



Hawkesbury-Nepean Catchment Management Authority

Annual Report 2008/09

Working with our community to deliver real natural resource outcomes

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HIGHLIGHTS AT A GLANCE

Despite a year of considerable change and transition, the Hawkesbury-Nepean Catchment Management Authority (HNCMA) continued to deliver practical environmental improvements well above expectations.

\$21.62 million invested

The HNCMA's programs and partnerships delivered \$21.62 million in on ground projects



Targets exceeded

22 on ground targets were exceeded by 250% while 100% of the HNCMA's corporate targets were achieved (see pages 56-59)



Practical improvements on the ground

1754 hectares of native vegetation conserved

171 kilometres of riverbanks and beds were rehabilitated

2804 hectares of degraded land rehabilitated

60,981 native plants established

84.3 kilometres of sensitive gullies, riverbanks and wetlands fenced



Improving our service delivery

The organisation was realigned to deliver its projects through three landscapes (Warragamba, Blue Mountains Western, and Lower Hawkesbury-Nepean) to better target investment and improve community engagement (see page 5)

35% funding increase

In contrast to the national trend for natural resource management agencies, the HNCMA secured a 35% funding increase for 2009/10 to provide a total of \$14.8 million (excluding partner contributions)

Positive audit feedback

The Natural Resources Commission's audit of the HNCMA found that we were "effectively delivering projects that are likely to contribute to improved landscape function". Gaps identified by the audit were addressed during the year (see page 23)



WHO WE ARE



YOUR HAWKESBURY-NEPEAN CATCHMENT MANAGEMENT AUTHORITY

The Hawkesbury-Nepean Catchment Management Authority (HNCMA) works to protect the natural values of the Hawkesbury-Nepean and ensure it continues to be a healthy and productive catchment. We achieve this through strategic planning, partnerships and funding to natural resource management projects on public and private land to address issues of critical importance. The HNCMA works in close partnership with state agencies, local government, landcare and bushcare, Aboriginal groups, landholders, primary producers, the community and other industries.

NATURAL RESOURCE MANAGEMENT IN THE CATCHMENT

The State and Australian governments provide substantial investment for managing the natural resources of the Hawkesbury-Nepean catchment. The Hawkesbury-Nepean CMA is one of several state and local government agencies working to improve the catchment. State agencies, such as Department of Primary Industries, Sydney Catchment Authority, Department of Environment and Climate Change, Department of Water and Energy, Office of the Hawkesbury Nepean, Department of Lands and Livestock Health and Pest Animal Control Authorities, have responsibilities defined by state legislation. Many of these organisations also protect natural resources using regulatory mechanisms. The Hawkesbury-Nepean CMA has regulatory functions in relation to the *Native Vegetation Act 2003*.

OUR VISION

A healthy and productive catchment

OUR MISSION

We work with our catchment community to deliver real natural resource outcomes

OUR VALUES

We are professional and adhere to sound business principles: our staff are highly qualified, hardworking and honest and have substantial experience across a broad range of natural resource management fields.

We are committed to our catchment: We represent our catchment and local communities, their interests and objectives. We work closely with our communities to achieve the best possible natural resource outcomes.

We use the best available knowledge in our work: We apply the best available science with understanding of local conditions in all aspects of our work.

We are approachable: We have good relationships with a broad range of stakeholders and work co-operatively with them towards solutions.

We are fair and objective: We use our experience and knowledge of best natural resource management practice to ensure that advice is given and decisions are made in a fair and objective way with clear accountable processes.

We are responsive and innovative: We plan and respond to catchment issues effectively, in a timely way and have processes and capacity to adapt to change.

OUR FUNCTIONS

The specific functions of the CMAs, as defined by Section 15 of the *Catchment Management Authorities Act 2003*, are to:

1. Develop Catchment Action Plans and ensure their delivery through annual implementation programs
2. Provide loans, grants, subsidies or other financial assistance for catchment activities
3. Enter contracts or do any work for the purpose of catchment activities
4. Assist landholders to achieve the objectives of the Catchment Action Plan
5. Provide educational and training courses and materials in connection with NRM
6. Exercise any function relating to natural resource management as prescribed by the regulations.

The HNCMA has four offices at Goulburn (head office), Windsor, Moss Vale and Lithgow to provide service to local clients (see back cover for information on office locations).

OUR INVESTMENT PRIORITIES

The Hawkesbury-Nepean CMA targets its investment to ensure the most effective environmental outcomes. Priorities include:

- improve river health including stable and healthy riparian areas, and healthy drinking water supplies
- protect biodiversity values by improving the extent, quality and connectivity of native terrestrial and aquatic habitats
- identify and encourage best practice in land management that supports management of land within its capability and suitability, and addresses salinity and degradation
- undertake strategic pest plant and animal management that focuses on emerging and localised weeds, and implementing effective, coordinated control
- support greater involvement of the Indigenous community in NRM, particularly where it provides ongoing business opportunities including the identification of Indigenous cultural values
- build stakeholder awareness, organisational capacity and community empowerment and resourcing that supports the implementation of the CAP.

THE LEGISLATION AND POLICY WE OPERATE UNDER

- *Catchment Management Authorities Act 2003*
- *Public Finance and Audit Act 1983*
- *Public Finance and Audit Regulation 2000* along with other related government policy and directions from the Minister for Climate Change and Environment
- *Native Vegetation Act 2003*
- *Water Management Act 2000*
- *Hawkesbury-Nepean River Act 2009*
- *Natural Resources Commission Act 2003*
- *Annual Reports (Statutory Bodies) Act 1984*, and the
- *Annual Reports (Statutory Bodies) Regulation 2000*
- *Occupational Health and Safety Act 2000*

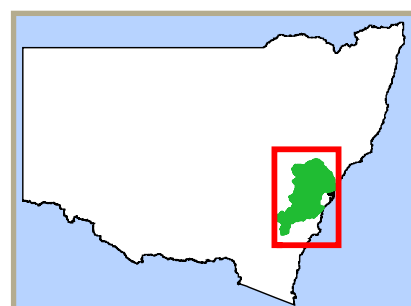
WHO WE ARE

OUR CATCHMENT

A Catchment of National Significance

The Hawkesbury-Nepean catchment is a truly critical catchment in terms of the nation's economic, social and environmental well being. The catchment:

- Stretches 22,000 square kilometres (2.2 million hectares) from south of Goulburn to the Putty Valley in the north, from Lithgow in the west to Palm Beach on the coast.
- Feeds a river system which flows 470 kilometres from near Lake Bathurst to Broken Bay.
- Includes major rivers such as the Hawkesbury, Nepean, Wollondilly, Mulwaree, Tarlo, Wingecaribee, Nattai, Nepean, Coxs, Kowmung, Grose, Capertee, Colo and Macdonald.
- Provides the majority of the drinking water for over 4 million people living in Sydney, the Illawarra, the Blue Mountains, the Southern Highlands, Lithgow Valley and the Central Coast (70% of New South Wales population).
- Supplies water used to produce 70% of NSW's goods and services.
- Supports a regional population of 1 million people which is expected to grow to 1.3 million by 2019.
- Home to 15.6% of New South Wales' Aboriginal population.
- Generates over \$1 billion each year in agriculture and horticulture (12% of all NSW's agriculture production). This includes \$600 million of irrigated agriculture which provides much of Sydney's fresh vegetables, flowers and fruit.
- Supports over \$6 million a year in commercial seafood industries (including the state's second largest estuarine trawl industry for prawns and squid).
- Is enjoyed by 43,000 recreational fishers.
- Supplies 80% of the sand and gravel used in Sydney's construction industry worth an estimated \$100 million a year.
- Generates over \$60 million annually in tourism and recreation from more than 10 million visitors to the catchment each year.
- Provides 23% of NSW's electricity using water from the Coxs River in the Wallerawang and Lower Portland power stations.
- Protects 50% of the catchment in over 1 million hectares of National Parks and reserves.
- Boasts the Greater Blue Mountains World Heritage Area that includes the 13% of the world's Eucalypt species and almost 10% of Australia's vascular plant species.
- Protects 288 threatened species (28% of all New South Wales' threatened species) as well as 33 endangered ecological communities.
- Supports 22 species of frogs, 17 species of snakes, 42 species of lizards, 1 species of turtle, 2 species of monotremes, 30 species of marsupials, 21 species of bats, 6 species of native rodents, the dingo and over 450 species of birds.



The Hawkesbury-Nepean catchment cradles Sydney and is one of 13 catchment areas in NSW

BLUE MOUNTAINS WESTERN LANDSCAPE

Over 50% of this landscape is protected in reserves including significant areas of the Greater Blue Mountains World Heritage Area. The Coxs and Kowmung Rivers flow into Sydney's water supply at Lake Burrangong and it is home to the magnificent sandstone valleys of the Capertee and Wolgan.

The region is also well-known for its resource generation such as power, coal, forestry, agriculture and water. It also features a mix of productive agriculture, hobby farms and lifestyle blocks in the region.

It is home to major tourist destinations in the Blue Mountains, Jenolan Caves and western slopes and includes the historic townships of Lithgow and Katoomba.



Looking over Kanimbla Valley back towards the Blue Mountains escarpment

LOWER HAWKESBURY NEPEAN LANDSCAPE

This region reflects the diversity of the Hawkesbury Nepean catchment with its variety of landscapes and landuses.

Many areas were settled early in European history, establishing both farming land and important towns. Today, it is the fastest growing region of the Hawkesbury-Nepean catchment as it provides homes to Sydney's expanding population.

It includes the western portion of the Cumberland Plain (which includes 13 endangered ecological vegetation communities) and takes in South Creek as it traverses eight local government areas of western Sydney. The landscape also contains large tracts of reserved lands.

The estuary is a major economic and recreational resource for Sydney, supporting NSW's second largest commercial estuarine trawl industry and is home to a major oyster industry.

The Colo River alone provides 50% of the freshwater flows vital to the health of the Hawkesbury estuary.



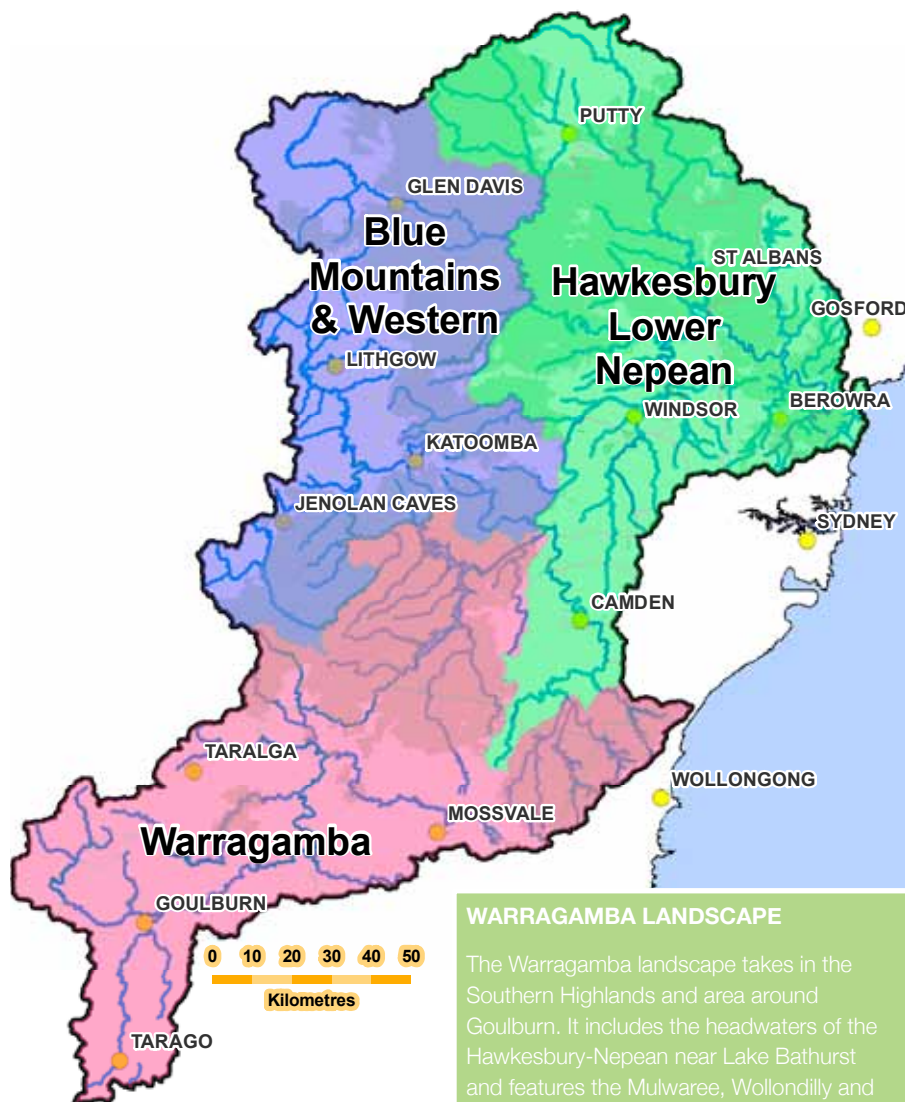
Riverbend on the Macdonald River

An increasing number of new residents are drawn to the rural lifestyle of the region, and further rural residential development is taking place to cater for this demand.

Some of Australia's oldest towns are found in the Southern Highlands while Goulburn is known as "the oldest inland city".



Wollondilly River



WARRAGAMBA LANDSCAPE

The Warragamba landscape takes in the Southern Highlands and area around Goulburn. It includes the headwaters of the Hawkesbury-Nepean near Lake Bathurst and features the Mulwaree, Wollondilly and Wingecaribee River systems.

It is home to productive grazing and horticultural lands and its rivers provide major water resources for Sydney.

See pages 55 to 57 for details of 2008/09 projects delivered in each landscape.

KEY PERFORMANCE RESULTS



ON GROUND RESULTS

In 2008/09, the Hawkesbury-Nepean Catchment Management Authority's programs and partnerships delivered **\$21.62 million in on ground catchment improvements** (including partner contributions).

This investment delivered the following results:

- **161 new partnership projects** with landholders
- **1754 hectares of native vegetation** conserved
- **171 kilometres of riverbanks and beds** were rehabilitated
- **2804 hectares of degraded land** rehabilitated
- **60,981 native plants** established
- **84.3 kilometres of sensitive gullies, riverbanks and wetlands** fenced

NON-FINANCIAL PERFORMANCE

MEETING ON GROUND TARGETS

A total of 22 out of 25 targets set in the Hawkesbury-Nepean Catchment Action Plan were met during the year and all 13 State Targets were supported. See table below for more details as well as pages 25-53.

These results show the HNCMA has delivered on the specific outcomes contracted by the NSW and Australian Governments in 2008/09.

TARGETS – HNCMA CATCHMENT ACTION PLAN (YEAR TWO)	2008/09 RESULT	% ABOVE OR BELOW TARGET	TARGET ACHIEVED
BIODIVERSITY			
Revegetation to replace clearing - 60 hectares of vegetation established	93 hectares	147%	✓
Conservation of native vegetation - 265 hectares of native vegetation conserved	1,754 hectares	660%	✓
Remnant buffers - 59 hectares of remnant buffers revegetated or rehabilitated through direct seeding	65 hectares	110%	✓
Icon species – Two key sub catchments and associated populations of fauna and flora protected	2 sub catchments	100%	✓
Threatened species – <i>not a numerical target</i>	See page 30 for details	Not applicable	✓
Weed control – 147.5 hectares or priority landscapes controlled for high priority weeds	417 hectares	282%	✓

TARGETS – HNCMA CATCHMENT ACTION PLAN (YEAR TWO)	2008/09 RESULT	% OF TARGET ACHIEVED	TARGET ACHIEVED
Maintaining weed control – 125 hectares of land with ongoing weed maintenance	205 hectares	164%	✓
Threatening processes (pest animals) – 622 hectares of priority landscapes controlled for pigs, deer, rabbits or goats	11,862 hectares	1907%	✓
Reducing conditions favourable to invasive species – 29 kilometre stretch of riverbank managed for control riparian vines	29 kilometres	100%	✓
RIVER HEALTH			
Riparian conservation – 23 kilometres of river/stream-bank management with a focus on conservation	23.89 kilometres	103%	✓
Riparian Vegetation Regeneration – 33.2 kilometres of river/stream-bank managed with a focus on assisted regeneration	41.24 kilometres	133%	✓
Riparian Revegetation – 24,500 plants established through revegetation on stream/riverbanks	60,981 plants	248%	✓
Public Access to rivers – 7 hectares of public access/recreation areas improved	25 hectares	357%	✓
Restoration of instream habitat – 5.2 kilometres of improved aquatic habitat condition	8.5 kilometres	163%	✓
Important Wetlands – 42.3 hectares of priority wetlands are restored	69 hectares	163%	✓
Estuary Coastal and Marine Management Plans - <i>not a numerical target</i>	See page 39 for details	Not applicable	✓
SOIL AND LAND			
Soil Erosion – 1500 hectares of the catchment protected from soil erosion	2,804 hectares	186%	✓
Dryland salinity – 3 hectares of saline discharge sites fenced	3 hectares	100%	✓
Acid Soils – 29 hectares of agricultural land is treated to control soil acidification	32 hectares	110%	✓
Acid Sulphate Soils – 12 hectares of acid sulphate soils at risk of disturbance are managed and protected	12 hectares	100%	✓
Land capability – 1500 hectares of agricultural land managed according to land capability	3,293 hectares	219%	✓
Farm management training – 1031 landholders attending farm management training	884 landholders	86%	X ¹
COMMUNITY			
Landcare groups supported – 80 landcare groups supported	125 groups	156%	✓
Education and training - 162 training sessions, workshops, seminars conducted	149 training sessions	91%	X ²
Indigenous land management – 20 Indigenous people trained in certificate 2/3 bush regeneration	15 people	75%	X ³

