optimise the rate of return.

KFA 6

# Resource Optimisation

## 6.4 Manage lands to contemporary standards.

**Challenge:** Managing lands across a large geographical area.

| Target 2011–12 | | Achievements | Future Directions 2012–13 |
|---|---|---|---|
| Finalise lease renewals at Braidwood. | — | Negotiations commenced. | Progressively treat active erosion sites on our Braidwood and other lands. |
| Continue our surveillance and fire management efforts across the Braidwood lands. | ✓ | Conducted surveillance and prescribed hazard reduction burns and slashing. | Minimise risks and impacts to life and property from wildfires by conducting prescribed hazard reduction activities in priority areas. |
| Continue to maintain barriers, fences and regulatory signs around the Special Areas and conduct surveillance activities. | ✓ | Established fencing program for 2012–2016 (based on priorities). | |
| Update our Special Areas brochure and map, reflecting changes to boundaries and restrictions. | ✓ | Updated regulatory signs and Special Areas brochure. | Publish revised Special Areas brochure. |

**The Sydney Catchment Authority (SCA) owns and manages large tracts of land in the drinking water catchments – freehold land in Special Areas, Controlled Land, and lands in the Braidwood area.**

We manage our land and Special Areas to protect and optimise water quality, and to conserve the ecological integrity and natural and cultural values of the area.

### Managing the Special Areas

The Special Areas cover approximately 365,000 hectares of mostly intact native bushland around the water storages and water supply infrastructure. Public access and activities are restricted to protect water quality in these areas.

We jointly manage the Special Areas with the National Parks and Wildlife Service (NPWS) in accordance with the Special Areas Strategic Plan of Management (SASPoM).

Each agency uses their expert knowledge of ecology, cultural heritage and water quality to manage these lands under agreed joint management arrangements. The SCA and NPWS commit to protecting and managing these areas through the SASPoM.

The SASPoM outlines the aims and targets for management of the Special Areas and includes actions on fire and fire trail management, soil erosion control and pest and weed management. The review of the SASPoM, completed in May 2012, recommended the development of a revised SASPoM to be finalised in 2012–13.

In 2011–12, we granted Special Areas access to 71 applicants – for purposes that included cultural heritage, scientific research by universities and monitoring studies by other government organisations. These came via our new online application system. We also updated our guidelines for Special Areas access on the SCA website.

We use the media, our website and publications to inform the public of access restrictions in Special Areas. In 2011–12, we updated the Special Areas access brochure and map to reflect changes in the boundaries and to illustrate what activities are permissible in these areas and this will be published in early 2012–13.

Special Area enforcement activities in 2011–12 included weekend and public holiday surveillance and fire season surveillance. Our winter program acts on intelligence to target illegal entry hotspots within Special and Controlled Areas. Our summer surveillance program focuses on preventing the outbreak of bushfires.

We also undertook four joint compliance operations throughout the year – with support from the Camden, Campbelltown and Wollongong NSW Police Local Area Commands, the National Parks and Wildlife Service in the Illawarra and South Coast Nowra regions of the catchment, the Camden Livestock Health and Pesticides Authority, Campbelltown City Council rangers, and Fisheries NSW in the Illawarra.

This year, our surveillance activities resulted in 43 penalty infringement notices and 15 warning letters. These efforts are designed to send clear signals to the public about restricted and prohibited access.

## Managing our recreational areas

Picnic recreation facilities are managed by the SCA at 13 locations throughout the catchment, including at most of our larger dams.

A range of facilities are available across the sites including picnic tables, toilets, playgrounds and viewing areas. The SCA seeks to balance access and recreation opportunities with dam operating requirements. We encourage the public to visit to heighten their appreciation of the role of dams in urban water management.

A primitive camping ground is available at Bendeela on the Kangaroo River arm of Lake Yarrunga. During the year, the SCA progressed community consultation on the proposed upgrade of the Bendeela Camping Ground. A summary of consultation activities so far is provided under KFA 2.2. Further consultation is planned for the remainder of 2012, with a final masterplan to be completed in 2013.

## Managing SCA Braidwood lands

The SCA owns 67 freehold properties in the Braidwood area (comprising approximately 23,600 hectares of land).

The land was purchased by the former Metropolitan Water Sewerage and Drainage Board for a potential new water supply dam at Welcome Reef, and transferred to the SCA on its establishment. This project has since been deferred indefinitely.

A number of these properties are leased to tenants who are required to prepare property management plans which identify required maintenance and improvement works to be conducted as an offset to the market value of the property.

The SCA continues to undertake programmed activities on the non-leased lands to manage fire, vertebrate pest and weed species, fire trails and erosion, access and compliance. Land management activities on farms and in riparian areas help sustain the lands for water quality and catchment health.

The Braidwood lands are vulnerable to erosion, due to historical broad scale vegetation clearing for agriculture and mining. We worked closely this year with the NSW Soil Conservation Service to identify and assess priority erosion sites for treatment. Works have included gully head control, bank stabilisation and mulching to encourage revegetation on treated sites.

We continued to implement erosion control programs for the Braidwood lands (including leased lands) and conducted surveillance programs to control illegal activities such as trail bike riding.

The approved 2012–16 SCA fencing program will see perimeter fencing erected in the SCA's Braidwood leased lands every year of the program.

Pest and weed control efforts during 2011–12 targeted serrated tussock, blackberry, broom, sweet briar and St John's Wort, as part of the Braidwood passive land program. Control of wild pigs and rabbits was also carried out.

We also undertook fire management activities – including completing prescribed hazard reduction burns in May 2012 on selected lands, and slashing along fire trails and boundary fences.

In 2012–13, we will continue our surveillance, fire management and erosion control efforts across our Braidwood lands. In September 2012 we will also participate in a feral animal control program with the National Parks and Wildlife Service, the Livestock Health & Pest Authority and participating neighbours.

## Property management on SCA lands

Strategies were developed this year for the long term management of residential cottages and the mid to long term management of accommodation on our landholdings.

The cottages strategy, which will be implemented during 2012–13, will reduce the number of cottages (and therefore maintenance costs), maximise the use of the ones we keep and protect those with high heritage value. The heritage listed cottages in the grounds of Cataract Dam were re-roofed this year.

The accommodation strategy, which addresses owned and leased accommodation, seeks to investigate options for leased accommodation, reduce the number of minor accommodation buildings and standardise the fit-out of those retained. Implementation of this strategy will commence in 2012–13.

In 2011–12, we successfully renegotiated eight of the 25 leases on properties in the Braidwood area. The new leases introduce clauses that require lessees to provide more detail of their land management activities. This allows us to more objectively assess the lessee's performance and, if necessary, to terminate leases.

Other priorities for 2012–13 include:

- Continually improving management of our Braidwood property holdings and developing options to reduce their cost to us.
- Upgrading buildings in the Warragamba Conference Centre precinct.
- Developing a Property Asset Management Plan to cover SCA buildings and associated equipment and services.

## Disposal of property

The SCA did not dispose of any property this year.

# Financial statements

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## Contents

### Sydney Catchment Authority



### Sydney Catchment Authority Division

## SYDNEY CATCHMENT AUTHORITY

## STATEMENT BY CHAIRMAN AND ACTING CHIEF EXECUTIVE

Under section 41C(1B) and (1C), we state that, in our opinion, the accompanying financial statements and notes thereto:

a) exhibit a true and fair view of the financial position of the Sydney Catchment Authority as at 30 June 2012 and its financial performance for the year then ended

b) comply with applicable Australian Accounting Standards (including Australian Accounting Interpretations), the *Public Finance & Audit Act 1983*, the *Public Finance & Audit Regulation 2010*, and the Treasurer's Directions.

We further state that we are not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.

Robert Rollinson
Chairman
28th Sept. 2012

Sarah Dinning
Acting Chief Executive
28 September 2012

# INDEPENDENT AUDITOR'S REPORT

**Sydney Catchment Authority**

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Sydney Catchment Authority (the Authority), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Authority and the consolidated entity. The consolidated entity comprises the Authority and the entity it controlled at the year's end or from time to time during the financial year.

## Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the consolidated entity as at 30 June 2012, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

## The Board's Responsibility for the Financial Statements

The members of the Board are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the members of the Board determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 controls relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, as well as evaluating the overall presentation of the financial statements.

**Level 15, 1 Margaret Street, Sydney NSW 2000** | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

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

My opinion does *not* provide assurance:

- about the future viability of the Authority or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to or from the financial statements.

## Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.

M T Spriggins
Director, Financial Audit Services

28 September 2012
SYDNEY

# Statement of comprehensive income

For the year ended 30 June 2012

| | Note | Consolidated Entity 2012 $'000 | Consolidated Entity 2011 $'000 | Parent Entity 2012 $'000 | Parent Entity 2011 $'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Revenue from water sales | 4 | 205,109 | 190,850 | 205,109 | 190,850 |
| Other revenue | 4 | 3,185 | 2,895 | 3,185 | 2,895 |
| **Revenue** | | **208,294** | **193,745** | **208,294** | **193,745** |
| | | | | | |
| **Expenses** | | | | | |
| Employment related expenses | 5 | (34,914) | (32,149) | (225) | (284) |
| Other operating expenses | 5 | (87,374) | (75,843) | (146,013) | (108,749) |
| Loss on disposal of property, plant and equipment | | (507) | (99) | (507) | (99) |
| Finance costs | 6 | (36,321) | (33,192) | (36,321) | (33,192) |
| **Expenses** | | **(159,116)** | **(141,283)** | **(183,066)** | **(142,324)** |
| | | | | | |
| **Profit before income tax** | | **49,178** | **52,462** | **25,228** | **51,421** |
| Income tax expense | 7 | (8,531) | (15,703) | (8,531) | (15,703) |
| | | | | | |
| **Profit for the year** | | **40,647** | **36,759** | **16,697** | **35,718** |
| | | | | | |
| **Comprehensive income** | | | | | |
| Revaluation and impairment of specialised assets | 11 | 106,907 | (4,171) | 106,907 | (4,171) |
| Defined benefit plan actuarial gains (losses) | 16 | (23,950) | (1,041) | – | – |
| Other comprehensive income | | – | (70) | – | (70) |
| Income tax on other comprehensive income | 7 | (32,058) | 867 | (32,058) | 867 |
| **Comprehensive income for the year** | | **91,546** | **32,344** | **91,546** | **32,344** |
| | | | | | |
| **Attributable to equity holders of the Parent** | | **91,546** | **32,344** | **91,546** | **32,344** |

The statement of comprehensive income should be read in conjunction with the accompanying notes.

Sydney Catchment Authority

# Statement of financial position

For the year ended 30 June 2012

| | Note | Consolidated Entity 2012 $'000 | Consolidated Entity 2011 $'000 | Parent Entity 2012 $'000 | Parent Entity 2011 $'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 8 | 27,969 | 22,651 | 27,969 | 22,651 |
| Trade and other receivables | 9 | 20,651 | 17,831 | 20,635 | 17,826 |
| Other non-financial assets | 10 | 4,446 | 4,016 | 3,948 | 3,690 |
| Current tax assets | 7 | 8,860 | – | 8,860 | – |
| **Current assets** | | **61,926** | **44,498** | **61,412** | **44,167** |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 11 | 1,427,129 | 1,330,921 | 1,427,129 | 1,330,921 |
| Intangible assets | 12 | 3,836 | 1,219 | 3,836 | 1,219 |
| **Non-current assets** | | **1,430,965** | **1,332,140** | **1,430,965** | **1,332,140** |
| **ASSETS** | | **1,492,891** | **1,376,638** | **1,492,377** | **1,376,307** |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 13 | 28,976 | 27,053 | 89,203 | 61,682 |
| Other liabilities | 14 | 323 | 299 | 323 | 299 |
| Borrowings | 15 | 13,900 | 10,000 | 13,900 | 10,000 |
| Current tax liabilities | 7 | – | 5,477 | – | 5,477 |
| Provisions | 16 | 40,968 | 42,305 | 25,096 | 28,435 |
| **Current liabilities** | | **84,167** | **85,134** | **128,522** | **105,893** |
| **Non-current liabilities** | | | | | |
| Borrowings | 15 | 455,652 | 465,350 | 455,652 | 465,350 |
| Other liabilities | 14 | 1,192 | 1,291 | 1,192 | 1,291 |
| Provisions | 16 | 45,345 | 21,561 | 476 | 471 |
| Deferred tax liabilities | 7 | 126,977 | 90,194 | 126,977 | 90,194 |
| **Non-current liabilities** | | **629,166** | **578,396** | **584,297** | **557,306** |
| **LIABILITIES** | | **713,333** | **663,530** | **712,819** | **663,199** |
| **NET ASSETS** | | **779,558** | **713,108** | **779,558** | **713,108** |
| **EQUITY** | | | | | |
| Retained earnings | | 495,349 | 503,702 | 495,349 | 503,702 |
| Asset revaluation reserve | | 284,209 | 209,406 | 284,209 | 209,406 |
| **EQUITY** | | **779,558** | **713,108** | **779,558** | **713,108** |

The statement of financial position should be read in conjunction with the accompanying notes.

# Statement of changes in equity

For the year ended 30 June 2012

| Consolidated entity | Note | Retained Earnings | | Asset Revaluation Reserve | | Total Equity | |
|---|---|---|---|---|---|---|---|
| | | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Balance at the beginning of the year** | | **503,702** | **496,592** | **209,406** | **211,501** | **713,108** | **708,093** |
| **Comprehensive income** | | | | | | | |
| Profit for the year | | 40,647 | 36,759 | – | – | 40,647 | 36,759 |
| Revaluation and impairment of property, plant and equipment | 11 | – | – | 106,907 | (4,171) | 106,907 | (4,171) |
| Defined benefit superannuation actuarial losses | 16 | (23,950) | (1,041) | – | – | (23,950) | (1,041) |
| Other comprehensive income | | – | – | – | (70) | – | (70) |
| Income tax on other comprehensive income | 7 | – | – | (32,058) | 867 | (32,058) | 867 |
| **Comprehensive income for the year** | | **16,697** | **35,718** | **74,849** | **(3,374)** | **91,546** | **32,344** |
| **Transactions with owners in their capacity as owners** | | | | | | | |
| Increase (decrease) in net assets from equity transfers | | – | (1) | – | 7 | – | 6 |
| Dividend recognised to equity holders | 16 | (25,096) | (27,335) | – | – | (25,096) | (27,335) |
| Transfers within equity | | 46 | (1,272) | (46) | 1,272 | – | – |
| **Transactions with owners in their capacity as owners** | | **(25,050)** | **(28,608)** | **(46)** | **1,279** | **(25,096)** | **(27,329)** |
| **Balance at the end of the year** | | **495,349** | **503,702** | **284,209** | **209,406** | **779,558** | **713,108** |

The statement of changes in equity should be read in conjunction with the accompanying notes.

Sydney Catchment Authority

# Statement of changes in equity

For the year ended 30 June 2012

| Parent entity | Note | Retained Earnings 2012 $'000 | Retained Earnings 2011 $'000 | Asset Revaluation Reserve 2012 $'000 | Asset Revaluation Reserve 2011 $'000 | Total Equity 2012 $'000 | Total Equity 2011 $'000 |
|---|---|---|---|---|---|---|---|
| **Balance at the beginning of the year** | | **503,702** | **496,592** | **209,406** | **211,501** | **713,108** | **708,093** |
| **Comprehensive income** | | | | | | | |
| Profit for the year | | 16,697 | 35,718 | – | – | 16,697 | 35,718 |
| Revaluation and impairment of property, plant and equipment | 11 | – | – | 106,907 | (4,171) | 106,907 | (4,171) |
| Other comprehensive income | | – | – | – | (70) | – | (70) |
| Income tax on other comprehensive income | 7 | – | – | (32,058) | 867 | (32,058) | 867 |
| **Comprehensive income for the year** | | **16,697** | **35,718** | **74,849** | **(3,374)** | **91,546** | **32,344** |
| **Transactions with owners in their capacity as owners** | | | | | | | |
| Increase (decrease) in net assets from equity transfers | | – | (1) | – | 7 | – | 6 |
| Dividend recognised to equity holders | 16 | (25,096) | (27,335) | – | – | (25,096) | (27,335) |
| Transfers within equity | | 46 | (1,272) | (46) | 1,272 | – | – |
| **Transactions with owners in their capacity as owners** | | **(25,050)** | **(28,608)** | **(46)** | **1,279** | **(25,096)** | **(27,329)** |
| **Balance at the end of the year** | | **495,349** | **503,702** | **284,209** | **209,406** | **779,558** | **713,108** |

The statement of changes in equity should be read in conjunction with the accompanying notes.

# Statement of cash flows

For the year ended 30 June 2012

| | Note | Consolidated Entity 2012 $'000 | Consolidated Entity 2011 $'000 | Parent Entity 2012 $'000 | Parent Entity 2011 $'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash receipts from customers | | 212,019 | 200,721 | 212,030 | 200,719 |
| Interest received | | 889 | 805 | 889 | 805 |
| Cash paid to suppliers and employees | | (103,561) | (93,805) | (103,572) | (93,803) |
| Interest paid | | (31,591) | (33,881) | (31,591) | (33,881) |
| Other costs of finance paid | | (175) | (17) | (175) | (17) |
| Income tax paid | | (18,144) | (22,586) | (18,144) | (22,586) |
| **Net cash from operating activities** | 8 | **59,437** | **51,237** | **59,437** | **51,237** |
| | | | | | |
| **Cash flows from investing activities** | | | | | |
| Proceeds from sale of property, plant and equipment | | 1,910 | 1,754 | 1,910 | 1,754 |
| Payments for property, plant and equipment | | (18,888) | (27,125) | (18,888) | (27,125) |
| **Net cash from investing activities** | | **(16,978)** | **(25,371)** | **(16,978)** | **(25,371)** |
| | | | | | |
| **Cash flows from financing activities** | | | | | |
| Proceeds from borrowings | | – | 15,000 | – | 15,000 |
| Repayment of borrowings | | (9,806) | (16,476) | (9,806) | (16,476) |
| Dividends paid | | (27,335) | (31,211) | (27,335) | (31,211) |
| **Net cash from financing activities** | | **(37,141)** | **(32,687)** | **(37,141)** | **(32,687)** |
| | | | | | |
| **Net increase in cash and cash equivalents** | | **5,318** | **(6,821)** | **5,318** | **(6,821)** |
| Cash & cash equivalents at beginning of year | 8 | 22,651 | 29,472 | 22,651 | 29,472 |
| **Cash & cash equivalents at end of year** | 8 | **27,969** | **22,651** | **27,969** | **22,651** |

The statement of cash flows should be read in conjunction with the accompanying notes.

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 1. Reporting Entity

The Sydney Catchment Authority (the Authority) is a statutory body domiciled in Australia and constituted under the *Sydney Water Catchment Management Act 1998* (the Act). The address of the Authority's head office is Level 4, 2–6 Station Street, Penrith NSW 2750.

The consolidated financial statements of the Authority as at and for the year ended 30 June 2012 comprise the Authority (parent) and its subsidiary, the Sydney Catchment Authority Division (together referred to as the "consolidated entity").

The consolidated entity is a for-profit entity that is primarily involved in the wholesale supply of water and the management and protection of catchments and catchment infrastructure that it controls.

The financial statements are consolidated as part of the NSW Total State Sector Accounts.

## 2. Basis of Preparation

### (a) Statement of compliance

The financial statements are general purpose financial statements prepared in accordance with:

- Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation; and
- the Financial Reporting Directions issued by the Treasurer.

The financial statements comply with Australian Accounting Standards issued by the Australian Accounting Standards Board.

These financial statements were authorised for issue by the Acting Chief Executive on 25 September 2012.

### (b) Basis of measurement

The consolidated financial statements have been prepared on an historical cost basis, except for the following material items in the statement of financial position:

- Derivative financial instruments at fair value through profit or loss are measured at fair value
- Financial instruments at fair value through profit or loss are measured at fair value
- Defined benefit plan assets are recognised as plan assets, plus unrecognised past service cost, less the present value of the defined benefit obligation and is limited.
- Certain classes of property, plant and equipment are measured at fair value.

### (c) Presentation currency

All financial information is presented in Australian dollars and has been rounded to the nearest thousand dollars unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies as well as the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgments, key assumptions, and estimations are disclosed throughout the financial statements.

## 3. Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. All policies of the financial statements have been consistently applied to all years presented, unless otherwise stated.

### (a) Basis of consolidation

The consolidated financial statements include the financial statements of the parent and its subsidiary at 30 June 2012 and the financial performance of the parent and its subsidiary for the year ended 30 June 2012.

Subsidiaries are all those entities over which the parent has the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred.

Where necessary, the accounting policies of the subsidiary have been changed to ensure consistency with the policies adopted by the parent.

Intra-entity transactions, balances, and any unrealised income and expenses arising from intra-entity transactions, are eliminated in preparing the consolidated financial statements.

### (b) Revenue

#### i. Sale of raw water

Revenue from the sale of raw water in the course of ordinary business is measured at the fair value of the consideration received or receivable, net of returns and trade discounts (if any). Revenue is only recognised when persuasive evidence exists, that the significant risks and rewards of ownership have transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of raw water can be estimated reliably there is no continuing management involvement with the raw water and the amount of revenue can measured reliably.

# Notes to the financial statements

For the year ended 30 June 2012

## 3. Significant Accounting Policies (continued)

The timing of the transfer of risks and rewards can vary. The significant risks and rewards associated with the sale of raw water passes to Sydney Water as water passes through flow meters located at points agreed to between the parent and Sydney Water as outlined in Part E of the *Bulk Water Supply Agreement (2006)*.

#### ii. Rendering of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

#### iii. Interest revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

#### iv. Rental income

Rental income is recognised on a straight line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income.

#### v. Royalty revenue

Royalty revenue is recognised on an accrual basis in accordance with the substance of the agreement.

#### vi. Fines and penalties

Fines and penalties issued in accordance with the requirements of the Act are recognised as revenue when issued. Revenue earned from the fines and penalties are not required to be remitted to NSW Treasury.

### (c) Government grants

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and the conditions associated with the grant will be met.

Grants that compensate for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

Government grants in the form of a non-monetary asset are accounted for at fair value.

### (d) Income tax

The Parent is subject to income taxation, while the subsidiary is tax exempt.

Income tax is assessed in accordance to the National Tax Equivalent Regime ("NTER"). Under this regime, income tax is payable to the NSW Government. The NTER closely mirrors the *Income Tax Assessment Act 1936* and 1997 (as amended) and is administered by the Australian Taxation Office ("ATO").

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity or in other comprehensive income.

An objective commercial explanation is in place for all expenditure incurred under the personnel services arrangement between the Parent and the Subsidiary. Consequently, all personnel services expenditure satisfies the positive limbs of Section 8–1 of the *Income Tax Assessment Act 1997* and as such, is treated an allowable deduction for the Parent.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (e) Financial instruments

#### i. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits at call and other short-term, highly liquid investments which are readily convertible to known amounts of cash and for which are subject to insignificant risk associated with changes in value.

#### ii. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are initially recognised at fair value, usually based on the transaction cost, or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

#### iii. Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 3. Significant Accounting Policies (continued)

### iv. Trade and other payables

Trade and other payables represent liabilities for goods and services received prior to the end of the financial year that remained unpaid. The liabilities are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

### v. Borrowings

Borrowings are not held for trading or designated at fair value through profit or loss. All borrowings are recognised at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any differences between the initial fair value and the final redemption value of borrowings, such as discounts and premiums. These differences are amortised to profit or loss as part of the finance costs over the period of the loan. Gains or losses are recognised in the net result for the year on derecognition.

Where there is an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, and management expects to defer the settlement, the borrowings are recognised as a non-current liability.

### vi. Derivative financial instruments

Derivative financial instruments mitigate interest rate exposures to outstanding borrowings. All derivative financial instruments are managed by NSW Treasury Corporation. Derivative financial instruments are not held for trading purposes.

Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value. As derivatives are not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

The fair value of derivatives is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than twelve months from reporting date and it is not expected to be realised or settled within twelve months from reporting date. Other derivatives are presented as current assets or current liabilities.

### vii. Offsetting financial instruments

Financial instruments are only offset and the net amount recognised in the statement of financial position when, and only when there is a legal right to offset the amounts and there is an intention to either settle on a net basis or to realise the asset and settle the liability simultaneously.

### viii. Derecognition of financial assets and liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the financial asset is transferred:

- And substantially all the risks and rewards have been transferred; or
- control is no longer retained.

Where neither the risks and rewards nor control are transferred, the asset is recognised only to the extent of the consolidated entity's involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

### (f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that it is necessary to complete and prepare the asset for its intended use.

All other borrowing costs are expensed in the period in which they are incurred.

### (g) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of associated Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the acquisition cost of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the Statement of Financial Position.

Cash flows are grossed up in the Statement of Cash Flows to include the amount of GST collected from customers and paid to suppliers. The GST component of cash flows from investing and financing activities which is recoverable from or payable to the taxation authority shall be classified as operating cash flows.

The Parent and Subsidiary are grouped for GST purposes and as such, inter-entity charges do not include a component for GST.

### (h) Property, plant and equipment

#### i. Acquisition of property, plant and equipment

The cost method of accounting is used for the initial recording of assets. Cost is the amount of cash and cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction, or where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

# Notes to the financial statements

For the year ended 30 June 2012

## 3. Significant Accounting Policies (continued)

Salaries and wages directly attributable to bring an asset to the location and condition necessary for it to be capable of operating in the manner intended by management are capitalised. The amount recognised is based on approved timesheets.

Items of property, plant and equipment are capitalised from the date they are installed and ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready to use.

### ii. Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

### iii. Capitalisation thresholds

Property, plant and equipment and intangible assets with a value of $5,000 (2011: $5,000) and above individually (or forming parts of a network costing more than $5,000) are capitalised.

### iv. Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP07-1) and 'Fair Value of Specialised Physical Assets' (NSWTC 12/05). Both policies adopt fair value in accordance with AASB 116 *Property, Plant and Equipmen*t.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on best market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the assets are revalued using an income approach.

Revaluations are undertaken at least every five years or with sufficient regularity to ensure that the carrying amount of each class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2010 and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate to fair value.

Where assets are revalued, any balances of accumulated depreciation at the revaluation date with respect of those assets are credited to the asset accounts to which they relate. The net accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to revaluation surplus, except that to the extent that an increment reverses a revaluation decrement previously recognised as an expense to profit or loss, the increment is recognised immediately as revenue.

Revaluation decrements are recognised immediately as expenses in profit or loss, except to the extent that a credit balance exists in the revaluation surplus in which case, the revaluation decrements are debited directly to the revaluation surplus.

### v. Subsequent expenditure associated with property, plant and equipment

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the entity.

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

Day-to-day servicing costs or maintenance is charged as expenses as incurred, except they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

### vi. Depreciation of property, plant and equipment

Depreciation is provided for all property, plant and equipment, except land which is not depreciated. Depreciation is calculated on a straight-line basis so as to allocate the value of the asset, net of any residual value, over its estimated useful life.

All materially separately identifiable components of assets are depreciated over their shorter useful lives. Land is not a depreciable asset.