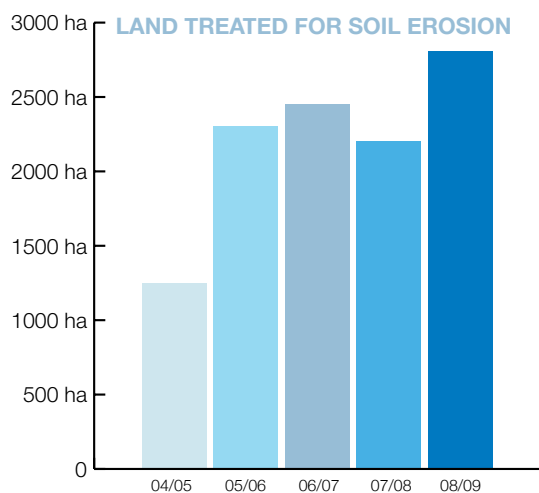
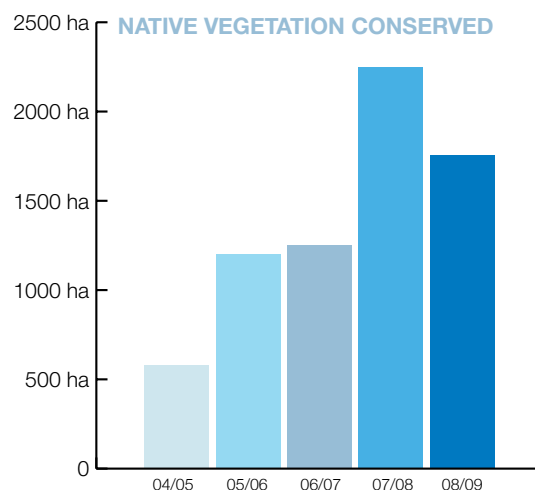
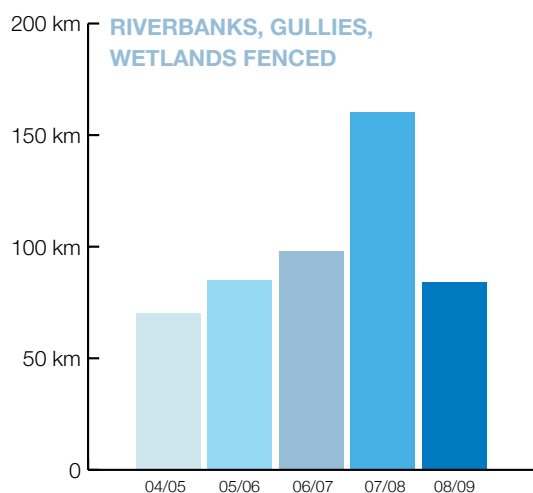
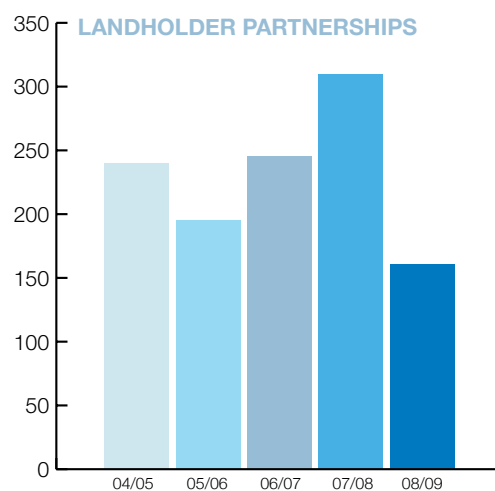
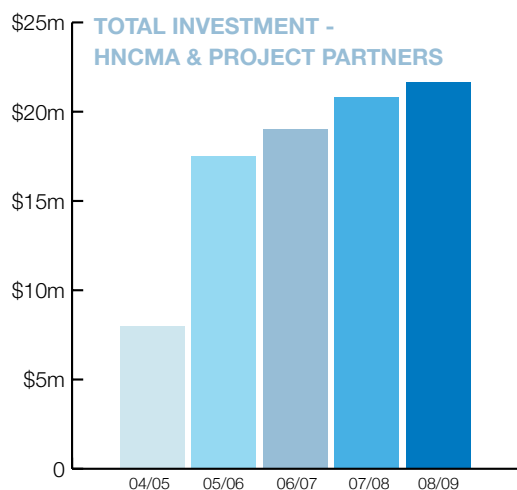
¹ The result was below target due to the continuing drought where landholders are focused on the economic survival of their properties rather than training

² The result was below target due to some gaps in the HNCMA's reporting processes which will be corrected in 2009/10

³ The result was below target due to the limited numbers of Aboriginal people available to undertake training during the year

KEY PERFORMANCE RESULTS

FIVE YEAR PERFORMANCE COMPARISON



ACHIEVING THE HNCMA'S CORPORATE PLAN PRIORITIES FOR 2008/09

KEY PERFORMANCE INDICATORS (KPI)	ACHIEVEMENT 2008/09	KPI ACHIEVED
Corporate Plan Objective 1 - Effective and efficient investments		
All major CMA projects evaluated and new projects developed	The HNCMA's six major programs all underwent a formal evaluation process between July – August 2008.	✓
Transparent priority setting and project assessment processes used to direct funding to Catchment Action Plan targets and priorities	The HNCMA Board reviewed priority settings as part of developing the Strategic Plan (see pages 23 and 73). In addition all HNCMA project assessment processes were reviewed and updated during the year.	✓
Feedback loop from project monitoring documented and used to improve effectiveness of future projects	All projects were consistently and comprehensively recorded in the HNCMA's business systems (see pages 54-58). Program/project managers analysed whether the on ground works programs aligned with catchment priorities, Catchment Action Plan and key strategies.	✓
Deliver sustainable environmental outcomes through effective staging of investment, managing risks and maintaining works	Managing risk has been integrated in the development of every landholder project. Works are routinely funded and staged so that key issues such as maintenance (e.g. weed control) are adequately managed.	✓
Corporate Plan Objective 2 - Understanding and managing risks to catchment condition and investment		
Risk Strategy endorsed and implemented	The HNCMA implemented a Risk Strategy focused at the organisational, Catchment Action Plan and project scales.	✓
Monitor and reduce the environmental footprint of the CMA	The HNCMA's carbon footprint is now being monitored and in 2008/09 was 337.69 tonnes of carbon. This was a decrease of 3% from the previous year (see pages 80-82).	✓
Corporate Plan Objective 3 - Effective implementation of the Catchment Action Plan		
Catchment Action Plan management targets met or exceeded	22 out of 25 targets have been exceeded for 2008/09.	✓
The best available science is identified and used to develop targets and priorities	Program logic (a formal process to identify the rationale between project activities, outcomes and science) was undertaken.	✓
Corporate Plan Objective 4 - Greater ownership and understanding of the catchment through partnerships and support		
Collaboration strategy is implemented	The HNCMA implemented its Collaboration Strategy.	✓
Enhanced and expanded partnerships which support ownership and understanding of NRM issues	Key new partnerships were developed with the Office of the Hawkesbury Nepean and Department of Primary Industries during the year. The partnership with 23 local governments was reinvigorated (see page 76) and partnerships with landcare groups were extended (see page 50).	✓
Memorandums of Understanding with key partners	Five MoUs are in place.	✓
Research partnerships are created with a major tertiary institution	The HNCMA initiated the development of a major science partnership with a university during the year.	✓
Participation levels in landcare are maintained	A total of 125 landcare groups were supported.	✓
Develop programs that integrate awareness, education and training	All HNCMA programs integrated awareness, education and training components.	✓
Community Engagement Strategy is implemented and reviewed	The HNCMA implemented its Community Engagement Strategy.	✓

KEY PERFORMANCE RESULTS

ACHIEVING THE HNCMA'S CORPORATE PLAN PRIORITIES FOR 2008/09 CONTINUED

Corporate Plan Objective 5 - Our business management planning is supporting the achievement and reporting of our NRM objectives

Deliver HNCMA business plans within budget and other performance targets	The HNCMA fully met the NSW Treasury's expenditure targets for the year (see page 88).	✓
Administer HNCMA human resources in accord with industrial awards	All 60 HNCMA employees were employed in line with industrial awards (see pages 61-65).	✓
Coordinate development of effective reports to government and HNCMA investors and stakeholders	All HNCMA monthly, quarterly, biannual and final project reports were delivered on time to ensure payments to the HNCMA were received on a timely basis.	✓

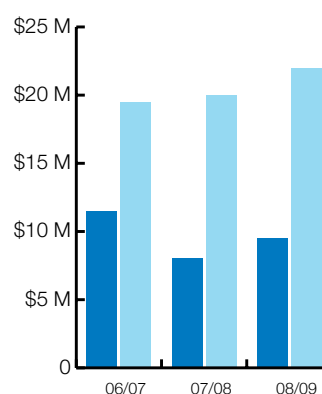
FINANCIAL PERFORMANCE

Financial and project business management systems were further developed and improved by the HNCMA in 2008/09 (see pages 54-58) to ensure tight budgetary control, cash flow management, and close monitoring on ground performance. The monitoring allowed adaptive management of projects and concise and timely reporting to the HNCMA's investors.

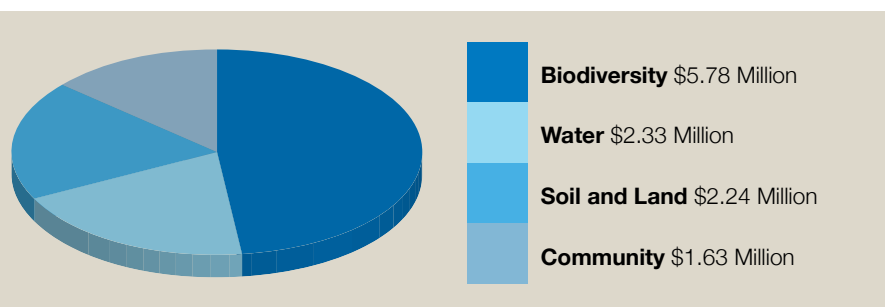
The HNCMA received \$8.6 million from Australian and NSW Governments for onground works. This investment was leveraged by a factor of \$1:\$2.52 to see \$21.68 million invested on the ground (see graph).

For further detailed analysis of the HNCMA's financial performance see pages 84-95.

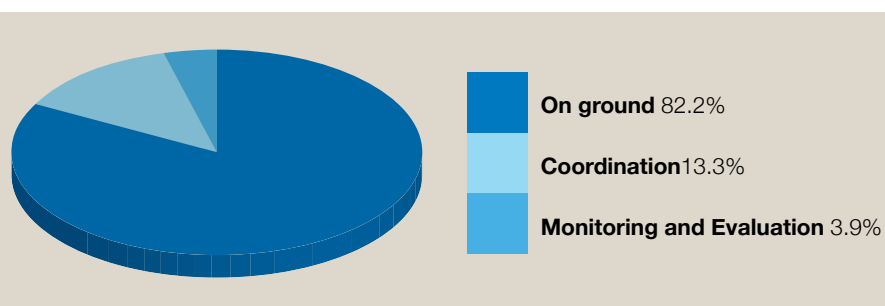
HNCMA LEVERAGED INVESTMENT



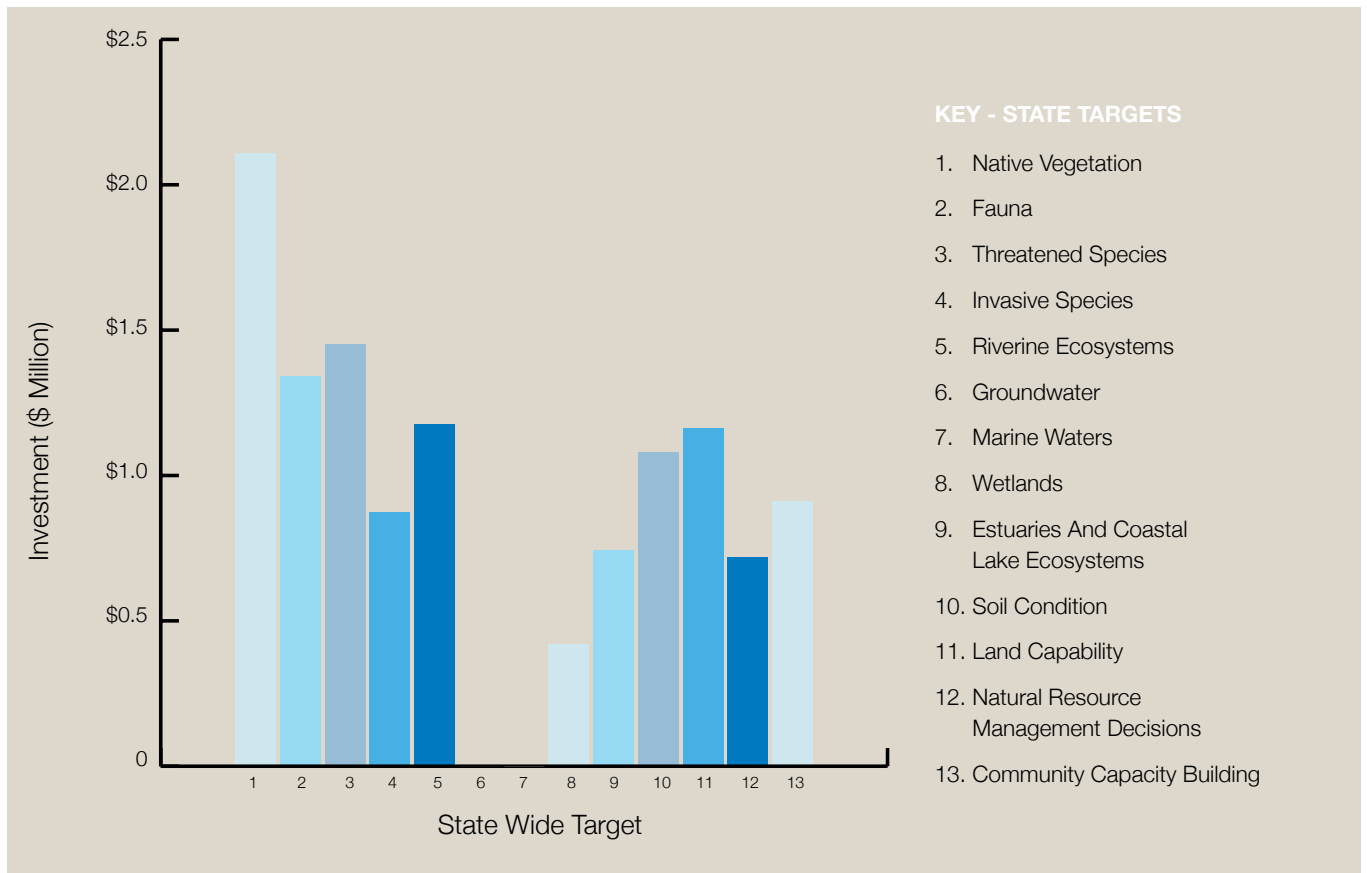
PROPORTION OF HNCMA EXPENDITURE (EXCLUDING PARTNER CONTRIBUTIONS) BY STATE-WIDE THEME



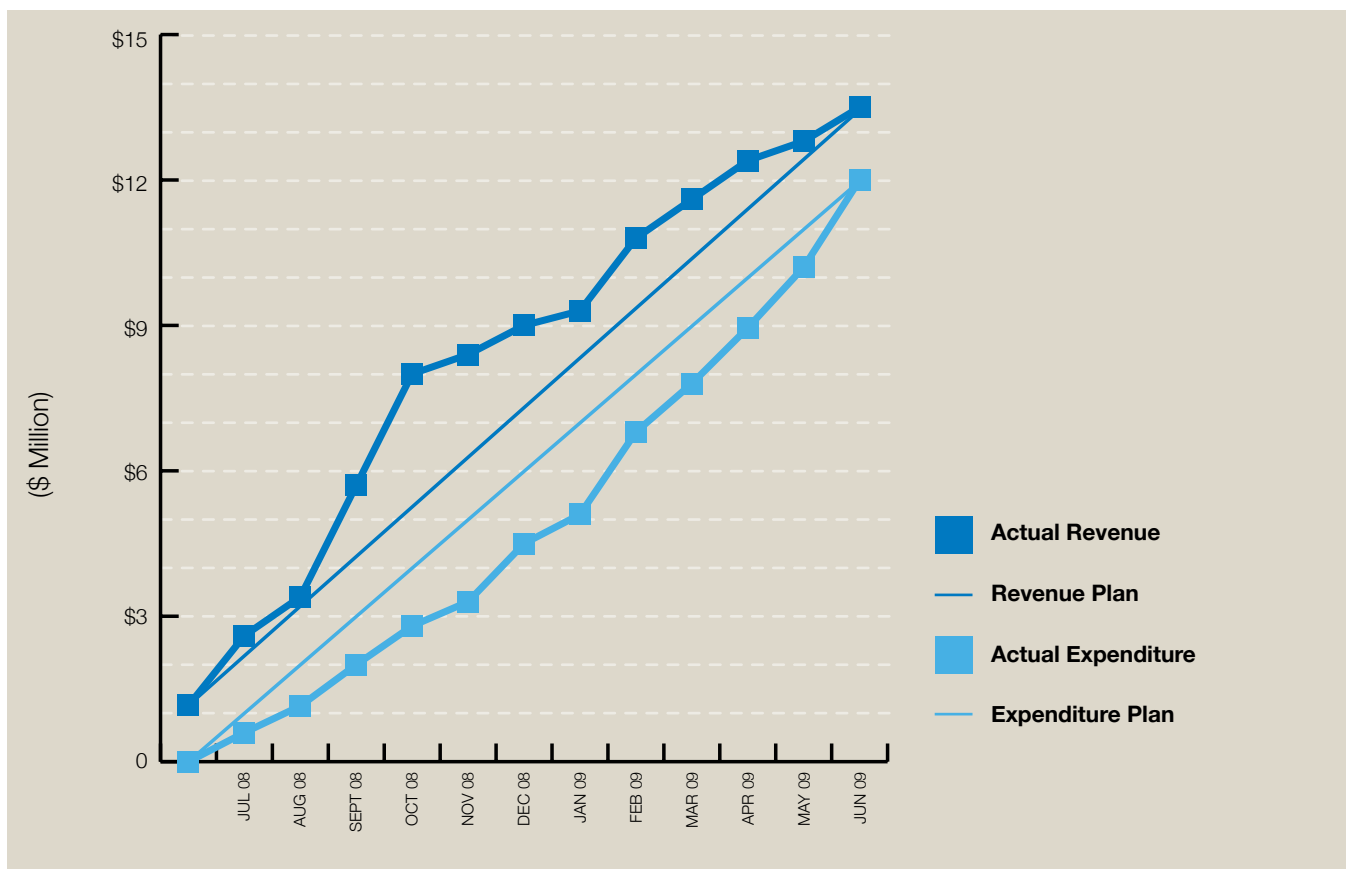
EXPENDITURE CATEGORIES 2008/09



HNCMA EXPENDITURE BY STATE TARGET



HNCMA FINANCIAL PERFORMANCE 2008/09



CHAIR'S FOREWORD



I am pleased to present the Hawkesbury-Nepean Catchment Management Authority's (HNCMA) annual report for 2008/09.

The HNCMA's activities in the past year have led to significant increases in native vegetation cover, improvements in our riverine areas, wetlands and degraded lands as well as better management of agricultural lands. Overall, the catchment's natural resources were improved in 2008/09.

This is the fifth year of operations for the HNCMA and it has been one of significant transition and change – firstly, as we wound up commitments under the former Natural Heritage Trust 2 (NHT) and then adapted our program to the new priorities and direction under the Caring for Our Country Program and the State's Catchment Action Program. As a result our future funding priorities have significantly changed.

The HNCMA's income was \$12.18 million for 2008/09 and I am pleased to be able to report we were still able to deliver 250% above the 25 targets identified in our 10-year Catchment Action Plan. This great result is mainly due to the very effective partnerships we have with our stakeholders including landholders, community groups, Aboriginal community, local governments, non government organisations and government agencies.