The useful lives of assets by class are outlined below:

| Asset class | Useful life |
|---|---|
| Infrastructure systems | 40 to 150 years |
| Buildings | 40 to 100 years |
| Plant and equipment | 2 to 20 years |
| Motor vehicles | 7 years |
| Leasehold improvements | Shorter of assets useful life and lease term |
| Information systems | 3 to 10 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### vii. Disposal of property, plant and equipment

Gains or losses on disposals are determined by comparing proceeds with the asset's carrying amount. The net gain or loss on the disposal of assets is included in the profit or loss.

Where an asset that has been previously revalued is disposed, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to retained earnings.

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 3. Significant Accounting Policies (continued)

### (i) Intangibles

Intangible assets are only recognised if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

All intangible assets relate to software. Software is amortised using the straight line method over a period of 2 – 5 years. The consolidated entity does not control any intangible assets with indefinite useful lives.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

### (j) Impairment of long-lived assets

Long-lived assets are reviewed to determine whether there is an indication that any assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated. Indefinite life intangible assets are tested annually for impairment.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. These groups of assets are known as a cash generating unit (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

If the recoverable amount of an asset (or CGU) is less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

### (k) Employee benefits

#### i. Wages and salaries, recreation leave, and associated on-costs

Liabilities for wages and salaries (including non-monetary benefits) and recreation leave that are due to be settled within 12-months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term recreation leave that is not expected to be taken within 12-months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on Australian Government bonds are used to discount long-term recreation leave.

The bond rate used to discount long-term recreation leave to its present value at the reporting date was 3.04 percent (2011: 5.21 percent). This rate represents the yield that matches as closely as possible the estimated timing of expected payments.

Unused non-vesting sick leave does not give rise to a liability as it is considered improbable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers compensation insurance premium and fringe benefit tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

#### ii. Long service leave

The liability for long service leave is measured at present value using the Projected Unit Credit (PUC) valuation method in accordance with AASB 119 *Employee Benefits*. Market yields on Australian Government bonds are used to discount long service leave. This rate represents the yield that matches as closely as possible the estimated timing of expected payments.

The bond rates used ranged from 3.0 percent to 3.4 percent (2011: 4.8 percent to 5.8 percent).

Amounts expected to be settled within twelve months of reporting date are not discounted.

#### iii. Defined contribution superannuation plans

A defined contribution superannuation plan is a post-employment benefit plan whereby the consolidated entity pays fixed contributions into a separate entity but has no legal or constructive obligation to pay any further amounts.

Contributions to defined contribution superannuation plans are recognised as an expense when employees have rendered service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

# Notes to the financial statements

For the year ended 30 June 2012

## 3. Significant Accounting Policies (continued)

Contributions to a defined contribution plan that is due more than 12-months after the end of the period in which the employees render the service are discounted to their present value.

### iv. Defined benefit superannuation plans

Defined benefit superannuation plans provide defined lump sum benefits based on years of service and final average salary.

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. When determining the liability consideration is given to future salary and wage levels, experience of employee departures and periods of service. Prepaid contributions are recognised as an asset to the extent that cash refund/reduction in future payments is available.

AASB 119 '*Employee Benefits*' does not specify whether the current and non-current portions of assets and liabilities arising from post-employment benefits are required to be disclosed because at times the distinctions may be arbitrary. The liability is disclosed as non-current as this best reflects when the liability is likely to be settled. Expected future payments are discounted using market yields at reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses are recognised in full in the Statement of Comprehensive Income in the period in which they occur.

Past service costs are recognised immediately as an expense in profit or loss unless the changes to the superannuation fund are conditional on employees remaining in service for a vesting period in which case, the past service costs are amortised on a straight-line basis over the vesting period.

Assumptions underlying defined benefit superannuation expenses and liability are disclosed in Note 16.

### v. Termination benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement age, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits are only recognised if it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Termination benefits falling due more than twelve months after reporting date are discounted to present value.

### (l) Dividend

The annual dividend is calculated in accordance with Treasury Accounting Policy TPP 09-6 '*Financial Distribution Policy for Government Businesses*'. The amount payable is 75 percent of profit after tax excluding unrealised gains or losses associated with personnel service expense.

The existence of a Statement of Financial Framework that is signed prior to reporting date represents a present obligation that the dividend be paid. Consequently, a provision for the full amount of the dividend is recognised at reporting date.

### (m) Other provisions

A provision exists when there is a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

When some or all of those economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is only recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be reliably measured.

### i. Restorations

A provision for restoration exists where there is an obligation to bring premises back to their original state at the end of a lease term. Each estimate is based on the details of the individual property concerned and terms related to the lease. The provision for restoration is discounted to its present value using the yields on government bonds matching as closely as possible the estimated timing of the payment.

### ii. Restructurings

A provision for restructuring is only recognised when the consolidated entity has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly.

Future operating losses are not provided for.

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 3. Significant Accounting Policies (continued)

### (n) Equity and reserves

The asset revaluation reserve is used to record increments and decrements on the revaluation of property, plant and equipment. This accords with the revaluation policy outlined in Note 3(h) (iv). Retained earnings represent an accumulation of current and prior year earnings after income tax.

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards.

### (o) Equity transfers

The transfer of net assets between NSW public sector agencies as a result of an administrative restructure is designated as a contribution by owners and recognised as an adjustment to retained earnings. This treatment is consistent with the requirements set out in AASB 1004 '*Contributions*' and Australian Accounting Interpretation 1038 '*Contributions by Owners Made to Wholly-Owned Public Sector Entities*'.

Transfers involving statutory bodies are specifically addressed in NSW Treasury Policy TPP 09-3 '*Contributions by owners made to wholly-owned Public Sector Entities*'. The Policy requires that transferred assets be recognised at fair value to the transferee.

### (p) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### Amounts due from lessees

Amounts due from lessees under finance leases are recognised as receivables at the amount of the net investment in each lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on net investment outstanding in respect of the leases.

Income generated from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### Amounts due to lessor

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs. Contingent rentals are recognised as expenses in the period in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentive is recognised as a liability. The aggregate benefits of operating lease incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits are consumed.

### (q) New standards and interpretations not yet adopted.

A number of new standards and interpretations are effective for annual periods beginning after 1 July 2011 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements, except for AASB 9 *Financial Instruments*, which becomes mandatory for the 30 June 2016 consolidated financial statements and could change the classification and measurement of financial assets. Early adoption of this standard is not planned and the extent of the impact has not been determined.

# Notes to the financial statements

For the year ended 30 June 2012

## 4. Revenue

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Revenue** | | | | |
| **(a) Revenue from water sales** | | | | |
| Raw water sales to Sydney Water | 203,935 | 189,866 | 203,935 | 189,866 |
| Other raw water sales | 1,174 | 984 | 1,174 | 984 |
| **Revenue from water sales** | **205,109** | **190,850** | **205,109** | **190,850** |
| | | | | |
| **(b) Other revenue** | | | | |
| Consultancies | 716 | 545 | 716 | 545 |
| Rent and conference centre hire | 1,193 | 1,232 | 1,193 | 1,232 |
| Interest revenue[1] | 889 | 805 | 889 | 805 |
| Other | 387 | 313 | 387 | 313 |
| **Other revenue** | **3,185** | **2,895** | **3,185** | **2,895** |
| **Revenue** | **208,294** | **193,745** | **208,294** | **193,745** |

Note:

1 Prior year gains on derivatives totalling $473,000 have been moved to finance costs for comparative purposes. Refer to Note 6

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 5. Other expenses excluding finance costs

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Other expenses excluding finance costs** | | | | |
| **Employee related expenses**[1] | | | | |
| Salaries and wages[2] | 27,431 | 26,179 | – | – |
| Superannuation | 2,432 | 2,224 | – | – |
| Long service leave | 2,598 | 1,415 | – | – |
| Employment related taxes | 1,754 | 1,780 | – | – |
| Workers compensation insurance | 474 | 267 | – | – |
| Board remuneration | 225 | 284 | 225 | 284 |
| **Employee related expenses** | **34,914** | **32,149** | **225** | **284** |
| | | | | |
| **Other operating expense** | | | | |
| Administration | 3,875 | 4,231 | 3,875 | 4,231 |
| Contractors and consultancies | 42,379 | 33,590 | 101,018 | 66,496 |
| Depreciation and amortisation | 25,164 | 22,505 | 25,164 | 22,505 |
| Energy | 1,864 | 1,948 | 1,864 | 1,948 |
| Grants | 178 | 538 | 178 | 538 |
| Information Management | 1,300 | 1,124 | 1,300 | 1,124 |
| Insurance | 3,144 | 2,926 | 3,144 | 2,926 |
| Licence Fees | 2,775 | 1,660 | 2,775 | 1,660 |
| Materials | 2,309 | 2,239 | 2,309 | 2,239 |
| Property | 4,249 | 4,951 | 4,249 | 4,951 |
| Transport | 137 | 131 | 137 | 131 |
| **Other operating expenses** | **87,374** | **75,843** | **146,013** | **108,749** |

Notes:

1 During the year, the employee related costs of $1,434,000 (2011: $785,000) were capitalised .

2 Includes recreation leave expense and redundancy expenses.

### Maintenance expenses included in other expenses excluding finance costs

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Employee related maintenance expense | 2,283 | 2,489 | – | – |
| Other maintenance expenses | 10,191 | 8,328 | 10,191 | 8,328 |
| **Maintenance expense** | **12,474** | **10,817** | **10,191** | **8,328** |

# Notes to the financial statements

For the year ended 30 June 2012

## 6. Finance costs

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Finance costs** | | | | |
| Interest expense on loans | 27,267 | 27,741 | 27,267 | 27,741 |
| Less: Borrowing costs capitalised | (117) | (510) | (117) | (510) |
| **Interest expense recognised in profit or loss** | **27,150** | **27,231** | **27,150** | **27,231** |
| Government guarantee fee | 5,141 | 4,606 | 5,141 | 4,606 |
| Loss (gain) on derivatives | 2,413 | (473) | 2,413 | (473) |
| Amortisation of deferred discount (income) on loans | 1,330 | 1,430 | 1,330 | 1,430 |
| Loss on debt management | 267 | 379 | 267 | 379 |
| Unwinding of discount on provision for restoration | 20 | 19 | 20 | 19 |
| **Finance costs** | **36,321** | **33,192** | **36,321** | **33,192** |

A borrowing rate of 6.06 percent (2011: 6.14 percent) was used to calculate borrowing costs applicable to qualifying assets. This rate the weighted average interest rate of the borrowings portfolio at reporting date.

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 7. Income tax

### Income tax expense recognised in the Statement of Comprehensive Income

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Current tax expense** | | | | |
| Current tax expense relating to current financial year | 3,530 | 14,072 | 3,530 | 14,072 |
| Prior year adjustments in relation to R&D | 254 | (198) | 254 | (198) |
| Other prior year adjustments | 23 | (165) | 23 | (165) |
| **Deferred tax expense** | | | | |
| Origination and reversal of temporary differences | 4,724 | 1,994 | 4,724 | 1,994 |
| **Income tax expense** | **8,531** | **15,703** | **8,531** | **15,703** |

Prima facie income tax expense on pre-tax profit reconciles to income tax expense in the financial statements as follows:

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Profit before tax** | **49,178** | **52,462** | **25,228** | **51,421** |
| Income tax expense using statutory rate of 30 percent | 14,753 | 15,739 | 7,568 | 15,427 |
| Effect of: | | | | |
| Expenses not deductible in determining taxable profit | (249) | 311 | (249) | 311 |
| Tax concessions (research & development) | – | (254) | – | (254) |
| Other temporary differences | 934 | 582 | 934 | 582 |
| Current year adjustments related to previous years | 278 | (363) | 278 | (363) |
| Tax exempt income | (7,185) | (312) | – | – |
| **Income tax expense** | **8,531** | **15,703** | **8,531** | **15,703** |
| | | | | |
| **Income tax recognised directly to equity** | | | | |
| Asset revaluation reserve | 32,073 | (867) | 32,073 | (867) |
| **Income tax recognised directly to equity** | **32,073** | **(867)** | **32,073** | **(867)** |

### Current tax assets

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Current tax assets | 8,860 | – | 8,860 | – |
| **Current tax assets** | **8,860** | **–** | **8,860** | **–** |

# Notes to the financial statements

For the year ended 30 June 2012

## 7. Income tax (continued)

### Current tax liabilities

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Current tax liabilities | – | 5,477 | – | 5,477 |
| **Current tax liabilities** | **–** | **5,477** | **–** | **5,477** |

### Deferred tax liabilities

| | Opening balance | Recognised in income | Recognised in equity | Closing balance |
|---|---|---|---|---|
| **Consolidated entity & parent entity – 30 June 2012** | | | | |
| **Temporary differences** | | | | |
| Property, plant and equipment | (95,576) | (983) | (32,059) | (128,618) |
| Allowance for impairment of receivables | 13 | (9) | – | 4 |
| Other provisions and accruals | 1,614 | (873) | – | 741 |
| Accelerated sewerage programme | 3,153 | (3,153) | – | – |
| Other | 602 | 294 | – | 896 |
| | **(90,194)** | **(4,724)** | **(32,059)** | **(126,977)** |
| | | | | |
| **Consolidated entity & parent entity – 30 June 2011** | | | | |
| **Temporary differences** | | | | |
| Property, plant and equipment | (94,227) | (2,217) | 868 | (95,576) |
| Allowance for impairment of receivables | 14 | (1) | – | 13 |
| Other provisions and accruals | 1,365 | 249 | – | 1,614 |
| Accelerated sewerage programme | 3,509 | (3556) | – | 3,153 |
| Other | 271 | 331 | – | 602 |
| | **(89,068)** | **(1,994)** | **868** | **(90,194)** |

Presented in the statement of financial position as follows:

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Deferred tax liabilities | 126,977 | 90,194 | 126,977 | 90,194 |
| **Deferred tax liabilities** | **126,977** | **90,194** | **126,977** | **90,194** |

### Unrecognised deferred tax assets

There were no unrecognised deferred tax assets in the current or previous reporting year.

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 8. Cash and cash equivalents

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Cash and cash equivalents** | | | | |
| Cash at bank and on hand | 468 | 2,343 | 468 | 2,343 |
| NSW Treasury Corporation Hourglass (Cash) Facility | 27,501 | 20,308 | 27,501 | 20,308 |
| **Cash and cash equivalents** | **27,969** | **22,651** | **27,969** | **22,651** |
| | | | | |
| Cash and cash equivalent assets recognised in the Statement of financial position are reconciled at the end of the reporting year to the statement of cash flows as follows: | | | | |
| **Closing cash per statement of cash flows** | **27,969** | **22,651** | **27,969** | **22,651** |

Details of financial risk management policies in relation to credit risk, liquidity risk and market risk are disclosed in Note 22.

### Reconciliation of profit after tax to net cash from operating activities in the statement of cash flows

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Profit after tax** | **40,647** | **36,759** | **16,697** | **35,718** |
| Depreciation and amortisation | 25,164 | 22,505 | 25,164 | 22,505 |
| Loss on disposal of property, plant and equipment | 507 | 99 | 507 | 99 |
| Superannuation actuarial losses | (23,950) | (1,040) | – | – |
| Suppliers and employees | 17,761 | 397 | 17,750 | 398 |
| Finance costs | 4,303 | (726) | 4,303 | (726) |
| Receivables | 4,618 | 125 | 4,629 | 125 |
| Income tax | (9,613) | (6,882) | (9,613) | (6,882) |
| **Net cash from operating activities** | **59,437** | **51,237** | **59,437** | **51,237** |

# Notes to the financial statements

For the year ended 30 June 2012

## 9. Trade and other receivables

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Trade and other receivables** | | | | |
| Trade receivables | 17,683 | 15,514 | 17,667 | 15,509 |
| Less: Allowance for impairment | (13) | (42) | (13) | (42) |
| **Trade receivables** | **17,670** | **15,472** | **17,654** | **15,467** |
| Other receivables | 2,981 | 2,359 | 2,981 | 2,359 |
| **Trade and other receivables** | **20,651** | **17,831** | **20,635** | **17,826** |

Details of financial risk management policies in relation to credit risk, liquidity risk and market risk are disclosed in Note 22.

### Movements in the provision for impaired receivables

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Allowance for impairment in trade receivables** | | | | |
| Carrying amount at the beginning of the year | 42 | 46 | 42 | 46 |
| Allowance for impairment recognised in profit or loss | 5 | 13 | 5 | 13 |
| Amounts written off as uncollectable | (34) | (14) | (34) | (14) |
| Amounts recovered during the year | – | (3) | – | (3) |
| **Carrying amount at the end of the year** | **13** | **42** | **13** | **42** |

There are no balances within 'other receivables' that are impaired or past due.

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 9. Trade and other receivables (continued)

### Ageing analysis of receivables individually determined to be impaired

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Impaired receivables** | | | | |
| 0 to 3 months | – | – | – | – |
| 3 months to 6 months | – | – | – | – |
| Over 6 months | – | 1 | – | 1 |
| | **–** | **1** | **–** | **1** |

Impaired receivables collectively determined to be impaired relate to fine and penalty debtors. At 30 June 2012, $13,000 (2011: $41,000) fine and penalty debtors were impaired.

### Ageing analysis of receivables past due but not impaired

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Receivables past due but not impaired** | | | | |
| Less than 3 months | 183 | 50 | 183 | 50 |
| 3 months to 6 months | 3 | 3 | 3 | 3 |
| Over 6 months | – | – | – | – |
| | **186** | **53** | **186** | **53** |

Receivables past due but not impaired mainly relate to independent customers of the parent. The customer's have no history of default.

## 10. Other non-financial assets

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Other non-financial assets** | | | | |
| Lease incentives | 167 | 164 | 167 | 164 |
| Prepaid expenses | 4,264 | 3,750 | 3,781 | 3,526 |
| Prepaid salaries and wages | 15 | 102 | – | – |
| **Other non-financial assets** | **4,446** | **4,016** | **3,948** | **3,690** |

# Notes to the financial statements

For the year ended 30 June 2012

## 11. Property, plant and equipment

| | Specialised assets | | | Non-specialised assets | | | | |
|---|---|---|---|---|---|---|---|---|
| | Work in Progress | Infrastructure Systems | Land & Buildings | Plant & Equipment | Motor Vehicles | Leasehold Improvements | Information Systems | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Consolidated and parent entity | | | | | | | | |
| At 1 July 2011 – Fair value | | | | | | | | |
| Gross carrying amount | 62,893 | 5,290,060 | 143,435 | 37,329 | 4,480 | 3,555 | 3,180 | 5,544,932 |
| Accumulated depreciation and impairment | – | (4,140,749) | (62,198) | (6,629) | (1,198) | (629) | (2,608) | (4,214,011) |
| **Carrying value at the end of the year** | **62,893** | **1,149,311** | **81,237** | **30,700** | **3,282** | **2,926** | **572** | **1,330,921** |
| | | | | | | | | |
| At 30 June 2012 – Fair value | | | | | | | | |
| Gross carrying amount | 30,492 | 5,329,456 | 160,785 | 23,198 | 4,374 | 3,935 | 2,903 | 5,555,143 |
| Accumulated depreciation and impairment | – | (4,054,366) | (60,806) | (8,361) | (1,223) | (904) | (2,354) | (4,128,014) |
| **Carrying value at the end of the year** | **30,492** | **1,275,090** | **99,979** | **14,837** | **3,151** | **3,031** | **549** | **1,427,129** |

| | Specialised assets | | | Non-specialised assets | | | | |
|---|---|---|---|---|---|---|---|---|
| | Work in Progress | Infrastructure Systems | Land & Buildings | Plant & Equipment | Motor Vehicles | Leasehold Improvements | Information Systems | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Consolidated and parent entity – 30 June 2012 | | | | | | | | |
| Carrying value at the beginning of the year | 62,893 | 1,149,311 | 81,237 | 30,700 | 3,282 | 2,926 | 572 | 1,330,921 |
| Additions | 19,954 | 45,501 | – | 71 | 2,365 | 400 | 222 | 68,513 |
| Disposals | (580) | (419) | – | (63) | (2,011) | – | (21) | (3,094) |
| Depreciation | – | (19,763) | (1,825) | (1,751) | (485) | (295) | (224) | (24,343) |
| Revaluation & impairment | – | 103,690 | 3,217 | – | – | – | – | 106,907 |
| Transfers and reclassifications | (51,775) | (3,230) | 17,350 | (14,120) | – | – | – | (51,775) |
| **Carrying value at the end of the year** | **30,492** | **1,275,090** | **99,979** | **14,837** | **3,151** | **3,031** | **549** | **1,427,129** |

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 11. Property, plant and equipment (continued)

| | Specialised assets | | | Non-specialised assets | | | | |
|---|---|---|---|---|---|---|---|---|
| | Work in Progress | Infrastructure Systems | Land & Buildings | Plant & Equipment | Motor Vehicles | Leasehold Improvements | Information Systems | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Consolidated and parent entity | | | | | | | | |
| At 1 July 2010 – Fair value | | | | | | | | |
| Gross carrying amount | 151,891 | 5,264,303 | 143,436 | 10,410 | 4,574 | 1,188 | 3,370 | 5,579,172 |
| Accumulated depreciation and impairment | – | (4,177,074) | (61,101) | (4,456) | (1,051) | (397) | (2,515) | (4,246,594) |
| **Carrying value at the end of the year** | **151,891** | **1,087,229** | **82,335** | **5,954** | **3,523** | **791** | **855** | **1,332,578** |
| | | | | | | | | |
| At 30 June 2011 – Fair value | | | | | | | | |
| Gross carrying amount | 62,893 | 5,290,060 | 143,435 | 37,329 | 4,480 | 3,555 | 3,180 | 5,544,932 |
| Accumulated depreciation and impairment | – | (4,140,749) | (62,198) | (6,629) | (1,198) | (629) | (2,608) | (4,214,011) |
| **Carrying value at the end of the year** | **62,893** | **1,149,311** | **81,237** | **30,700** | **3,282** | **2,926** | **572** | **1,330,921** |

| | Specialised assets | | | Non-specialised assets | | | | |
|---|---|---|---|---|---|---|---|---|
| | Work in Progress | Infrastructure Systems | Land & Buildings | Plant & Equipment | Motor Vehicles | Leasehold Improvements | Information Systems | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Consolidated and parent entity – 30 June 2011 | | | | | | | | |
| Carrying value at the beginning of the year | 151,891 | 1,087,229 | 82,335 | 5,954 | 3,523 | 791 | 855 | 1,332,578 |
| Additions | 32,552 | 110,173 | – | 6,957 | 2,049 | 2,366 | – | 154,097 |
| Disposals | – | (5,740) | – | (26) | (2,239) | – | (13) | (8,018) |
| Depreciation | – | (20,102) | (871) | (435) | (494) | (231) | (270) | (22,403) |
| Revaluation & impairment | – | (4,171) | – | – | – | – | – | (4,171) |
| Transfers and reclassifications | (121,550) | (18,078) | (227) | 18,250 | 443 | – | – | (121,162) |
| Write-off/Adjustments | – | – | – | – | – | – | – | – |
| **Carrying value at the end of the year** | **62,893** | **1,149,311** | **81,237** | **30,700** | **3,282** | **2,926** | **572** | **1,330,921** |

# Notes to the financial statements

For the year ended 30 June 2012

## 11. Property, plant and equipment (continued)

### Recoverable amount

Because of the specialised nature of water industry assets, the recoverable amount is determined by the stream of income derived from the use of the assets working together as one cash-generating unit, rather than the realisable value of the assets themselves ("value-in-use"). The cash generating unit test calculates the recoverable amount of the assets. Future cash flows for revenue and expenses are estimated over the following five years plus the cash generating unit's closing regulatory asset base (the "terminal value"). Net cash flows are subsequently discounted back to its present value using a discount rate equivalent to the consolidated entity's weighted average cost of capital. The weighted average cost of capital is calculated on a nominal pre-tax basis.

Major assumptions underlying the calculation are:

- Nominal pre-tax discount rate of 7.5 percent (2011: 9.5 percent)
- Risk free rate of 3.6 percent (2011: 4.0 percent)
- Closing regulatory asset base of $1,218 million (2011: $1,434 million)
- Inflation rate of 2.8 percent (2011: 2.5 percent)

Estimates of future revenues are based on prices determined by the Independent Pricing and Regulatory Tribunal ("IPART"). Beyond that, estimates are based on expected prices to be determined by IPART in the next pricing determination. Estimates of future expenses are based on budgeted expenses, adjusted for non-cash items. The terminal value represents the value accrued after the five year forecasting period.

As the estimate of the recoverable amount of assets is dependent on the assumptions used in the cash-generating unit test, there is a degree of subjectivity and uncertainty associated with these underlying assumptions, which can result in sensitivity around the calculation of recoverable amount.

The recoverable amount of property, plant and equipment does not materially differ from its carrying value at reporting date. Accordingly, an adjustment for impairment has not been recognised.

### Change in estimates

The consolidated entity reviewed its model for estimating the recoverable amount of property, plant and equipment at balance date. Changes made to the underlying methodology of the model reflect new information or more experience since the previous reporting period. The only change to the model relates to the treatment of imputation credits in the Weighted Average Cost of Capital (WACC) calculation.

Previously, an allowance for tax expense was incorporated in the WACC through the recognition of imputation credits as measured by the gamma. In the revised impairment model, the effect of tax expense on the SCA's future revenue requirements was removed from the WACC and included as a separate item in the future cash flows allowed by IPART.

The change in approach did not result in a material difference to the estimate of the recoverable amount of assets.

### Revaluation of property, plant and equipment

Land and non-operational buildings are valued on a fair value basis with reference to their highest and best use. Where an active and liquid market exists for the assets, their fair values have been derived from quoted market prices. Where it was deemed that an active and liquid market does not exist, fair value of the assets have been determined by reference to the best available market evidence of price at which the assets could be exchanged between knowledgeable and willing parties in an arm's length transaction.

Land and building's fair value was independently revalued CB Richard Ellis at 30 June 2012. The reference market rate used to determine the fair value of land was vacant, undeveloped, remotely located lands as these lands are considered to be closest in nature to other land held, in particular the restrictions imposed on the redevelopment of the land holdings. Asset values had not materially changed from the value at the same time last year and consequently, a revaluation adjustment was not recognised.

In the absence of market-based evidence and where the item is rarely sold (except as part of a continuing business) an income approach to revaluation is used. (AASB 116, para 33). The income approach adopts a valuation process similar to that undertaken in accordance with AASB 136 *Impairment* (refer above). The Parent's infrastructure systems and operational buildings are subject to revaluation using the income approach.

Non-specialised non-current assets with relatively short useful lives are measured at depreciated historical cost, as a surrogate to fair value. This is because the depreciated net carrying amount closely approximates their market value less costs to sell.

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 11. Property, plant and equipment (continued)

### Asset values measured at historical cost

| | Historical Cost | Fair Value | Historical Cost | Fair Value |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2011 $'000 | 2011 $'000 |
| **Consolidated entity and parent entity** | | | | |
| Work in progress | 30,492 | 30,492 | 62,893 | 62,893 |
| Infrastructure systems | 821,695 | 1,275,090 | 747,122 | 1,149,311 |
| Land and buildings | 124,866 | 99,979 | 108,477 | 81,236 |
| Plant and equipment | 14,837 | 14,837 | 30,700 | 30,700 |
| Motor vehicles | 3,151 | 3,151 | 3,282 | 3,282 |
| Leasehold improvements | 3,031 | 3,031 | 2,926 | 2,926 |
| Information systems | 549 | 549 | 572 | 572 |
| **Carrying value at historical cost** | **998,621** | **1,427,129** | **955,972** | **1,330,920** |

Prior year historical cost excluded assets accrued at balance date. Comparative disclosures have been amended accordingly.

## 12. Intangibles

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Cost (gross carrying amount) | 5,618 | 2,180 | 5,618 | 2,180 |
| Accumulated amortisation and impairment | (1,782) | (961) | (1,782) | (961) |
| **Net carrying amount** | **3,836** | **1,219** | **3,836** | **1,219** |

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Software** | | | | |
| Net carrying value at the beginning of the year | 1,219 | 160 | 1,219 | 160 |
| Additions | 3,438 | 1,161 | 3,438 | 1,161 |
| Amortisation | (821) | (102) | (821) | (102) |
| **Net carrying amount at the end of the year** | **3,836** | **1,219** | **3,836** | **1,219** |

# Notes to the financial statements

For the year ended 30 June 2012

## 13. Trade and other payables

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Current** | | | | |
| Trade and other payables | 38 | 814 | 38 | 814 |
| Accrued interest on loans | 7,895 | 7,722 | 7,895 | 7,722 |
| Other accrued expenses | 20,910 | 18,212 | 20,910 | 18,210 |
| Accrued salaries and wages (including oncosts) | 133 | 305 | 3 | 5 |
| Personnel services expense owed to Subsidiary | – | – | 60,357 | 34,931 |
| **Trade and other payables** | **28,976** | **27,053** | **89,203** | **61,682** |

Trade and other payables represent non-interest bearing liabilities expected to be settled no later than 12-months from reporting date. Because of this they are reported on an undiscounted basis. Due to the short term nature of the liabilities, the carrying amount approximates each liability's fair value. Details regarding the consolidated entity's financial risk management policies in relation credit risk, liquidity risk and market risk are disclosed in Note 22.

## 14. Other liabilities

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Current** | | | | |
| Deferred income | 315 | 291 | 315 | 291 |
| Other | 8 | 8 | 8 | 8 |
| **Current other liabilities** | **323** | **299** | **323** | **299** |
| **Non-Current** | | | | |
| Lease incentives | 936 | 1,036 | 936 | 1,036 |
| Deferred income | 236 | 235 | 236 | 235 |
| Other | 20 | 20 | 20 | 20 |
| **Non-current other liabilities** | **1,192** | **1,291** | **1,192** | **1,291** |

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 15. Borrowings

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Current borrowings at amortised cost** | | | | |
| Fixed interest loans | 13,927 | 10,018 | 13,927 | 10,018 |
| Premium (discount) on loans | (27) | (18) | (27) | (18) |
| **Current borrowings** | **13,900** | **10,000** | **13,900** | **10,000** |
| | | | | |
| **Non-current borrowings at amortised cost** | | | | |
| Variable interest loans | – | 7,500 | – | 7,500 |
| Fixed interest loans | 458,010 | 465,986 | 458,010 | 465,986 |
| Premium (discount) on loans | (4,262) | (7,629) | (4,262) | (7,629) |
| **Non-current borrowings at amortised cost** | **453,748** | **465,857** | **453,748** | **465,857** |
| Derivative financial instruments | 1,904 | (507) | 1,904 | (507) |
| **Non-current borrowings** | **455,652** | **465,350** | **455,652** | **465,350** |

All loans are raised by NSW Treasury Corporation on behalf of the Parent. Loans are negotiated with either a floating rate, where the rate is reset periodically in accordance with the requirements of the Parent or at a fixed rate where interest is set over the term of the loan. All borrowings are unsecured.

### Fair value of borrowings

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Consolidated entity and parent entity** | | | | |
| Variable interest loans | – | 7,590 | – | 7,590 |
| Fixed interest loans | 521,954 | 489,922 | 521,954 | 489,922 |
| Derivatives liabilities (assets) | 2,398 | (317) | 2,398 | (317) |
| **Fair value of borrowings** | **524,352** | **497,195** | **524,352** | **497,195** |

# Notes to the financial statements

For the year ended 30 June 2012

## 15. Borrowings (continued)

### Contractual maturity analysis of borrowings – undiscounted cash flows

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Non-derivative borrowings** | | | | |
| Less than 1 year | 83,096 | 74,586 | 83,096 | 74,586 |
| Between 1 and 5 years | 322,988 | 264,838 | 322,988 | 264,838 |
| More than 5 years | 200,878 | 290,673 | 200,878 | 290,673 |
| **Non-derivative borrowings** | **606,962** | **630,097** | **606,962** | **630,097** |
| **Derivative borrowings (assets)** | | | | |
| Less than 1 year | 2,398 | (317) | 2,398 | (317) |
| **Derivative borrowings** | **2,398** | **(317)** | **2,398** | **(317)** |

Details regarding the consolidated entity's financial risk management policies in relation credit risk, liquidity risk and market risk as well as approved financing facilities are disclosed in Note 22.

All financing facilities were approved in accordance with Section 8(2) of the *Public Authorities (Financial Arrangements) Act 1987.*

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 16. Provisions

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Current** | | | | |
| **Expected to be settled within 12 months** | | | | |
| Employee benefits[1] | 3,701 | 4,118 | – | – |
| Dividend[2] | 25,096 | 27,335 | 25,096 | 27,335 |
| Fringe benefits tax[3] | 36 | 38 | – | – |
| Other provisions | – | 1,100 | – | 1,100 |
| | **28,833** | **32,591** | **25,096** | **28,435** |
| | | | | |
| **Current** | | | | |
| **Expected to be settled later than 12 months** | | | | |
| Employee benefits | 12,135 | 9,714 | – | – |
| | **12,135** | **9,714** | **–** | **–** |
| | | | | |
| **Current provisions** | **40,968** | **42,305** | **25,096** | **28,435** |
| **Non-current provisions** | | | | |
| Employee benefits | 44,869 | 21,090 | – | – |
| Restoration[4] | 476 | 471 | 476 | 471 |
| **Non-current provisions** | **45,345** | **21,561** | **476** | **471** |

Notes:

1 Assumptions underlying the provision for employee entitlements is outlined in Note 3(d)

2 Under the National Taxation Equivalent Regime (NTER), the parent is not required to operate a dividend franking account.

3 The amount provided for Fringe Benefit Tax is based on the actual liability at 31 March 2012. There is inherent uncertainty over what the actual liability will be until the Return is prepared in 31 March 2013.

4 Estimates are based on long term estimates to restore leased premises and the estimate discounted to their present value. Uncertainty exists in relation to actual restoration costs that will ultimately be incurred and whether there will be a material change to the discount rate applied to the estimate.

# Notes to the financial statements

For the year ended 30 June 2012

## 16. Provisions (continued)

### Movement in provisions other than employee benefits

| | Other Provision | Fringe Benefit Tax Provision | Restoration Provision | Dividend Provision |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Consolidated entity – 30 June 2012** | | | | |
| Carrying amount at the beginning of the year | 1,100 | 38 | 471 | 27,335 |
| Additional provisions recognised | – | 151 | – | 25,096 |
| Amounts used | (1,100) | (153) | (17) | (27,335) |
| Unwinding of discount rate | – | – | 22 | – |
| **Carrying amount at the end of the year** | **–** | **36** | **476** | **25,096** |

| | Other Provision | Restoration Provision | Dividend Provision |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **Parent entity – 30 June 2012** | | | |
| Carrying amount at the beginning of the year | 1,100 | 471 | 27,335 |
| Additional provisions recognised | – | – | 25,096 |
| Amounts used | (1,100) | (17) | (27,335) |
| Unwinding of discount rate | – | 22 | – |
| **Carrying amount at the end of the year** | **–** | **476** | **25,096** |

### Defined benefit superannuation schemes

The Pooled Funds holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-Contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at lease a component of the final benefit is derived from a multiple of member salary and years of membership. All the Schemes are closed to new members.

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 16. Provisions (continued)

### Reconciliation of the present value of the defined benefit obligation

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Present value of benefits at beginning of the year | 14,362 | 3,372 | 40,479 | 58,213 |
| Current service cost | 361 | 151 | 342 | 854 |
| Interest cost | 732 | 170 | 2,115 | 3,017 |
| Contributions by fund participants | 221 | – | 346 | 567 |
| Actuarial gains (losses) | 1,198 | 286 | 19,790 | 21,274 |
| Benefits paid | (2,207) | (320) | (1,408) | (3,935) |
| **Present value of benefits at the end of the year** | **14,667** | **3,659** | **61,664** | **79,990** |

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Present value of benefits at the beginning of the year | 13,544 | 3,184 | 37,869 | 54,597 |
| Current service cost | 369 | 144 | 351 | 864 |
| Interest cost | 682 | 159 | 1,938 | 2,779 |
| Contributions by fund participants | 227 | – | 317 | 544 |
| Actuarial gains (losses) | 299 | 31 | 1,113 | 1,443 |
| Benefits paid | (758) | (146) | (1,109) | (2,013) |
| **Present value of benefits at the end of the year** | **14,363** | **3,372** | **40,479** | **58,214** |

# Notes to the financial statements

For the year ended 30 June 2012

## 16. Provisions (continued)

### Reconciliation of the fair value of fund assets

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Fair value of fund assets at the beginning of the year | 10,418 | 2,122 | 24,939 | 37,479 |
| Expected return on fund assets | 871 | 176 | 2,122 | 3,169 |
| Actuarial gains (losses) | (873) | (176) | (1,627) | (2,676) |
| Employer contributions | 427 | 151 | 323 | 901 |
| Contributions by Fund participants | 221 | – | 346 | 567 |
| Benefits paid | (2,207) | (320) | (1,408) | (3,935) |
| **Fair value of fund assets at the end of the year** | **8,857** | **1,953** | **24,695** | **35,505** |

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Fair value of fund assets at the beginning of the year | 9,652 | 1,947 | 23,078 | 34,677 |
| Expected return on fund assets | 818 | 164 | 1,965 | 2,947 |
| Actuarial gains (losses) | 29 | – | 374 | 403 |
| Employer contributions | 450 | 157 | 315 | 922 |
| Contributions by Fund participants | 227 | – | 317 | 544 |
| Benefits paid | (758) | (146) | (1,109) | (2,013) |
| **Fair value of fund assets at the end of the year** | **10,418** | **2,122** | **24,940** | **37,480** |

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 16. Provisions (continued)

### Reconciliation of the assets and liabilities recognised in the consolidated entity's statement of financial position

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Present value of defined benefit obligation at end of year | 14,667 | 3,659 | 61,664 | 79,990 |
| Fair value of fund assets at the end of the year | (8,857) | (1,953) | (24,695) | (35,505) |
| **Liability in statement of financial position** | **5,810** | **1,706** | **36,969** | **44,485** |

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Present value of defined benefit obligation at end of year | 14,363 | 3,372 | 40,479 | 58,214 |
| Fair value of fund assets at the end of the year | (10,418) | (2,122) | (24,940) | (37,480) |
| **Liability in statement of financial position** | **3,945** | **1,250** | **15,539** | **20,734** |

### Expense recognised in profit or loss

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Current service cost | 361 | 151 | 342 | 854 |
| Interest cost | 732 | 170 | 2,115 | 3,017 |
| Expected return on fund assets (net expenses) | (871) | (176) | (2,122) | (3,169) |
| **Expense (income) recognised in profit or loss** | **222** | **145** | **335** | **702** |

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Current service cost | 369 | 144 | 351 | 864 |
| Interest cost | 682 | 159 | 1,938 | 2,779 |
| Expected return on fund assets (net expenses) | (818) | (164) | (1,965) | (2,947) |
| **Expense (income) recognised in profit or loss** | **233** | **139** | **324** | **696** |

# Notes to the financial statements

For the year ended 30 June 2012

## 16. Provisions (continued)

### Cumulative amount recognised in consolidated entity's statement of comprehensive income

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Actuarial losses | 2,071 | 462 | 21,417 | 23,950 |
| Adjustment for limit on net asset | – | – | – | – |
| **Amount recognised in comprehensive income** | **2,071** | **462** | **21,417** | **23,950** |

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Actuarial losses | 270 | 31 | 740 | 1,041 |
| Adjustment for limit on net asset | – | – | – | – |
| **Amount recognised in comprehensive income** | **270** | **31** | **740** | **1,041** |

### Fund assets

| | Consolidated Entity | Consolidated Entity |
|---|---|---|
| | 2012 % | 2011 % |
| Australian equities | 28.0 | 33.4 |
| Overseas equities | 23.7 | 29.5 |
| Australian fixed interest securities | 4.9 | 5.7 |
| Overseas fixed interest securities | 2.4 | 3.1 |
| Property | 8.6 | 9.9 |
| Cash | 19.5 | 5.1 |
| Other | 12.9 | 13.3 |

### Fair value of fund assets

All Fund assets are invested by SAS Trustee Corporation at arm's length through independent fund managers.

### Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 16. Provisions (continued)

### Actual return on fund assets

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Actual return on fund assets | (8) | – | 1 | (7) |
| | **(8)** | **–** | **1** | **(7)** |

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Actual return on fund assets | 829 | 164 | 1,962 | 2,955 |
| | **829** | **164** | **1,962** | **2,955** |

### Valuation method and principal actuarial assumptions at the reporting date

#### Valuation method

The projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

#### Economic assumptions

| | Per Annum | Per Annum |
|---|---|---|
| | 2012 % | 2011 % |
| Salary increase rate (excluding promotional increases) | 2.5 | 3.5 |
| Rate of CPI increase | 2.5 | 2.5 |
| Expected rate of return on assets | 8.6 | 8.6 |
| Discount rate | 3.06 | 5.28 |

#### Demographic assumptions

The demographic assumptions at 30 June 2012 are those that were used in the 2009 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

# Notes to the financial statements

For the year ended 30 June 2012

## 16. Provisions (continued)

### Historical Information

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Present value of defined benefit obligation | 14,667 | 3,659 | 61,664 | 79,990 |
| Fair value of fund assets | (8,857) | (1,953) | (24,695) | (35,505) |
| **(Surplus) deficit in fund** | **5,810** | **1,706** | **36,969** | **44,485** |
| Experience adjustments – fund liabilities | 1,198 | 286 | 19,790 | 21,274 |
| Experience adjustments – fund assets | 873 | 176 | 1,627 | 2,676 |

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Present value of defined benefit obligation | 14,363 | 3,372 | 40,479 | 58,214 |
| Fair value of fund assets | (10,418) | (2,122) | (24,940) | (37,480) |
| **(Surplus) deficit in fund** | **3,945** | **1,250** | **15,539** | **20,734** |
| Experience adjustments – fund liabilities | 299 | 31 | 1,113 | 1,443 |
| Experience adjustments – fund assets | (29) | – | (374) | (403) |

### Aggregate historical information

| | Total | Total | Total | Total | Total |
|---|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2010 $'000 | 2009 $'000 | 2008 $'000 |
| Present value of defined benefit obligation | 79,990 | 58,214 | 54,598 | 50,427 | 43,509 |
| Fair value of fund assets | (35,505) | (37,480) | (34,678) | (35,071) | (39,054) |
| **(Surplus) deficit in fund** | **44,485** | **20,734** | **19,920** | **15,356** | **4,455** |
| Experience adjustments – fund liabilities | 21,274 | 1,443 | 3,633 | 4,456 | (604) |
| Experience adjustments – fund assets | 2,676 | (403) | 2,648 | 6,936 | 5,659 |

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 16. Provisions (continued)

### Expected contributions

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Expected employer contributions | 419 | 157 | 322 | 898 |
| **Expected employer contributions** | **419** | **157** | **322** | **898** |

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Expected employer contributions | 431 | 156 | 295 | 882 |
| **Expected employer contributions** | **431** | **156** | **295** | **882** |

### Funding arrangements for employer contributions

#### (Surplus)/Deficit

The following is a summary of the financial position of the fund calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans*.

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Accrued benefits | 12,359 | 3,116 | 30,378 | 45,853 |
| Net market value of fund assets | (8,858) | (1,952) | (24,695) | (35,505) |
| **Net (surplus)/deficit** | **3,501** | **1,164** | **5,683** | **10,348** |

| | SASS | SANCS | SSS | Consolidated Entity |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Accrued benefits | 13,054 | 3,072 | 27,597 | 43,723 |
| Net market value of fund assets | (10,418) | (2,122) | (24,940) | (37,480) |
| **Net (surplus)/deficit** | **2,636** | **950** | **2,657** | **6,243** |

# Notes to the financial statements

For the year ended 30 June 2012

## 16. Provisions (continued)

### Contribution recommendations

Recommended contribution rates current and previous reporting period are:

| SASS | SANCS | SSS |
|---|---|---|
| Multiple of member contributions | Percentage of member salary | Multiple of members contribution |
| 1.90 | 2.50 | 0.93 |

### Funding method

Contribution rates are set after discussions between the employer, the SAS Trustee Corporation & NSW Treasury.

### Economic assumptions

The weighted average economic assumptions adopted for the last actuarial review of the fund are:

| Percentage per annum | % |
|---|---|
| Expected rate of return on fund assets backing current pension liabilities | 8.3 |
| Expected rate of return on fund assets backing other liabilities | 7.3 |
| Expected salary increase rate | 4.0 |
| Expected rate of CPI increase | 2.5 |

### Nature of asset/liability

If a surplus exists in the employers' interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the fund's actuary. Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

## 17. Segment reporting

The parent operates within the water industry as one business segment that provides raw water to the Sydney Water Corporation and other wholesale customers and other catchment related activities as required by the *Sydney Water Catchment Management Act 1988*.

Operations are wholly within the State of New South Wales.

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 18. Commitments

### Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as a liability are expected to be payable as follows:

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Within one year | 7,252 | 5,285 | 7,252 | 5,285 |
| Later than one year but not later than five years | 5,015 | 5,208 | 5,015 | 5,208 |
| Later than five years | – | – | – | – |
| **Capital commitments** | **12,267** | **10,493** | **12,267** | **10,493** |

Amounts disclosed as capital commitments includes GST of $1.12 million (2011: $0.96 million) recoverable from the Australian Taxation Office.

Capital commitments relate to the construction and enhancement of property, plant and equipment.

### Operating lease commitments

Operating lease commitments contracted for at the reporting date but not recognised as a liability are expected to be payable as follows:

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Within one year | 1,932 | 2,055 | 1,932 | 2,055 |
| Later than one year but not later than five years | 8,209 | 8,595 | 8,209 | 8,595 |
| Later than five years | 13,152 | 16,226 | 13,152 | 16,226 |
| **Operating lease commitments** | **23,293** | **26,876** | **23,293** | **26,876** |
| | | | | |
| **Representing non-cancellable operating leases** | **23,293** | **26,876** | **23,293** | **26,876** |

Amounts disclosed as operating lease commitments includes GST of $2.12 million (2011: $2.44 million) recoverable from the Australian Taxation Office .

Operating leases relate to office rent. The occupancy terms range from one to twelve years with renewal options for similar periods. All leases have been negotiated on commercial terms.

# Notes to the financial statements

For the year ended 30 June 2012

## 19. Contingent liabilities and contingent assets

At reporting date, there are no known contingent liabilities or contingent assets.

## 20. Related parties

### Subsidiaries

The Parent's only related party is the Sydney Catchment Authority Division (the Division). The Division is a Division of the Government Service, established pursuant to Part 2 and Part 3 of Schedule 1 of the *Public Employment & Management Act 2002*. The Division is regarded as a special purpose reporting entity as it was established specifically to provide personnel services exclusively to the Authority in order for it to exercise its functions described in its enabling legislation.

The Division is consolidated in accordance with the requirements of AASB Interpretation 112 'Consolidation – Special Purpose Entities'.

| Subsidiary | Country of Incorporation | Ownership Interest | Ownership Interest |
|---|---|---|---|
| | | 2012 % | 2011 % |
| Sydney Catchment Authority Division | Australia | 100 | 100 |

### Statement of comprehensive income – supply of personnel services by subsidiary

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Sydney Catchment Authority Division | – | – | 60,073 | 33,690 |
| **Personnel services expenses** | **–** | **–** | **60,073** | **33,690** |

### Statement of financial position – current liabilities payable to subsidiary

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Sydney Catchment Authority Division | – | – | 60,357 | 34,931 |
| **Current liabilities payable to subsidiary** | **–** | **–** | **60,357** | **34,931** |

All transactions between the Authority and key management personnel are conducted in accordance with the requirements set out in NSW Treasury policy and guidelines including TC11/19 '*Financial and annual reporting requirements arising from personnel service Arrangements*' and TC11/18 '*Financial reporting requirements for NSW Government entities including those affected by restructures*'.

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 20. Related parties (continued)

The following officers hold responsibility for planning, directing and controlling the activities of the consolidated entity:

- Robert Rollinson — Chairman
- Sarah Dinning — Acting Chief Executive and Deputy Chairperson (Appointed on 12 December 2011)
- Michael Bullen — Chief Executive (Last day of service was 3 February 2012)
- John Asquith — Board Member
- Stephen Corbett — Board Member
- David Evans — Board Member (Last day of service was 6 October 2011)
- Louise Wakefield — Board Member (Last day of service was 6 October 2011)
- Kenneth Wheelwright — Board member
- Larry Whipper — Board Member
- Graham Collins — Group General Manager, Finance & Business Services
- Simone Greenaway — Executive Director, Governance
- Penny Knights — Acting Group General Manager, Corporate Development (Appointed on 9 January 2012)
- Fiona Smith — Group General Manager, Operations
- Ian Tanner — Group General Manager, Assets & Major Projects

**Remuneration of key management personnel who held responsibility for controlling activities of the consolidated entity**

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Short term employee benefits | 1,701 | 1,984 | 207 | 262 |
| Long term employee benefits | 52 | 8 | – | – |
| Post term employee benefits | 163 | 226 | 17 | 22 |
| Termination benefits | – | 309 | – | – |
| **Remuneration of key management personnel** | **1,916** | **2,527** | **224** | **284** |

# Notes to the financial statements

For the year ended 30 June 2012

## 21. Auditors' remuneration

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| The Audit Office of NSW – Audit of financial statements | 163 | 163 | 163 | 163 |
| **Auditors remuneration** | **163** | **163** | **163** | **163** |

The audit fee for the financial audit of the Subsidiary is assumed by the Sydney Catchment Authority. The audit fee for the Subsidiary was $7,000 (2011: $4,300). The costs of this audit are included in the disclosure above.

## 22. Financial risk management

### Overview

The consolidated entity has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the consolidated entity's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk; fair value disclosures as well as the consolidated entity's management of capital.

### Financial instrument categories

| Consolidated entity | Note | Measurement basis | Carrying Amount 2012 $'000 | Carrying Amount 2011 $'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | 8 | Fair value | 27,969 | 22,651 |
| Trade and other receivables[1] | 9 | Amortised cost | 17,670 | 15,472 |
| | | | **45,639** | **38,123** |
| | | | | |
| **Financial liabilities** | | | | |
| Trade and other payables[2] | 13 | Amortised cost | 28,976 | 27,053 |
| Borrowings | 15 | Amortised cost | 467,648 | 475,856 |
| Derivatives (assets) liabilities[3] | 15 | Fair value through profit and loss | 1,904 | (507) |
| | | | **498,528** | **502,402** |

Notes:

1 Excludes statutory receivables

2 Excludes statutory payables

3 All the derivatives are 'held for trading'.

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 22. Financial risk management (continued)

| Parent entity | Note | Measurement basis | Carrying Amount 2012 $'000 | Carrying Amount 2011 $'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | 8 | Fair value | 27,969 | 22,651 |
| Trade and other receivables[1] | 9 | Amortised cost | 17,654 | 15,467 |
| | | | **45,623** | **38,118** |
| **Financial liabilities** | | | | |
| Trade and other payables[2] | 13 | Amortised cost | 89,203 | 61,682 |
| Borrowings | 15 | Amortised cost | 467,648 | 475,856 |
| Derivatives (assets) liabilities[3] | 15 | Fair value through profit and loss | 1,904 | (507) |
| | | | **558,755** | **537,031** |

| | Consolidated Entity 2012 $'000 | Consolidated Entity 2011 $'000 | Parent Entity 2012 $'000 | Parent Entity 2011 $'000 |
|---|---|---|---|---|
| **Variable rate instruments**[1] | | | | |
| Cash and cash equivalents | 27,969 | 22,651 | 27,969 | 22,651 |
| Floating rate loan | – | 7,500 | – | 7,500 |
| Derivatives | 1,904 | (507) | 1,904 | (507) |
| **Variable rate instruments** | **29,873** | **29,644** | **29,873** | **29,644** |

Note:

1 Other than fixed rate loans, which are presented at amortised cost, all financial instruments are presented at their fair value.

### Fair value sensitivity analysis for fixed rate instruments

The consolidated entity does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and derivatives are not designated as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

### Fair value sensitivity analysis for variable rate instruments

A change of 100 basis points interest rates would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain the constant.

# Notes to the financial statements

For the year ended 30 June 2012

## 22. Financial risk management (continued)

| | Profit or loss | | Equity | |
|---|---|---|---|---|
| | + bp100 | - 100bp | + 100bp | - 100bp |
| **Variable rate instruments – 30 June 2012** | | | | |
| Cash and cash equivalents | 280 | (280) | 280 | (280) |
| Derivatives | (1,365) | 1,365 | (1,365) | (1,365) |
| | **(1,085)** | **(280)** | **280** | **(280)** |

| | Profit or loss | | Equity | |
|---|---|---|---|---|
| | + bp100 | - 100bp | + 100bp | - 100bp |
| **Variable rate instruments – 30 June 2011** | | | | |
| Cash and cash equivalents | 227 | (227) | 227 | (227) |
| Floating rate loan | (75) | 75 | (75) | 75 |
| Derivatives | (548) | 548 | (548) | 548 |
| | **(397)** | **397** | **(397)** | **397** |

### Fair values of financial instruments

All financial instruments are carried at fair value with the exception of borrowings which are carried at amortised cost.

In terms of cash and cash equivalents, receivables and payables, the carrying amount is considered to approximate the fair value because of the short term nature of the financial instrument. The fair value of interest bearing liabilities is disclosed in Note 15.

#### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The analysis excludes those financial instruments whose carrying amount is a reasonable approximation of fair value such as cash and cash equivalents, and short-term receivables and payables.

Notes:

1 Excludes statutory receivables

2 Excludes statutory payables

3 All the derivatives are 'held for trading'.

### Risk management framework

The Board has overall responsibility for establishing and overseeing the consolidated entity's financial risk management framework. The Board has established the Audit & Risk Committee (the Committee), which is responsible for developing and monitoring the consolidated entity's financial risk management policies. The Committee reports regularly to the Board on its activities. The Executive of the Authority is responsible for ensuring that the policies are implemented and complied with.

Risk management policies are established to identify and analyse risks faced by the consolidated entity; to set appropriate risk limits and controls as well as monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the business environment and the consolidated entity's activities. The consolidated entity, through training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to identified risks. The Committee is assisted in its oversight by an Internal Audit function that outsources regular and ad hoc reviews of financial risk management controls and procedures. The results of these reviews are reported to the Committee.