We have been able to multiply the NSW Government's base recurrent \$3.2 million funding by a factor of \$1:\$6.70.

In the latter part of the year, the HNCMA focused major efforts on completing financial commitments and reporting against the Natural Heritage Trust program which ended this year. As a result the HNCMA has not had to rollover any funding and has successfully expended all its commitments to 30 June 2009.

During the year, the HNCMA Board welcomed two new members Kathy Ridge and John Verhoeven (see page 21 for more information) who bring to the Board considerable experience in legal, indigenous and strategic natural resource management issues. Former Board members Jenny Smith and Ken Wheelwright retired during the year after serving since our establishment and I wish to thank them for their tireless work and valuable contribution over the past four years.

In the second half of the year, the HNCMA Board redeveloped its Strategic Plan to establish a practical tool that is adaptable and responds to the latest environmental, financial, policy and institutional challenges. Key issues addressed in the plan are preparing the catchment for the predicted impacts of climate change and focusing on new business products and projects, and broadening the HNCMA's partnerships (see page 16).

Since 2004, the HNCMA has invested \$86.62 million (including partner contributions) to catchment improvements to deliver:

- 1139 projects carried out on landholders properties
- 6867 hectares of native vegetation protected
- 714 kilometres of riverbanks restored
- 11,481 hectares of degraded lands restored
- 587,012 native plants established
- 519 kilometres of rivers, gullies and wetlands fenced

In March 2009, the NSW Premier established the Office of the Hawkesbury-Nepean (OHN) to focus and coordinate river management issues in the catchment, a significant institutional change during the year. As a major partner of the new organisation, the HNCMA will work closely with the OHN and contribute to the delivery of the six outcomes that were identified at the River Summit hosted in July 2009 (see page 18 for more detail).

In August 2008, the Natural Resources Commission completed its first audit of the HNCMA as part of a program of audits across all NSW CMAs. (See page 23 for more details on these audit findings and the HNCMA's response).

A key response to the audit findings has seen the HNCMA undertake an organisational realignment during the year to deliver its projects through new landscape based staff teams.

Despite the challenges of changing funding priorities, the HNCMA Board stands steadfast in its commitment to support landcare and other community groups carrying out natural resource management projects. In June 2009, the HNCMA was pleased to provide an opportunity to recognise the dedication and hard work of our community groups at the second bi-annual Hawkesbury-Nepean Landcare Forum and awards which attracted over 110 participants.

As a reflection of the HNCMA's record of successful implementation, we have been able to secure a 35% increase in funding in the year ahead with \$14.8 million available to invest in new program activities. This funding boost goes against the national trend for funding for natural resource management and is a result of the great work done over the years by staff and the Board.

I would like to thank the NSW and Australian Government's for their ongoing financial support. The NSW Government has increased funding under the Catchment Action Program (\$1.9 million in 2009/10) is in line with the Natural Resources Commission recommendation on allocation of funding to the 13 catchment areas in NSW based on the social, economic and environmental significance of the catchment.

In 2009/10, the HNCMA will undertake a major new program, the Smart Farms Program, in partnership with the Industry and Investment NSW. The program will deliver \$2.7 million incentive funding for landholders over the next two years to improve nutrient management on their properties and reduce the levels of nitrogen and phosphorous entering local waterways.

The Board has also committed to an adaptive revision of the HNCMA's 10-Year Catchment Action Plan (CAP) in 2009/10. This review will reconsider targets set three years ago and more effectively align the document with the NSW State Plan.

Our 2007/08 Annual Report received a silver award at the Australasian Reporting Awards which highlights our commitment to continually improving our accountability and transparency through our annual report. This award improved on the bronze award that we received last year and helped benchmark our Annual Report against those of other government and private organisations.

I would like to commend the immense support of staff and management at the Department of Environment and Climate Change over the year as well as the collaborative efforts of staff in both the NSW and Australian Government Ministers' offices.

Finally I would like to thank our Directors, executive team and staff for their excellent work during this year of change and transition. We all look forward to continuing this great work with our partners and community in the year ahead.



John Klem
Chairperson



Letter to Minister

The Hon. John Robertson
Minister for Climate Change and
the Environment
Level 35, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister,

We have pleasure in presenting the Hawkesbury-Nepean Catchment Management Authority's Annual Report for the year ended 30 June 2009.

This report has been prepared in accordance with section 17 of the *Catchment Management Authorities Act 2003*, and the *Annual Reports (Statutory Bodies) Act 1984*, and the *Annual Reports (Statutory Bodies) Regulation 2005*. This year's report has also been prepared in response to advice that has been received from the Premier's Department and NSW Audit Office.

This report details our annual accounts as audited by the NSW Audit Office as well as the activities and achievements of the HNCMA.

Yours sincerely



John Klem
Chairperson



Bernie Bugden
General Manager

GENERAL MANAGER'S MESSAGE



This year's annual report details the continued progress we have made towards achieving the outcomes identified in our corporate plan, our Catchment Action Plan (CAP) and our State Plan priorities.

In August 2008, HNCMA staff provided comprehensive evidence to the Natural Resource Commission Audit (NRC) that demonstrated the effectiveness of the organisation in promoting resilient landscapes that support the values of our communities within the scope of the Hawkesbury-Nepean Catchment Action Plan and applying of the Natural Resources Commission's Standard for Quality Natural Resource Management.

The NRC audit findings (see page 16 for more information), along with the Board's response to it, have provided a significant benchmark for further continuous improvement of our organisation's action plans including risk management; knowledge; monitoring, evaluation, reporting and improvement; communication; collaboration and community engagement.

For another year, our internal and externally managed project performance exceeded planned targets. A major focus in the second half of the financial year has been on winding up commitments under the HNCMA 2008/09 Investment Program including the Australian Governments Natural Heritage Trust 2 Program. The HNCMA met agreed investment strategy targets including Treasury net cost of service targets for revenue and expenditure (see page 88 for details).

We have continued to work closely with the Department of Environment and Climate Change (DECC) and Service First to ensure our business systems meet the HNCMA's corporate requirements as well as the NSW Government's standards.

The HNCMA has developed an integrated financial, records, business and projects management and spatial capture system incorporating the various elements of SAP financial system, Catchment Information Management System (CIMS), Hawkesbury Expenditure Reporting System, Objective records management system and Land Management Database (LMD). The HNCMA's CIMS and LMD components have been shared with up to six other NSW CMAs, the Office of Hawkesbury-Nepean and the former Department of Primary Industries. Integrated and effective business systems across CMAs will be a critical issue to address with our service providers and collegiate CMA partners in 2009/10 (see pages 54 to 58 for more details).

In 2008/09 the roll out of a realigned organisational structure to support a landscape-scale service delivery approach took affect. This initiative responded to the recommendations of the NRC 2008 audit and aims to address State Plan service delivery and meet community and landscape-scale needs better.

The new structure is based on three landscape teams - the Warragamba, Lower Hawkesbury-Nepean and Blue Mountains-Western. This realignment involved significant consultation with DECC, staff and the Public Service Association. Each landscape is headed by a landscape coordinator and involves a multi-disciplinary team delivering across a range of riparian, biodiversity, soil and land management and community-focused projects.

Within these landscapes the opportunity for collaboration and new partnerships will be the focus of the year ahead. Under the HNCMA Business Plan 2009/10, each landscape region will develop local "Action Plans" identifying the Catchment Action Plan targets each landscape will address, areas for improving partnerships and any gaps in funding to address key local natural resource issues.

Our local government, landcare and Aboriginal communities continue to be major partners. Our new organisational structure aligns future support closer to local partners and external structures.

During the year, the NSW Government undertook an efficiency review of NSW CMAs and set a benchmark of 16% expenditure on corporate overheads for a CMA of our size. The HNCMA's analysis of costs indicates we have kept administration expenses to a minimum during the year. In 2009/10 we plan to further increase efficiency performance in line with government directives.

HNCMA staff have worked with the Board and its strategic planning committee to improve processes for making catchment management decisions. Staff have also been involved in a number of projects that have catchment and national relevance in evaluating investment prioritisation. They include:

- A partnership with Land and Water Australia and seven other NRM regional organisations across Australia in "Making Successful Investments in NRM Practice Change"

- Working with DECC, Australian National University, Department of Environment Water and Heritage and Lachlan CMA in trialling an integrated modelling approach in the Warragamba catchment to assess the effective distribution of public funding to address a range of NRM priorities.

Staff contributed to the NSW Government's Climate Change Action Plan consultation process during the year through attending regional forums and submitting HNCMA proposals directly to DECC. The priority to protect and restore resilient landscapes under the threat of climate change has been addressed by the HNCMA through investment proposals and collaborative projects. Critical partners in these projects have been DECC, Blue Mountains World Heritage Institute, Nature Conservation Trust and Greening Australia to help us deliver on ground action and build landscape resilience.

The HNCMA general manager has worked closely with DECC and the Board under the Occupational Health and Safety (OHS) framework for NSW CMAs. Specifically this year we have improved our OHS organisational consultation policies and practises improved governance arrangements including compliance with responsibilities and accountabilities under OHS Act 2000; implementation of DECC OHS risk management system; completion of an OHS self assessment tool and resultant actions; and delivery of an CMA OHS & injury improvement plan. Critical staff training this year included OHS for supervisors.

In response to the Minister's determination of the Stein Inquiry into Natural Resource Management all directions have been addressed including:

- All staff completed a comprehensive training program conducted by DECC addressing industrial awards and conditions; public sector policies; code of conduct, bullying and harassment; and training needs analysis



- Drafting of a compliance register and strategy for board approval
- Consulting with DECC on the development of Financial and Corporate Governance manuals for board approval
- Collaborating with the Board on the development of a new strategic plan and business plan.

In 2009/10 the HNCMA will continue to address the full recommendations of the Stein report, the 2008 NRC HNCMA audit and Ministerial directives coming out of the reviews of the *Catchment Management Authorities Act 2003*, *Native Vegetation Act 2003* and the *Natural Resource Commission Act 2003*.

Finally, I would like to thank our staff for their professionalism and tireless efforts; our Chair, John Klem, and the Board for their strategic leadership; and Lisa Corbyn, Director-General of DECC, for institutional support to the CMA process.

Bernie Bugden
General Manager

STRATEGIC WAY FORWARD

The Hawkesbury-Nepean catchment is a vital part of the State's social, economic and environmental resources. A recent study has shown that a major part of the catchment has entered a period that is drier than previous drought regimes¹. In addition, there are forecasts that the East Coast of Australia is entering another el niño phase. To ensure the catchment's resilience in the face of pressure from population increases and the threat from climate change, global warming and the continuing drought, new initiatives must be taken by the HNCMA. These require planning, financing and organisational reform. This is the task that the HNCMA has set itself for the coming three years.

During the year, the HNCMA Board revised its Strategic Plan which builds on the Corporate Plan (2008-2012). The Strategic Plan, an internal working plan, is the organisation's roadmap to sustainable improvement in the catchment until 2012.

This plan addresses the long-term direction of the HNCMA by laying out what it is going to do and how. It identifies which investors, stakeholders and partners we will work with, what products and services (including influencing) we will provide, and how this will generate value for our investors, stakeholders and partners. It will also lead to a more resilient catchment.

Some of the key new strategic directions and Key Performance Indicators (KPIs) for the HNCMA include:

- Preparing the catchment for the predicted impacts of climate change through delivering mitigation and adaption measures as well as improving the sustainability of the HNCMA itself by reducing its carbon footprint – including a 30% increase in the number of staff in office space with a 4 star green rating by June 2010
- Identifying and obtaining the financial and community resources our catchment needs – including a 60% increase in investment on 2008 levels in natural resource management by 2012; plus monitoring 5% of medium to large projects at regular intervals
- Fostering greater ownership and understanding of the catchment through partnerships and the support of knowledge and skills – including implementing 75% of the actions of the Community Engagement Action Plan and increasing landcare volunteer numbers by 105%
- Achieving investor obligations through the quality, quantity and financial management of projects – including 90% of programs and projects delivered to time, quality and budget targets.

During the year, the HNCMA used the Strategic Plan to develop a new Business Plan for 2009/10 to direct the operations of the organisation for the coming 12 months. This Business Plan aligns the HNCMA's approved funding, staff and resources with our strategic priorities and defines the performance targets matched to program delivery and other statutory functions.

A key component of the new Strategic Plan and Business Plan is the recognition that the HNCMA needs to develop new investment products and new investment partners to promote improved environment quality for the catchment, economic and socially sustainable land and water management practices, and employment security for its staff. The Business Plan identifies a number of Catchment Action Plan priority projects that are currently unfunded, and establishes a performance target for the responsible staff to seek new investment funding from government and corporate sector to develop new strategic partnerships.

Parts of the Catchment Action Plan will need revision to ensure it adapts to new science, experience from on-ground implementation of projects, and increasing expectation and knowledge of the community. We will also work with other natural resource managers in the catchment to ensure a whole-of-government approach to achievement of CAP objectives.

Monitoring the implementation of the Business Plan will provide the Board with an important tool to adaptively manage the HNCMA's operations and to monitor its progress in delivering State Plan targets and the natural resource priorities defined in the Hawkesbury-Nepean Catchment Action Plan.

See pages 73-75 for a report on the HNCMA's Strategic Planning sub-committee.

¹ Robin Warner "Secular Regime Shifts, Global Warming and Sydney Water Supply (2009)"

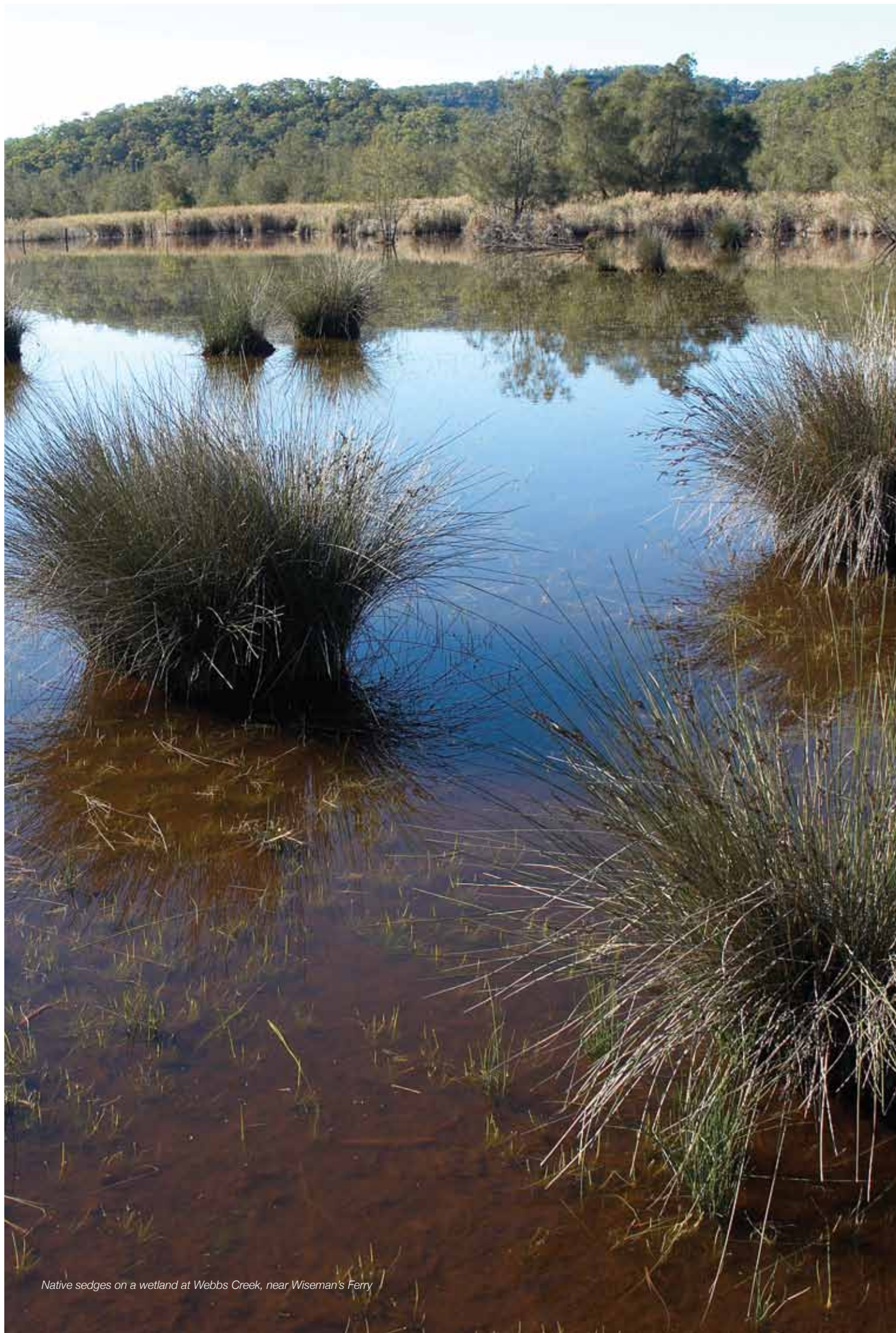


Native rush, Cumbungi, is a common species found along riverbanks and in wetlands

LOOKING AHEAD – MAJOR ACTIVITIES FOR 2009/10

Looking ahead to 2009/10, some of the key projects the HNCMA is planning to deliver include:

- Increasing investment in the catchment through new programs and funding sources
- The suite of HNCMA's programs and projects through a new landscape approach based on three regions - Warragamba, Blue Mountains Lithgow and Lower Hawkesbury Nepean region
- A \$14.8 million Investment Program in 2009/10, a 35% increase from the previous year's funding and implementing the first full-year of the Australian Government's Caring for Our Country program
- The new \$15.8 million Smart Farms Program (over two years) to reduce nutrients entering the Hawkesbury-Nepean's waterways and reduce water use of landholders
- Working to the HNCMA's new Business Plan 2009/10
- Using new opportunities created by recent institutional changes including:
 - Working closely with the new Office of the Hawkesbury-Nepean to deliver on six priorities identified at the River Summit held in July 2009 including:
 - ♦ Integration of strategic planning
 - ♦ Developing a monitoring framework
 - ♦ Committed and ongoing sustained action
 - ♦ Compliance audit and enforcement review
 - ♦ Awareness, education and engagement
 - ♦ Aquatic and riparian weed plan
 - Working with the new Department of Environment, Climate Change and Water on issues such as the Greater Sydney Metropolitan Water Sharing Plan, integrated water management and environmental water management
- Relocating the HNCMA's Windsor office to Penrith to better coordinate the operations of our organisation with those of the Sydney Catchment Authority and the Office of the Hawkesbury Nepean and improving the HNCMA's office sustainability
- Adaptively reviewing the Hawkesbury-Nepean Catchment Action Plan (CAP) to ensure it aligns with the Australian Government's Caring for Our Country Business Plan as well as the NSW Government's State Plan Priority E4
- Addressing the predicted impacts of climate change through delivering mitigation and adaption measures as well as improving the sustainability of the HNCMA itself by reducing its carbon footprint
- Developing a Biodiversity Framework for the catchment, with a particular focus on climate change issues
- Responding to the review of Native Vegetation Act 2003 and the Natural Resources Commission Act 2003
- Hosting the Djurali Aboriginal Women's conference in the catchment.