### Credit risk

Credit risk is the risk of financial loss to the consolidated entity should a customer or counterparty to a financial instrument fail to meet its contractual obligations, and arises principally from the consolidated entity's receivables from customers.

#### Trade and other receivables

As a means of monitoring customer credit risk, customers are grouped according to their nature: Water sales, fine & penalty debtors and other debtors. The maximum exposure to credit risk for trade and other receivables is the carrying value less any security held over the outstanding balance.

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 22. Financial risk management (continued)

The parent is exposed to concentrations of credit risk in relation to its largest customer, Sydney Water Corporation. At 30 June 2012, Sydney Water Corporation accounted for 95 percent (2011: 98 percent) of trade receivables. Sydney Water has traded with the Authority since it was established in 1999. Since then, there has never been an instance that an outstanding balance payable by Sydney Water Corporation has been impaired.

Fine & penalty debtors are managed by the Office of State Revenue and Infringement Processing Bureau. Outstanding fines and penalties are regularly monitored by management.

With respect to other receivables, the consolidated entity monitors outstanding balances on an ongoing basis and has policies in place to recover overdue amounts. As a means of mitigating the risk of financial losses from defaults, the consolidated entity only deals with creditworthy customers.

Analysis of trade and other receivables considered impaired as well as those past due but not impaired is disclosed in Note 9.

### Cash and cash equivalents

The consolidated entity held cash and cash equivalent of $28.0 million at 30 June 2012 (2011: $22.7 million), which represents its maximum credit exposure on these assets. All cash and cash equivalents are held with T-Corp and Westpac which are rated AA to AAA, based on rating agency Standard & Poor's ratings.

### Financial Guarantees

The consolidated entity does not provide financial guarantees.

### Liquidity risk

Liquidity risk is the risk that consolidated entity will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient accordance with the Debt Management Framework approved by the Board.

Liquidity risk is measured by comparing projected net debt levels for the following twelve month period against total committed facilities. Projections incorporate the level of existing debt; operating cash flows, operating and capital expenditure and forecast revenue streams.

Liquidity risk is managed through the use of a cash flow forecasting model that aims to ensure there is sufficient working capital to service its commitments over the next 12-months; and the availability of long-term and short-term borrowing facilities. In terms of borrowings facilities, T-Corp bears the liquidity risk in terms of its ability to access funding from financial markets and pass those funds onto the consolidated entity as and when required.

The consolidated entity maintains the following lines of credit:

| | Approved facility | Balance used | Available balance |
|---|---|---|---|
| **Borrowing facilities – 30 June 2012** | | | |
| Long term borrowing facility | 484,000 | 469,552 | 14,448 |
| "Come & Go" borrowing facility | 30,000 | – | 30,000 |
| Cheque cashing facility | 2 | – | 2 |
| Tape negotiation authority | 20,000 | – | 20,000 |
| Credit card facility | 60 | 19 | 41 |
| **Borrowing facility** | **534,062** | **469,571** | **64,491** |

| | Approved facility | Balance used | Available balance |
|---|---|---|---|
| **Borrowing facilities – 30 June 2011** | | | |
| Long term borrowing facility | 476,100 | 475,350 | 750 |
| "Come & Go" borrowing facility | 30,000 | – | 30,000 |
| Cheque cashing facility | 2 | – | 2 |
| Tape negotiation authority | 15,000 | – | 15,000 |
| Credit card facility | 60 | 3 | 57 |
| **Borrowing facility** | **521,162** | **475,353** | **45,809** |

# Notes to the financial statements

For the year ended 30 June 2012

## 22. Financial risk management (continued)

Derivatives form part of the SCA's approved long term borrowing facility. Consequently, the "balance used" disclosed in the prior year has been changed from $475,857,000 to $475,350,000.

NSW Treasury has advised the Parent that an approval for financial accommodation in accordance with Section 8(2) of the *Public Authorities (Financial Arrangements) Act 1987* is not required for the 'tape negotiation authority' or cheque cashing authority.

### Contractual maturity of financial liabilities

All financial liabilities are expected to be settled within twelve months from reporting date except for borrowings. A contractual maturity analysis of borrowings at reporting date is disclosed in Note 15.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

### Derivatives

T-Corp buys and sells derivatives on behalf of the Parent to manage certain market risks. All such transactions are carried out in accordance with the with the Debt Management Framework approved by the Board. Derivatives are not traded for speculative purposes.

Each derivative contract has initial and variation margin requirements. Margin requirements on futures contracts provide part of the prudent risk management mechanism, and a financial safeguard, ensuring contract integrity and liquidity at exchange level. T-Corp regularly reports the consolidated entity's dollar sensitivity amount on open futures position. The information is used to decide whether management settle outstanding variation margins.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect income or the value of its financial instruments portfolio. The objective of market risk management is to manage and control market risk exposures within parameters approved by the Board.

### Currency risk

Currency risk it the risk that future cash flows associated with a financial asset or financial liability will fluctuate because of changes in foreign exchange rates.

Where a significant foreign currency exposure is identified, the transaction is fully hedged within two days of the exposure arising. There has been no material foreign currency exposures during the year.

### Price risk

Price risk is the risk that the fair value or future cash flows associated with a financial instrument fluctuates because of changes in market prices other than those arising from interest rates or foreign currency exchange rates.

The consolidated entity holds units in the T-Corp Hourglass (Cash) Facility which invests cash in the money market investment sectors. The investment horizon of the facility is two years. At reporting date, the carrying amount of the facility was $27.5 million (2011: $20.3 million).

The unit prices of the facility is equal to the total fair value of net assets divided by the number of units on issue. Unit prices are calculated and published daily. NSW Treasury Corporation is trustee for the facility and is required to act in the best interests of unit holders and to administer the trusts in accordance with the trust deeds. A significant potion of the administration of the facility has been outsourced to an external custodian.

Investment in Hourglass facilities limits the consolidated entity's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments. T-Corp provides sensitivity analysis for all facilities using historically based volatility information collected over a ten year period, quoted at two standard deviations.

Pursuant to NSW Treasury Accounting Policy TPP 08-1 *Accounting for Financial Instruments, the Hourglass Cash Facility* has been designated as a cash equivalent in accordance with in AASB 107 *Statement of Cash Flows*.

### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises from its borrowings portfolio and interest bearing deposits.

Objectives of interest rate risk management include:

- Minimise to interest movements such that the interest expense adversely impacts its ability to meet its financial obligations as and when they fall due.
- Achieve a 'neutral portfolio benchmark'.
- Comply with all regulatory and legislative requirements in relation to its debt portfolio.

The 'benchmark portfolio' compares the cost of debt relative to the actual debt portfolio. Limits are set by management in terms of the modified duration and hedging instruments position limits; and limits on accounting losses. The 'benchmark portfolio' is developed from T-Corp stocks and has a modified duration of approximately 4-years (within a band of 3.8 and 4.2 years).

The modified duration of the debt portfolio is set within a range of +/– 0.5 years from the modified duration of the benchmark portfolio.

Sydney Catchment Authority

# Notes to the financial statements

For the year ended 30 June 2012

## 22. Financial risk management (continued)

At the reporting date the carrying amount and interest rate profile of the consolidated entity's interest-bearing financial instruments was:

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Fixed rate instruments**[1] | | | | |
| Fixed loans Commonwealth guaranteed | 22,720 | 22,686 | 22,720 | 22,686 |
| Fixed loans State guaranteed | 136,698 | 99,078 | 136,698 | 99,078 |
| Fixed loans to Authorities | 308,229 | 346,594 | 308,229 | 346,594 |
| **Fixed rate instruments** | **467,647** | **468,358** | **467,647** | **468,358** |

Fair value hierarchies are disaggregated as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Consolidated entity & parent entity – 30 June 2012** | | | | |
| Derivatives liabilities (assets) | 1,904 | – | – | 1,904 |
| **Fair value hierarchy** | **1,904** | **–** | **–** | **1,904** |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Consolidated entity & parent entity – 30 June 2011** | | | | |
| Derivatives liabilities (assets) | (507) | – | – | (507) |
| **Fair value hierarchy** | **(507)** | **–** | **–** | **(507)** |

No financial instruments have been transferred between fair value hierarchies during the year (2011: Nil).

As noted in TPP 08–1 'Accounting for Financial Instruments', the T-Corp Hourglass (Cash) Facility is designated as cash and cash equivalent under AASB 107 *Cash Flow Statements*. These are measured at fair value with interest revenue accrued as earned such that the fair value is reflected at no less than the amount payable on demand (consistent with AASB 139.49).

Consequently, the carrying amount of the Facility is a reasonable approximation to its fair value.

# Notes to the financial statements

For the year ended 30 June 2012

## 22. Financial risk management (continued)

### Capital management

The Board's policy is manage capital such that it will sustain the future development of the business while meeting dividend targets set out in the Statement of Financial Framework. The Board seeks to balances between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. All decisions are made with reference to NSW Government policy.

The Board actively monitors financial performance indicators to ensure that the consolidated entity is optimising its capital structure including:

| | Consolidated Entity | Consolidated Entity | Parent Entity | Parent Entity |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| **Capital employed** | | | | |
| Interest bearing liabilities | 469,552 | 475,350 | 469,552 | 475,350 |
| Equity | 779,558 | 713,108 | 779,558 | 713,108 |
| **Capital employed** | **1,249,110** | **1,188,458** | **1,249,110** | **1,188,458** |
| | | | | |
| **Other indicators** | | | | |
| Gearing ratio[1] | 37.59 | 40.00 | 37.59 | 40.00 |
| Debt to equity ratio[2] | 60.23 | 66.66 | 60.23 | 66.66 |
| Dividend payout ratio[3] | 75.00 | 75.00 | 75.00 | 75.00 |

Notes:

1 Calculated as: Interest bearing debt/(interest bearing debt + equity)

2 Calculated as: Interest bearing debt/total equity

3 Calculation methodology is outlined in Note 3(l)

**End of audited financial statements.**

**SYDNEY CATCHMENT AUTHORITY DIVISION OF THE GOVERNMENT SERVICE**

**STATEMENT BY ACTING DIVISION HEAD**

Under section 41C(1B) and (1C), I state that, in my opinion, the accompanying financial statements and notes thereto:

a) exhibit a true and fair view of the financial position of the Sydney Catchment Authority Division of the Government Service as at 30 June 2012 and its financial performance for the year then ended

b) comply with applicable Australian Accounting Standards (including Australian Accounting Interpretations), the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions.

I further state that I am not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.

Sarah Dinning
Acting Division Head
28 September 2012

# INDEPENDENT AUDITOR'S REPORT

**Sydney Catchment Authority Division**

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Sydney Catchment Authority Division (the Division), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

## Basis for Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Division as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

## The Division Head's Responsibility for the Financial Statements

The Division Head is responsible for the preparation of financial statements that give a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the PF&A Act and for such internal control as the Division Head determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform 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 of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Division Head, as well as evaluating the overall presentation of the financial statements.

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | t 02 9275 7101 | f 02 9275 7179 | e mail@audit.nsw.gov.au | audit.nsw.gov.au

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

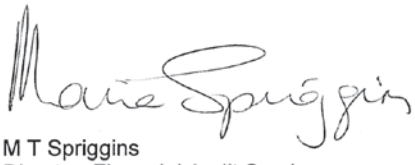
My opinion does *not* provide assurance:

- about the future viability of the Division
- that they have carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

## Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards, and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



M T Spriggins
Director, Financial Audit Services

28 September 2012
SYDNEY

# Statement of comprehensive income

For the year ended 30 June 2012

| | Note | 2012 $'000 | 2011 $'000 |
|---|---|---|---|
| Personnel services revenue | 4 | 60,073 | 33,690 |
| **Personnel services revenue** | | **60,073** | **33,690** |
| Employee related expenses | 5 | 36,123 | 32,650 |
| **Employee related expenses** | | **36,123** | **32,650** |
| **Operating result for the year** | | **23,950** | **1,040** |
| | | | |
| Defined benefit plan actuarial gains (losses) | 9 | (23,950) | (1,040) |
| **Other comprehensive income** | | **(23,950)** | **(1,040)** |
| **Comprehensive income for the year** | | **–** | **–** |

The statement of comprehensive income should be read in conjunction with the accompanying notes.

Sydney Catchment Authority Division

# Statement of financial position

For the year ended 30 June 2012

| | Note | 2012 $'000 | 2011 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Trade and other receivables | 6 | 60,373 | 34,935 |
| Other non-financial assets | 7 | 499 | 325 |
| **Current assets** | | **60,872** | **35,260** |
| **ASSETS** | | **60,872** | **35,260** |
| | | | |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 8 | 130 | 300 |
| Provisions | 9 | 15,872 | 13,870 |
| **Current liabilities** | | **16,002** | **14,170** |
| **Non-current liabilities** | | | |
| Provisions | 9 | 44,870 | 21,090 |
| **Non-current liabilities** | | **44,870** | **21,090** |
| **LIABILITIES** | | **60,872** | **35,260** |
| **NET ASSETS** | | **–** | **–** |
| | | | |
| **EQUITY** | | | |
| Accumulated funds | | – | – |
| **EQUITY** | | **–** | **–** |

The statement of financial position should be read in conjunction with the accompanying notes.

Sydney Catchment Authority Division

# Statement of changes in equity

For the year ended 30 June 2012

| | Note | Accumulated Funds 2012 $'000 | Accumulated Funds 2011 $'000 | Total Equity 2012 $'000 | Total Equity 2011 $'000 |
|---|---|---|---|---|---|
| **Balance at the beginning of the year** | | – | – | – | – |
| **Comprehensive income** | | | | | |
| Operating result for the year | | 23,950 | 1,040 | 23,950 | 1,040 |
| Defined benefit plan actuarial gains (losses) | 9 | (23,950) | (1,040) | (23,950) | (1,040) |
| **Comprehensive income for the year** | | **–** | **–** | **–** | **–** |
| **Balance at the end of the year** | | **–** | **–** | **–** | **–** |

The statement of changes in equity should be read in conjunction with the accompanying notes.

Sydney Catchment Authority Division

# Statement of cash flows

For the year ended 30 June 2012

| | Note | 2012 $'000 | 2011 $'000 |
|---|---|---|---|
| **Net cash from operating activities** | 14 | – | – |
| **Net cash from investing activities** | | – | – |
| **Net cash from financing activities** | | – | – |
| **Net increase in cash and cash equivalents** | | – | – |
| Cash & cash equivalents at beginning of year | | | |
| **Cash & cash equivalents at end of year** | | – | – |

The statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the financial statements

For the year ended 30 June 2012

## 1. Reporting Entity

The Sydney Catchment Authority Division (the Division) is a Division of the Government Service, established pursuant to Part 2 and Part 3 of Schedule 1 of the *Public Sector Employment and Management Act 2002* (PSEMA). The Division is a not-for-profit entity domiciled in Australia. Its principal office is located at Level 4, 2–6 Station Street, Penrith NSW 2750.

On 17 March 2006 the Division commenced operations and assumed responsibility for the employees and employee-related liabilities of the Sydney Catchment Authority (the Authority). The Division's sole objective is to provide personnel services to the Authority.

The Division is regarded as a special purpose entity, established specifically to provide personnel services to the Authority to enable it to exercise functions. The Division undertakes no other activities other than the provision of personnel services to the Authority.

The Division is a reporting entity that is controlled by the Authority. Accordingly, these financial statements are consolidated into the financial statements of the Authority.

## 2. Basis of Preparation

### (a) Statement of compliance

The financial statements are general purpose financial statements prepared in accordance with:

- Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation; and
- the Financial Reporting Directions issued by the Treasurer.

The financial statements comply with Australian Accounting Standards issued by the Australian Accounting Standards Board.

These financial statements were authorised for issue by the Acting Division Head on 25 September 2012.

### (b) Basis of measurement

The financial statements have been prepared on an historical cost basis, except for defined benefit plan assets which are recognised as plan assets, plus unrecognised past service cost, less the present value of the defined benefit obligation.

### (c) Presentation currency

All financial information is presented in Australian dollars and is rounded to the nearest thousand dollars unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies as well as the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgments, key assumptions, and estimations are disclosed throughout the financial statements.

## 3. Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. All policies of the financial statements have been consistently applied to all years presented, unless otherwise stated.

### (a) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Division. Revenue is not considered to be reliably measureable until all contingencies relating to the supply of personnel services are resolved.

### (b) Goods & services tax

Revenue, expenses and assets are recognised net of the amount of associated Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the statement of financial position.

The Division and the Authority are grouped for GST purposes such that inter-entity charges do not include a component for GST.

Sydney Catchment Authority Division

# Notes to the financial statements

For the year ended 30 June 2012

## 3. Significant Accounting Policies (continued)

### (c) Financial instruments

#### i. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are initially recognised at fair value, usually based on the transaction cost, or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

#### ii. Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

#### iii. Trade and other payables

Trade and other payables represent liabilities for goods and services received prior to the end of the financial year that remained unpaid. The liabilities are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

### (d) Employee Benefits

#### i. Wages & salaries, recreation leave, & associated on-costs

Liabilities for wages and salaries (including non-monetary benefits) and recreation leave that are due to be settled within 12-months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term recreation leave that is not expected to be taken within 12-months is measured to its present value at the reporting date in accordance with AASB 119 *Employee Benefits*. Market yields on Australian Government bonds are used to discount long-term recreation leave.

The bond rate used to discount long-term recreation leave to its present value at the reporting date was 3.04 percent (2011: 5.21 percent). This rate represents the yield that matches as closely as possible the estimated timing of expected payments.

Unused non-vesting sick leave does not give rise to a liability as it is considered improbable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers compensation insurance premium and fringe benefit tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

#### ii. Long service leave

The liability for long service leave is measured at present value using the Projected Unit Credit (PUC) method in accordance with AASB 119 *Employee Benefits*. Market yields on Australian Government bonds are used to discount long service leave. This rate represents the yield that matches as closely as possible the estimated timing of expected payments.

The bond rates used at reporting date ranged from 3.0 percent to 3.4 percent (2011: 4.8 percent to 5.8 percent).

Amounts expected to be settled within twelve months of reporting date are not discounted.

#### iii. Defined contribution superannuation plans

A defined contribution superannuation plan is a post-employment benefit plan whereby the Division pays fixed contributions into a separate entity but has no legal or constructive obligation to pay any further amounts.

Contributions to defined contribution superannuation plans are recognised as an expense when employees have rendered service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Contributions to a defined contribution plan that is due more than 12-months after the end of the period in which the employees render the service are discounted to their present value.

# Notes to the financial statements

For the year ended 30 June 2012

## 3. Significant Accounting Policies (continued)

### iv. Defined benefit superannuation plans

Defined benefit superannuation plans provide defined lump sum benefits based on years of service and final average salary.

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. When determining the liability consideration is given to future salary and wage levels, experience of employee departures and periods of service. Prepaid contributions are recognised as an asset to the extent that cash refund/reduction in future payments is available.

AASB 119 '*Employee Benefits*' does not specify whether the current and non-current portions of assets and liabilities arising from post-employment benefits are required to be disclosed because at times the distinctions may be arbitrary. The liability is disclosed as non-current as this best reflects when the liability is likely to be settled.

Expected future payments are discounted using market yields at reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses are recognised in full in the statement of comprehensive income in the period in which they occur.

Past service costs are recognised immediately as an expense in profit or loss unless the changes to the superannuation fund are conditional on employees remaining in service for a vesting period in which case, the past service costs are amortised on a straight-line basis over the vesting period.

Assumptions underlying defined benefit superannuation expenses and liability are disclosed in Note 9, 'Defined benefit superannuation schemes'.

### v. Termination benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement age, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits are only recognised if it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Termination benefits falling due more than twelve months after reporting date are discounted to present value.

### (e) Standards and Interpretations issued but not yet effective

A number of new standards and interpretations are effective for annual periods beginning after 1 July 2011 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the financial statements of the Division.

Sydney Catchment Authority Division

# Notes to the financial statements

For the year ended 30 June 2012

## 4. Personnel services revenue

| | 2012 $'000 | 2011 $'000 |
|---|---|---|
| **Revenue** | | |
| **Personnel services revenue** | | |
| Personnel services revenue | 60,073 | 33,690 |
| **Personnel services revenue** | **60,073** | **33,690** |

## 5. Employee related expenses

| | 2012 $'000 | 2011 $'000 |
|---|---|---|
| **Expenses** | | |
| **Employee related expenses** | | |
| Salaries and wages (including recreation leave and redundancies) | 28,865 | 26,964 |
| Superannuation | 2,432 | 2,224 |
| Long service leave | 2,598 | 1,415 |
| Employment related taxes | 1,754 | 1,780 |
| Workers compensation insurance | 474 | 267 |
| **Employee related expenses** | **36,123** | **32,650** |

## 6. Trade and other receivables

| | 2012 $'000 | 2011 $'000 |
|---|---|---|
| **Trade and other receivables** | | |
| Trade receivables | 60,373 | 34,935 |
| **Trade and other receivables** | **60,373** | **34,935** |

Details regarding the Division's financial risk management policies are disclosed in Note 15.

## 7. Other non-financial assets

| | 2012 $'000 | 2011 $'000 |
|---|---|---|
| **Other non-financial assets** | | |
| Prepaid expenses | 499 | 325 |
| **Other non-financial assets** | **499** | **325** |

# Notes to the financial statements

For the year ended 30 June 2012

## 8. Trade and other payables

| | 2012 $'000 | 2011 $'000 |
|---|---|---|
| **Trade and other payables** | | |
| Accrued salaries and wages and associated oncosts | 130 | 300 |
| **Trade and other payables** | **130** | **300** |

The Division's financial risk management policies are disclosed in Note 15.

## 9. Provisions

| | 2012 $'000 | 2011 $'000 |
|---|---|---|
| **Current** | | |
| **Provisions expected to be settled within 12-months** | | |
| Employee benefits[1] | 3,701 | 4,118 |
| Fringe benefit tax[2] | 36 | 38 |
| | 3,737 | 4,156 |
| **Current** | | |
| **Provisions expected to be settled later than 12 months** | | |
| Employee benefits | 12,135 | 9,714 |
| **Current provisions** | **15,872** | **13,870** |
| | | |
| **Non-current provisions** | | |
| Employee benefits | 44,870 | 21,090 |
| **Non-current provisions** | **44,870** | **21,090** |

1 Assumptions underlying the provision for employee entitlements is outlined in Note 3(d)

2 The amount provided for FBT is based on the actual liability at 31 March 2012. There is inherent uncertainty over what the actual liability will be until it is calculated at 31 March 2013.

### Defined benefit superannuation schemes

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-Contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at lease a component of the final benefit is derived from a multiple of member salary and years of membership. All the Schemes are closed to new members.

Sydney Catchment Authority Division

# Notes to the financial statements

For the year ended 30 June 2012

## 9. Provisions (continued)

### Reconciliation of the present value of the defined benefit obligation

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Present value of obligation at beginning of the year | 14,362 | 3,372 | 40,479 | 58,213 |
| Current service cost | 361 | 151 | 342 | 854 |
| Interest cost | 732 | 170 | 2,115 | 3,017 |
| Contributions by fund participants | 221 | – | 346 | 567 |
| Actuarial gains (losses) | 1,198 | 286 | 19,790 | 21,274 |
| Benefits paid | (2,207) | (320) | (1,408) | (3,935) |
| **Present value of benefits at the end of the year** | **14,667** | **3,659** | **61,664** | **79,990** |

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Present value of benefits at the beginning of the year | 13,544 | 3,184 | 37,869 | 54,597 |
| Current service cost | 369 | 144 | 351 | 864 |
| Interest cost | 682 | 159 | 1,938 | 2,779 |
| Contributions by fund participants | 227 | – | 317 | 544 |
| Actuarial gains (losses) | 299 | 31 | 1,113 | 1,443 |
| Benefits paid | (758) | (146) | (1,109) | (2,013) |
| **Present value of benefits at the end of the year** | **14,363** | **3,372** | **40,479** | **58,214** |

# Notes to the financial statements

For the year ended 30 June 2012

## 9. Provisions (continued)

### Reconciliation of the fair value of fund assets

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Fair value of fund assets at the beginning of the year | 10,418 | 2,122 | 24,939 | 37,480 |
| Expected return on fund assets | 871 | 176 | 2,122 | 3,169 |
| Actuarial gains (losses) | (873) | (176) | (1,627) | (2,676) |
| Employer contributions | 427 | 151 | 323 | 901 |
| Contributions by Fund participants | 221 | – | 346 | 567 |
| Benefits paid | (2,207) | (320) | (1,408) | (3,935) |
| **Fair value of fund assets at the end of the year** | **8,857** | **1,953** | **24,695** | **35,506** |

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Fair value of fund assets at the beginning of the year | 9,652 | 1,947 | 23,078 | 34,677 |
| Expected return on fund assets | 818 | 164 | 1,965 | 2,947 |
| Actuarial gains (losses) | 29 | – | 374 | 403 |
| Employer contributions | 450 | 157 | 315 | 922 |
| Contributions by Fund participants | 227 | – | 317 | 544 |
| Benefits paid | (758) | (146) | (1,109) | (2,013) |
| **Fair value of fund assets at the end of the year** | **10,418** | **2,122** | **24,939** | **37,480** |

Sydney Catchment Authority Division

# Notes to the financial statements

For the year ended 30 June 2012

## 9. Provisions (continued)

### Reconciliation of the assets and liabilities recognised in the statement of financial position

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Present value of defined benefit obligation at end of year | 14,667 | 3,659 | 61,664 | 79,990 |
| Fair value of fund assets at the end of the year | (8,857) | (1,953) | (24,695) | (35,505) |
| **Liability in statement of financial position** | **5,810** | **1,706** | **36,969** | **44,485** |

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Present value of defined benefit obligation at end of year | 14,363 | 3,372 | 40,479 | 58,214 |
| Fair value of fund assets at the end of the year | (10,418) | (2,122) | (24,940) | (37,480) |
| **Liability in statement of financial position** | **3,945** | **1,250** | **15,539** | **20,733** |

### Expense recognised in profit or loss

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Current service cost | 361 | 151 | 342 | 854 |
| Interest cost | 732 | 170 | 2,115 | 3,017 |
| Expected return on fund assets (net expenses) | (871) | (176) | (2,122) | (3,169) |
| **Expense (income) recognised in profit or loss** | **222** | **145** | **335** | **702** |

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Current service cost | 369 | 144 | 351 | 864 |
| Interest cost | 682 | 159 | 1,938 | 2,779 |
| Expected return on fund assets (net expenses) | (818) | (164) | (1,965) | (2,947) |
| **Expense (income) recognised in profit or loss** | **233** | **139** | **324** | **696** |

# Notes to the financial statements

For the year ended 30 June 2012

## 9. Provisions (continued)

### Cumulative amount recognised in the Division's statement of comprehensive income

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Actuarial losses | 2,071 | 462 | 21,417 | 23,950 |
| Adjustment for limit on net asset | – | – | – | – |
| **Amount recognised in comprehensive income** | **2,071** | **462** | **21,417** | **23,950** |

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Actuarial losses | 270 | 31 | 739 | 1,040 |
| Adjustment for limit on net asset | – | – | – | – |
| **Amount recognised in comprehensive income** | **270** | **31** | **739** | **1,040** |

### Fund assets

The percentage invested in each asset class at the reporting date:

| | 2012 % | 2011 % |
|---|---|---|
| Australian equities | 28.0 | 33.4 |
| Overseas equities | 23.7 | 29.5 |
| Australian fixed interest securities | 4.9 | 5.7 |
| Overseas fixed interest securities | 2.4 | 3.1 |
| Property | 8.6 | 9.9 |
| Cash | 19.5 | 5.1 |
| Other | 12.9 | 13.3 |

### Fair value of fund assets

All Fund assets are invested by SAS Trustee Corporation at arm's length through independent fund managers.

### Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Sydney Catchment Authority Division

# Notes to the financial statements

For the year ended 30 June 2012

## 9. Provisions (continued)

### Actual return on fund assets

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Actual return on fund assets | (8) | – | 1 | (7) |
| **Return on fund assets** | **(8)** | **–** | **1** | **(7)** |

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Actual return on fund assets | 829 | 164 | 1,962 | 2,955 |
| **Return on fund assets** | **829** | **164** | **1,962** | **2,955** |

### Valuation method and principal actuarial assumptions at reporting date

#### Valuation method

The projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

#### Economic assumptions

| | Per Annum | Per Annum |
|---|---|---|
| | 2012 % | 2011 % |
| Salary increase rate (excluding promotional increases) | 2.5 | 3.5 |
| Rate of CPI increase | 2.5 | 2.5 |
| Expected rate of return on assets | 8.6 | 8.6 |
| Discount rate | 3.06 | 5.28 |

#### Demographic assumptions

The demographic assumptions at 30 June 2012 are those that were used in the 2009 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

# Notes to the financial statements

For the year ended 30 June 2012

## 9. Provisions (continued)

### Historical Information

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Present value of defined benefit obligation | 14,667 | 3,659 | 61,664 | 79,990 |
| Fair value of fund assets | (8,857) | (1,953) | (24,695) | (35,505) |
| **(Surplus) deficit in fund** | **5,810** | **1,706** | **36,969** | **44,485** |
| Experience adjustments – fund liabilities | 1,198 | 286 | 19,790 | 21,274 |
| Experience adjustments – fund assets | 873 | 176 | 1,627 | 2,676 |

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Present value of defined benefit obligation | 14,363 | 3,372 | 40,479 | 58,214 |
| Fair value of fund assets | (10,418) | (2,122) | (24,940) | (37,480) |
| **(Surplus) deficit in fund** | **3,945** | **1,250** | **15,539** | **20,733** |
| Experience adjustments – fund liabilities | 299 | 31 | 1,113 | 1,443 |
| Experience adjustments – fund assets | (29) | – | (374) | (403) |

### Aggregate historical information

| | Total | Total | Total | Total | Total |
|---|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2010 $'000 | 2009 $'000 | 2008 $'000 |
| Present value of obligation | 79,990 | 58,214 | 54,598 | 50,427 | 43,509 |
| Fair value of fund assets | (35,505) | (37,480) | (34,678) | (35,071) | (39,054) |
| **(Surplus) deficit in fund** | **44,485** | **20,734** | **19,920** | **15,356** | **4,455** |
| Experience adjustments – fund liabilities | 21,274 | 1,443 | 3,633 | 4,456 | (604) |
| Experience adjustments – fund assets | 2,676 | (403) | 2,648 | 6,936 | 5,659 |

Sydney Catchment Authority Division

# Notes to the financial statements

For the year ended 30 June 2012

## 9. Provisions (continued)

### Expected contributions

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Expected employer contributions | 419 | 157 | 322 | 898 |
| **Expected employer contributions** | **419** | **157** | **322** | **898** |

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Expected employer contributions | 431 | 156 | 295 | 882 |
| **Expected employer contributions** | **431** | **156** | **295** | **882** |

### Funding arrangements for employer contributions

#### (Surplus)/Deficit

The following is a summary of the financial position of the fund calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans*.

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2012 $'000 | 2012 $'000 | 2012 $'000 | 2012 $'000 |
| Accrued benefits | 12,359 | 3,116 | 30,378 | 45,853 |
| Net market value of fund assets | (8,858) | (1,952) | (24,695) | (35,505) |
| **Net (surplus)/deficit** | **3,501** | **1,164** | **5,683** | **10,348** |

| | SASS | SANCS | SSS | Total |
|---|---|---|---|---|
| | 2011 $'000 | 2011 $'000 | 2011 $'000 | 2011 $'000 |
| Accrued benefits | 13,054 | 3,072 | 27,597 | 43,723 |
| Net market value of fund assets | (10,418) | (2,122) | (24,939) | (37,479) |
| **Net (surplus)/deficit** | **2,636** | **950** | **2,658** | **6,244** |

# Notes to the financial statements

For the year ended 30 June 2012

## 9. Provisions (continued)

### Contribution recommendations

Recommended contribution rates for the Division for the current and previous reporting period are:

| SASS | SANCS | SSS |
|---|---|---|
| Multiple of member contributions | Percentage of member salary | Multiple of members contribution |
| 1.9 | 2.5 | 0.93 |

### Funding method

Contribution rates are set after discussions between the employer, the SAS Trustee Corporation & NSW Treasury.

### Economic assumptions

The weighted average economic assumptions adopted for the last actuarial review of the fund are:

| Percentage per annum | % |
|---|---|
| Expected rate of return on fund assets backing current pension liabilities | 8.3 |
| Expected rate of return on fund assets backing other liabilities | 7.3 |
| Expected salary increase rate | 4.0 |
| Expected rate of CPI increase | 2.5 |

**Nature of asset/liability**

If a surplus exists in the employers' interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary. Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation

## 10. Segment reporting

The Division operates exclusively as one business segment in the provision of personnel services to the Authority. Its area of operations is wholly within the State of New South Wales.

## 11. Commitments

There were no commitments contracted for at reporting date that were not already been recognised as a liability.

## 12. Auditors' remuneration

The audit fee for the financial audit of the Division is assumed by the Authority. The audit fee for the Division was $7,000 (2011: $4,300)

## 13. Contingent liabilities

At reporting date there were no legal matters outstanding or other contingent liabilities which are expected to result in material claim against the Division

Sydney Catchment Authority Division

# Notes to the financial statements

For the year ended 30 June 2012

## 14. Reconciliation of operating result to cash flows used in operating activities

Reconciliation of profit after tax to net cash from operating activities in the statement of cash flows is as follows:

| | 2012 $'000 | 2011 $'000 |
|---|---|---|
| **Operating result** | **23,950** | **1,040** |
| **Adjustments for revenue and expenses recognised in equity** | | |
| Defined benefit plan actuarial gains (losses) | (23,950) | (1,040) |
| | | |
| **Movement in applicable statement of financial position items** | | |
| Increase (decrease) in trade and other receivables | 25,438 | 1,792 |
| Increase (decrease) in other non-financial assets | 174 | (54) |
| (Increase) decrease in trade and other payables | 170 | (118) |
| (increase) decrease in provisions | (25,782) | (1,620) |
| **Net cash from operating activities** | **–** | **–** |

## 15. Financial risk management

### Overview

The Division's principal financial intruments comprise receivables and payables. The Acting Chief Executive of the Sydney Catchment Authority has responsbility for the establishment and oversight of risk management. Compliance with risk management policies are periodically reviewed by internal auditors.

### Net fair values

Financial instruments are carried at amortised cost. The resultant values are reported in the statement of financial position and are deemed to constitute net fair value due to their short term nature. The Division does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### Financial Instrument categories

| | Note | Measurement basis | Carrying Amount 2012 $'000 | Carrying Amount 2011 $'000 |
|---|---|---|---|---|
| **Financial assets and financial liabilities** | | | | |
| Trade and other receivables | 6 | Amortised cost | 60,373 | 34,935 |
| Trade and other payables | 8 | Amortised cost | 130 | 300 |

# Notes to the financial statements

For the year ended 30 June 2012

## 15. Financial risk management (continued)

### Credit risk

Credit risk arises when there is the possibility of the Division's debtor's defaulting on their contractual obligations. The maximum exposure to credit risk is represented by the Carrying amounts of the financial assets.

Receivables are from the parent, the Sydney Catchment Authority, comprising salaries and entitlements of employee services provided. There are no financial assets that are past due or impaired. No collateral is held by the Division and it has not granted any financial guarantees.

### Liquidity risk

Liquidity risk is the risk that the Division will be able to meet its payment obligations when they fall due. The financial liabilities recognised are for amounts due to be paid in the future for employee services received. Amounts owing to employees are settled as they fall due. The Division is not exposed to interest rate risk and amounts are expected to be settled within 12 months. During the current and previous year there were no defaults or breaches on any amounts payable. No assets have been pledged as collateral.

### Market risk

Market risk is the risk that the fair value of the financial instrument will fluctuate because of a change in market prices. The Division does not have exposure to market risk as all financial instruments relate to employee payments made by the Trust. The Division has no exposure to foreign currency or interest rate risk and does not enter into commodity contracts.

### Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial instruments are carried at fair value. For trade and other receivables and trade and other payables, the carrying amount is considered to approximate its fair value. This is because of the short-term nature of these financial assets and financial liabilities.

**End of audited financial statements.**

# Appendices

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# Appendices

## Appendix 1 – Sydney Catchment Authority Board

### Qualifications of SCA Board

The qualifications of Board members are current as of 30 June 2012.

**Robert Rollinson – Chairman**

Robert Rollinson is an experienced business executive and board director with over 40 years worldwide experience. He has held chief and senior executive positions in companies in Australia and overseas, mainly focussed in the energy, utilities, infrastructure and finance sectors in companies such as Pacific Power, National Power, BurnVoir Partners, Chase Manhattan Bank and the Macquarie Group. Robert holds an Honours degree in Engineering, a Master of Engineering Science, a Postgraduate Diploma of Management and is a Fellow of the Institution of Engineers Australia.

Robert is Chair of the Board's Prosecutions Committee, a member of the Asset Management Committee, and a member of the Catchments and Water Quality Committee.

**Michael Bullen – Chief Executive**
(1 July 2011 – 3 February 2012)

Michael Bullen was Chief Executive of the Sydney Catchment Authority from 2008. He has 25 years' experience in natural resource management. He has held senior executive positions at Forests NSW and was director of Forests NSW Commercial Services Division, responsible for the marketing, sales and delivery of forest products generated from NSW-owned forests. He has also held board positions including Australian Forestry Standard Limited and the NSW Resource and Conservation Assessment Council.

Michael was a member of the Board's Catchments and Water Quality Committee, a member of the Asset Management Committee, and a member of the Prosecutions Committee.

**Sarah Dinning – A/Chief Executive**
(12 December 2011 – 30 June 2012)

Sarah Dinning was Acting Chief Executive from December 2011 leading the organisation through the first spill at Warragamba Dam in 14 years. Since joining the SCA in December 2008, Sarah has led the development and implementation of the SCA's first Corporate Sustainability Strategy and the 2010–2015 Strategic Science Plan. Underpinning these has been the engagement of staff to define the SCA's values and create an environment that promotes an innovation culture. Some of Sarah's achievements include successful negotiations of high level commercial agreements on behalf of government with other government agencies and the private sector. Prior to joining the SCA, Sarah was Senior Policy Manager at the Office of the Co-ordinator General, Department of Premier and Cabinet, where she was involved in significant state infrastructure projects for NSW. Sarah has degrees in science and public administration and is a graduate of the Australian Institute of Company Directors.

**John Asquith**

John Asquith is the Nature Conservation Council of NSW Board nominee. He is Chairman of the Community Environment Network and a Chair of the Central Coast Marine Discovery Centre.

John is a member of the University of Newcastle Foundation and has been a trustee of the NSW Environmental Trust, and a member of the NSW Bushfire Coordinating Committee. He holds a Bachelor of Engineering and a Master of Arts degrees.

John is a member of the Board's Asset Management Committee, and Audit and Risk Committee to which he chaired from October 2011 to June 2012.

**Stephen Corbett**

Stephen Corbett is the Associate Director, Population Health, Clinical Support Division (Western). Since graduating in medicine at the University of Queensland in 1975 he has worked as a general practitioner, and as an occupational and public health physician. He worked for NSW Health from 1990 to 2003 holding a number of key positions, including Director of the Environmental Branch. He has been with the Sydney West Area Health Service since 2003. Stephen has been a consultant for WHO and the United Nations Environment Program, a founding member of the enHealth Council, and has recently been appointed to the board of Food Standards Australia New Zealand. He holds a Conjoint Associate Professorship at the school of Population Health and Western Clinical School, University of Sydney.

Stephen is a member of the Board's Audit and Risk Committee, and Catchments and Water Quality Committee.

**Larry Whipper**

Larry Whipper is the local government representative to the SCA Board. Larry is Deputy Mayor of Wingecarribee Shire Council and is currently in his fourth term as a Councillor. He is a strong environmental advocate and has served as a member of the Robertson Environment Protection Society (REPS) since 1992. Larry helped establish Wingecarribee Shire Council's Environment Committee and successfully advocated for an environment levy that has improved environmental protection and restoration in the Hawkesbury-Nepean Catchment since 2001.

Larry is a councillor representative on the Hawkesbury-Nepean Local Government Advisory Group and assisted in forming the Wingecarribee Aboriginal advisory Committee which he has chaired since 2001. He also served as a member of the Hawkesbury-Nepean Catchment Management Board from 2002 to 2003 and as Chair of the Hawkesbury-Nepean Catchment Management Authority

# Appendix 1 – Sydney Catchment Authority Board (continued)

Establishment Team until May 2004. Between July 2006 and November 2007, he was a councillor representative on the Upper Nepean Groundwater Community Reference Group. Larry is a graduate of the Australian Institute of Company Directors. Larry is a member of the Board's Audit and Risk Committee, Asset Management Committee and Prosecution Committee.

### Kenneth Wheelwright

Kenneth Wheelwright is the NSW Farmers Association Board nominee. He manages a grazing property on the upper reaches of the Wollondilly River and has an active interest in developing sustainable, regenerative and profitable farm management practices. He is also a director on the Hawkesbury-Nepean Catchment Management Authority Board.

Kenneth holds a Bachelor of Rural Science from the University of New England, a Bachelor of Business from Charles Sturt University, and has trained in holistic management.

Kenneth is Chair of the Board's Catchments and Water Quality Committee.

### David Evans
(1 July 2011 – 6 October 2011)

David Evans was Managing Director of Sydney Water from April 2004 to August 2006. Previously, he was Managing Director of Hunter Water and Chief Executive Officer of the Regional Land Management Corporation. He was also Chairman of the Hunter Area Health Service. He holds an Honours degree in Economics. He is a current board member of Country Energy and the Hunter Development Corporation.

David was Chair of the Board's Asset Management Committee, and a member of the Catchments and Water Quality Committee.

### Louise Wakefield
(1 July 2011 – 6 October 2011)

Louise Wakefield is principal of Elevate Planning and Design, an integrated planning consultancy service providing advice on planning and building regulations, and promoting environmentally responsible development. Louise previously worked in local government in rural and regional areas of NSW and holds a Bachelor of Applied Science (Environmental Health) degree. Louise is a member of the Australian Institute of Environmental Health, and Planning Institute of Australia. Louise was a member of the Board's Audit and Risk Committee before being appointed Chair in March 2011 and is a member of the Board's Catchments and Water Quality Committee.

Louise was a member of the Board's Audit and Risk Committee before being appointed Chair in March 2011 and was a member of the Board's Catchments and Water Quality Committee.

## Standing Committees

The Sydney Catchment Authority (SCA) Board has four committees: Audit and Risk, Catchments and Water Quality, Asset Management, and the Prosecutions Committee. These standing committees assist the Board in decision making.

### Audit and Risk Committee

The Audit and Risk Committee consists of four Board members. The committee ensures the effectiveness of the SCA's internal and external audit processes.

The committee ensures that the SCA's accounting policies and principles are in accordance with the stated financial reporting framework and that the Board is kept informed of significant issues raised by auditors, management or committee members.

The committee also provides independent assurance and assistance to the Board on the SCA's risk, control and compliance framework, and its external accountability responsibilities.

### Catchments and Water Quality Committee

The Catchments and Water Quality Committee consists of six Board members. The Board recognises that growing urban, rural and industrial development is increasing the risks to water quality and catchment health. Meeting the growing demand for clean, reliable water requires long-term planning and a focused catchment management program.

The Catchments and Water Quality Committee considers catchment operations, management and protection, science and planning.

### Asset Management Committee

The Asset Management Committee consisted of five Board members. The committee provides a strategic overview of the SCA's asset management and capital investment program.

The functions of the Asset Management Committee are to provide a strategic overview of long term capital and asset management programs, monitor progress of major works and renewals programs and post implementation reviews of projects.

### Prosecutions Committee

The Prosecutions Committee consists of three Board members. The committee meets as matters arise. It considers decisions to prosecute under the SCA's Act and regulations. The committee did not meet in 2011–12.

# Appendices

## Appendix 1 – Sydney Catchment Authority Board (continued)

### Board Meeting attendance

| | Meetings held | Meetings attended |
|---|---|---|
| Robert Rollinson | 10 | 10 |
| John Asquith | 10 | 10 |
| Stephen Corbett | 10 | 9 |
| Larry Whipper | 10 | 10 |
| Kenneth Wheelwright | 10 | 10 |
| Sarah Dinning (12/12/11–30/6/12) | 4 | 4 |
| Michael Bullen (1/7/11–3/2/12) | 6 | 6 |
| David Evans (1/7/11–6/10/11) | 3 | 3 |
| Louise Wakefield (1/7/11–6/10/11) | 3 | 3 |

#### Board Standing Committee meeting attendance

| | Audit & Risk | | Catchments & Water Quality | | Asset Management | | Prosecutions | |
|---|---|---|---|---|---|---|---|---|
| | Meetings held | Meetings attended | Meetings held | Meetings attended | Meetings held | Meetings attended | Meetings held | Meetings attended |
| Robert Rollinson | – | – | 3 | 3 | 3 | 3 | – | – |
| John Asquith | 4 | 4 | – | – | 3 | 3 | – | – |
| Stephen Corbett | 4 | 1 | 3 | 2 | – | – | – | – |
| Larry Whipper | 4 | 4 | – | – | 3 | 3 | – | – |
| Kenneth Wheelwright | | | 3 | 3 | | | – | – |
| Sarah Dinning (12/12/11–30/6/12) | 1 | 1 | 2 | 2 | 1 | 1 | – | – |
| Michael Bullen (1/7/11–3/2/12) | 3 | 3 | 1 | 1 | 2 | 2 | – | – |
| David Evans (1/7/11–6/10/11) | – | – | – | – | 1 | 1 | – | – |
| Louise Wakefield (1/7/11–6/10/11) | 1 | 1 | 1 | 1 | | | – | – |

# Appendix 1 – Sydney Catchment Authority Board (continued)

## SCA Board Code of Conduct

Members of the SCA Board must comply with the principles contained in the Board Code of Conduct. These principles include respecting people, and acting responsibly, honestly, responsively, and in the public interest. The Board Code of Conduct is provided below and is available on the SCA's website.

### Principles of conduct

#### Responsibility and impartiality

Board members have an obligation, at all times, to comply with the spirit, as well as the letter, of the law, and with the principles contained in this code. Board members must comply with any administrative requirements and implementation of policies and decisions of the government of the day in an impartial manner.

#### Respect for people

People should be treated fairly and consistently, in a non-discriminatory manner and with proper regard to their rights and obligations. Board decisions should be reasonable, fair and appropriate to the circumstances, based on consideration of the relevant facts and supported by adequate documentation.

#### Honesty, integrity and the public interest

Board members should promote confidence in the integrity of public administration and act honestly in the public interest. Board members should only use their authority and available resources and information for the purpose they are intended.

#### Responsive service

Board members must understand their role and the role of the Minister in relation to the Board. Members should have an understanding of the SCA's stakeholder needs and expectations.

#### Economy and efficiency

Board members should look for ways to improve organisation performance and promote high standards of administration.

#### Personal and professional behaviour

Board members must perform their functions with integrity, impartiality, honesty, conscientiousness and loyalty to the public interest. Board members must act honestly, in good faith and use the powers of office for a proper purpose and in the best interest of the Board as a whole. Board members should not engage in conduct likely to bring discredit upon the SCA or take improper advantage of their position.

Board members have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.

### Accountability

#### Public expenditure

Board members must ensure efficient and responsible expenditure of public funds in accordance with government legislation, policy and guidelines.

#### Decision making

Board members will use board meetings as the appropriate forum for discussion of all relevant issues. Members must abide by the Board processes regarding board meetings documented in the SCA's governing legislation and according to the SCA's Guidelines for Board Members.

Board members have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.

#### Use of public resources

Resources provided by the SCA for use by Board members in the undertaking of their duties will be used for that work and in accordance with the rules documented in the SCA's Guidelines for Board Members.

#### Use of official information

Confidential information received by a Board member in the course of the exercise of their duties remains the property of the SCA and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised or is required by law.

#### Gifts and benefits

Board members must be wary of accepting gifts and benefits as this can place a public official in a position where they feel obliged to act contrary to rules of integrity, impartiality and honesty.

It is illegal to be offered or seek money or gifts in order to obtain a benefit or favour.

Board members must not accept gifts or benefits that could place them under an actual or perceived financial or moral obligation to other organisations, or to individuals.

In accepting gifts or benefits you must be satisfied that your position will not in any way be compromised, or appear to be compromised by the acceptance. Guidance can be found in the SCA's Code of Conduct for Staff.

The SCA maintains a register of gifts to enable the receipt and disposal of gifts to be conducted in an open and transparent manner.

#### Disclosures

Board members must disclose their interest where there is a potential conflict regarding any contracts or the holding of an office. The *Sydney Water Catchment Management Act* (Schedule 1, 7(1) and (2)) sets out requirements regarding disclosure of pecuniary interest. Information regarding how a disclosure is to be made is included in the SCA's Guidelines for Board Members.

The SCA is required to maintain a register and report such interests to the Minister.

# Appendices

## Appendix 1 – Sydney Catchment Authority Board (continued)

### Conflicts of interest

Board members must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Board.

Board members have individual responsibility to fully disclose any conflict of interest. The Board must ensure that appropriate procedures are followed in handling conflict of interest issues. Conflicts of interest must be disclosed at the earliest opportunity and can be made on appointment, between meetings or prior to the relevant agenda item being discussed.

The proper management of conflicts or perceived conflicts of interest requires that they must be declared and that the processes are followed to deal with them. The SCA's Guidelines for Board Members provides examples of types of conflicts of interest that may occur and disclosure processes. Disclosures are recorded in the Board Minutes.

### Reporting suspected corrupt conduct

The Chief Executive or Chairperson of the Board is required to report corrupt conduct or suspected corruption to the Independent Commission Against Corruption (ICAC). Corrupt conduct is the dishonest or partial exercise of public official functions. It may also involve the conduct of non-public officials which adversely affects the honest and impartial exercise of a public official's functions.

For conduct to be considered corrupt under the *Independent Commission Against Corruption Act* 1998 it has to be serious enough to involve a criminal offence, a disciplinary offence, or be grounds for dismissal.

A report must be made to the ICAC as soon as there is a reasonable suspicion that corrupt conduct may have occurred or may be occurring. Matters must be reported to the ICAC regardless of any duty of secrecy or other restriction on disclosure. Reports to the ICAC should be made without advising the person(s) to whom the report relates and without publicity.

The *Public Interest Disclosures Act 1994* protects public officials who voluntarily report suspected corrupt conduct. Board members can make reports to the Chairperson or to the Chief Executive in accordance with the SCA's internal reporting guidelines. The office of the NSW Ombudsman can be contacted regarding any matter pertaining to the Public Interest Disclosures Act 1994.

Members can report directly to the ICAC regarding corruption, the NSW Ombudsman regarding maladministration, and the NSW Auditor General regarding any serious and substantial waste of public money.

## Appendix 2 – Sydney Catchment Authority Executive

### Qualifications of SCA Executive

As at 30 June 2012 the SCA Executive comprised the following members:

- Sarah Dinning BSc, BA, EMPA, GAICD – A/Chief Executive
- Graham Collins BBus, CPA – Group General Manager Finance and Business Services
- Penny Knights BSc, PhD – A/Group General Manager Corporate Development
- Simone Greenaway BEc, MEc, EMPA, GAICD – Executive Director Governance
- Ian Tanner BSc (Civil Eng) – Group General Manager Assets and Major Projects
- Fiona Smith BSc (Resource Mgt), MBA, GAICD – Group General Manager Operations

### Executive Remuneration Rates

**Executive Officers above SES level 5**

Chief Executive Michael Bullen – $320,650 – SES 6

Acting Chief Executive Sarah Dinning – $285,301 – SES 6

During the year Mr Michael Bullen resigned as Chief Executive after three years with the Sydney Catchment Authority.

Ms Sarah Dinning has acted in the position since 12 December 2011. Ms Dinning led the organisation during the first spill of Warragamba Dam in 14 years. A key achievement for the year has been securing the continued supply of high quality water to customers without interruption, including during the event.

As acting Chief Executive, Ms Dinning has overseen the SCA's implementation of the new requirements under the *Work Health and Safety Act 2011*, maintaining the SCA commitment and focus on safety. This safety focus has been recognised by staff who, in the 2012 staff survey, gave the SCA a Safety Index (a measure of employee satisfaction with the safety of their work environment, management and employee attitudes, capabilities and behaviours towards safety) of 92.5 percent. This year the SCA continued its solid safety record with three lost time injuries, compared with three injuries in 2010–11 and nine in 2007–08.

# Appendix 3 – Legislative Framework and Legal Issues

## Legislation and Regulations

The Sydney Catchment Authority (SCA) is both a corporation and statutory body representing the Crown. The agency was created in 1999 following the making of the *Sydney Water Catchment Management Act 1998* (the Act). The Act confers on the SCA functions relating to the protection and management of catchments and the supply of raw water to Sydney Water Corporation and other persons and bodies.

The Act sets out the role, objectives and functions of the SCA.

The role of the SCA is, subject to and in accordance with the Act:

- To manage and protect the catchment areas and catchment infrastructure works
- To be a supplier of raw water
- To regulate certain activities within or affecting the outer catchment areas as well as the inner catchment.

The principal objectives of the SCA are:

- To ensure that the catchment areas and the catchment infrastructure works are managed and protected so as to promote water quality, the protection of public health and safety, and the protection of the environment
- To ensure that water supplied by it complies with appropriate standards of quality
- Where its activities affect the environment, to conduct its operations in compliance with the principles of ecologically sustainable development in section 6 (2) of the *Protection of the Environment Administration Act 1991*
- To manage the SCA's catchment infrastructure works efficiently, economically, and in accordance with sound commercial principles.

The SCA has the following specific functions under section 16 of the *Sydney Water Catchment Management Act 1998*:

- To supply water to the Sydney Water Corporation
- To supply water to water supply authorities, prescribed local councils or prescribed county councils
- To supply water to licensed network operators or licensed retail suppliers within the meaning of the *Water Industry Competition Act 2006*
- To supply water to other persons and bodies, but under terms and conditions that prevent the person or body concerned from supplying the water for consumption by others within the State unless the person or body is authorised to do so by or under an Act
- To provide or construct systems or services for supplying water
- To install new works
- To generate and supply hydro-electricity and undertake any associated activities whether on the SCA's own account or with others
- To manage and protect the catchment areas and the catchment infrastructure works vested in or under the control of the SCA
- To protect and enhance the quality of water controlled by the SCA
- To undertake research on catchments generally, and in particular on the health of the SCA's catchments
- To undertake an educative role within the community.