Native sedges on a wetland at Webbs Creek, near Wiseman's Ferry

OUR BOARD



JOHN KLEM

Area of expertise: Community engagement; education; Landcare, primary production

John Klem was appointed Chair of the Hawkesbury-Nepean CMA in February 2004 and in 2008 his term was extended to from 1 July 2008 to 30 June 2011.

John operates a grazing property 30 kilometres from Goulburn and he holds a Diploma in Agriculture from Hawkesbury Agricultural College and a Bachelor of Arts (Education) from the University of Canberra. He currently represents the coastal Catchment Management Authorities on the Hotspots Fire project.

John is a Member of National NRM Community Forum, a Chairs Council representative on the DECC/ CMA OHS Governance Committee and has worked with the Australian Government on various NRM funding assessment panels. John is also a member of the Heffernans Creek Landcare Group.

John was formerly the Chair of the Wollondilly Catchment Management Committee, Chair of the Hawkesbury-Nepean Catchment Management Trust, Chair of the State Catchment Management Coordinating Committee, a member of the Native Vegetation Council, the Sydney Catchment Authority Board and a past member of the Australian Landcare Council. In 1988, John won the Conservation Farmer of the Year Award.

John has completed training in Corporate Governance by the Australian Institute for Company Directors (AICD).



ANGUS GIBSON

Area of expertise: Native vegetation; Landcare; and primary production

Angus Gibson was appointed to the Hawkesbury-Nepean CMA Board in May 2004 and his current term runs until April 2010.

Angus operates a grazing and rural tourism property on the Mulwaree Chain of Ponds Rivulet near Goulburn. Angus holds a Bachelor of Applied Science (Wildlife Biology and NRM) from the University of Canberra. He was the Chair of the Wollondilly Landcare Committee and was formerly a member of the Wollondilly Catchment Management Committee. Angus is also a member of the Mulwaree Ponds Landcare Group.

Angus has completed training in Corporate Governance by the Australian Institute for Company Directors (AICD).



MARY HOWARD

Area of expertise: Estuary management; aquatic biodiversity

Mary Howard was appointed as Director to the Hawkesbury-Nepean CMA in August 2004 and her current term runs until April 2010.

Mary has a background in farming and boat building and is a partner in a family prawn trawl business on the Hawkesbury River and is an associate member of the Hawkesbury Trawl Association. Mary has an Advanced Certificate in Aquaculture Production (Freshwater).

Mary has a long history of community activity and industry representation including as a former member of the Hawkesbury-Nepean River Management Forum, and a member of the Women's Industry Seafood Network. Mary is a graduate of the Australian Institute for Company Directors training in 2006 and is a member of the Australian Water Association and member of the Australian Institute for Company Directors. Mary also sits on the CRC for Irrigation Futures Water and Irrigation Strategy Enhancement. Mary was runner-up in the 2006 NSW Rural Woman of the Year Award.



KATHY RIDGE

Areas of expertise: Marine ecology, Biodiversity and Conservation Law, Cultural Heritage Law

Kathy Ridge was appointed as a Director to the Hawkesbury Nepean CMA in October 2008 until October 2011.

Kathy works across the catchment and is an environmental lawyer and advocate for policy change. Prior to running her legal practice, Kathy has worked for a number of environmental organisations as their executive officer, Nature Conservation Council of NSW, Oceanwatch and Surfrider Foundation.

Kathy is currently a Director of Ridge & Associates Pty Ltd. Kathy is the Hon. Secretary of the North Head Sanctuary Foundation (Inc) and is the conservation representative on the National Parks & Wildlife Conservation Audit and Compliance Committee. Kathy also sits on the Environmental Trust Sub Committee on Aboriginal Land Management for Biodiversity (LandAlive). Kathy has previously served on the boards of the State Water Corporation, Environmental Defenders Office (NSW), and Oceanwatch.

Kathy holds a Bachelor of Laws (Hons1) and a Bachelor of Science degree majoring on Marine Biology and Coastal Geomorphology and has completed training in Corporate Governance by the Australian Institute for Company Directors (AICD).



JOHN VERHOEVEN

Area of expertise: water and natural resource management; capacity building; community education and awareness raising; state and local government administration; social and economic analysis

John Verhoeven was appointed as Director to the Hawkesbury Nepean Catchment Management Authority in October 2008 until October 2011.

John lives in the Blue Mountains and has an extensive career as a senior executive in government, and now as a consultant.

John has over 35 years experience in water and natural resources with major regional, state, national and international achievements in directing the development and implementation of water and NRM policy, planning and strategy, and catchment investment, to achieve healthy and productive landscapes. John has held executive positions with government organisations including the Department of Natural Resources; Department of Infrastructure, Planning & Natural Resources; Department of Land & Water Conservation; NSW Treasury and the Department of Water Resources. John has achieved significant success in politically sensitive environments to achieve NRM goals through leading organisations, and developing, mentoring and coaching large multidisciplinary teams.

John holds a Master of Engineering Science (Groundwater and Surface Water Hydrology) degree, Postgraduate Certificate of Engineering Hydrology, and Bachelor of Engineering (Civil - Honours 1) degree from the University of New South Wales. John is a Chartered Professional Engineer and Member of the Institution of Engineers, Australia; a member of the Institute of Public Administration of Australia; and a member of NSW Wildlife Information and Rescue Service.

John has completed training in Corporate Governance by the Australian Institute for Company Directors (AICD).



BOB WILSON

Area of expertise: Water management; financial management; information management, State and Local Government administration

Robert (Bob) Wilson was appointed as Director to the Hawkesbury-Nepean Catchment Management Authority in August 2004 and his current term runs until April 2010.

Bob is currently the Chair of the Independent Expert Panel on Environmental Flows in the Hawkesbury-Nepean, Woronora and Shoalhaven Rivers. This panel advises the Government on river health issues in the Hawkesbury-Nepean River. Bob in his former roles was Chairman NSW Sustainable Energy Advisory Committee, Australian Representative to International Water Supply Association, and Chairperson of the Review of Catchment Management Project Steering Committee,

Bob has held several senior government sector positions including Secretary for Lands, Registrar General, Chief Commissioner for Water Resources and Managing Director of Sydney Water. He has served on a variety of Boards including NSW Treasury Corporation, Sydney Water Board, Hunter Water Board, Snowy Mountains Council, Murray River Commission, Public Interest Advocacy Centre, NSW Sustainable Energy Advisory Committee, Zoological Parks Board, and Royal Botanical Gardens & Domain Trust. He was Deputy Chairman of the former Archives Authority of NSW,

Bob holds a Bachelor of Arts (Honours) degree from the University of Sydney, is a Certified Practising Accountant (fellow) and a member of the Australian Computer Society, the Australian Water Association and the Institute of Public Administration.

Bob has completed training in Corporate Governance by the Australian Institute for Company Directors (AICD).

See pages 66 to 77 for details of Board activities.

OUR EXECUTIVE



BERNIE BUGDEN
– General Manager

Bernie has worked with the HNCMA since its inception and is responsible for the day-to-day operations of the organisation. He reports directly to the Chair of the Board.

Bernie has 32 years experience working for the NSW Government in natural resource management and rural extension including 24 years of departmental managerial experience as a member of regional boards for the HNCMA and former departments: Land and Water Conservation, Infrastructure Planning and Natural Resources, Conservation and Land Management and Soil Conservation Service.

Bernie has a Diploma of Applied Science in Agriculture and is a member of Australian Institute of Company Directors, Institute of Public Administration and Chartered Secretaries Association.



GARRY HOGAN – Program Manager (Implementation)

Garry manages the implementation of the HNCMA's onground natural resource management projects. He oversees projects providing devolved funding to private landholders and community groups as well as partnerships with state government agencies and non-government organisations.

Garry has worked with the HNCMA since its inception. Prior to this, he worked in various roles and former departments Land and Water Conservation, Infrastructure Planning and Natural Resources, Conservation and Land Management and Soil Conservation Service delivering community-based natural resource management programs.

Garry has a Diploma of Agriculture.



KERRY BREW – Program Manager (Program Development)

Kerry manages the Program Development team which has responsibility for a wide variety of activities including: planning, monitoring and communication. The team also includes support for focussed programs that deliver key partnerships with Local Government, the Aboriginal Community and Landcare.

Kerry has worked with the HNCMA since its inception in 2004 and was previously employed by the Hawkesbury-Nepean Catchment Management Trust in a similar role. Prior to that she worked as a town planner with state and local governments

in a variety of strategic planning roles which included development of the Regional Environmental Plan No.20 Hawkesbury-Nepean River.

Kerry holds a Masters in Environmental Planning and a Bachelor of Town Planning.



STEVE NICHOLS
– Business Manager

Steve has been the HNCMA's Business Manager since May 2004. The position coordinates the HNCMA's financial management, occupational health and safety, office accommodation and statutory compliance functions and also fulfils the Board's company secretary functions.

From 1996 he was the Department of Land and Water Conservation's Total Catchment Management Support Manager and supported 23 Catchment Management Committees in south east NSW. Prior to this he coordinated the implementation of soil, land and water management programs, Landcare and NRM compliance activities at Braidwood, Goulburn, Narrandera, Merriwa, Taree and Kempsey working as a Soil Conservationist since 1972.

Steve has a Masters in Public Policy, Masters in Applied Science, a Bachelor of Arts and a Diploma in Agriculture. He is also an Associate Member of the Chartered Secretaries of Australia.

NATURAL RESOURCES COMMISSION'S AUDIT

The Natural Resources Commission's audit of the HNCMA was part of a series of audits of the 13 NSW catchment management authorities. The HNCMA audit was undertaken in August 2008.

SUMMARY OF FINDINGS

1. Prioritising investments to promote resilient landscapes

Audit Findings:

- The HNCMA Board and staff demonstrated a good understanding of the long-term biophysical priorities underpinning resilience for the region
- The HNCMA had prioritised investment to meet the short-term requirements of investors within the scope of the current Catchment Action Plan (CAP)
- At the individual project identification scale, the HNCMA staff drew on good available knowledge and were guided by well-documented and repeatable processes.

Actions to Improve:

- Using its review of the CAP to establish and promote a vision for 'resilient landscapes'
- Reviewing how the data in its information systems can be better used in prioritisation
- Reviewing management targets and output performance indicators.

2. Delivering projects that contributed to improved landscape function

Audit Findings:

- The HNCMA was effectively delivering projects that are likely to contribute to improved landscape function
- The HNCMA had clearly documented long-term project outcomes
- The HNCMA had taken opportunities to build on project achievements
- The HNCMA had attracted additional resources from other sources.

Actions to Improve:

- Finalising and implementing the draft Knowledge Strategy
- Implementing its draft Monitoring Evaluation Reporting and Program Improvement.

3. Effectively engaging its communities

Audit Findings:

- The HNCMA was effectively implementing a strategy to engage the region's communities
- HNCMA Board members and staff possessed a good understanding of the socio-economic profile and networks of the region
- The HNCMA had a Collaboration and Communication Engagement Strategy that had been implemented effectively
- The CMA had established communication channels to receive feedback.

Actions to Improve:

- Implementing and evaluating the effectiveness of the Local Community Relation Plan for Lithgow.

4. Effectively using adaptive management

Audit Findings:

- The HNCMA Board and staff demonstrated a good understanding of adaptive management principles
- The HNCMA had developed some systems that could support adaptive management, and had improved these over time
- The HNCMA Board and staff understood the importance of monitoring and evaluation in adaptive management
- The HNCMA had developed a good information management system.

Actions to Improve:

- Finalising and implementing its draft Risk Management Strategy, draft MERI Framework and draft Knowledge Strategy.

ON GROUND PERFORMANCE

Biodiversity

Box Gum Woodland near Kanimbla Valley in the Blue Mountains

NATIVE VEGETATION

STATE TARGET – NATIVE VEGETATION

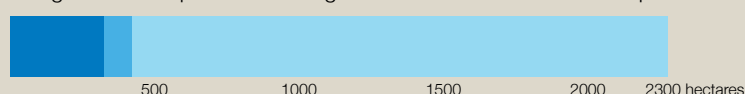
By 2015 there is an increase in native vegetation extent and an improvement in native vegetation condition.

CATCHMENT TARGETS & HNCMA PERFORMANCE 2008/09

The HNCMA made substantial contributions to the state target and exceeded all of its annual targets for native vegetation.

REVEGETATION TO REPLACE CLEARING

By 2016, 2300 hectares of native vegetation have been established through revegetation to replace native vegetation cleared in each landscape.



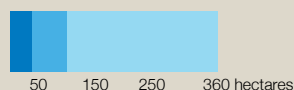
CONSERVATION OF NATIVE VEGETATION

By 2016, 2300 hectares of native vegetation has been conserved through landholder action.



REMNANT BUFFERS

By 2016, the condition of native vegetation has been improved by active/passive regeneration of buffers of at least 20 metres around high priority, existing remnants resulting in an increase of 360 hectares under active/passive regeneration.



07/08 Result 08/09 Result 2016 Target *Overall target was achieved by 2008/09, but work will continue

CHALLENGES IN 2008/09

Once again ongoing drought conditions impacted on revegetation works and survival rates in the upper catchment. While in the lower catchment, some revegetation activities were delayed or postponed due to significant rain events in 2009. In terms of native vegetation assessment, the key challenge during the year which impacted on assessment timeframes was adapting to new computer tools and fixing operating issues with these new systems.

LOOKING FORWARD TO 2009/10

In the coming year, the HNCMA's Bushland Conservation Project will be integrated into the new landscape approach to program delivery. This approach will aim to target investment in line with funding priorities more accurately and provide landholders with an integrated suite of activities on their property.

LANDHOLDER PARTNERSHIP PROJECTS CONTRIBUTING TO TARGETS

- Bushland Conservation Project
- Native Vegetation Management

ORGANISATIONAL PARTNERSHIP PROJECTS CONTRIBUTING TO TARGETS

PROJECT	PARTNER	AIM	FUNDING 08/09	LOCATION
Provenance Plants for the Lithgow region	Lithgow Community Nursery	To propagate provenance plants for revegetation projects in the Lithgow region	\$20,000	Lithgow
Securing biodiversity in the Capertee	Nature Conservation Trust of NSW	To negotiate covenants in perpetuity on private properties in the Capertee Valley to protect and enhance the native vegetation	\$60,500	Capertee Valley

Case study

BUSHLAND CONSERVATION PROJECT

The Bushland Conservation Project (BCP) is the lead project for conserving biodiversity on private land within the catchment. The project aims to assist landholders to conserve and enhance native vegetation including woodlands, forest and native grasslands. Funding is available to landholders in rural areas of the catchment.

In the past 12 months the project has been funded through the Australian Government's Caring for Our Country program. Grants are provided for such activities as:

- Fencing remnants to protect native vegetation from livestock
- Planting local native trees and shrubs to connect or improve remnant vegetation
- Controlling weeds in remnant vegetation

Where possible, the project targets Endangered Ecological Communities (EECs), known threatened species habitat and regional biodiversity corridors.

NEW DIRECTIONS IN 2008/09

In 2008/2009, the HNCMA **invested \$754,480 to deliver 62 bushland projects**. Landholders contributed another \$623,028 to deliver **a total investment value of \$1.14 million in bushland conservation** for the year. In the previous year, 72 projects were delivered for a total investment value of \$1.15 million.

During the year a Communications Strategy was implemented targeting landholders with Box-Gum Woodland on their properties in the Mid Coxs region and Capertee Valley, near Lithgow. The initiative attracted interest from over 90 landholders who will be engaged in program during 2009/10.

The HNCMA has also collaborated with a range of stakeholders in the Southern Highlands, including local government, non-government organisations and community groups, to increase native vegetation conservation in this priority regional bushland corridor as part of the Great Eastern Ranges Initiative (see page 29 for more details).

ACHIEVEMENTS FOR 2008/09

- **1,855 hectares** under management agreements (compared with 1,213 hectares the previous year)
- **1614 hectares** of native vegetation was protected by 56 kilometres of new fencing (compared with 993 hectares and 83 kilometres the previous year)
- **63 hectares** were revegetated with 11,950 tubestock and 26 kilometres was direct seeded
- **112 hectares** was controlled for weeds, compared with 120 hectares the previous year.

Staff also inspected 61 past project sites where works had been completed as part of quality control measures.

Since 2004, the Bushland Conservation Project has carried out 248 projects to protect and conserve 4258 hectares of native vegetation. In that time the HNCMA has invested \$1.9 million in the project with another \$2.15 million contributed by landholders.

LOOKING FORWARD TO 2009/10

With the new Australian Government priority under Caring for Our Country ('Increasing Native Habitat') funding will be targeted to Endangered Ecological Communities listed under the Environment Protection and Biodiversity Act. This will be a significant change and will result in a more targeted approach by the HNCMA.



Rosemary Barber and dog Zatch on an eight hectare project site at Hartley, near Lithgow, showing successful natural regeneration.

Case study

NATIVE VEGETATION MANAGEMENT

The HNCMA is an approval authority under the *Native Vegetation Act* (NV Act). The Act requires approval for any clearing of native vegetation that is not a Routine Agricultural Management Activity (RAMA) or that is excluded from the need for approval under the Act. The HNCMA is the approval authority for the clearing of native vegetation within the Catchment under the Act. Clearing is only approved if it will result in an improved or maintained environmental outcome.

The HNCMA puts a high priority on providing advice and extension services to the community to ensure the outcomes of the NV Act are delivered.

NEW DIRECTIONS IN 2008/09

In 2008/09, the HNCMA continued to be involved in providing input into strategic planning instruments and significant development proposals within the catchment. The HNCMA also provided comments to the Natural Resource Commission on how to improve the Environmental Outcomes Assessment Methodology (EOAM). The EOAM is the basis of the decision making process when assessing clearing proposals under the NV Act.

Major changes also occurred in software programs for undertaking PVP (Property Vegetation Plan) assessments and storing data. PAMS (former database) and the PVP Developer (the assessments tools and mapping) were replaced with PADACS and NVAT. Three upgrades have occurred in the past year to improve software efficiency and data used in PVP assessments.

These upgrades posed significant challenges for the native vegetation management team during the year including loss of data, corruption of files and the need for additional training in mapping programs. In the next year, it is considered that these issues will be addressed.

ACTIVITY IN 2008/09

- **75 enquiries** about clearing native vegetation were received from landholders and agencies.
- **29 of the clearing inquiries above were determined to be covered by RAMAs or excluded from the Act**, 1 proposal was consistent with Ministers guidelines for clearing on Vulnerable Land and 9 proposals were outside the catchment and referred to the appropriate CMA.