The SCA satisfies its statutory and regulatory obligations through other instruments and arrangements such as:

- Sydney Water Catchment Management Regulation 2008
- Operating Licence
- Water Access licences and approvals – *Water Management Act 2000*
- Water Sharing Plan for the Greater Metropolitan Region Unregulated River Water Sources 2011
- Memoranda of understanding
- Statement of Financial Framework
- Raw water supply agreements.

## Legal Change

### *Sydney Water Catchment Management Act 1998*

The *Sydney Water Catchment Management Amendment (Board Members) Act 2012* amended section 7 of the *Sydney Water Catchment Management Act 1998* to clarify the qualifications, experience and knowledge required of those persons eligible for appointment to the Board of the Sydney Catchment Authority. The amendment means that all members of the Board will be appointed by the Minister having regard to their particular skills and expertise.

### Sydney Water Catchment Management Regulation 2008

The regulation was amended in June 2012 to include provisions which made it an offence not to comply with a condition of an access consent issued under clause 9 of the regulations and prescribe Goulburn Mulwaree as a council to which the SCA can supply water. Two other amendments altered the classification of part of the Shoalhaven Special Area so as to prohibit fishing near the fish lift at Tallowa Dam and to delete reference to Special Areas which had been proclaimed and are no longer required for the protection of stored waters.

### Significant legislation

Amendments to the *Public Interest Disclosures Act 1994* commenced on 1 July 2011. Changes to the Act will better protect those who report corrupt conduct, maladministration and serious Government waste. The SCA has reviewed its policy for receiving, assessing and dealing with protected disclosures and this in now available on the SCA website.

The *Work Health & Safety Act 2011* (WHS Act) commenced on 1 January 2012. The Act amends the *Occupational Health and Safety Act 2000* (OH&S Act) to facilitate the harmonisation of national workplace health and safety laws. Relevant officers will be required to exercise due diligence to ensure that the SCA complies with its obligations and duties under the WHS Act.

# Appendices

## Appendix 3 – Legislative Framework and Legal Issues (continued)

### Current Legal Matters

#### Gundungurra native title claims

Representatives of the Gundungurra people have lodged six native title claims in the Federal Court of Australia. The native title claims extend over large parts of the SCA's area of operations including the Warragamba catchment area and the stored waters of Warragamba Dam.

Although the Gundungurra people are not able to establish native title to the area of the land and water which is the subject of the claim, sufficient evidence does exist to demonstrate they are descendants of the original owners.

Since 2005 the SCA and other government agencies have been negotiating with the Gundungurra people to finalise the claims through an Indigenous Land Use Agreement.

When the Indigenous Land Use Agreement is finalised the Gundungurra people will be required to withdraw the native title claims. Provision has been made to authorise future government activities in the area.

There is provision in the draft Indigenous Land Use Agreement for the Gundungurra people to have an advisory role in the management of the land and waters owned by the SCA or managed together with the Office of Environment and Heritage. The advisory role will be through the Gundungurra Consultative Committee.

#### Warragamba bushfire litigation

In the Christmas/New Year period of 2001–02 a large bushfire caused significant damage to land and buildings, including that of the SCA in the Warragamba area. The fire started at Mount Hall in the Blue Mountains National Park, crossed the stored water of the dam and spread to the Warragamba township.

Twenty-five claimants commenced proceedings against the State of New South Wales comprising the NSW Fire Brigade, the Rural Fire Service, the National Parks and Wildlife Service and the SCA. Proceedings against the NSW Fire Brigade were discontinued by the claimants. Ten of the claims were resolved through mediation.

The remaining 10 claims were heard in the Supreme Court of New South Wales commencing on 24 October 2011. On 26 June 2012 judgment was given by the Court in favour of the State of NSW and the SCA in relation to the outstanding claims. An order was made by the Court that the claimants pay the costs of the government agencies of the litigation.

## Appendix 4 – Access to Information

### Proactive Release of Information

Under section 7 of the *Government Information (Public Access) Act 2009*, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

During 2011–12 the SCA's program for the proactive release of information involved presenting a paper to the SCA Executive, asking each group to consider what information should be released proactively. An item was also included in the SCA's internal newsletter, asking staff who periodically release information informally to consider whether other requests for similar information were likely to be received and, hence, whether such information should be made available proactively.

As a result of this review, the SCA released an updated list of river health data. The SCA also regularly updates its website with water storage and supply reports and other reports related to water quantity and water quality. Other water quantity data is provided daily to Bureau of Meteorology and is posted on its website.

The SCA receives many requests for water quantity and water quality data, which it provides informally to applicants. The requests usually relate to specific sites or timeframes. This information is held in complex databases which may contain unverified data and which may not be readily understood by a layperson. It would not be appropriate to have these databases available on the SCA's website. However, the SCA continues to provide this information to applicants informally. The SCA publishes an Annual Water Quality Monitoring Report which provides context to the water quality data collected during the year. Appendices in this report contain all data collected.

### *Government Information (Public Access) Act 2009* applications received by the SCA

In 2011–12 the SCA received three formal access applications under the *Government Information (Public Access) Act 2009*. The SCA also released information in relation to an application made in the previous financial year, which had initially been refused by the SCA, then reviewed by the Office of the Information Commissioner and subsequently referred by the applicant to the Administrative Decisions Tribunal (ADT) for review. Prior to the ADT making a decision, however, the SCA agreed to a partial release of information (following the finalisation of a draft report) and the request for ADT review was withdrawn by the applicant.

The SCA did not refuse any applications on the grounds that the application would have disclosed information referred to in Schedule 1 of the Act. One application (which was made in the previous financial year) was partially refused (information was redacted) due to other public interest considerations against disclosure.

# Appendix 4 – Access to Information (continued)

## *Government Information (Public Access) Act 2009* applications received by the Sydney Catchment Authority (SCA)

### Table A – Number of applications by type of applicant and outcome[1]

| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/ deny whether information is held | Application withdrawn |
|---|---|---|---|---|---|---|---|---|
| Media | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of Parliament | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Private sector business | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Not for profit organisations or community groups | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of the public (application by legal representative) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of the public (other) | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Note:

1. More than one decision can be made about a particular access application. If so, each decision must be recorded. This also applies to Table B.

### Table B – Number of applications by type of application and outcome

| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/ deny whether information is held | Application withdrawn |
|---|---|---|---|---|---|---|---|---|
| Personal information applications[1] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Access application (other than personal information applications) | 3 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Access application that are partly personal information application and partly other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Note:

1. A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

# Appendices

## Appendix 4 – Access to Information (continued)

### Table C – Invalid applications

| Reason application is invalid | No of applications |
|---|---|
| Application does not comply with formal requirements (section 41 of the Act) | 0 |
| Application is for excluded information of the agency (section 43 of the Act) | 0 |
| Application contravenes restraint order (section 110 of the Act) | 0 |
| Total number of invalid applications received | 0 |
| Invalid applications that later become valid applications | 0 |

### Table D – Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to the Act

| | Number of times consideration used[1] |
|---|---|
| Overriding secrecy laws | 0 |
| Cabinet information | 0 |
| Executive Council information | 0 |
| Contempt | 0 |
| Legal profession privilege | 0 |
| Excluded information | 0 |
| Documents affecting law enforcement and public safety | 0 |
| Transport safety | 0 |
| Adoption | 0 |
| Care and protection of children | 0 |
| Ministerial code of conduct | 0 |
| Aboriginal and environmental heritage | 0 |

Note:

1. More than one public interest consideration can apply to a particular access application and, if so, each consideration is recorded (but only once per application). This also applies in relation to Table E.

### Table E – Other public interest considerations against disclosure – matters listed in table to section 14 of the Act

| | Number of occasions when application not successful |
|---|---|
| Responsible and effective government | 0 |
| Law enforcement and security | 1 |
| Individual rights, judicial processes and natural justice | 0 |
| Business interests of agencies and other persons | 0 |
| Environment, culture, economy and general matters | 0 |
| Secrecy provisions | 0 |
| Exempt documents under interstate Freedom of Information legislation | 0 |

# Appendix 4 – Access to Information (continued)

### Table F – Timeliness

| | Number of applications |
|---|---|
| Decided within the statutory timeframe (20 days plus any extensions) | 3 |
| Decided after 35 days (by agreement with applicant) | 1 |
| Not decided within time (deemed refusal) | 0 |
| **Total** | **4** |

### Table G – Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

| | Decision varied | Decision upheld | Total |
|---|---|---|---|
| Internal review | 0 | 0 | 0 |
| Review by Information Commissioner[1] | 0 | 0 | 0 |
| Internal review following recommendation under section 93 of Act | 0 | 0 | 0 |
| Review by Administrative Decision Tribunal | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** |

Note:

1. The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that the Information Commissioner has made a recommendation to vary or uphold the original decision.

### Table H – Applications for review under Part 5 of the Act (by type of applicant)

| | Number of applications for review |
|---|---|
| Applications by access applicants | 1 |
| Applications by persons to whom information the subject of access application relates (see section 54 of the Act) | 0 |

# Appendices

## Appendix 5 – Staffing

### Categories of staff over four years

| | 2011–12 | 2010–11 | 2009–10 | 2008–09 |
|---|---|---|---|---|
| Chief Executive | 1 | 1 | 1 | 1 |
| SCA Executive (1) | 5 | 5 | 6 | 6 |
| Contract staff (2 and 3) | 2 | 2 | 2 | 2 |
| Award staff | 265 | 243 | 238 | 273 |
| **Total numbers (4)** | **273** | **251** | **247** | **282** |
| **Total full-time equivalent (FTE numbers (5)** | **263.3** | **246.3** | **240.95** | **271.9** |

### Footnotes to table

| | 2011–12 | 2010–11 | 2009–10 | 2008–09 |
|---|---|---|---|---|
| (1) Women in this category | 3 | 3 | 2 | 3 |
| (2) Women in this category | 1 | 1 | 1 | 1 |
| (3) Temporary employees in this category | 0 | 0 | 0 | 0 |
| (4) No of employees in this category with an FTE of less than 1 | 19 | 8 | 10 | 21 |
| (5) Full-time equivalent for employees in footnote 4 | 9.3 | 4.3 | 5.95 | 12.9 |

## Equal Employment Opportunity tables

### Percentage of total staff representation

| | Benchmark or target | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|
| | % | % | % | % | % | % |
| Women | 50 | 38.7 | 39.5 | 38 | 40 | 41 |
| Aboriginal people and Torres Strait Islanders | 2.6[1,2] | 1.5 | 1.5 | 1.7 | 2 | 2 |
| People whose first language was not English | 19[1] | 18.2 | 18.2 | 17 | 18 | 19 |
| People with a disability | n/a | 3.8 | 2.6 | 3 | 2 | 2 |
| People with a disability requiring work-related adjustment[3] | 1.5 | 0.9 | 0.5 | 0.6 | 0.5 | 0.5 |

Notes:

1. Targets changed from December 2009 (previously 2% and 20% respectively)
2. Minimum target by 2015
3. Minimum annual incremental target set from December 2010 – (2011=1. 1, 2012=1.3, 2013=1.5)

# Appendix 5 – Staffing (continued)

### Distribution index

| | Benchmark or target | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|
| | % | % | % | % | % | % |
| Women | 100 | 90 | 89 | 89 | 86 | 87 |
| Aboriginal people and Torres Strait Islanders | 100 | n/a | n/a | n/a | n/a | n/a |
| People whose first language was not English | 100 | 112 | 109 | 108 | 109 | 107 |
| People with a disability | 100 | n/a | n/a | n/a | n/a | n/a |
| People with a disability requiring work-related adjustment | 100 | n/a | n/a | n/a | n/a | n/a |

### External appointments Equal Employment Opportunity percentages

| | 2011–12 | 2010–11 | 2009–10 | 2008–09 |
|---|---|---|---|---|
| No of external appointments (new employees)[1] | 25 | 26 | 15 | 13 |
| No of responses to Equal Employment Opportunity questionnaires received | 24 | 22 | 10 | 11 |
| Women[2] | 32% | 50% | 40% | 54% |
| Aboriginal people and Torres Strait Islanders[3] | 4% | 0% | 0% | 0% |
| People from a non-English speaking background[3] | 8% | 31.8% | 0% | 0% |
| People with a disability[3] | 8% | 0% | 0% | 0% |
| People from a racial, ethnic or ethno-religious minority group[3] | 12.5% | 31.8% | 7% | 0% |

Notes:

1. This information was based on external appointments for each financial year (it has not been reduced by terminations).
2. Based on the number of new external appointments
3. Category percentages are based on the number of Equal Employment Opportunity questionnaires received

# Appendices

## Appendix 5 – Staffing (continued)

### Training and development

| Training and development | Numbers 2011–12 |
|---|---|
| Corporate induction program (includes agency/contractors) | 51 |
| Communication (includes personal development) | 53 |
| Computer education/business systems support | 173 |
| Engineering/technical/para-professional | 176 |
| Employee relations (includes diversity and performance management) | 67 |
| Environment | 321 |
| Incident response and reporting | 29 |
| Management (incident, projects, contracts, online records management training, fraud and corruption training) | 419 |
| Occupational health and safety (includes online training) | 655 |
| Service | 25 |
| Temporary arrangements to other positions | 84 |
| Business related (SCA supported study) | 8 |
| Environment/Operations related (SCA supported study) | 13 |
| SCA sponsored study: Public sector management | 2 |

### Overseas visit by staff

The Minister approved the following overseas visits for SCA staff members for 2011–12:

| | |
|---|---|
| **Name of officer:** | Ian Landon-Jones |
| **Dates of visit:** | 31 May 2012 to 14 June 2012 |
| **Destination:** | Kyoto, Japan |
| **Event:** | International Commission on Large Dams Annual Meeting and congress study tour |
| **Cost to SCA:** | $4,971 |

| | |
|---|---|
| **Name of officer:** | Sarah Dinning |
| **Dates of visit:** | 31 May 2012 to 2 June 2012 |
| **Destination:** | Paris, France |
| **Event:** | European Type Conference 2012 |
| **Cost to SCA:** | Nil |

# Appendix 6 – Stakeholder Engagement

## Formal consultation and outcomes 2011–12

| Consultation | Date | Method | SCA Response |
|---|---|---|---|
| **Local Government Reference Panel** | August 2011 to May 2012 | Local Government Reference Panel meetings. During the reporting period, meetings were held in August and November 2011 and February and May 2012. Membership includes representative councillors and staff from 15 councils in the drinking water catchments. | Sydney Catchment Authority (SCA) shares information and engages local councils in the drinking water catchment through the Local Government Reference Panel. |
| **Wingecarribee Dam Improvement Works** | July 2011 to June 2012 | Meetings and liaison with impacted residents as required throughout the project. | The SCA called and met with impacted and/or interested residents to share information about the works. Issues raised by residents were considered in the management of the construction site and the works. Ongoing liaison continues with impacted residents. |
| | July 2011 to June 2012 | Established and updated appropriate road and construction compound signs. | The SCA installed signs on the road notifying residents/drivers about the works, and more detailed site signs. |
| | July 2011 | Mailout of letters to neighbouring residents. Distributed 31 letters. | The SCA provided an update on the project to residents, and responded to queries received from residents. |
| | July 2011 | Letter to Wingecarribee Shire Council. | The SCA provided an update on the project to council. |
| | August 2011 | An email was sent to key stakeholders groups including Robertson Environmental Protection Society, Illawarra Local Aboriginal Land Council, NSW Nature Conservation Council, Total Environment Centre, Mittagong Visitor Centre. | The SCA provided an update on the project to these key stakeholders, and responded to queries received from stakeholders. |
| | October 2011 | Mailout of letters to neighbouring residents. Distributed 29 letters (less than in July 2011 as removed the returned mail). | The SCA provided an update on the project to residents, and responded to queries received from residents. |
| | March 2012 | Mailout of letters to neighbouring residents. Distributed 47 letters. | The SCA provided an update on the project to residents, and responded to queries received from residents. |
| | April 2012 | Doorknock/letterbox of letters to neighbouring residents. Distributed over 50 letters and met with two landowners. | Following advice from some residents that they had not received the March 2012 letter, the SCA conducted a letterbox drop to neighbouring residents to ensure they received the letter. |
| **Bendeela Recreation Area Master Planning process** | August 2011 | Meeting with the Kangaroo Valley Community Association(Followed a meeting with the Kangaroo Valley Tourist Association in May 2011). | The SCA shared information about the project and captured issues raised. Feedback from the group will be considered in the development of initial options in the masterplanning process and the community engagement plan. |

# Appendices

## Appendix 6 – Stakeholder Engagement (continued)

### Formal consultation and outcomes 2011–12 (continued)

| Consultation | Date | Method | SCA Response |
|---|---|---|---|
| **Bendeela Recreation Area Master Planning process** (continued) | September 2011 | Community Engagement Plan. | An engagement plan was prepared to consult with stakeholders and the community during the development of a masterplan for the Bendeela Recreation Area. |
| | November to December 2011 | Bendeela Recreation Area Masterplan Community Reference Group (CRG) advertising in local media. | Advertising calling for public nominations for the CRG. Six position were open for public nomination. Six nominations were received (two local residents, two community groups, a local canoe operator and an education tour operator), and all have become CRG members. |
| | November 2011 to June 2012 | Established Bendeela Recreation Area Masterplan section on the SCA website and updated as necessary. | The SCA provides information about the project and how to get involved on the SCA website. This information will continue to be updated throughout the project. |
| | December 2011 | Letters were sent to nominated community groups inviting them to be part of CRG: Kangaroo Valley Community Association, Kangaroo Valley Environment Group, Kangaroo Valley Tourist Association, Illawarra Local Aboriginal Land Council, Scouts NSW, Southern Bass Fishing Club. | The SCA phoned, emailed and then sent letters to six groups who had been identified as having an ongoing interest in the Bendeela Recreation Area. All the nominated groups are now CRG members. |
| | March 2012 | Letters were sent to CRG members to formally establish the group and invite them to the first CRG meeting.<br>The first CRG meeting was held in March 2012. | The SCA shared information about the recreation area, and about key considerations for a masterplan.<br>Feedback received from CRG members is being considered in the development of the masterplan. Minutes from the meeting are published on the SCA website. |
| | April 2012 | An on-site visitor survey was conducted in Easter 2012 to gather feedback about visitors' current experience of Bendeela and views on potential masterplan considerations. | Almost 400 surveys were completed representing over 50 percent of the visitors to the grounds during the Easter period.<br>The feedback from the visitor survey is being considered in the development of the masterplan. |
| **Memorandum of Understanding with NSW Health** | July to November 2011 | A review of the Memorandum of Understanding (MoU) with NSW Health was conducted in 2011, and was publicly exhibited from 6 July 2011 to 4 August 2011. The public exhibition included advertising in the major Sydney newspapers, and across local catchment newspapers. Following consideration of submissions the MoU was executed on 2 September 2011. | There were no submissions received during the public exhibition.<br>The MoU with NSW Health was finalised in September 2011. |

# Appendix 6 – Stakeholder Engagement (continued)

## Formal consultation and outcomes 2011–12 (continued)

| Consultation | Date | Method | SCA Response |
|---|---|---|---|
| **Memorandum of Understanding with EPA** | July to November 2011 | A review of the Memorandum of Understanding (MoU) with EPA was conducted in 2011, and was publicly exhibited from 6 July 2011 to 4 August 2011. The public exhibition included advertising in the major Sydney newspapers, and across local catchment newspapers. Following consideration of submissions the MoU was executed on 16 November 2011. | There were no submissions received during the public exhibition.<br>The MoU with the EPA was finalised in November 2011. |
| **Healthy Catchments Strategy 2012–2016** | July to December 2011 | Meetings with key partners including Hawkesbury-Nepean Catchment Management Authority, Southern Rivers Catchment Management Authority, Department of Primary Industries, Wingecarribee Shire Council, Goulburn Mulwaree Council, Lithgow City Council. | The SCA and key partners met to discuss current programs and opportunities for future activities within the Healthy Catchments Strategy (HCS) strategy/ program. Feedback from these meetings was considered in development of the draft HCS 2012–2016. |
| | February 2012 | An update was provided on the project at the Local Government Reference Panel meeting in February 2012. | The SCA advised the panel that the draft HCS 2012–2016 was being developed and discussed key considerations. Feedback received from the panel was considered in the draft HCS 2012–2016. |
| | February 2012 | Letters were sent to 17 key government stakeholders and 15 catchment councils inviting them to attend a presentation on the revised strategy. Provided draft strategy with letter and requested feedback. | The SCA sent letters and draft HCS 2012–2016 documents to stakeholders, and invited them to a presentation about the HCS. |
| | March 2012 | Presentation to key government stakeholders. The following stakeholders attended: Rural Fire Service, Office of the Hawkesbury-Nepean, Department of Primary Industries, Sydney Water Corporation, Hawkesbury-Nepean Catchment Management Authority. | The SCA presented the draft HCS 2012–2016, and discussed the initiatives and programs. The feedback received has been considered within the draft HCS 2012–2016. |

# Appendices

## Appendix 6 – Stakeholder Engagement (continued)

### Complaints

In 2011–12 the SCA received 11 new complaints all of which were resolved. A further complaint received at the end of 2010–11 was also resolved.

**Total complaints received and resolved by year**

| | Total complaints received | Total complaints resolved | Total complaints remaining open |
|---|---|---|---|
| 2011–12 | 11 | 12 (1 from 10–11) | 0 |
| 2010–11 | 7 | 6 | 1 |
| 2009–10 | 5 | 8 (3 from 08–09) | 0 |
| 2008–09 | 18 | 17 (2 from 07–08) | 4 (1 from 07/08) |
| 2007–08 | 14 | 18 (6 from 06–07) | 3 (1 from 06–07) |

**Total complaints received and resolved 2011–12**

| Date received | Complaint number | Category | Interim response on time | Date resolved | Method of resolution |
|---|---|---|---|---|---|
| 29/6/11 | D2011/25861 | Staff/Contractors | Yes | 3/8/11 | Resolved by actions to correct situation |
| 13/07/11 | 4407 | Flood | Yes | 13/07/11 | Resolved by explanation / provision of further information |
| 16/09/11 | 4408 | Staff/Contractors | Yes | 30/09/11 | Resolved by other means |
| 14/10/11 | 4409 | Staff/Contractors | Yes | 10/02/12 | Resolved by other means |
| 1/11/11 | 4412 | Tenant Issue | No | 11/1/12 | Resolved by actions to correct situation |
| 23/11/11 | 4410 | Staff/Contractors | Yes | 7/12/11 | Resolved by explanation / provision of further information |
| 9/1/12 | 4411 | Staff/Contractors | Yes | 1/2/12 | Resolved by explanation / provision of further information |
| 14/2/12 | 4416 | Water Quality | No | 5/4/12 | Resolved by explanation / provision of further information |
| 15/2/12 | 4413 | Picnic Area Facilities | Yes | 15/2/12 | Resolved by actions to correct situation |
| 21/2/12 | 4414 | Catchment Use | No | 5/4/12 | Resolved by explanation / provision of further information |
| 6/3/12 | 4415 | Other | Yes | 6/3/12 | Resolved by actions to correct situation |
| 24/5/12 | 4417 | Other | Yes | 25/5/12 | Resolved by actions to correct situation |

# Appendix 6 – Stakeholder Engagement (continued)

## Community enquiries during the Warragamba Dam spills events

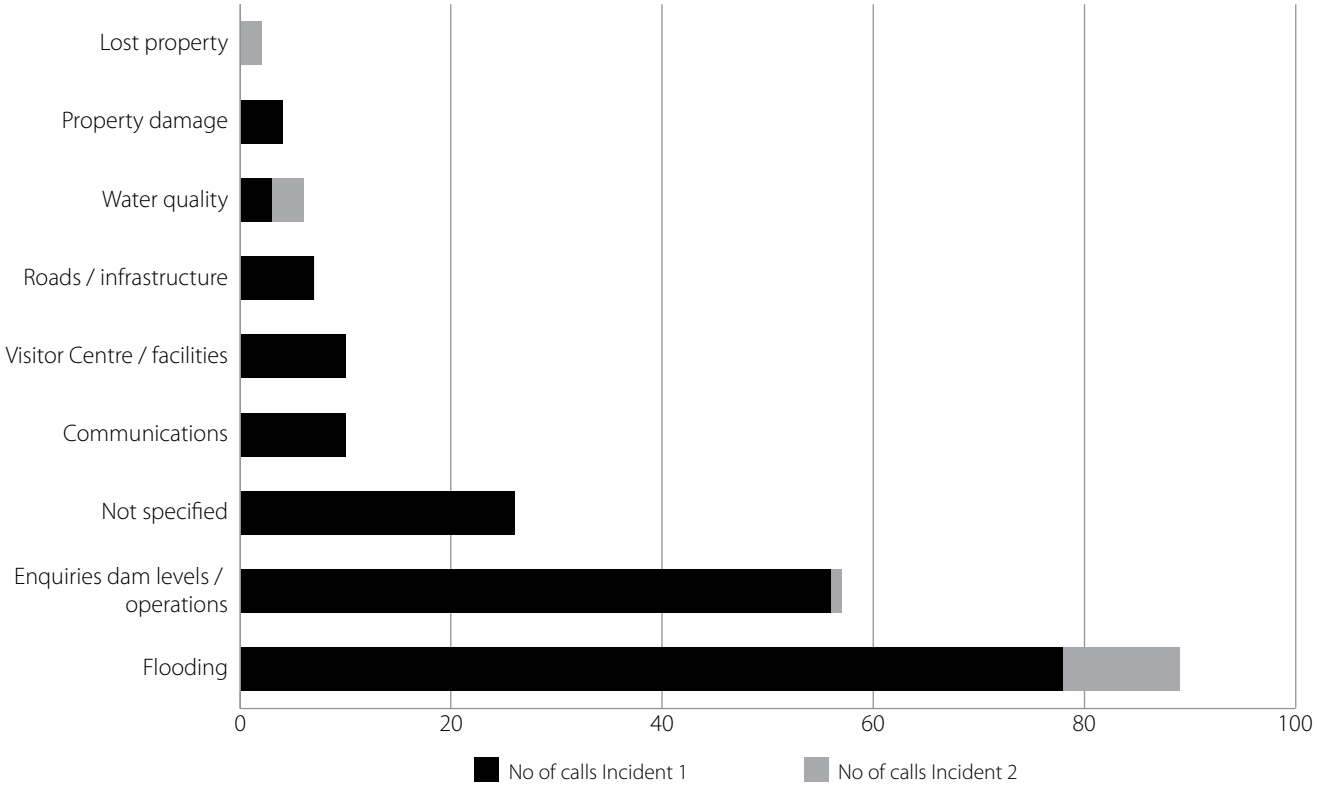
A review of community calls and contact during the Warragamba Dam spill events was undertaken at the conclusion of the events. The SCA received more than 1,000 telephone enquiries from the community, most of which were satisfied immediately.

In response to the high level of telephone inquiries the SCA assigned additional staff to answer telephone enquiries and used a voice recording system (VRS) to provide information and recorded answers to the most commonly asked questions. Inquiries that could not be resolved immediately by staff or by the recorded messages were followed up by more senior staff.