- 7 clearing proposals were investigated by analysis of historic aerial photographs to determine if the vegetation proposed for clearing was regrowth not requiring approval to be cleared. Vegetation was identified as being regrowth under the NV Act for 1 client.
- **10 clearing proposals required Development PVPs** under the NV Act. No landholders requested continuing use PVPs for their regrowth clearing proposals. 2 clients requested their applications for development PVPs be withdrawn (assessments pending prior to July 2008).
- 8 PVP assessments were completed resulting in **2 development PVPs, 1 Conservation PVP and 5 PVPs refused or "red lighted"**.
- To achieve the above, staff undertook 22 initial site inspections of clearing proposals, and 33 subsequent assessment inspections.
- Evaluation and assessment of the clearing proposals generated 65 requests for legal, policy, technical assistance and software assistance to the PVP Service Centre.
- 24 requests for advice and recommendations on development proposals were received from councils and the Department of Planning, with 20 responses provided.
- **6 reports of alleged illegal clearing of native vegetation were referred to DECC** for investigation, and staff provided DECC with background checks on 5 cases of alleged illegal clearing.

LOOKING FORWARD TO 2009/10

The HNCMA Native Vegetation team will continue to work with the Department of Environment and Climate Change to improve the PADACS database and PVP assessment software (NVAT). The HNCMA will be involved in a review of the NV Act and Regulations in 2009/10 and will also continue consultation with local councils regarding dual consents for clearing native vegetation and other environmental review matters.



A 5.7 hectare remnant of Tableland Low Woodland is marked out and assessed. This particular clearing proposal was refused because there would be significant loss of habitat for a number of threatened species

BIODIVERSITY

STATE TARGET – FAUNA

By 2015 there is an increase in the number of sustainable populations of a range of native fauna species.

CATCHMENT TARGETS & HNCMA PERFORMANCE 2008/09

The HNCMA, in co-operation with the Department of Environment and Climate Change, is developing its knowledge of populations of native fauna and flora in the catchment.

ICON SPECIES

By 2016 key species and populations of fauna and flora that are locally important will be identified through sub catchment action plans.

2008/09 Outcome:

Two subcatchments – the Capertee Valley and the Mid-Coxs River – were identified as priority areas for the HNCMA in 2008/09. Communication Plans were implemented for each area including promoting biodiversity values and flagship species in these subcatchments.

CHALLENGES IN 2008/09

There is not currently adequate or detailed data available on sustainable native populations in the Hawkesbury-Nepean catchment. To address this requirement of the State Target, the HNCMA works mainly on high-quality bushland which connects areas of habitat. The Department of Environment and Climate Change produced in 2007 a report Threatened and Pest Animals of Greater Southern Sydney which covers 800,000 hectares of the catchment. The report is being used to develop projects addressing individual threatened species which are also highlighted under State target – Threatened Species.

LOOKING AHEAD TO 2009/10

The HNCMA will work to increase landscape and fauna resilience in the year ahead by working with landholders to maintain, improve and increase habitat and connectivity of these habitats.

PROJECTS CONTRIBUTING TO STATE TARGET

- Bushland Conservation Project
- Native Vegetation Management
- Landcare



The threatened Regent Honeyeater which breeds in the Capertee Valley

Case study

CLIMATE CHANGE ADAPTION AND BUSHLAND CORRIDORS

With the anticipated impacts of climate change on the landscape, such as significant habitat change and increased bushfires, it is critical to protect and improve key regional bushland corridors to ensure connectivity for movement and dispersal of plant and animal species.

These corridors have the potential to link primary landscape features and large areas of similar habitat. In addition links between varying altitudinal and latitudinal grades allow for adjustments to climatic and evolutionary change. In addition, corridors provide for seasonal migration and enable recolonisation or dispersal after fire or continued drought.

In 2005, the Department of Environment and Climate Change (DECC) identified and assessed eight regional corridors in the Hawkesbury-Nepean catchment that have contiguous native vegetation, connect major landscapes and connect habitats currently managed for conservation such as National Parks or reserves.

The HNCMA aims to establish resilient landscapes and increase climate change adaptability by investing in key regional bushland corridors on private property primarily through its Bushland Conservation Project (see case study on page 26) and significant partnerships projects.

NEW DIRECTIONS IN 2008/09

In 2008/09 a significant partnership project was established addressing these issues. The Southern Highlands Priority Link Working Group was established to focus on an area comprising three regional corridors, between the Greater Blue Mountains World Heritage Area and Morton National Park.

This working group includes representatives from the HNCMA, DECC, Greening Australia, Wingecarribee Shire Council, and other stakeholder organisations. The working group provides a forum for working collaboratively in native vegetation conservation education initiatives, and increasing landholder partnerships in on-ground conservation programs.

ACHIEVEMENTS FOR 2008/09

Established the working group and held meetings during the year to progress Conservation Action Planning, mapping, scientific data collection, social research work and community engagement.

Held a joint Community Information Day at Canyonleigh attracting over 40 landholders to begin community engagement in the project

Commenced joint project at "Arthursleigh", the Sydney University's 6,260-hectare property near Marulan. The project is a major partnership between the HNCMA, Greening Australia, Department of Environment and Climate Change, corporate sponsors and the University of Sydney. It will:

- **Protect 1260 hectares of bushland through 12 kilometres of fencing**
- **Restore 10.5 kilometres of the banks of the Wollondilly River and fence 24 kilometres of the riverine corridor**

LOOKING FORWARD TO 2009/10

The HNCMA will continue to work with the Great Eastern Ranges Initiative in the Southern Highlands priority corridor as part of its new Warragamba Landscape region. Community awareness and education project activities will be expanded in the area during 2009/10 and social research work will be conducted in the area. It is expected that investment to protect native vegetation in this area will be increased during 2009/10.



Participants at the Community Information Day learn about native vegetation values in the Canyonleigh area

BIODIVERSITY

STATE TARGET – THREATENED SPECIES

By 2015 there is an increase in the recovery of threatened species, populations and ecological communities.

CATCHMENT TARGETS & HNCMA PERFORMANCE 2008/09

The HNCMA initiated projects to mitigate the threatening processes to ecological communities.

THREATENED SPECIES

By 2016, the conservation of threatened species, endangered populations and Endangered Ecological Communities outside national parks and reserved lands and protected marine vegetation is supported through implementation of actions in Priority Action Statements and recovery plans.

2008/09 Outcome:

The HNCMA project Protecting the Fringes of the Blue Mountains World Heritage Area (see opposite page for details) carried out work to protect threatened species such as the dwarf pine, brush-tailed rock wallaby and regent honey eater. In addition, all HNCMA on ground projects contributed to habitat protection across the catchment. Other projects such as protecting hanging swamps in the Blue Mountains (see page 36) and seagrass-friendly moorings (page 40) contributed to this target.

CHALLENGES IN 2008/09

A key challenge to conserving threatened species continues to be the extent of pest animals and plants across the catchment. These issues have been addressed during the year by a number of HNCMA partnership projects during the year (see Invasive Species and Native Vegetation sections).

LOOKING AHEAD TO 2009/10

The Department of Environment and Climate Change has released a Threatened Species Prioritisation and Implementation Strategy for the Priority Action Statement (May 2008-August 2010). The strategy aims to identify the species, communities, populations and key threats that should receive focused attention as a priority.

In 2009/10, the HNCMA will continue to work on protecting and restoring threatened ecological communities under the *Environment and Biodiversity Protection and Conservation Act* including Grassy Box Woodland, Cumberland Plain Woodlands and Blue Gum High Forest.

PARTNERSHIP PROJECTS CONTRIBUTING TO TARGETS

PROJECT	PARTNER	AIM	FUNDING	LOCATION
Regent honeyeater breeding habitat	Birds Australia	To create breeding habitat for the Regent Honeyeater at key sites	\$22,272	Capertee Valley
Protecting threatened species in the Blue Mountains	Blue Mountains City Council	To protect Shale-based endangered ecological communities; the threatened dwarf pine and carry out weed management	\$100,000	Blue Mountains local government area
Improved protocols for remote fire suppression	DECC	To improve early intervention in remote fires	\$27,273	Blue Mountains World Heritage Area
Fox control in World Heritage Area	DECC	To manage feral animals on private property	\$13,000	Megalong Valley
Hotspots program implementation	Nature Conservation Council	To establish best management practices to manage fire on private property	\$35,000	Capertee Valley

THREATENED SPECIES

Case study

In 2008 the HNCMA developed a project “Protecting the Values of the Greater Blue Mountains World Heritage Area (GBMWHa)” which was successfully funded under the competitive Caring for Our Country Open Grants. It was one of only seven CMA projects awarded funding in this process in NSW.

The project recognises that issues on the fringes of the GBMWHa have the potential to impact on the condition of the reserve values including threatened species, water quality, biodiversity and habitat, geodiversity and aesthetic quality.

While the GBMWHa area has a boundary of approximately 5000 kilometres, the project focuses on areas that have highest potential for impact:

- The urban corridor along the Great Western Highway
- Inholdings within the GBMWHa such as the Putty, Capertee and Megalong Valleys.

Microstrobos survives alongside only five waterfalls in the Blue Mountains



During the year weed control was carried out on waterfall spray zones to protect the endangered dwarf pine Microstrobos

MANAGING IMPACTS ON THE FRINGE OF THE GREATER BLUE MOUNTAINS WORLD HERITAGE AREA

NEW DIRECTIONS IN 2008/09

In 2008/09 the project focused on:

- Biodiversity protection for *Microstrobos* (dwarf pine), brush tail rock wallaby and regent honeyeater
- Reducing the impact of woody weed invasion from catchments above the GBMWHa
- Reducing the impact of feral animals on biodiversity
- Improved management of threatened vegetation communities within the buffer zone of the reserve
- Improved fire management for biodiversity and asset protection
- Minimising sediment impact on waterways within the GBMWHa

The total value of the project is in excess of \$2.9 million, including the in-kind contribution of the project collaborators.

ACHIEVEMENTS FOR 2008/09

The project has the HNCMA working in collaboration with DECC (National Parks), DECC (Pest Management Unit), Blue Mountains City Council, the Tablelands Livestock Health and Pest Authority, Birds Australia and landholders to deliver the following results:

Threatened species:

- **25 hectares of endangered eucalypt** communities managed for weed impact
- **6000 native plants** established to support regent honeyeater populations in the Capertee Valley
- **4.5 hectares of *Microstrobos*** (dwarf mountain pine) habitat managed for weed impact
- **10 workshops** to increase community involvement in the conservation of *Microstrobos*

Pest animals and weeds:

- **3122 hectares of fox control** carried out to conserve brush-tailed rock wallabies
- **27 hectares of weed control** to reduce the spread of gorse and broom
- **4 hectares of privet** removed from the headwaters of Putty Creek
- **4 hectares of *Gleditsia*** removed from the headwaters of the Capertee River
- **10,000 hectares controlled for feral pigs** on private land in the Megalong Valley on the border with the GBMWHa.

Restoration of instream habitat:

- Bed and bank erosion managed with the construction of bank erosion control structures at two sites, **five bed erosion control structures, 1.8 kilometres of riparian fencing** and alternate water provision for stock.

LOOKING FORWARD TO 2009/10

The HNCMA will continue to manage the threats to the values of the GBMWHa in 2009/10 as part of its regular catchment management programs in the Blue Mountains Western Landscape.

BIODIVERSITY

STATE TARGET – INVASIVE SPECIES

By 2015 there is a reduction in the impact of invasive species.

CATCHMENT TARGETS & HNCMA PERFORMANCE 2008/09

Good progress has been made in meeting all annual targets for the control of invasive species.

WEED CONTROL

By 2016, there has been a 5% reduction in coverage of target weeds identified in the Hawkesbury-Nepean Weed Strategy (DPI 2006) through primary weed control measures and effective processes are in place to eradicate new weed outbreaks and emerging weed threats.



THREATENING PROCESSES - PEST ANIMALS

By 2016, populations of invasive pest animal species identified as Key Threatening Processes under State threatened species legislation are included in TAPs and managed according to those plans.



07/08 Result 08/09 Result

MAINTENANCE OF WEED CONTROL

By 2016, 50% of areas treated for invasive plant control (under projects supported by HNCMA) since 2006/7 report sustained success.

2008/09 Outcome:

The HNCMA provided funding for follow-up weed control at key sites across the catchment during 2008/09 to ensure that weeds can be eradicated in the area over a five-year period.

In addition the HNCMA adaptively managed its monitoring system during the year to better be able to identify and report on maintenance weed control actions.

REDUCING CONDITIONS THAT FAVOUR INVASIVE SPECIES

By 2016, management actions to reduce the conditions that favour invasive species have been implemented.

2008/09 Outcome:

Key HNCMA projects, in particular the Bushland Conservation Project and River Restoration Project and Wetlands Management Project, undertook bush regeneration and revegetation works across the catchment to improve the resilience of native vegetation. In addition, the HNCMA funded 29 kilometres of riparian vine control on the Hawkesbury River (see page 52) to assist riverbank and habitat recovery.

LANDHOLDER PROJECTS CONTRIBUTING TO TARGETS

- Strategic Weed Control Project

PARTNERSHIP PROJECTS CONTRIBUTING TO TARGETS

PROJECT	PARTNER	AIM	FUNDING 08/09	LOCATION
Pipers Flat Gorse	Upper Macquarie County Council	Follow-up control of gorse across 1.6 kilometres of streambank and approx 10 properties	10,500 (GST Excl)	Thompsons, Pipers Flat creeks and Coxs River near Wallerawang
Lithgow Broom	Upper Macquarie County Council	Follow-up control of broom across 20 hectares and approx 10 properties	10,500 (GST Excl)	Farmers Creek, Lithgow

Case study

ENHANCING BIODIVERSITY THROUGH AFRICAN OLIVE MANAGEMENT

This project aims to assist threatened species recovery by controlling African Olive invasion in a bushland corridor between the Razorback Range and Mt Annan, Camden.

African Olives were introduced to Australia from East Africa as a hedging plant and rootstock for the common edible olive (*Olea europaea ssp europaea*). They have thrived in southern Australia becoming an aggressive woody weed. In south-western Sydney, African Olive has led to a decline in native plant diversity in a wide range of vegetation types including the Endangered Ecological Communities of Cumberland Plain Woodland and Western Sydney Dry Rainforest.

This project targets key sites with high-priority biodiversity values, connectivity and quality remnants for African Olive control. The project also aims to raise community awareness about the problem.

NEW DIRECTIONS IN 2008/09

During the year the project invested \$130,000 in African Olive control. A key area for project work was between the boundary of the Elizabeth Macarthur Agricultural Institute (EMAI) and Camden Park, a property first settled by John Macarthur in 1805 and now owned by the Macarthur-Stanham family.

In addition scientific surveys identified two sites with high-priority biodiversity values – Sawyers Reserve and Barragal Lagoon catchment.

The Endangered Ecological Community, Cumberland Plain Woodland, is represented on these sites and threatened species include plants such as Rufous Pomaderris (*Pomaderris brunnea*) and Pimelea spicata, and animals such as Powerful Owls (*Ninox strenua*), Barking Owls (*Ninox connivens*) and land snails, *Meridolum corneovirens*.

The restoration of this bushland corridor was assisted by the Razorback Landcare Group who undertook African Olive control on several properties on the Razorback.

ACHIEVEMENTS FOR 2008/09

- **Conserved 100 hectares of endangered ecological communities** outside currently protected areas
- **Controlled 60 hectares of African Olive** and eradicating other new and emerging weeds threats in the area.

LOOKING FORWARD TO 2009/10

The primary weed control carried out at Camden Park will be followed up by a contract bush regeneration team during two weeks in 2009/10. The Barragal Landcare group will follow up weeding on the EMAI site and the Razorback Landcare Group will continue weed control on five properties adjacent to the bushland corridor.



BEFORE

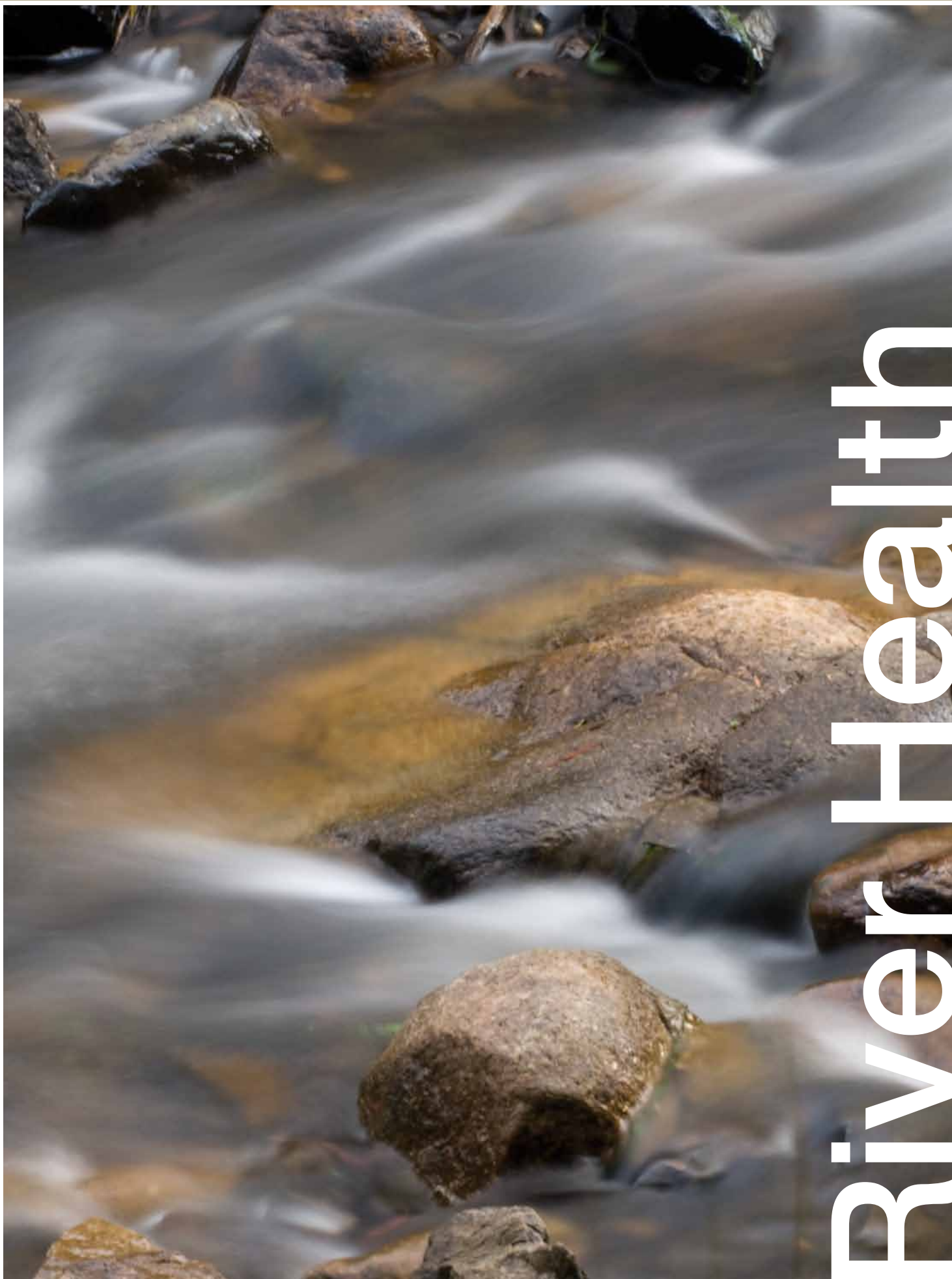


AFTER

African Olive control at Camden Park, south-west Sydney

ON GROUND PERFORMANCE

River Health



RIVERINE ECOSYSTEMS

STATE TARGET – RIVERINE ECOSYSTEMS

By 2016 there is an improvement in the condition of riverine ecosystems.

CATCHMENT TARGETS & HNCMA PERFORMANCE 2008/09

HNCMA projects contributed to an improvement in the health of streams in the region by exceeding all annual targets, despite adverse climatic conditions occasioned by drought and floods.

HNCMA PROJECTS CONTRIBUTING TO TARGETS

- River Restoration Project
- Saltmarsh Restoration Project
- Local Government Partnership Program

CHALLENGES DURING 2008/09

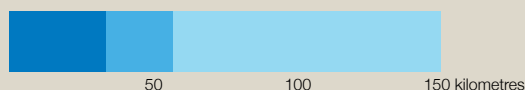
Continued drought conditions throughout 2007/08 impacted on landholders' ability to complete revegetation activities.

LOOKING AHEAD TO 2009/10

The River Restoration Project will be integrated and delivered through the three landscape regions. River health projects for 2009/10 will continue to target priority reaches as identified by the HNCMA's River Health Strategy and promote vegetation links and connectivity of projects.

RIPARIAN CONSERVATION

By 2016, there is an increase in the length of river and streambanks identified as being in the riparian land management category of focus on conservation being managed primarily for conservation so that 23% or 150 kilometres of reaches in this category are being managed with a focus on conservation (RHS).



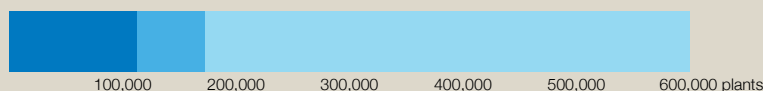
RIPARIAN VEGETATION REGENERATION

By 2016, there is an increase in the length of river and streambanks undergoing assisted regeneration in reaches identified as being in the management category of focus on assisted regeneration so that 18% or 260 kilometres of riverbank in this category has improved riparian vegetation and streambank condition.



RIPARIAN REVEGETATION

By 2016, 600,000 plants established through revegetation on stream/river banks and restoration of 20% or 140 kilometres of reaches that have an identified management focus on revegetation.



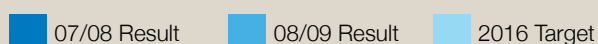
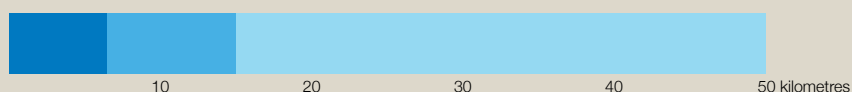
BEST PRACTICE FOR PUBLIC RIVER ACCESS RECREATION AREAS

By 2016, 10 existing public passive recreation river access areas are managed under an endorsed management plan using current recommended/best practice riparian lands management principles with associated strategies for implementation.



RESTORATION OF INSTREAM HABITAT

By 2016, there is an increase in the length of instream habitat that is improved by appropriate instream works such as reinstatement of large woody debris and removal of barriers to fish passage in priority reaches.



Case study

RIVER RESTORATION PROJECT

The River Restoration Project aims to restore and protect creeks and rivers within the Hawkesbury-Nepean catchment. Activities undertaken in partnership with landholders and community groups include protecting biodiversity in riverine corridors through weed control, revegetation and fencing to reduce the impact of livestock and providing alternative stock water. Minor stream bed and bank erosion stabilisation works are also undertaken.

Technical assistance is provided by HNCMA staff to landholders to develop plans of management for each project site which are informed by the HNCMA's River Health Strategy.

NEW DIRECTIONS IN 2008/09

In 2008/09 the project focused on priority river reaches identified in the HNCMA's River Health Strategy as well as promoting connectivity and linking to other recent projects. The focus sub catchments during the year included the Macdonald River, Popran Creek, Little Wheeny Creek, Putty Creek, Colo River, Tarlo River, Wingecarribbee River and Kedumba River.

During the year, the HNCMA **invested \$1,360,000 to deliver 70 river restoration projects**. Landholders contributed an additional \$525,000 in cash and in-kind contributions to deliver **a total of \$1,885,000 invested in river rehabilitation**. In the previous year, 133 projects were undertaken with \$1.7 million investment from the HNCMA. The reduced number of projects during the year were due to a greater focus on larger-scale projects.

A new initiative, the "Resilient Riverine Landscapes below World Heritage Areas" project, was funded by the Australian Government's Caring for our Country Program. This \$91,000 project focussed on protecting the resources provided by the World Heritage Area such as clean water, biodiversity and habitat connectivity

and also aimed to protect the World Heritage Area from downstream threats such as weed invasion.

ACHIEVEMENTS FOR 2008/09

- **56.1 kilometres of riverbank rehabilitated** (a total area of 489 hectares)
- **70 individual landholder projects** funded
- **50 kilometres of fencing** was undertaken to protect river and creek banks and a total of **35 off-river stock watering points** were installed
- **11.4 kilometres of river and creek banks** were revegetated with 22,990 native plants.

LOOKING FORWARD TO 2009/10

The year ahead will focus on continuing to direct investment toward high priority sites across the catchment to protect and enhance river health. In the lower Hawkesbury-Nepean catchment a new two-year \$2.8 million Nutrient Smart Farms project will be delivered in partnership with the Department of Primary Industries and is a major investment in helping landholders to stop nutrients from their properties entering local waterways.



Controlling willows, blackberry and serrated tussock at Rhyanna Rest near Goulburn

STATE TARGET – GROUNDWATER

By 2015 there is an improvement in the ability of groundwater systems to support groundwater dependent ecosystems and designated beneficial uses.

Note: The HNCMA's work to protect and restore groundwater dependent ecosystems is addressed through its Wetland Management Program which is reported on State Target – Wetlands.

STATE TARGET - MARINE WATERS

By 2015 there is no decline in the condition of marine waters and ecosystems.

Note: The HNCMA has a very small area of coastline and marine waters in its catchment. It includes fifteen kilometres of coast north of Turimetta Headland and the marine area to three nautical miles.

The HNCMA does not have a dedicated program for marine waters, but works closely with the two neighbouring CMAs (Sydney Metro and Hunters-Central Rivers) to ensure their marine and coastal programs contribute to these outcomes in the HNCMA's marine waters.

STATE TARGET – WETLANDS

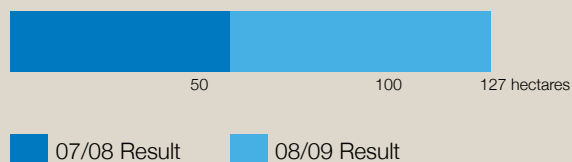
By 2015 there is an improvement in the condition of important wetlands, and the extent of those wetlands is maintained.

CATCHMENT TARGETS & HNCMA PERFORMANCE 2008/09

The ecological health of regional wetlands was improved during the year and plans were developed for investment in priority wetlands next year.

IMPORTANT WETLANDS

By 2016, there is an increase in the area of important wetlands with recovery potential that are protected and/or appropriately managed through arrangements that prevent damaging access or disturbance.



HNCMA PROJECTS CONTRIBUTING TO TARGETS

- Wetlands Management Program
- Estuary, Coast & Marine Program
- River Restoration Project
- Saltmarsh Restoration Project

CHALLENGES IN 2008/09

A key challenge during the year was engaging landholders in the lower Hawkesbury Nepean to undertake wetland management. It is still the early stages of promotion and education efforts in this area and it will take time to build up landholder engagement.

LOOKING FORWARD TO 2009/10

In 2009/10, the Wetland Management Program will be integrated into and delivered through the three landscape regions. A total of 62 hectares of wetlands are targeted to be restored and protected with the focus on Wetlands of National Importance, Endangered Ecological Communities and SREP 20 floodplain wetlands.

Case study

The project aims to protect and improve the condition of priority wetlands throughout the catchment on private and public property. Key partnerships with community and industry organisations, government agencies and landholders have been essential to the success of the project this year.

Funding is targeted towards the Wetlands of National Importance (DIWA), Endangered Ecological Communities, habitat for threatened species and the floodplain wetlands listed under the Sydney Regional Environmental Plan 20 for the Hawkesbury-Nepean River (SREP20).

NEW DIRECTIONS IN 2008/09

A focus for the project in 2008/09 was the SREP20 floodplain wetlands and seven projects were developed to restore these wetlands in western Sydney.

The HNCMA has **invested \$271,070 in wetland management** during the year with another \$135,000 in contributions from landholders, councils and government agencies. Resulting in a total of **\$406,070 invested in improving wetland condition in 2008/2009**.

ACHIEVEMENTS FOR 2008/09

Wetlands within the catchment that are identified on the Directory of Important Wetlands in Australia continue to be a priority for the project. Consultants were appointed and \$50,000 invested in 2008 to implement the on ground actions identified in the Lake Bathurst/The Morass and Paddys River Management Plans.

On ground works and the coordination of Swamp groups in the Blue Mountains and Southern Highlands continued to support the restoration of the endangered upland swamps. \$54,980 was invested to continue to improve the condition of swamps in the Blue Mountains and Lithgow local government areas during the year.

WETLAND MANAGEMENT PROJECT

Other key achievements in 2008/09 include:

- **11 management agreements** were developed and funded
- **36 hectares of wetland vegetation** has been rehabilitated through bush regeneration
- **33 hectares of wetland** has been protected by fencing
- **4 alternative watering points** were installed

LOOKING FORWARD TO 09/10

The program will continue to focus on priority wetlands across the catchment and these will be delivered through the three new landscape regions.



Stingray Swamp at Penrose in the Southern Highlands had a dedicated landcare group established during the year to help restore it

Project Snapshot

REHABILITATING SWAMPS IN THE BLUE MOUNTAINS AND LITHGOW LGAS

Four projects have continued to support ongoing efforts to rehabilitate swamps in the Blue Mountains and Lithgow LGAs

RESULTS

Six project partners have contributed to improving the condition of 5.7 hectares of swamp through bush regeneration, fencing and revegetation activities.

PARTNERS

Blue Mountains City Council (Save Our Swamps project), Lithgow City Council, Jamieson Street Landcare Group, Bell/Dargan/Clarence Landcare Group, Zig Zag Railway and Centennial Coal

INVESTMENT

\$54,980



Local residents from Zig Zag and Clarence in the Blue Mountains learn first hand about the values of Brown Swamp at field day during the year

ESTUARIES AND COAST

STATE TARGET – ESTUARIES AND COASTAL LAKE ECOSYSTEMS

By 2015 there is an improvement in the condition of estuaries and coastal lake ecosystems.

CATCHMENT TARGETS & HNCMA PERFORMANCE 2008/09

The HNCMA and its partners initiated projects to build resilience into coastal and estuarine environments in order to cope with the effects of Climate Change and urban development.

HNCMA PROJECTS CONTRIBUTING TO TARGETS

- Estuary, Coast & Marine Program
- Local Government Partnership Program

CHALLENGES IN 2008/09

A challenge during the year was to establish new projects under Caring for Our Country which also then had to be completed in the same year. This was a particular challenge in the estuary where projects can be complex and involve multiple partners. Despite this challenge, all projects have met expected milestones and outputs.

LOOKING FORWARD TO 2009/10

In 2009/10, HNCMA activities in the coastal and estuary area will be integrated into the Lower Hawkesbury Nepean landscape region. The HNCMA will deliver a new devolved funding program in the estuary valued at \$90,000 to community groups.

HNCMA PARTNERSHIP PROJECTS CONTRIBUTING TO TARGETS

PROJECT	PARTNER	AIM	FUNDING IN 08/09	LOCATION
Careel and McCarrs Creek Rehabilitation	Pittwater Council	Restoration of creek banks, saltwater wetlands and in stream habitat in the tidal areas of the two creeks	\$51,700 with \$69,026 in kind (including \$40,362 cash)	McCarrs and Careel Creeks, Pittwater
Dunes Biodiversity Restoration Project	Pittwater Council	Best practice dune restoration at four coastal dune sites and increase community participation and education in dune management.	\$58,000 with \$57,648 in kind (including \$44,865 cash)	Mona Vale, Newport, Avalon and Barrenjoey Dunes
Buffer establishment for estuarine foreshore and wetland in Mangrove Creek	Gosford Council	Regenerate and revegetate riparian areas on the reserve and manage vehicular access through fencing to prevent damage.	\$10,484 with \$12,407 in kind (including \$7874 cash)	Greengrove, Mangrove Creek
Remediation of Estuary Foreshore Vegetation	Hornsby Council	Restore endangered ecological communities and wetlands on estuary foreshore reserves	\$52,000 with \$22,740 in kind (including \$10,000 cash)	Brooklyn (Seymours Creek saltmarsh, Brooklyn Park, and kangaroo Point) and Laughtondale
Mooney Mooney Foreshore Stabilisation and aquatic habitat improvement	Gosford Council	Stabilise 250 metres of bank at a popular boat ramp using rock fillets and establish mangrove habitat	\$125,194 with \$90,675 in kind (including \$15,273 cash)	Mooney Mooney
Strategic Bitou Bush Control to Protect Biodiversity	Pittwater Council	Implement Bitou control at priority sites listed in the Bitou Bush Threat Abatement Plan	\$60,940 with \$53,328 in kind (including \$33,000 cash)	Bilgola, Careel, Bangallay and Narrabeen headlands, Palm Beach and North Newport dunes
Tide To Table – making more seafood... naturally, year 3	Oceanwatch, Department of Primary Industries Fisheries and community	Assist farmers, land managers and community groups to reach a greater practical understanding of the link between land management and the seafood industry through improved on-ground practices.	\$187,000 with \$313,454 in kind (including \$127,772 cash)	Various estuary locations

RIVER HEALTH

HNCMA PARTNERSHIP PROJECTS CONTRIBUTING TO TARGETS CONTINUED

Hornsby Community Support Officer and Incentives	Hornsby Council	Employ a staff person to undertake agreed estuary and coastal management works	\$122,100 with \$100,000 in kind	Various estuary locations in Hornsby Council
Mangrove Mountain Sustainable Horticulture, year 3	NSW Department of Primary Industries, NSW Farmers Association	Increasing the uptake of sustainable agricultural production methods in soil, water, nutrient, weed and pest management on the central Coast Plateau	\$173,800 with \$224,944 in kind	Various lands on Central Coast Plateau / Mangrove Mountain
Waterwatch Extension	Coastal Environment Network and Hunter Central Rivers CMA	Educate community about water quality and train them in water quality monitoring	\$5000 with \$5000 in kind	Gosford LGA
Community Seagrass Monitoring	Coastal Environment Network	Educate community about seagrass and train them to monitor its health	\$5000 with \$5000 in kind	Lower Hawkesbury and Pittwater estuaries
Estuarine Habitat Mapping & Geomorphic Characterisation of the Lower Hawkesbury and Pittwater estuaries	Hornsby Council	Collate existing mapping and map additional estuarine habitats and undertake an ecological risk assessment of estuarine habitats and biodiversity.	\$80,000 with \$35,000 cash and \$100,000 in kind	Lower Hawkesbury and Pittwater Estuaries

Project Snapshot

SEAGRASS FRIENDLY MOORING TRIAL



Aerial view of Pittwater estuary showing the circular damage of traditional block and chain moorings



Demonstration day at Pittwater for the new seagrass-friendly moorings

Pittwater has some of the most significant seagrass beds of the whole Hawkesbury Estuary but is home to over 3000 traditional block and chain moorings.

The traditional moorings chain creates large circular scours around the block in the seagrass bed. This fragments the seagrass beds and destroys habitat for fish and other aquatic species and reduces the connectivity.

RESULTS

Replaced 36 traditional block and chain moorings with alternative seagrass friendly moorings.

New moorings will be monitored annually for three years by the University of Newcastle as part of the trial.

PARTNERS

Moorings lessees in Pittwater, Department of Primary Industries – Fisheries, NSW Maritime, Pittwater Council, University of Newcastle, Southern Rivers Catchment Management Authority.

INVESTMENT

\$112,000

Case study

The Estuary, Coast and Marine Project aims to protect and restore aquatic and terrestrial habitats and coastal biodiversity. To achieve this, the project seeks to engage community and industry in natural resource management in the estuary and coastal landscapes of the Hawkesbury-Nepean.

NEW DIRECTIONS IN 2008/09

In 2008/09, **\$718,000 was invested in the estuary and along the coast by the HNCMA**. Landholders, community, industry and local and state governments contributed an additional \$1,014,428 to deliver **a total of \$1,732,428 invested in the coast and estuary areas**.

The project commissioned new mapping of estuarine habitats, including estuarine macrophytes, rocky reefs and mud flats, and a risk assessment for each of these habitats to help prioritise future funding and works.

The project also focused on protecting seagrass through a seagrass-friendly mooring project and education initiatives as well as controlling Bitou Bush along the coastal strip to protect biodiversity.

Other key initiatives aimed to improve land management practices to reduce impacts on water quality and fish habitat as well as supporting the coast and estuary developed by local councils.

ACHIEVEMENTS FOR 2008/09

- **14 hectares wetland native vegetation protected**
- **14,995 native plants established** on estuary foreshore and riparian lands
- **108 hectares of new weed control**
15 hectares of follow-up weed maintenance
- **22.5 hectares of pest animal control**
- **46 hectares of native vegetation enhanced**
- **41 awareness raising events** held with **900 participants**
- **23 training events attended by 240 participants**

ESTUARY, COAST AND MARINE PROJECT

RANGE OF PROJECTS AND INVESTMENT DURING THE YEAR

PROJECT	\$ INVESTED	TOTAL IN-KIND
Seagrass Friendly Moorings	105,000	50,000
Local government partnership – Careel & McCarrs Creeks (Pittwater)	47,000	54,648
Local government partnership – Richard Woodbury reserve (Gosford)	9,500	10,720
Local government partnership – Dunes Biodiversity (Pittwater)	52,000	64,000
Local government partnership – Foreshore Remediation (Hornsby)	42,000	25,000
Local government partnership – Mooney Mooney foreshore Rehab (Gosford)	110,000	213,000
Strategic Bitou Bush control	55,000	47,000
Tide-to-Table: Making more seafood - naturally	187,500	500,000
Waterwatch in the Gosford LGA	5,000	6,000
Community Seagrass Monitoring	5,000	9,200



BEFORE

Foreshore restoration valued at \$213,000 was undertaken at Mooney Mooney boat ramp during the year



DURING CONSTRUCTION

A close-up photograph of dry, cracked soil in shades of orange and red. The soil is heavily fissured with a network of fine cracks. The image is used as a background for the title and header.