The SCA referred flood queries to the SES and the Bureau of Meteorology and directed callers with queries about road and other infrastructure closures to relevant agencies.

Other responses included: updated the SCA website with additional information about dam levels, the role and operations of Warragamba Dam, live streaming video of the dam spilling, photo library, and giving prominence to the Visitor Centre opening hours. Additional signs were also installed at SCA sites. Follow up calls were made to 211 callers and are detailed below.

**Number of calls by category**




**Number of visits to the SCA website over five years**

| | 2011–12 | 2010–11 | 2009–10 | 2008–09 | 2007–08 |
|---|---|---|---|---|---|
| Visits | 633,714 | 409,630 | 366,059 | 412,832 | 901,811 |

# Appendices

## Appendix 7 – Water supply and rainfall data

### Water supply to customers (millions of litres)

| | 2011–12 | 2010–11 | 2009–10 | 2008–09 | 2007–08 |
|---|---|---|---|---|---|
| Sydney Water | 414,623 | 413,192 | 478,222 | 485,795 | 475,156 |
| Wingecarribee Shire Council | 3,480 | 3,477 | 3,652 | 4,379 | 4,042 |
| Shoalhaven City Council | 72 | 71 | 87 | 84 | 76 |
| Direct users – Upper Canal | 55 | 89 | 108 | 114 | 74 |
| Direct users – Warragamba | 40 | 75 | 52 | 54 | 46 |
| Others | 30 | 40 | 48 | 65 | 36 |
| **Total** | **418,300** | **416,944** | **482,169** | **490,491** | **479,430** |

### Monthly rainfall in the SCA's catchments in 2011–12 (millimetres)

| | Warragamba | Upper Nepean | Woronora | Shoalhaven | Prospect | Blue Mountains |
|---|---|---|---|---|---|---|
| July 2011 | 30 | 109 | 211 | 76 | 85 | 47 |
| August 2011 | 45 | 56 | 98 | 85 | 34 | 69 |
| September 2011 | 41 | 48 | 62 | 37 | 60 | 97 |
| October 2011 | 33 | 73 | 71 | 64 | 43 | 58 |
| November 2011 | 125 | 136 | 167 | 129 | 152 | 165 |
| December 2011 | 66 | 92 | 77 | 73 | 118 | 145 |
| January 2012 | 71 | 95 | 150 | 61 | 141 | 193 |
| February 2012 | 189 | 227 | 221 | 173 | 178 | 266 |
| March 2012 | 201 | 195 | 244 | 230 | 196 | 232 |
| April 2012 | 88 | 88 | 114 | 92 | 156 | 121 |
| May 2012 | 21 | 18 | 13 | 15 | 18 | 22 |
| June 2012 | 65 | 100 | 137 | 93 | 118 | 138 |
| **Total** | **974** | **1,236** | **1,565** | **1,128** | **1,298** | **1,552** |

# Appendix 7 – Water supply and rainfall data (continued)

## 2011–12 SCA water balance for total supply system

| Total supply system | Sources of water | | Distribution of Water | |
|---|---|---|---|---|
| | Volume (ML) | % of total | Volume (ML) | % of total |
| **Storage Volume** | | | | |
| Volume in storages at start of year [1] | | | 1,973,140 | |
| Volume in storages at end of year | | | 2,496,210 | |
| **Change in Storages** | | | **523,070** | **14.0%** |
| **Storages net evaporation** | | | **99,028** | **2.7%** |
| **Inflows** | | | | |
| All dams and weirs | 3,734,504 | 100.0% | | |
| Groundwater | – | 0.0% | | |
| Fish River Water Supply purchases | 25 | 0.0% | | |
| **Sub-total** | **3,734,529** | **100.0%** | | |
| **Water Supplied to Customers** | | | | |
| Sales to Sydney Water | | | 414,623 | 11.1% |
| Sales to Wingecarribee Shire Council | | | 3,480 | 0.1% |
| Sales to Shoalhaven City Council | | | 72 | 0.0% |
| Sales to Retail Customers | | | 125 | 0.0% |
| **Sub-total** | | | **418,300** | **11.2%** |
| **Water released under Water Sharing Plan** | | | | |
| Releases to Shoalhaven City Council (Tallowa) | | | 14,143 | 0.4% |
| Riparian releases | | | 7,804 | 0.2% |
| Environmental releases [2] | | | 440,325 | 11.8% |
| Other System releases to river [3] | | | 773 | 0.0% |
| **Sub-total** | | | **463,045** | **12.4%** |
| **Reservoir or Weir Spills** | | | **2,224,484** | **59.6%** |
| **Unaccounted difference [4]** | | | **6,602** | **0.2%** |
| **Total** | **3,734,529** | **100.0%** | **3,734,529** | **100.0%** |

(1) Note that storage volume is listed in the distribution column as storage levels increased over the 2011–2012 financial year. In accounting terms, storages were used to capture inflows rather than being used as a source of water for supply and releases downstream.

(2) Only Environmental Releases that leave the system boundary are included in the balance.

(3) Other Releases to River are releases additional to the required environmental releases due to limitation of release mechanism.

(4) Unaccounted for difference is estimated as the difference between inflows, outflows and change in the storage. This includes river evaporation, seepage, overbank flow, theft and any measurement errors recording other components.

# Appendices

## Appendix 8 – Financial Performance

### Our Financial Outcomes

**Operational expenditure and income for 2011–12 – summary**

| | Actual $'000 | Budget $'000 | Variance $'000 |
|---|---|---|---|
| Revenues | 208,294 | 203,669 | 4,625 |
| Expenditure | 159,116 | 156,557 | (2,560) |
| **Profit before tax** | **49,178** | **47,112** | **2,065** |

**Capital expenditure for 2011–12 – summary**

| | Actual $'000 | Budget $'000 | Variance $'000 |
|---|---|---|---|
| Capital expenditure | 19,954 | 20,664 | 710 |

### Commercial success outcomes

**Performance in relation to commercial success 2011–12**

| | Budget $ million | Actual $ million | Variance $ million | Variance % | Reason for variance |
|---|---|---|---|---|---|
| Revenue | 203,669 | 208,294 | 4,625 | 2 | Greater than expected supply of raw water to Sydney Water following shutdown of desalination plant |
| Operations/services expenditure | 99,577 | 97,145 | 2,432 | 2 | Lower than expected expenditure on administration and materials |
| Other areas of expenditure | 56,980 | 61,972 | (4,992) | (9) | Greater than expected expenditure on finance charges, in particular, derivatives portfolio. |
| Dividend and tax equivalent expense | 38,653 | 33,627 | 5,026 | 13 | Lower than expected tax expense associated with deductibility of personnel services expense incurred by parent entity |
| Operating profit before tax | 47,112 | 49,178 | 2,065 | 4 | Refer above |

# Appendix 8 – Financial Performance (continued)

## Updated credit rating

Each year the NSW Government requires government businesses to be reviewed by a credit rating agency as part of an overall assessment of the authorities' independent financial study. The process is designed to ensure competitive neutrality between government businesses and their private sector counterparts. In its 2011 review, the SCA achieved an investment grade credit rating.

## Schedule of charges 2011–12

| SCA charge | 2011–12 |
|---|---|
| Sydney Water Corporation – fixed availability charge per calendar month | $7,168,713.00 |
| Sydney Water Corporation – volumetric charge per megalitre | $284.38 |
| Wingecarribee Shire Council – volumetric charge per megalitre | $268.87 |
| Shoalhaven City Council – volumetric charge per megalitre | $268.87 |
| Goulburn Mulwaree Council – volumetric charge per megalitre | $268.87 |
| Unfiltered water service charge for connection of 20 mm diameter | $96.00 |
| Unfiltered water service charge for connection of 25 mm diameter | $150.00 |
| Unfiltered water service charge for connection of 30 mm diameter | $216.00 |
| Unfiltered water service charge for connection of 32 mm diameter | $245.76 |
| Unfiltered water service charge for connection of 40 mm diameter | $384.01 |
| Unfiltered water service charge for connection of 50 mm diameter | $600.01 |
| Unfiltered water service charge for connection of 80 mm diameter | $1,536.02 |
| Unfiltered water service charge for connection of 100 mm diameter | $2,400.03 |
| Unfiltered water service charge for connection of 150 mm diameter | $5,400.05 |
| Unfiltered water service charge for connection of 200 mm diameter | $9,600.10 |
| Unfiltered water service charge for connection of >200 mm diameter | (nominal diameter) 2 x 20mm charge/400 |
| Volumetric charge per kilolitre | $1.08 |
| Bulk raw water volumetric charge per kilolitre | $0.63 |

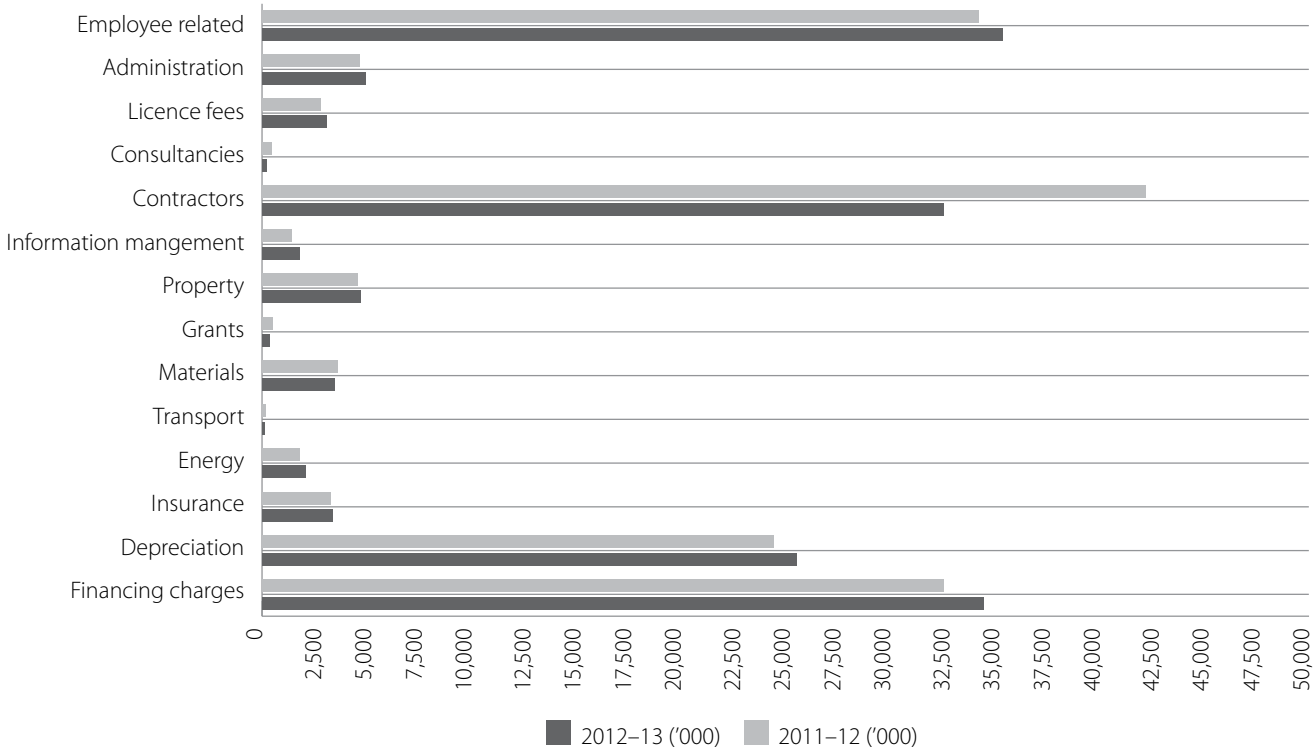
# Appendices

## Appendix 8 – Financial Performance (continued)

**Expenditure budget comparison 2011–12 to 2012–13**

| | 2011–12 ($'000) | 2012–13 ($'000) |
|---|---|---|
| Employee related | 34,199 | 35,375 |
| Administration | 4,646 | 4,953 |
| Licence fee | 2,773 | 3,062 |
| Consultancies | 445 | 220 |
| Contractors | 42,178 | 32,529 |
| Information management | 1,425 | 1,772 |
| Property | 4,569 | 4,702 |
| Grants | 515 | 380 |
| Materials | 3,600 | 3,449 |
| Transport | 152 | 133 |
| Energy | 1,809 | 2,081 |
| Insurance | 3,266 | 3,354 |
| Depreciation | 24,331 | 25,538 |
| Financing charges | 32,555 | 34,477 |
| Disposal of assets | 94 | 500 |
| **Total** | **156,557** | **152,525** |

**Expenditure budget comparison 2011–12 to 2012–13**



# Appendix 8 – Financial Performance (continued)

## Capital expenditure

| Project | Expenditure ($'000) |
|---|---|
| Warragamba environmental flows investigation | 242 |
| Warragamba Dam crest gates upgrade | 950 |
| Warragamba Dam – major refurbishment (Valve House replacement) | 218 |
| Lower Cascade 600mm scour valve upgrade | (6) |
| Upper Nepean environment flows works | 29 |
| Upper Nepean Transfer System – Upper Canal refurbishment | 178 |
| Prospect Dam improvement works | 392 |
| Prospect Dam – scours upgrade | 48 |
| Bendeela camping ground upgrade | 295 |
| Shoalhaven expansion of SCARMS | 1 |
| Kangaroo Pipeline – Shaft – Relining | 8 |
| Wingacarribee Dam improvement works | 7,945 |
| Working plant and equipment – acquisition | 220 |
| Catchment infrastructure asset renewals | 107 |
| Upgrade of SCA on-site sewage management systems | 52 |
| Fire trail upgrade | 52 |
| Hydrometric renewals program | 1,684 |
| Minor assets renewals program | 1,240 |
| IT assets renewals program | 1,126 |
| Project Management Information System acquisition | 195 |
| SCADA system upgrade | 1,084 |
| Electronic records management | 79 |
| Finance and business systems upgrade | 370 |
| Upgrade to Maximo Version 7 | 1,147 |
| Motor vehicle fleet procurement | 2,298 |
| **Total Capital Expenditure** | **19,954** |

## Credit card certification

As required by Treasurer's Direction 205.01, the acting Chief Executive of the Sydney Catchment Authority certifies that credit card usage was in accordance with the relevant government policy, Premier's Memoranda and Treasurer's Directions.

# Appendices

## Appendix 8 – Financial Performance (continued)

### Payment of accounts

**Aged analysis at the end of each quarter**

| Quarter | Current $'000s | <30 days overdue $'000s | Between 30 & 60 days overdue $'000s | Between 61 & 90 days overdue $'000s | More than 90 days overdue $'000s |
|---|---|---|---|---|---|
| **All Suppliers** | | | | | |
| September | 945 | 14 | – | – | – |
| December | 783 | – | – | – | – |
| March | 767 | 127 | 6 | 20 | – |
| June | 17 | 20 | – | – | – |
| **Small Business Suppliers** | | | | | |
| September | – | – | – | – | – |
| December | 8 | – | – | – | – |
| March | – | – | – | – | – |
| June | – | – | – | – | – |

### Accounts due or paid within each quarter 2011–12

| Measure | September | December | March | June | Total 2011–12 |
|---|---|---|---|---|---|
| **All Suppliers** | | | | | |
| Number of accounts due for payment | 1,902 | 1,749 | 1,603 | 2,341 | **7,595** |
| Number of accounts paid on time | 1,276 | 1,065 | 1,424 | 1,948 | **5,713** |
| Actual percentage of accounts paid on time (by number) | 67.09% | 60,89% | 88.83% | 83.21% | **75.22%** |
| Dollar amount of accounts due for payment | $28,005,936 | $17,797,040 | $19,245,436 | $30,459,159 | **$95,507,571** |
| Dollar amount of accounts paid on time | $20,714,571 | $11,336,586 | $17,878,822 | $25,520,512 | **$75,450,491** |
| Dollar amount of accounts paid on time (by number) | 73.96% | 63.70% | 92.90% | 83.79% | **79.00%** |
| Number of payments for interest on overdue accounts | – | – | – | – | **–** |
| Interest paid on overdue accounts | – | – | – | – | **–** |
| **Small Business Suppliers** | | | | | |
| Number of accounts due for payment | 74 | 64 | 43 | 96 | **277** |
| Number of accounts paid on time | 42 | 45 | 39 | 93 | **219** |
| Actual percentage of accounts paid on time (by number) | 56.76% | 70.31% | 90.70% | 96.88% | **79.06%** |
| Dollar amount of accounts due for payment | $142,751 | $145,446 | $59,502 | $60,329 | **$408,029** |
| Dollar amount of accounts paid on time | $47,312 | $94,712 | $54,293 | $60,000 | **$256,317** |
| Dollar amount of accounts paid on time (by number) | 33.14% | 65.12% | 91.25% | 99.45% | **62.82%** |
| Number of payments for interest on overdue accounts | – | – | – | – | **–** |
| Interest paid on overdue accounts | – | – | – | – | **–** |

# Appendix 8 – Financial Performance (continued)

## Accounts due or paid within each quarter 2011–12 (continued)

### Payment performance

The SCA introduced a new purchasing system (iPOS) in March 2012 which has significantly improved the processing of payments through the more effective matching of invoices to orders. The SCA encourages suppliers to submit their invoices electronically to a centralised email address to facilitate the timely receipt and processing of supplier payments.

## Investment performance

### Annualised return on TCorp investment facilities as at 30 June 2012

| Term of underlying liability | TCorp facility | 1 year | 3 years | 5 years | 7 years |
|---|---|---|---|---|---|
| 0–2 years | Hour-Glass cash facility trusts | 4.90 | 4.91 | 5.38 | 5.57 |
| 2–4 years | Hour-Glass strategic cash facility trust | 5.02 | 5.07 | – | – |
| 4–7 years | Hour-Glass medium term growth facility trust | 4.28 | 6.69 | 3.99 | 5.29 |
| 7+ years | Hour-Glass long term growth facility trust | (0.73) | 6.22 | (0.72) | 3.62 |

The nature and terms of SCA's underlying liabilities is such that funds are invested in the TCorp Hour-Glass cash facility. The following table reports the annualised performance of this facility against benchmark, the USB Bank Bill Index.

### Annualised performance of TCorp hour-glass cash facility trust

| | 1 year | 3 year | 5 year | 7 year |
|---|---|---|---|---|
| Actual performance | 4.90 | 4.91 | 5.38 | 5.57 |
| Benchmark performance | 4.70 | 4.52 | 5.27 | 5.51 |
| Variance | 0.20 | 0.39 | 0.11 | 0.06 |

# Appendices

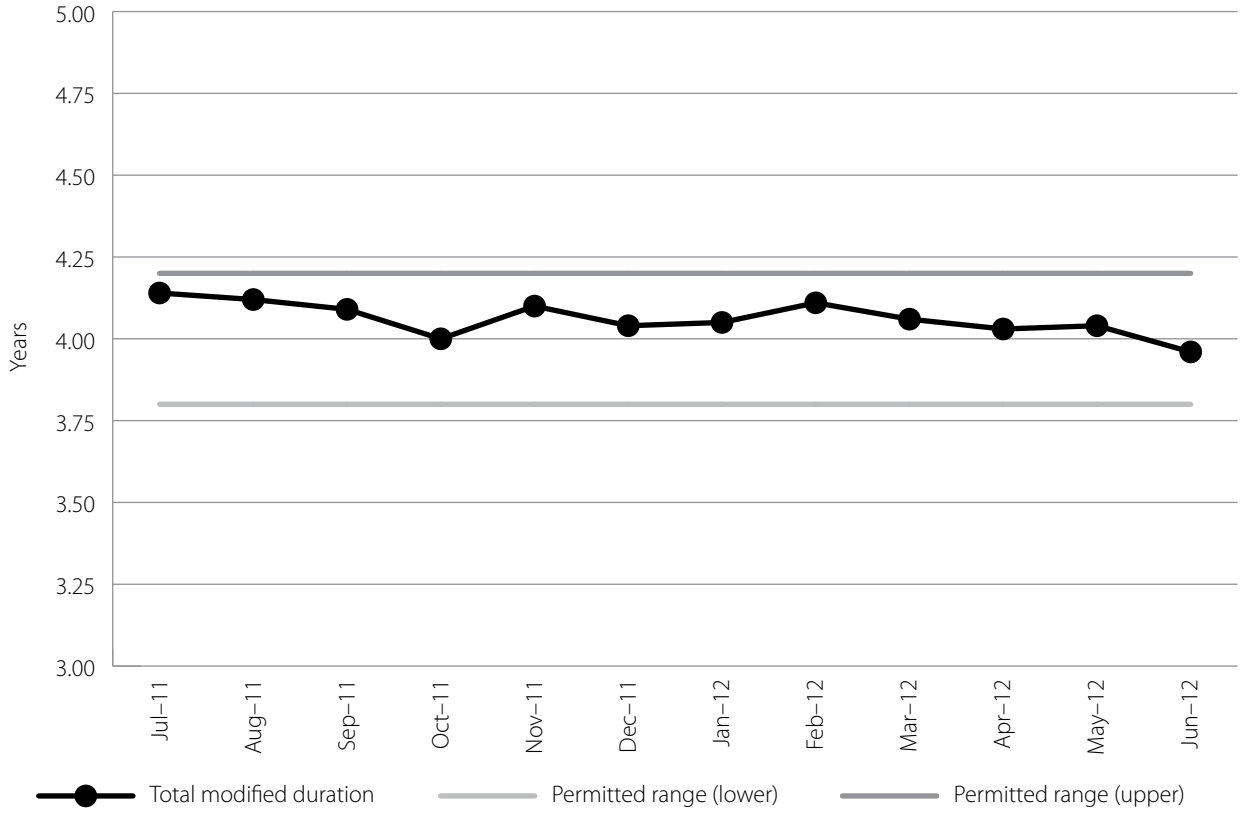
## Appendix 8 – Financial Performance (continued)

### Liability management performance

**Core debt portfolio position relative to benchmark by month for the year ended 30 June 2012**

| | Benchmark modified duration | Permitted range (lower) | Permitted range (upper) |
|---|---|---|---|
| July 2011 | 4.1415 | 3.8000 | 4.2000 |
| August 2011 | 4.1211 | 3.8000 | 4.2000 |
| September 2011 | 4.0864 | 3.8000 | 4.2000 |
| October 2011 | 4.0021 | 3.8000 | 4.2000 |
| November 2011 | 4.1042 | 3.8000 | 4.2000 |
| December 2011 | 4.0362 | 3.8000 | 4.2000 |
| January 2012 | 4.0519 | 3.8000 | 4.2000 |
| February 2012 | 4.1056 | 3.8000 | 4.2000 |
| March 2012 | 4.0587 | 3.8000 | 4.2000 |
| April 2012 | 4.0290 | 3.8000 | 4.2000 |
| May 2012 | 4.0431 | 3.8000 | 4.2000 |
| June 2012 | 3.9558 | 3.8000 | 4.2000 |

**Core Debt Portfolio Position relative to Benchmark**



# Appendix 8 – Financial Performance (continued)

## Consultancies

### Consultancies over $50,000

#### Finance and Accounting/Tax

1. Name: Quercia Capital Pty Ltd
   Consultancy: Provision of an overview of the commercial issues in a potential investment in mini hydro installations.
   Cost: $152,180

Total consultancies equal to more than $50,000: $152,180

### Consultancies less than $50,000

During the year, three other consultancies were engaged in the following areas:

- Finance and accounting $62,975
- Information Technology $9,160
- Legal $9,018

All consultancies have been reported exclusive of GST.

## SCA grants to non-government community groups

| Applicant | Project | Grant number | Amount (excl. GST) |
|---|---|---|---|
| The Garguree Swampcare/Gully Traditional Owners Group* | Expansion of the Garguree Swampcare project area of the Blue Mountains Swamp Endangered Ecological Community being actively restored by the group. | CPIG 152 | $7,975.00 |
| Kangaroo Valley Environment Group Inc | Continue riparian weed control and revegetation at priority sites on the Kangaroo River and tributaries. | CPIG 151 | $8,950.00 |
| Clifftop Landcare Group Inc | Post fire weed and sediment control on private properties adjoining Council and NPWS Reserve. | CPIG 150 | $8,000.00 |
| Moss Vale Landcare Group Inc* | Fell and chip woody weeds (willow and privet) along a 200 metre reach of Whites Creek, Moss Vale, spread mulch for revegetation with native species and control weed regrowth. | CPIG 149 | $3,090.91 |
| Kangaroo Valley Friends Properties Pty Ltd | Weed control on property along Kangaroo River. | CPIG 148 | $5,000.00 |
| Mt Gibraltar Landcare & Bushcare Group | Primary and secondary environmental weed removal to allow regeneration of the EEC Mount Gibraltar Forest at a source of the Mittagong Rivulet that feeds the Wingecarribee River. | CPIG 147 | $8,000.00 |
| Sydney Bush Walkers Incorporated | Continued tree-planting efforts and removal of noxious and invasive weeds at Coolana, Kangaroo Valley, across both river flats to increase regeneration efforts, reducing downstream weed migration and invasion into native bushland. | CPIG 146 | $4,520.00 |
| | | **Total** | **$45,535.91** |

*Relevant local councils administer these grants on behalf of the non-government community groups

## Cost of annual report

The cost of producing the SCA's Annual Report 2011–12 was $30,160, a 17 percent reduction from the previous year. Additional efficiencies will be indentified for the 2012–13 Annual Report.

# Appendices

## Appendix 9 – Heritage

### Listing of SCA heritage assets

The Sydney Catchment Authority is responsible for managing heritage items including water storages and associated infrastructure, weirs, homesteads, bridges and sites of significance to indigenous communities.

The SCA and Office of Environment and Heritage jointly manage heritage in Special Areas. The SCA and Sydney Water jointly manage the Historical Research and Archive Facility, which provides an important resource for the agencies and the public.

In 2010–11 the Heritage Council endorsed the SCA's Section 170 Heritage and Conservation Register. The endorsement of the Register does not remove some items the SCA wishes to have removed from the State Heritage Register and conversely items it wishes to add to the Register.