ON GROUND PERFORMANCE

Soil and Land

SOIL CONDITION

STATE TARGET – SOIL CONDITION

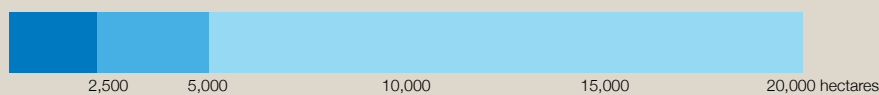
By 2016 there is an improvement in soil condition.

CATCHMENT TARGETS & HNCMA PERFORMANCE 2008/09

Substantial investment was made into improvements in the control of soil condition and erosion through education and the rehabilitation of wetlands and riparian vegetation, and protection of gullies and streams. In addition, new methods of soil treatment were developed for use in the face of drier catchments and uncertain climatic conditions.

SOIL EROSION

By 2016, 20 000 hectares of the catchment will be protected from soil erosion as a result of repairing the catchment by soil conservation works such as fencing, gully control structures, revegetation and other treatment.



DRYLAND SALINITY

By 2016, 200 hectares of saline discharge sites have been treated and/or fenced. By 2009, recharge sites in priority sub catchments have been identified and by 2016, 2400 ha of recharge areas have been treated.



07/08 Result 08/09 Result 2016 Target

ACID SOILS

By 2016, there is a reduction in the rate of induced soil acidification in non-acidic soils due to agricultural practices.

2008/09 Outcome:

During the year, the HNCMA treated 32 hectares of agricultural land to minimise the impact of soil acidification on perennial pastures as part of the Catchment Protection Scheme.

ACID SULPHATE SOILS

By 2016, there is no increase in the area affected by acid sulphate soils.

2008/09 Outcome:

The HNCMA continued to maintain 12 hectares of acid sulphate soils to ensure they were not disturbed during the year through ongoing education and awareness raising with targeted landholders.

HNCMA PROJECTS CONTRIBUTING TO TARGETS

- Catchment Protection Scheme
- Landcare Support

CHALLENGES IN 2008/09

Establishing native vegetation in dry conditions continues to be a challenge for the HNCMA's soil and land management projects such as the Catchment Protection Scheme. This is particularly so in degraded sites and on bare and eroded gullies where this project focuses its work.

To respond to this challenge, the HNCMA increased its focus on site preparation including ripping and spraying before planting to help increase soil moisture and reduce the competition from exotic grasses. With the reduction in spring rainfall and the hot dry summers that often follow, the HNCMA has now moved the majority of its revegetation efforts to autumn. In addition the HNCMA continues to trial various revegetation techniques to increase success rates.

LOOKING FORWARD TO 2009/10

The HNCMA will continue to target priority sub catchments in the Warragamba and Blue Mountains and Western landscape regions to invest a total \$1.5 million in 2009/10.

Case study

CATCHMENT PROTECTION SCHEME

The continuing drought in the major water supply catchment and the prospect of more severe storm activity brought about by climate change means there is a need for a broad approach to catchment protection that deals with sediment management, biodiversity and riverine corridors.

The Catchment Protection Scheme is a gazetted Soil Conservation Project under section 10 of the *Soil Conservation Act 1938*. The scheme aims to repair severe gully, stream bed and bank erosion, improve land management and improve river health, and increase biodiversity across the Warragamba Catchment. Major works carried out by the scheme include soil conservation earthworks, fencing and revegetation.

The Scheme's projects are managed by the HNCMA staff to deliver large scale soil and land, river health and biodiversity outcomes. Projects are planned, designed and implemented by HNCMA staff in conjunction with landholders. This ensures that quality control is maintained throughout project development and implementation.

The program is a partnership between the HNCMA, Sydney Catchment Authority, Australian Government, Department of Lands and landholders. The soil and water conservation works carried out under the scheme are technical and complex in nature requiring detailed engineering and hydrological design to address landscape and climatic conditions.

NEW DIRECTIONS IN 2008/09

In 2008/2009, **the Catchment Protection Scheme invested over \$2 million dollars in 18 new projects** across the Warragamba Catchment.

During the year, the Scheme focused on targeting priority sub catchments and involving neighbouring landholders on a drainage lines to achieve large scale outcomes for improved water quality.

For example, several projects occurred in the Junction Creek sub catchment (near Taralga) to protect 7 kilometres of Long Swamp and a chain-of-ponds river system from erosion. The Lower Mulwaree sub catchment (near Goulburn) was also a focus with projects aiming to improve water quality and increase biodiversity.

The investment was slightly lower in comparison to 2007/08 where \$2.248 million was invested. Despite this reduction, the Catchment Protection Scheme protected an additional 1549 hectares of land for severe erosion than the previous year by focusing on projects on large properties.

ACHIEVEMENTS FOR 2008/09

Key achievements for 2008/09 include:

- **2804 hectares of land** protected/ treated for severe erosion which is an additional 1549 hectares of land compared to 2008/09 results
- **110 hectares of native vegetation protected and enhanced.** This included the protection of **95 hectares of riparian vegetation, 15 hectares of terrestrial vegetation**, and the planting of **15,000 tubestock**.
- **16 hectares of wetland** protected and enhanced in the Junction Creek subcatchment
- **31 kilometres of fencing** constructed protecting eroding gullies and remnant vegetation.
- **115 kilometres of stream bed and banks** stabilised through engineering works
- **32 hectares** of land treated for soil acidification and 3 hectares of discharge sites treated for salinity.

LOOKING FORWARD TO 2009/10

In 2009/10, the Catchment Protection Scheme is planning to adopt a greater landscape approach to project planning as the catchments come under increasing climatic stress. This will mean the Scheme will look to integrate land degradation, river health and biodiversity outcomes to improve the overall land management of the properties and downstream water health. Key Australian Government Caring for Our Country targets "Soil Carbon" and "Acid Soils" will be integrated into this project during the year.

The table below details the 2008/09 investment sources:

Sydney Catchment Authority	\$385,000
Australian Government - Caring for Country	\$1,142,200.00
HNCMA	\$350,000
Department of Lands – Section 10 funds	\$171,500
Landholder	\$320,000.00
TOTAL	\$2,368,700.00

Project Snapshot

JUNCTION CREEK RESTORATION

Junction Creek, 5 kilometres from the confluence of Tarlo River and Wollondilly River and approximately 50 kilometres from Lake Burragorang, Sydney's main water supply

RESULTS

Protected and stabilised 19 kilometres of stream including 7 kilometres of Junction Creek

Stabilised multiple erosion headcuts up to 6 metres deep

Protected and stabilised 400 hectares of land to prevent 500,000m³ of soil entering local waterways

INVESTMENT

\$531,814

PARTNERS

Sydney Catchment Authority,
Department of Lands, Australian
Government, NSW
Parks and Wildlife Service and two
landholders.



BEFORE Major erosion at Long Swamp, Junction Creek



AFTER Long Swamp, Junction Creek works showing a flume constructed to stop the gully head cut

SOIL & LAND

STATE TARGET – LAND CAPABILITY

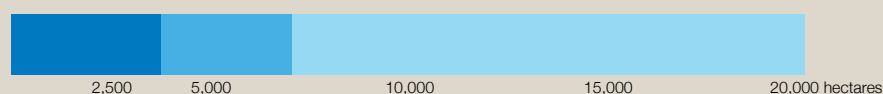
By 2016 there is an increase in the area of land that is managed within its capability.

CATCHMENT TARGETS & HNCMA PERFORMANCE 2008/09

Targets were exceeded in arranging for land to be managed according to its capability, and farm management support programs were implemented in co-operation with our partners and landholders.

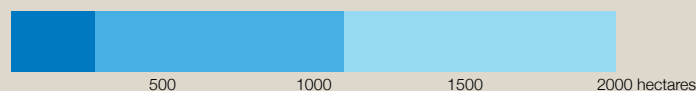
MANAGEMENT ACCORDING TO LAND CAPABILITY

By 2016, an additional 20 000 hectares of targeted areas of agricultural land throughout the catchment is managed according to its rural land capability.



LARGE COMMERCIAL AND SMALL NON-COMMERCIAL FARM MANAGEMENT

By 2016, there is an increase in the number of properties being managed through a whole-farm management system. At least 2000 managers attending management training for rural residential block and small farm management



07/08 Result 08/09 Result 2016 Target

HNCMA PARTNERSHIP PROJECTS CONTRIBUTING TO TARGETS

PROJECT	PARTNER(S)	AIM	FUNDING IN 07/08	LOCATION
NRM Capacity building for peri-urban landholders in the Goulburn Region	DPI, RLPB, Goulburn Mulwaree Council	To provide training for small farm & peri-urban landholders to increase knowledge, skills to address land degradation.	\$199, 540	Goulburn Area
Sustainable Agriculture for Mangrove Mountain	DPI	To assist farmers in implementing more sustainable farming practices	\$155,200	Central Coast plateau

Case study

MANAGING LAND FOR ITS CAPABILITY

Across the Hawkesbury-Nepean catchment there are a wide variety of land “types”. Within each land type there are limitations due to differences in soils, slope, aspect, nutrient levels, structural stability, acidity, salinity, drainage, stoniness and rainfall. Each limitation requires particular management approaches to maintain productivity and allow the landholder to make use of the land according to its capability.

“Land capability” refers to the classification of land ranging from Class 1 – Class 8. Class 1 land is classified as prime agricultural land with no slope, good deep soils and is often some of the better soils suited to cultivation and cropping. While Class 8 land can be steep and very rocky hills and mountains that really are not suitable for agricultural production.

ACHIEVEMENTS FOR 2008/09

The HNCMA has a wide range of programs that aim to help landholders to better manage their land according to land capability. During the year the HNCMA provided:

- Landholders with an aerial photo that maps the land classes on their property along with information on how each land class should be managed within its capability
- Subsidised training to landholders through LANDSCAN and PROGRAZE courses which are aimed at matching farm enterprises to land capabilities. These training courses are delivered by the Department of Primary Industries with funding by the HNCMA.
- Funding to landholders to fence sensitive Class 6-8 land (including riparian corridors, eroded land and bushland remnants on hills). This enables landholders to reduce grazing pressure, increase perennial groundcover and revegetate the area with native plants to increase stability
- Alternate watering points which are located in both a stable and suitable area according to grazing management and stocking pressures. Providing these also allow landholders to split larger paddocks into smaller blocks for better stock and grazing management and to minimise stock tracking and movements
- Funding to improve the management of Class 4 and 5 land through the relocation of fences or by splitting of paddocks for better stock management through the HNCMA's Catchment Protection Scheme.

KEY ACHIEVEMENTS IN 2008/2009

- **Fencing 1330 hectares** of remnant bushland on **Class 6 and Class 7** land to exclude stock and allow serrated tussock control to be undertaken
- **Fencing 250 hectares** and **10.5 kilometres** of riparian corridor on the Wollondilly River to protect **Class 6** land
- **Constructing 6 alternate watering points** on **Class 5** paddocks adjoining the river to allow larger paddocks to be split into smaller blocks for better grazing management
- Improving pasture on **100 hectares of Class 5** land with perennial pastures which provide better ground cover and greater soil stability.

Project Snapshot

IMPROVING LAND CAPABILITY ON ARTHURSLEIGH



The HNCMA provided landholders with funding during the year to fence sensitive Class 6-8 land including gullies and ridgelines

Arthursleigh is a 6377 hectare property owned by Sydney University, near Marulan. It consists of a mixed farming enterprise which includes sheep, cattle and fodder cropping.

The property has a long history of soil conservation, biodiversity and river health projects carried out there to allow the property to be managed according to its land capability. Over the last 15 years, works have included the fencing of 1420 hectares of Class 6 and 7 land and the sub division of Class 4 and 5 paddocks enabling better grazing management for the landholder.

ON GROUND **PERFORMANCE**

Community

Partnerships &



NATURAL RESOURCE MANAGEMENT DECISIONS

STATE TARGET – NATURAL RESOURCE MANAGEMENT DECISIONS

Natural resource decisions contribute to improving or maintaining economic sustainability and social well being.

CATCHMENT TARGETS & HNCMA PERFORMANCE 2008/09

There has been an improvement in the understanding of natural resource processes throughout the nation due to the drought and global warming. The HNCMA has formed strong partnerships with its communities and that has led to improved knowledge of issues affecting the sustainability of the catchment.

SOCIAL CONNECTIVITY

By 2016, people are encouraged and supported in understanding their rights and responsibilities in relation to their place in the catchment.

2008/09 Outcomes:

The HNCMA continued to support 125 landcare groups during the year.

HNCMA PROJECTS CONTRIBUTING TO THE TARGETS

- Landcare Support
- NRM Communications Project
- GIS Support Project

CHALLENGES IN 2008/09

During the year, the ongoing issue of volunteer work overload and in some cases 'burnout', especially amongst the leaders of the groups and networks, was a key concern and the HNCMA responded with support to those groups in need.

Also in 2008/09, periods of both dry and wet conditions in different areas of the catchment hindered vegetation establishment, however most landcarers have continued to undertake their activities effectively.

LOOKING FORWARD TO 2009/10

In 2009/10, the roles of the Community Support Officers will be integrated into the three new landscape teams. Community groups and landcare groups will continue to be supported through this model with all HNCMA Project Officers providing natural resource management support, advice and funding to community groups.

COMMUNITY & PARTNERSHIPS

Case study

PROVIDING LANDCARE AND COMMUNITY SUPPORT

The steady rise in the number of environmental volunteer groups in the catchment over the past few years has resulted in the HNCMA now supporting 125 landcare groups and other environmental 'care' groups across the catchment.

During the year, **the HNCMA invested over \$705,000 in supporting these groups** through six Community Support Officers working closely with a wide range of individuals, community groups and environmental networks as well as investing in local projects such as community nurseries. Across the catchment, landcare groups generated another \$3.3 million in additional funding and volunteer contributions in the catchment in 2008/09.

NEW DIRECTIONS IN 2008/09

As part of a bi-annual survey of landcare groups in the catchment, the following key feedback was received and responded to:

- Support from the groups for continued assistance of our Landcare Community Support Team. This need expressed by groups will be incorporated into the new landscape approach for the HNCMA.
- Assistance sought for continuing the development of several key community nurseries in the Hawkesbury, Lithgow, Picton and Moss Vale.

The HNCMA continued its efforts in recognising our catchment leaders, both individuals and groups, by coordinating the 2009 Hawkesbury-Nepean Landcare Awards and hosting a bi-annual forum, held at Mt Annan Botanic Gardens.



Winners of the 2009 Hawkesbury-Nepean Landcare Awards

ACHIEVEMENTS FOR 2008/09

LANDCARE IN THE HAWKESBURY-NEPEAN	2006/07	2008/09
Number of active Landcare groups	110	125
Number of Landcare members	c. 2752	c. 2705
Number of hours worked by Landcare members	68,487	71,608
Value of volunteer in-kind contribution	\$1,369,742 (volunteer labour valued @ \$20/hour)	\$2,148,231 (volunteer labour valued @ \$30/hour)
Value of funding for Landcare activities	\$1,009,961	\$1,180,564
Total value of Landcare to community	\$2,379,703	\$3,328,796

- **Supported 125 landcare groups** including 33 new groups while another 18 groups have dispersed after completing projects
- **72 groups covered by HNCMA insurance**
- **Over 2700 Landcare members carrying out \$2.15 million of work**
- **Regenerating 825 hectares** of bushland and waterways and **establishing 56,209 native plants**
- **Coordinated 36 field days** (information/awareness) & **26 workshops** (training)
- Assisted with **52 Landcare group meetings**

SPECIAL EVENTS IN 2008/09

2009 Hawkesbury-Nepean Landcare Forum

This event was held in June 2009 and attracted over 115 landcarers and HNCMA and local government staff at Mt Annan Botanic Gardens. This was the second bi-annual event which focused on celebrating, inspiring and networking the Hawkesbury-Nepean volunteers through a series of presentation and workshops.

2009 Hawkesbury-Nepean Landcare Awards

In 2009 over 30 nominations were received across nine categories. Major winners included the Individual Landcarer Award - Robin Woods from Hawkesbury Rainforest Network and Landcare Community Group Award - Roslyn Landcare Group.

LOOKING FORWARD TO 2009/10

The HNCMA's move to implementing projects and community support through three landscapes will see the community support roles integrated into landscape delivery teams.

COMMUNITY CAPACITY BUILDING

STATE TARGET – COMMUNITY CAPACITY BUILDING

There is an increase in the capacity of natural resource managers to contribute to regionally relevant natural resource management.

CATCHMENT TARGETS & HNCMA PERFORMANCE 2008/09

Project targets were met during the year. A total of five incentive programs were delivered by the HNCMA, along with additional HNCMA-funded projects led by Department of Primary Industry and Department of Environment and Climate Change.

EDUCATION AND TRAINING

Appropriate education and training opportunities are fostered, brokered and developed to support achievement of the targets.

2008/09 Outcomes:

During 2008/09, 132 training sessions were undertaken to improve natural resource management skills for landholders, landcarers and other property managers.

INDIGENOUS LAND MANAGEMENT

By 2016, aspects of the landscape related to NRM that have Indigenous cultural significance will be identified in accordance with cultural protocol. As culturally significant sites, places, landscapes and species significant to Aboriginal people are identified, and they will be protected, enhanced and rehabilitated.

2008/09 Outcomes:

A total of 15 Aboriginal community members were provided with training in Certificate 2/3 in Bush Regeneration as part of improving capacity in the Aboriginal community to manage natural resources. The HNCMA's Riparian Vines Project (see page 52) also provided employment for 18 part time Aboriginal staff who were provided with on-the-job training.

CHALLENGES IN 2008/09

An ongoing challenge for the HNCMA is to identify the skills required for community involvement in natural resource management in a catchment with such rapidly changing demographics as the Hawkesbury-Nepean. With the Aboriginal community the challenge during the year was to find and develop projects on Aboriginal owned land to provide the community with employment opportunities and develop the skill base within the Aboriginal community to undertake natural resource management work.

LOOKING FORWARD TO 2009/10

The HNCMA is employing an additional Indigenous project officer in 2009/10 to work with Aboriginal communities and the three landscape teams will identify on ground projects that can involve the Aboriginal community.

HNCMA PROJECTS CONTRIBUTING TO TARGETS

- Landcare Support
- NRM Communications Project
- Monitoring and Evaluation Project
- GIS Support Project

COMMUNITY & PARTNERSHIPS

Case study

ABORIGINAL GREEN TEAMS CONTROL RIVERBANK VINE MENACE

This new HNCMA project is part of a cross-regional riparian vine weeds control program taking place on targeted waterways along the NSW coast. In the Hawkesbury-Nepean, the project aims to develop the skills and expertise of local Aboriginal Green Teams so they can undertake further weed control projects in the catchment.