The SCA commenced negotiations with the Heritage Branch in 2011–12 to update the State Heritage Register in relation to the SCA's items.

| Item | Heritage Significance | Item Number |
|---|---|---|
| Arnprior | State | 4580166 |
| Avon Dam | State | 4580027 |
| Cataract Dam | State | 4580028 |
| Cordeaux Dam | State | 4580029 |
| Glen D'or | Local (previously State) | 4580057 |
| Khama Lea | Local (previously State) | 4580059 |
| La Vista | Local (previously State) | 4580164 |
| Mayfield | State | 4580058 |
| Medlow Dam | State | 4580041 |
| Nepean Dam | State | 4580032 |
| Ooranook | Local (previously State) | 4580165 |
| Upper Nepean Scheme | State | 4580004 |
| Upper Nepean Scheme – Broughtons Pass Weir | | 4580035 |
| Upper Nepean Scheme – Hudson's Emergency Scheme | | 4580026 |
| Upper Nepean Scheme – Nepean Tunnel | | 4580033 |
| Upper Nepean Scheme – Pheasants Nest Weir | | 4580036 |
| Upper Nepean Scheme – Upper Canal | | 4580005 |
| Upper Nepean Scheme – Prospect Reservoir | State | 4580067 |
| Virginia | State | 4580060 |
| Warragamba Emergency Scheme | State | 4580051 |
| Warragamba Emergency Scheme – Megarritys Bridge | | 4580053 |
| Warragamba Emergency Scheme – Warragamba Weir | | 4580052 |
| Warragamba Emergency Scheme – Water Pumping Station | | 4580064 |
| Warragamba Supply Scheme | | 4580161 |
| Warragamba Supply Scheme – 18 Ton Cableway | | 4580046 |
| Warragamba Supply Scheme – Crest Gantry Crane | | 4580019 |
| Warragamba Supply Scheme – Early Dam Model | | 4580054 |
| Warragamba Supply Scheme – Haviland Park | | 4580049 |
| Warragamba Supply Scheme – Main Dam Wall | | 4580061 |
| Warragamba Supply Scheme – Pipelines 1 and 2 | | 4580021 |
| Warragamba Supply Scheme – Production Office | | 4580162 |
| Warragamba Supply Scheme – Suspension Bridge | | 4580047 |
| Warragamba Supply Scheme – Valve House | | 4580017 |

# Appendix 9 – Heritage (continued)

| Item | Heritage Significance | Item Number |
|---|---|---|
| Windmill Hill Group | State (not previously listed) | 4580168 |
| Wingecarribee Swamp | State | 4580138 |
| Woodford Dam | Local | 4580044 |
| Woronora-Penshurst Pipeline | Local | 4580022 |
| Woronora Dam | State | 4580034 |

The Sydney Catchment Authority is developing conservation management plans for all its State Heritage items and is on track to have all plans prepared by June 2014. In 2011–12 conservation management plans were finalised for Prospect Reservoir, Medlow Dam and Woronora Dam. Conservation management plans for the Metropolitan dams, Arnprior, Mayfield, Virginia and Windmill Hill are being developed.

In 2011–12 the SCA continued a project to incorporate the section 170 register into the SCA's asset management system.

# Appendix 10 – Regulatory Compliance

## Compliance activity over five years

### *Protection of the Environment Operations Act 1997* (SCA Authorisation)

| | 2011–12 | 2010–11 | 2009–10 | 2008–09 | 2007–08 |
|---|---|---|---|---|---|
| Clean up notices | 1 | 2 | 3 | – | – |
| Notices (s192) requiring information / documents | 2 | 1 | 13 | 3 | – |
| Penalty infringement notices | 2 | – | 3* | – | – |
| Pollution prevention notices | – | 1 | 4 | 6 | 4 |
| Littering reports referred to Office of Environment and Heritage | 2 | 6 | 10 | 13 | 11 |

### Sydney Water Catchment Management Regulation 2008

| | 2011–12 | 2010–11 | 2009–10 | 2008–09 | 2007–08 |
|---|---|---|---|---|---|
| Penalty infringement notices | 43 | 52 | 38 | 37 | 33 |
| Warning letters | 15 | 8 | 22 | 25 | 31 |
| Prosecutions | – | 0 | 0 | 2 | – |
| Notices (s62) requiring information and records | 17 | – | – | – | – |
| | 3 | | | | |

* 1 x $750 – individual, 2 x $1,500 – corporation

Note:

In September 2008 the Sydney Water Catchment Management (Environment Protection) Regulation 2001 and the Sydney Water Catchment Management (General) Regulation 2000 were combined in the Sydney Water Catchment Management Regulation 2008.

# Appendices

## Appendix 11 – Scientific Publications Available on Sydney Catchment Authority Website

### Sydney Catchment Authority authored publications

1. G Greene and G Begg, 'Climate Change Impact Assessment – The Sydney Catchment Authority's Approach', *Ozwater '12*, Australian Water Association, Sydney, 2012.
2. J Heath, C J Chafer and T Bishop, 'Wildfire Impact on Water Yield within Sydney's Drinking Water Supply Catchments: A Preliminary Assessment of the 2001/2002 Outer Sydney Basin Wildfires', *Proceedings of the 34th World Congress of the International Association for Hydro-Environment Research and Engineering: 33rd Hydrology and Water Resources Symposium and 10th Conference on Hydraulics in Water Engineering*, E Valentine, C J Apelt, J Ball, H Chanson, R Cox, R Ettema, G Kuczera, M Lambert, B W Melville and J E Sargison (Eds.), Engineers Australia, Barton ACT, 2011, pp 2094–2100.
3. L Ho, T Tang, D Hoefel and B Vigneswaran, 'Fate of Cyanobacterial Metabolites in Warragamba Dam', *Ozwater '12*, Australian Water Association, Sydney, 2012.
4. S Maheswaran, J Martin and G Kibria, 'Climate Change Impacts on Sydney's Water Supply', *Ozwater '12*, Australian Water Association, Sydney, 2012.
5. J Martin and M Maheswaran, 'SCARMS – Case Studies of Application of Sydney Catchment Authority's Reservoir Management System', *Ozwater '12*, Australian Water Association, Sydney, 2012.
6. W McLean, A Madden, J Jankowski, S Scarff and S Moran, 'Investigating impacts of longwall mining on water resources: a comparison of mined and non-mined water supply catchments', *NSW IAH Symposium 2011 Hydrogeology in NSW – the Challenge of Uncertainty*, W McLean and W Milne-Home (Eds.), International Association of Hydrogeology, New South Wales Branch, Sydney, 2011, pp 96–103.
7. M J Noonan and G Greene, 'Spatial Decision Support Systems for Assessing Water Quality Risks in Sydney's Drinking Water Catchment', *Ozwater '12*, Australian Water Association, Sydney, 2012.

### Papers with Sydney Catchment Authority contribution/data

1. T C Dang, M Fujii, A L Rose, M Bligh and T D Waite, 'Characteristics of the freshwater cyanobacterium *Microcystis aeruginosa* grown in iron-limited continuous culture', *Applied and Environmental Microbiology*, vol 78, 2012, American Society for Microbiology, pp 1574–1583.
2. C Danis, C O'Neill, M Lackie, L Twigg and A Danis, 'Deep 3D structure of the Sydney Basin using gravity modelling', *Australian Journal of Earth Sciences*, vol 58, 2011, Taylor & Francis, pp 517–542.
3. C Danis, C O'Neill and J Lee, 'Geothermal state of the Sydney Basin: assessment of constraints and techniques', *Australian Journal of Earth Sciences*, vol 59, 2012, Taylor & Francis, pp 75–90.
4. G Dercon, L Mabit, G Hancock, M L Nguyen, P Dornhofer, O O S Bacchi, M Benmansour, C Bernard, W Froehlich, V N Golosov, S Haciyakupoglu, P S Hai, A Klik, Y Li, D A Lobb, Y Onda, N Popa, M Rafiq, J Ritchie, P Schuller, A Shakhashiro, P Wallbrink, D E Walling, F Zapata and X Zhang, 'Fallout radionuclide-based techniques for assessing the impact of soil conservation measures on erosion control and soil quality: an overview of the main lessons learnt under an FAO/IAEA Coordinated Research Project', *Journal of Environmental Radioactivity*, vol 107, 2012, Elsevier, pp 78–85.
5. R Fornarelli and J P Antenucci, 'The impact of transfers on water quality and the disturbance regime in a reservoir', *Water Research*, vol 45, 2011, Elsevier, pp 5873–5885.
6. R Fornarelli, J P Antenucci and C L Marti, 'Determining the impact of reservoir water transfers on water quality using advanced methods', *MODSIM2011, 19th International Congress on Modelling and Simulation*, F Chan, D Marinova and R S Anderssen (Eds.), Modelling and Simulation Society of Australia and New Zealand, Perth, 2011, pp 3497–3503.
7. R Fornarelli, S Galelli, J P Antenucci and A Castelletti, 'Input variable selection for ecological modelling in interbasin water transfer management', *MODSIM2011, 19th International Congress on Modelling and Simulation*, F Chan, D Marinova and R S Anderssen (Eds.), Modelling and Simulation Society of Australia and New Zealand, Perth, 2011, pp 4022–4028.
8. M R Hart and P S Cornish, 'Available soil phosphorus, phosphorus buffering and soil cover determine most variation in phosphorus concentration in runoff from pastoral sites', *Nutrient Cycling in Agroecosystems*, vol 93, Springer Dordrecht, pp 227–244.
9. R B Jenkins, 'Airborne laser scanning for vegetation structure quantification in a south east Australian scrubby forest-woodland', *Austral Ecology*, vol 37, 2012, Wiley & Sons, pp 44–55.
10. S J Khan, J C Routt, J Debroux, B Wright and B D Stanford, 'Water Quality Impacts of Extreme Weather-Related Events: Findings From Australia', *Ozwater '12*, Australian Water Association, Sydney, 2012.
11. R J Summerhayes, G G Morgan, D Lincoln, H P Edwards, A Earnest, M B Rahman, P Byleveld, C T Cowie and J R Beard, 'Spatio-temporal variation in trihalomethanes in New South Wales', *Water Research*, vol 45, 2011, Elsevier, pp 5715–5726.
12. S Wilkinson, P Wallbrink, W Blake, R Shakesby and S Doerr, 'Using Tracers to Assess the Impacts of Sediment and Nutrient Delivery in the Lake Burragorang Catchment Following Severe Wildfire', *Impact of Soil Conservation Measures on Erosion Control and Soil Quality*, 2011, International Atomic Energy Agency, Vienna, pp 49–58.

# Appendix 12 – Reporting Requirements

**Operating Licence requirements reported to IPART**

| Licence condition | Requirement | Annual report reference |
|---|---|---|
| 4.3.3 | The SCA must provide information to IPART by 1 September of each year on its compliance with the Regional Environmental Plan. | KFA 4.3 |
| 5.1.5 | By 1 September of each year the SCA must provide information to IPART on progress for the previous financial year in meeting its obligations in clause 5.1.1 (maintain programs for environmental management). This information must include the SCA's compliance with the targets and timetables in clause 5.1.3. | Appendix 9<br>KFA 6.2 |
| 6.4.2 | The SCA must provide information to IPART, by 1 September each year for the previous financial year, on:<br>(a) any demand management and supply augmentation activities undertaken by the SCA, including any obligations under any licence or approval under the Water Act 1912 or the Water Management Act 2000 and the Metropolitan Water Plan;<br>(b) the water balance as per the methodology set out in the report by Sinclair Knight Merz entitled, "Sydney Catchment Authority Operating Licence Water Balance Template (October 2005)" for the Catchment Infrastructure Works and for each of the following GM, Water Supply systems:<br>(i) Warragamba<br>(ii) Woronora<br>(iii) Blue Mountains<br>(iv) Shoalhaven<br>(v) Upper Nepean.<br>(c) actions undertaken to manage leakage and losses from its Catchment Infrastructure Works, including actions and compliance with timeframes under the report prepared under the 2006 Operating Licence recommending appropriate actions and timeframes for the SCA to manage water leakage and losses, and actual expenditure on managing water leakage and loss activities and estimated water savings as a result of those activities. | KFA 6.2<br>KFA 5.4<br>Appendix 7 |
| 8.3.5 | The SCA must provide by 1 September of each year the following details concerning complaints:<br>(a) number and type<br>(b) number and type resolved or not resolved in sufficient detail and with sufficient classification to enable IPART to gain a reasonable understanding of how complaints were resolved or why they were not resolved<br>(c) where there are 20 or more complaints on a similar problem or issue, details of that problem or issue. | Appendix 6 |
| 8.4.2 | The SCA by 1 September of each year must provide information on its consultation activities under clause 8.4.1 (the SCA must regularly engage in consultation with customers and the community on issues relevant to the performance of the SCA's obligations under the licence). | Appendix 6 |

# Appendices

## Appendix 12 – Reporting Requirements (continued)

**Operating Licence requirements reported to IPART** (continued)

| Licence condition | Requirement | Annual report reference |
|---|---|---|
| 5.2 and schedule 2 | Indicators of the SCA's impacts on the environment:<br>■ Energy<br>■ Water consumption<br>■ Waste<br>■ Heritage<br>■ Compliance with water releases. | Appendix 9<br>Appendix 7<br>KFA 6.2<br>KFA 4.3 |

**Treasury compliance checklist**

| Requirements | Legislative reference | Reporting requirement for statutory bodies | Annual report reference |
|---|---|---|---|
| Letter of submission | ARSBA s9A | ■ Stating report submitted to Minister for presentation to Parliament<br>■ Provisions under which report prepared<br>■ If applicable, length of lateness in submitting report and reasons<br>■ If no application for extension, reasons for lateness and lack of application<br>■ To be signed by 2 members of statutory body or, if without members, by the CEO. | Inside cover |
| Charter | ARSBR Sch.1 | ■ Manner in which and purpose for which agency was established<br>■ Principal legislation under which statutory body operates. | Overview |
| Aims and objectives | ARSBR Sch.1 | ■ What agency sets out to do<br>■ Range of services provided<br>■ Clientele/community served. | Overview |
| Access | ARSBR Sch.1 | ■ Address of principal office/s<br>■ Telephone number of principal office/s<br>■ Business & service hours. | Back cover |
| Management and structure | ARSBR Sch.1 | ■ Names of members and their qualifications<br>■ Method and term of appointment of board members<br>■ Frequency of meetings and members' attendance at meetings<br>■ Names, offices and qualifications of senior officers<br>■ Organisation chart indicating functional responsibilities. | Overview<br>KFA 4.1<br>Appendix 1<br>Appendix 2 |
| Summary of review of operations | ARSBR Sch.1 | ■ Narrative summary of significant operations<br>■ Financial and other quantitative information for programs or operations. | KFAs 1–6 |
| Funds granted to non-government community organisations | PM 91–34<br>ARSBR Sch.1 | ■ Name of recipient organisation<br>■ Amount of grant<br>■ Program area as per Budget paper<br>■ Program as per Budget paper<br>■ Nature & purpose of the project including aims and target clients. | Appendix 8 |

# Appendix 12 – Reporting Requirements (continued)

**Treasury compliance checklist** (continued)

| Requirements | Legislative reference | Reporting requirement for statutory bodies | Annual report reference |
|---|---|---|---|
| Legal Change | ARSBR Sch.1<br>ARSBA s9(1)(f) | ■ Changes in Acts and subordinate legislation<br>■ Significant judicial decisions affecting agency or users of its services. | Appendix 3 |
| Economic or other Factors | ARSBR Sch.1 | ■ Affecting achievement of operational objectives. | KFAs 1–6 |
| Management and Activities | ARSBR Sch.1 | ■ Describe nature and range of activities<br>■ If practicable, qualitative and quantitative performance measures showing efficiency and effectiveness<br>■ Nature and extent of internal and external performance reviews conducted and resulting improvements in achievements<br>■ Benefits from management. and strategy reviews<br>■ Management improvement plans and achievements reaching previous targets<br>■ Major problems and issues which arose<br>■ Major works in progress, cost to date, dates of completion, significant cost overruns or delays / amendments / deferments / cancellations. | Overview<br>KFAs 1–6 |
| Research and Development | ARSBR Sch.1 | ■ Completed and continuing research and developmental activities including resources allocated<br>■ Unless will adversely affect business. | KFA 5 |
| Human Resources | ARSBR Sch.1 | ■ Number of officers and employees by category and compare to prior three years<br>■ Exceptional movements in wages, salaries or allowances<br>■ Personnel policies & practices<br>■ Industrial relations policies & practices. | KFA 1<br>Appendix 5 |
| Consultants | PM 2002–07<br>ARSBR Sch.1 | ■ For each engagement costing equal to or greater than $50,000:<br>– Name of consultant<br>– Title of project (shown in a way that identifies the nature of the work)<br>– Actual costs<br>■ For engagements costing less than $50,000:<br>– Total number of engagements<br>– Total cost<br>■ Categorised by the nature of the consultancy, such as: Finance and accounting/tax; Information Technology; Legal; Management Services; Environmental; Engineering; Organisational Review; Training<br>■ Or a statement that no consultants used. | Appendix 8 |

# Appendices

## Appendix 12 – Reporting Requirements (continued)

**Treasury compliance checklist** (continued)

| Requirements | Legislative reference | Reporting requirement for statutory bodies | Annual report reference |
|---|---|---|---|
| Equal Employment Opportunity | TC 11/03<br>ARDR Sch.1<br>ARSBR c20<br>TC 08/08 | ■ Major EEO outcomes during the reporting period accounting for planned outcomes set the previous year.<br>■ Major planned EEO outcomes for the following year, which reflect the agency's corporate priorities identified in planning documentation<br>■ Table of trends in representation and distribution of EEO groups. Refer tables 1 and 2 Treasury Circular 11/03. | KFA 1.2<br>Appendix 5 |
| Disability Plans | PSEMA Sch.1<br>DSA s9<br>ARSBR Sch.1<br>ARSBR c20 | ■ Statement setting out the progress in implementing disability plan if required under the Disability Services Act 1993 (only for those required per PSEMA). | KFA 1.2 |
| Land Disposal | ARSBR Sch.1 | ■ If value greater than $5,000,000 and not sold by public auction or tender – list of properties – for each case, name of person who acquired the property and proceeds<br>■ Details of family or business association between purchaser and person responsible for approving disposal<br>■ Reasons for the disposal<br>■ Purpose/s for which proceeds were used<br>■ Statement that access to documents relating to the disposal can be obtained under the *Freedom of Information Act (2010)/Government Information (Public Access) Act (2011 onwards).* | KFA 6.4 |
| Promotion | ARSBR Sch.1 | Overseas visits by employees and officers with main purposes highlighted. | Appendix 5 |
| Consumer Response | ARSBR Sch.1 | ■ Extent and main features of complaints<br>■ Services improved/changed in response to complaints/suggestions. | Appendix 6 |
| Payment of Accounts | TC 11/21<br>ARSBR Sch.1 | ■ Details of performance in paying accounts for each quarter:<br>– 0–30, 30–60, 60–90 and 90+ $ amounts<br>– Target %, actual % and $ for on time<br>– Total dollar amount paid in quarter<br>– (Can use proper sampling techniques)<br>■ Details of action taken to improve performance. | Appendix 8 |
| Time for payment of Accounts | ARSBR Sch.1<br>TC 11/21 | ■ Where interest was paid due to late payments, list of instances and reasons for delay which caused late payment. | Appendix 8 |
| Risk management and insurance activities | ARSBR Sch.1 | ■ Report on the risk management and insurance arrangements and activities affecting the agency. | KFA 3.2 |

# Appendix 12 – Reporting Requirements (continued)

**Treasury compliance checklist** (continued)

| Requirements | Legislative reference | Reporting requirement for statutory bodies | Annual report reference |
|---|---|---|---|
| Internal audit and risk management policy attestation | TPP 09–5<br>TC 09/08 | ■ Governing board of statutory body must report compliance with core requirements of the policy for the financial year.<br>■ Must use relevant template provided in TPP 09–5.<br>■ Must co-locate the statement with the existing disclosure on 'risk management and insurance activities.' | KFA 3.2 |
| Multicultural Policies and Services Program (formerly EAPS) | ARSBR Sch.1<br>ARSBR c20<br>TC 08/08 | ■ Statement setting out the key multicultural strategies proposed for the following year<br>■ Progress in implementing the statutory body's multicultural policies and services plan<br>■ Information as to the multicultural policies and services plans of any bodies reporting to the agency. | KFA 1.2 |
| Occupational Health and Safety | ARSBR Sch.1<br>ARSBR c20 | ■ Statement setting out OHS performance<br>■ Details of injuries and prosecutions under Occupational Health and Safety Act 2000. | KFA 1.1 |
| Waste | ARSBR Sch.1<br>ARSBR c20<br>TC 08/08 | ■ Statement on implementation of government's Waste Reduction and Purchasing Policy and progress on:<br>– Reducing generation of waste<br>– Resource recovery<br>– Use of recycled material. | KFA 6.2 |
| Budgets | ARSBA s7(1)(a)(iii)<br>ARSBR c7–8 | ■ Detailed budget for the year reported on. Including details of:<br>– If this is the first budget approved<br>– Adjustments to first budget approved<br>■ Outline budget for following year. | Appendix 8 |
| Financial Statements | ARSBA s7(1)(a)(i)–(iia) | ■ Inclusion of Financial Statements<br>■ Controlled Entities' Financial statements<br>■ Audit Opinion on Financial Statements<br>■ Response to significant issues raised by Auditor-General. | Statements |
| Identification of audited financial statements | ARSBR c5 | ■ At start and finish. | Statements |
| Inclusion of unaudited financial statements | ARSBR c6 | ■ Unaudited financial information to be distinguished by note or otherwise. | Statements |

# Appendices

## Appendix 12 – Reporting Requirements (continued)

**Treasury compliance checklist** (continued)

| Requirements | Legislative reference | Reporting requirement for statutory bodies | Annual report reference |
|---|---|---|---|
| Additional matters for inclusion in annual reports | ARSBR c10 | ■ Statement of the action taken by the body in complying with the requirements of the Privacy and Personal Information Protection Act 1998 (PPIPA) and statistical details of any review conducted by or on behalf of the body under Part 5 of the PPIPA. Does not apply to SOCs.<br>■ Total external costs (such as fees for consultants and printing costs) incurred in the production of the report.<br>■ Whether the report is available in non-printed formats (such as on CD-ROM)<br>■ The internet address at which the report may be accessed (disclosure of the statutory body's homepage address is sufficient). | KFA 1.3<br>Appendix 8<br>Inside cover |
| Investment performance | ARSBR c12<br>TC 09/07 | ■ In the form of a comparison with a choice of "Hour Glass investment Facilities" from Treasury Corporation<br>■ Choice of comparison based on nature and term of underlying liability<br>■ Stated in terms of annual compound percentage rate of return. | Appendix 8 |
| Liability management performance | ARSBR c13<br>TC 09/07 | ■ Only if debt is greater than $20m<br>■ In the form of a comparison, details of agency's liability portfolio performance versus benchmark<br>■ Benchmark is notional portfolio constructed as risk neutral per Treasurer. | Appendix 8 |
| Performance and numbers of executive officers | ARSBR c11,14 | ■ Number of executive positions at each level for current and prior year (or total number at equivalent to SES 1 pay or higher for SOCs or universities)<br>■ Number of female executive officers for current and previous reporting years<br>■ For each executive officer >= level 5 (or equivalent pay for SOCs or universities) and a chief executive officer not holding an executive position:<br>– A statement of performance by person responsible for their review, with regard to agreed performance criteria<br>– Details of performance pay, and summary of criteria determining this<br>– Name, title and remuneration package<br>– Level (except SOCs or universities). | Appendix 2 |

# Appendix 12 – Reporting Requirements (continued)

**Treasury compliance checklist** (continued)

| Requirements | Legislative reference | Reporting requirement for statutory bodies | Annual report reference |
|---|---|---|---|
| Government Information (Public Access ) Act 2009 | GIPAA s125(4), (6)<br>GIPAAR c7, Sch 2; c12, Sch 3 | ■ Details of the agency's review under s7(3) of the Act during the year and details of any information made publicly available as a result of the review<br>■ Total number of access applications received during the year (including withdrawn applications but not including invalid applications)<br>■ Total number of access applications received that agency refused, either wholly or in part, because the application was for disclosure of information for which there is conclusive presumption of overriding public interest against disclosure<br>■ Statistical information as described in Sch 2<br>■ Each agency referred to in Sch 3 of the Regulation (subsidiary agency) is declared to be part of and included in the parent agency specified in Sch 3. | Appendix 4 |
| Public Interest Disclosures | PIDA s31, PIDR c4 | ■ Number of public officials who have made a public interest disclosure (PID) to the public authority<br>■ Number of PIDs received by the public authority in total and the number of PIDs received by the public authority relating to each of the following:<br>– corrupt conduct<br>– maladministration<br>– serious and substantial waste of public money<br>– government information contraventions<br>■ Number of PIDs finalised<br>■ Whether the public authority has a PID policy in place<br>■ Actions taken to ensure staff awareness responsibilities under s6E(1)(b) of the Act have been met. | KFA 1.3 |
| Implementation of Price Determination | IPARTA s18(4) | ■ If agency subject to determination or recommendation of Tribunal then:<br>– Statement that it was implemented and details of implementation; or<br>– Reasons for not being implemented. | KFA 3 Overview |
| Credit card certification | TD 205.01 | ■ Credit card certification to be attached. | Appendix 8 |
| Requirements arising from employment arrangements | TC 11/19<br>ARSBA s15(1) | ■ Additional requirements, where statutory body receives personnel services from a Department or special purpose service entity – refer section 4 of TC 11/19. | Statements |

# Acronyms

| | |
|---|---|
| **AMS** | Asset Management Strategy |
| **ANCOLD** | Australian National Committee on Large Dams |
| **ARDA** | *Annual Reports (Departments) Act 1985* |
| **ARDR** | Annual Reports (Departments) Regulation 2010 |
| **ARSBA** | *Annual Reports (Statutory Bodies) Act 1984* |
| **ARSBR** | Annual Reports (Statutory Bodies) Regulation 2010 |
| **ASP** | Accelerated Sewerage Program |
| **CMA** | Catchment management authority |
| **CRP** | Current Recommended Practice |
| **$CO_2$ –e** | Carbon equivalent |
| **DPI** | NSW Department of Primary Industries |
| **E&DM** | Equity and Diversity Management Plan |
| **EP&A** | *Environmental Planning and Assessment Act 1979* |
| **GIPAA** | *Government Information (Public Access) Act 2009* |
| **GIPAAR** | Government Information (Public Access) Regulation |
| **HCS** | Healthy Catchments Strategy |
| **IPART** | Independent Pricing and Regulatory Tribunal |
| **IWA** | International Water Association |
| **KFA** | Key Focus Area |
| **LEP** | Local Environment Plan |
| **MoU** | Memorandum of Understanding |
| **NABERS** | National Australian Built Environment Rating System |
| **NARCLiM** | NSW and ACT Regional Climate Modelling project |
| **NorBE** | Neutral or Beneficial Effect, SCA planning assessment tool |
| **NWI** | National Water Initiative |
| **OEH** | NSW Office of Environment and Heritage |
| **PIDA** | *Public Interest Disclosures Act 1994* |
| **PIDR** | Public Interest Disclosures Regulation 2011 |
| **PMIS** | Project Management Information System |
| **PC** | Premier's Circular |
| **PM** | Premier's Memorandum |
| **PF&AA** | *Public Finance and Audit Act 1983* |
| **PPIPA** | *Privacy and Personal Information Protection Act 1998* |
| **PSEMA** | *Public Sector Employment and Management Act 2002* |
| **RDWQMF** | Raw Drinking Water Guidelines Framework |
| **SASPoM** | Special Areas Strategic Plan of Management |
| **SCADA** | Supervisory Control and Data Acquisition system |
| **SCAN** | New SCA community newsletter |
| **SCARMS** | SCA Reservoir Management System |
| **SGP** | Sustainable Grazing Program |
| **SLAs** | Service Level Agreements |
| **SLWCA** | Strategic Land and Water Capability Assessment |
| **SWCM** | *Sydney Water Catchment Management Act 1998* |
| **TC:** | Treasury Circular |
| **TD:** | Treasurer's Direction |
| **WHS** | Workplace Health and Safety |
| **WRAPP** | Waste Reduction and Purchasing Policy |
| **WSSA** | Water Services Association of Australia |

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