The two-year project will see vines controlled on riverbanks between Mulgoa and Windsor which are smothering native vegetation.

Key sites targeted are Yellomundee National Park, Hawkesbury Council's Macquarie Park, The Breakaway, Howe Park & Hanna/Hawkesbury Park, Penrith Council's Tench Reserve & River Road Reserve, Mulgoa Valley, Emu Plains Quarry (Boral) and Penrith Lakes Development Corporation land. This riparian weed management builds upon previous weed programs carried out by the HNCMA and its partners.

NEW DIRECTIONS IN 2008/09

In early 2009, Penrith-based Muru Mittigar and Liverpool-based Gandangarra Employment and Training Services were awarded the contracts and work was well underway by mid-year.

Merle Williams, member of the Aboriginal Advisory Committee advising the HNCMA, said the project is an excellent way to build the skills, knowledge and experience of the Aboriginal Green teams.

"Some of the project's participants will undertake training in the TAFE certificate Natural Area Restoration which will help build up a pool of expertise in these Aboriginal Green Teams for future natural resource management works in the region."

The HNCMA has invested \$227,000 and the project will be finalised by May 2010. With landholder and community contributions the total investment in the project is \$333,610.

Project partners include the Department of Environment and Climate Change (National Parks and Wildlife), Hawkesbury Council, Penrith Council, Mulgoa Landcare Group, Boral Resources, Sydney Water, Penrith Lakes Development Consortium.

ACHIEVEMENTS FOR 2008/09

- **18 Aboriginal field staff** provided with part-time employment and training
- **12 sites undergoing control** of Balloon Vine, Madeira Vine and Morning Glory on the main branch of the river and Cats Claw Creeper on Mulgoa Creek
- **9 kilometres of riverbank treated with a total 15 kilometres of riverbank** and 58 hectares of land targeted by the project.

LOOKING FORWARD TO 2009/10

In the year ahead, the project will focus on treating spring growth of vines, and then the emphasis will be to consolidate the work with maintenance activities.

Ongoing training, including TAFE certification, will continue.

After May 2010, local land managers will carry out weed control maintenance as needed.



Muru Mittigar's Robert Leslie and Amy Plunkett-Cole from the HNCMA (foreground) with one of the green teams - Robert Brown, Grant Leslie, Greg McEwen, Mark Smith and Robert Millgate

COMMUNITY CAPACITY BUILDING

Case study

Crosslands Reserve is managed by Hornsby Council and is one of the most heavily used public sites to access the Hawkesbury estuary and plays an extremely important role in helping the community understand better the values of the estuary.

The HNCMA provided \$192,000 to Hornsby Council to implement actions in the Crosslands Masterplan which complement the recommendations identified in the Berowra Creek Estuary Management Plan.

The project focused on activities to improve community access and to mitigate past and potential impacts from use of the reserve.

This is one of 33 Local Government River Health projects that have been funded by the HNCMA to date.

LOCAL GOVERNMENT PARTNERSHIP PROJECT - CROSSLANDS RESERVE RESTORATION

ACHIEVEMENTS FOR 2008/09

The Crosslands Reserve Restoration project carried out the following:

- **Constructed two estuary viewing platforms**

Two riverside platforms were developed as places for passive recreation, interpretation and allowing improved access to the water. These concentrate public access and allow management of numerous informal access points that were eroding and silting the waterway.

- **Riparian buffer revegetation**

A riverside interpretative walk, funded and constructed by council, had fringing vegetation planted to provide a buffer between the walkway and riverbanks as part of this project.

- **Reorganisation of boat launching ramp area**

The existing boat launching ramp was refurbished to manage boat and pedestrian access and to control erosion of the adjacent banks. Use is now restricted to lightweight hand-carried craft. A wash-down area for canoes and regulatory signage has been installed.

- **Riverbank and estuary improvement works**

The riverbank edge of the reserve has been eroded by constant access. The smaller open areas along the water's edge that have been damaged by informal access have been fenced off to allow the mangroves to regenerate. Areas of severe erosion have been stabilised with adjacent banks regraded and fenced to encourage mangrove recolonisation.

LOOKING FORWARD TO 2009/10

The Hawkesbury-Nepean CMA has allocated funding to assist community, NGOs and local government to continue management of threats to the values of the Hawkesbury estuary, coastal and marine areas.



One of two estuary viewing platforms constructed at Crosslands Reserve, Hornsby

MONITORING, EVALUATION AND REPORTING



The HNCMA carries out monitoring to enable it to report on the quality and quantity of outcomes as part of the delivery of the Hawkesbury-Nepean Catchment Action Plan.

In 2008/09, the HNCMA continued to refine its business systems to ensure that the financial and non-financial progress and performance of its projects were well documented.

LAND MANAGEMENT DATABASE

The HNCMA's project planning (mapping and spatial data) and management agreements is based on the Land Management Database (LMD).

During the year, the HNCMA has been leading the way with CMAs in NSW in integrating the LMD with the project management database (CIMS) and the financial reporting systems (SAP). This integrated approach has multiple benefits including:

- timely and accurate weekly and monthly reports on the delivery and status of projects
- data is only entered once across the three systems.

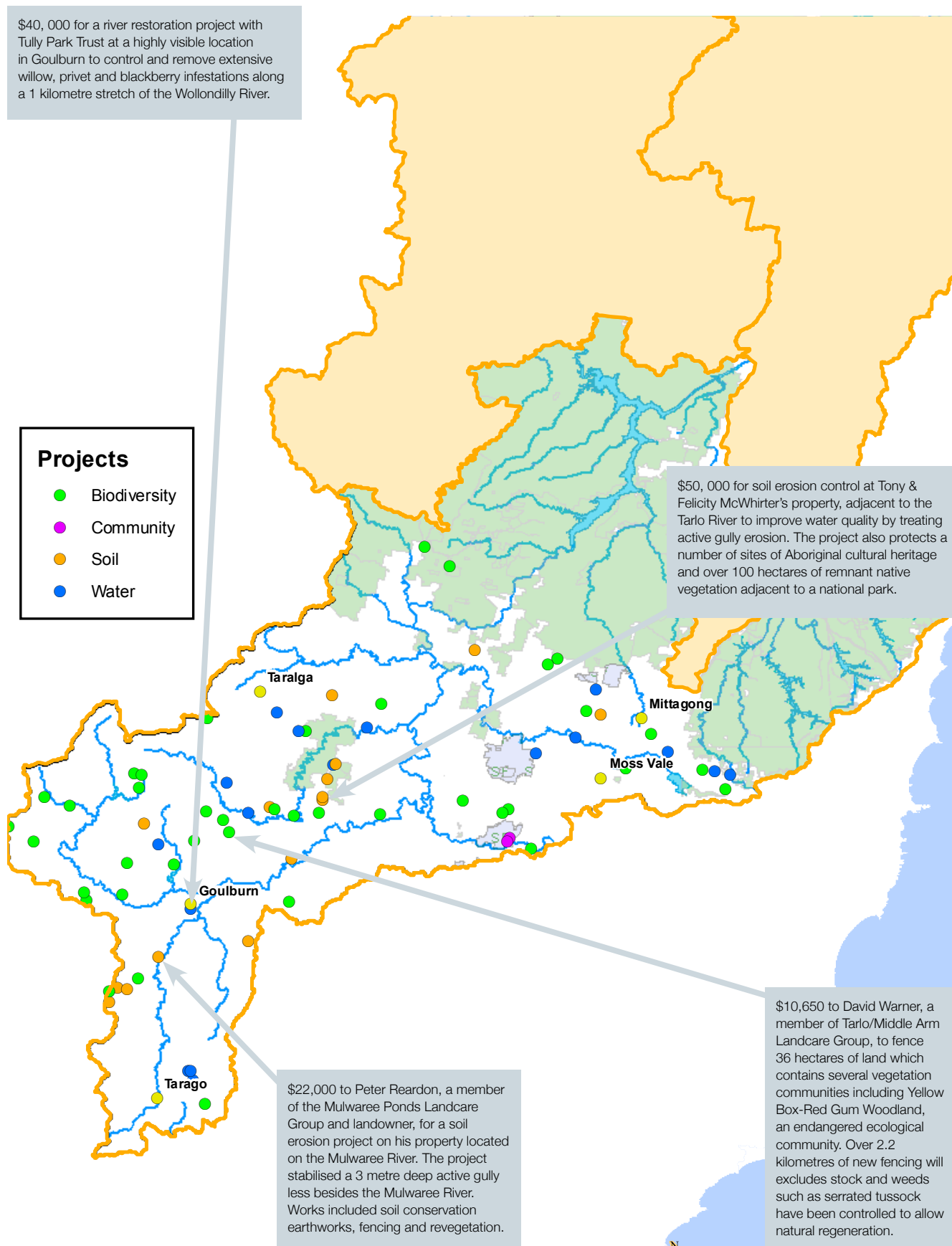
Other LMD highlights in 2008/09 include:

- Reviewed 3000 LMD "attributions" (the range of all on ground activities recorded) and refined them into an attribution guide that reflects the agreed definitions of Australian Government outputs across the LMD system used by most CMAs in NSW.

- Established a system to generate an automated project agreement document and other reports. The agreement incorporates an automated budget, inserts a map and photo point and notifies the project officer of missing or inconsistent data. The system ensures quality control is built in right from the inception of a project and ensures recoding by staff from initial inquiry through to completed project.
- Established systems to support new Smart Farms projects.

LAND MANAGEMENT DATABASE

WARRAGAMBA LANDSCAPE



MONITORING, EVALUATION AND REPORTING

BLUE MOUNTAINS WESTERN LANDSCAPE

\$8,100 to Friends of Colo environmental group (known as "Willow Warriors") to undertake weed control and revegetation along a 1.5 kilometre reach of the Wolgan River at the entrance to Wollemi National Park, part of the World Heritage Area. This involved bush regeneration targeting willow and blackberries on 10.6 hectares of riparian Grassy Box Gum Woodland, a threatened ecological community.

\$25,909 for four projects in Glen Davis to control woody weed across 35 sites of various tenure and including 7 kilometres of river bank containing Capertee-Wolgan Riparian Rough barked Apple-River Oak Forest.

Projects

- Biodiversity
- Community
- Soil
- Water

\$30,000 to the Lithgow Oberon Landcare Association (LOLA) to undertake a range of environmental projects in and around Lithgow, including revegetation, weed control and hosting environmental workshops with local Landcare groups. The projects achieved 12.9 hectares of weed control targeting Scotch and Montpellier broom, blackberry and willows, and planting of more than 7,000 local provenance tubestock.

\$16,800 to Barker College at Mount Victoria for works on a 220 metre reach of Fairy Dell Creek at Mount Victoria for weed control and revegetation. This involved bush regeneration with specialist contractors, and college staff and student volunteers providing very large in-kind contributions. In addition to bush regeneration, substantial environmental education outcomes were also achieved.

\$50,000 to the Tablelands Livestock-Health and Pest Authority (LHPA) to control feral pigs on 14,000 hectares of private property in the Megalong and Kanimbla valleys to protect both private property and the adjacent World heritage Area. A total of 760 pigs were controlled through trapping and poisoning. The project brings together landholders across the Kanimbla and Megalong Valleys with the LHPA, the HNCMA, the Department of Environment and Climate Change, and Blue Mountains City Council.

\$11,150 to landholder Neville Burns for bush regeneration and revegetation in a threatened ecological community (Highland Temperate Peat Swamps on Sandstone) and adjoining vegetation along Ridge Creek, south west of Katoomba. This prevented highly invasive weeds including pussy willow, boneseed and Japanese honeysuckle from invading the downstream World Heritage Area.

LAND MANAGEMENT DATABASE

LOWER HAWKESBURY-NEPEAN LANDSCAPE

Funded landholder John Grant with 23 hectares of river frontage on the Macdonald River to construct stock exclusion fencing and an off river stock watering system. Over 7 hectares of the Riverflat Eucalypt Forest on Coastal was protected with 1.7 kilometres of fencing. Two tanks and three troughs were installed to help the landholder sustainably manage his pastures and stock.

\$21,500 to the Mangrove Mountain & Districts Community Group to carry out follow-up woody weed control works in Crafts, Bedlam, Ironbark & Popran creeks on Mangrove Mountain. Works covered approximately 87 hectares of high conservation value bushland involving 16 landholders.

Projects

- HLN_towns
- Biodiversity
- Community
- Soil
- Water

\$11,800 to the Barragal Landcare Group to support their Plan of Management for the ephemeral wetland known as Menangle Pond which they manage on the Elizabeth Macarthur Agricultural Institute, Menangle. Funding allowed them to construct fencing to exclude stock and provide two alternative stock watering points and 500 tubestock for revegetation.

\$7330 to the Razorback Landcare Group to continue work across eight properties on the Razorback Range. The project revegetated areas of cleared land with 1500 local native tubestock and protected 11 hectares of Cumberland Plain woodland and 1 hectare of Western Sydney Dry Rainforest.



OUR PEOPLE



HNCMA ORGANISATIONAL STRUCTURE

HNCMA BOARD

**General Manager
Bernie Bugden**

Program Manager -
Program Development
Kerry Brew

Program Manager -
Implementation
Garry Hogan

Business Manager -
Steve Nichols

Strategy and Plan Development (2)
Collaboration and Partnerships (10.2)

- Local government partnership
- Aboriginal Community Team
- Landcare Support

 Estuary program (1)
 Program Support (1)
 Monitoring and Evaluation (1.5)
 Communication and Media (1.5)
 GIS (1)

Catchment Protection Scheme (12.8)
 Bushland Conservation (3.8)
 River Restoration (8)
 Native Vegetation Act Implementation (3)

Business and Investment (3)
 Program Support (2.4)

HNCMA TRANSITION TO LANDSCAPE DELIVERY STRUCTURE

In 2008/09 the HNCMA worked with the Department of Environment and Climate Change (DECC) to review the current staff structure and align with the findings of the 2008/09 audit of the HNCMA by the Natural Resource's Commission and key NSW and Australian Government funding and policy. The new landscape based customer service delivery model is based on three landscape – Warragamba, Lower Hawkesbury-Nepean, and the Blue Mountains/Lithgow – and each landscape is headed up by a Landscape Coordinator with more decision-making initiative devolved to these landscape regions.

This new staff realignment was developed in consultation with the staff, unions and DECC and aimed to provide more efficient and effective service delivery to our community. It has been endorsed by the HNCMA Board. The new model will provide ongoing support and funding to Landcare and other community projects and ensure that the implementation of local projects are supported by multidisciplinary teams and available NRM funding.

PERSONNEL POLICIES AND PRACTICES

All HNCMA staff are directly employed by the Department of Environment and Climate Change (DECC) under the provisions of *Public Sector Employment Legislation Amendment Act 2006*. As such, all HNCMA staff and directors are employed under common NSW Government industrial awards and policy provisions, and are subject to the same requirements for personal conduct as other departmental staff and government board and committee members.

Under the Service Level Agreement for Shared Corporate Services to the NSW CMAs, all industrial and human resources policy and issues are managed on behalf of the HNCMA by DECC. Issues that relate to payroll administration, recruitment advertising, leave and other related records, are managed by Service First.

EQUAL EMPLOYMENT OPPORTUNITY

The HNCMA views Equal Employment Opportunity (EEO) as an integral component of our business and organisational culture. The objectives of this policy direct both the manner the HNCMA recruits its staff and directors and also how the HNCMA works with our community and project partners.

The HNCMA further supports and implements EEO policy objectives through HNCMA staff linkages cross-agency initiatives such as the Spokeswomen's Network, Aboriginal Support Network and the Young People's Group.

The HNCMA recognises the contribution that managers at all levels make to EEO in their areas of responsibility.

In 2009/10 the HNCMA will implement a new business plan which identifies a range of new initiatives for developing new partnerships with Aboriginal communities and non-English speaking communities. Also the HNCMA will relocate some offices to more suitable premises to provide greater service access and employment opportunities to persons with mobility impairments.

EEO Statistics

While DECC is the legal employer of all HNCMA staff, the staff are actually directed by the HNCMA Board and General Manager in terms of daily operations and accountabilities. All HNCMA staff are paid through the Service First's SAP payroll system and are included in DECC's staff database. Details of the total HNCMA staff at 30 June 2008 are shown in the table on the following page.

HAWKESBURY-NEPEAN CATCHMENT MANAGEMENT AUTHORITY STAFF

	JUNE 2007*		JUNE 2008*		JUNE 2009	
	M	F	M	F	M	F
Permanent	12	9	12	9	13	7
Temporary	19	24	19	21	16	21
Totals	31	33	31	30	29	28

*2007 and 2008 data include details of 2 permanent staff hosted for the CMA Secretariat who have subsequently been transferred to the Sydney Metro CMA. The data also includes full and part-time positions.

OUR PEOPLE

SALARY SCALE	2006/07				2007/08				2008/09			
	Total Staff	M	F	Staff With First Language other than English	Total Staff	M	F	Staff with First Language other than English	Total Staff	M	F	Staff With First Language other than English
Salary less Clerk Grade 2/3	5	5			4	4			5	5		
Salary Equivalent to Clerk 2/3	9		9	1	10		10	1	9		9	1
Salary Equivalent to Clerk 4/5	18	7	11	1	15	7	9	1	14	6	8	1
Salary Equivalent to Clerk 7/8	19	11	8	1	23	13	10	1	17	9	8	1
Salary Equivalent to Clerk 9/10	5	5	0		5	5			5	5		
Salary Equivalent to Clerk 11/12	3	2	1		3	2	1		3	2	1	
Salary Equivalent to Senior Officer 1	1	1			1				1	1		
Totals	60	30	30	3	61	31	30		54	28	26	

Note: Staff numbers are as at 30 June and reflect both full and part time staff.

STAFF IDENTIFYING AS ABORIGINAL

	2006/07	2007/08	2008/09
Salary Grading			
Clerk 4/5	1	1	0
Clerk 7/8	1	1	1
Totals	2	2	1

ETHNIC AFFAIRS PRIORITY STATEMENT (EAPS)

The Ethnic Affairs Priority Statement (EAPS) demonstrates how the HNCMA applies the NSW Government's principles of multiculturalism and adapts its service and product delivery to the needs of a culturally and linguistically diverse population. The HNCMA's EAPS initiatives are aimed at ensuring that all people, regardless of linguistic, racial, cultural or religious background, have full access to all appropriate services.

EAPS Initiatives 2008/09

During the year the HNCMA undertook the following activities to support EAPS principles by:

- Promoting ongoing community consultation across the catchment to support the implementation of the HNCMA Catchment Action Plan and development of on-ground projects.
- Providing ongoing support to the Hawkesbury-Nepean Aboriginal Advisory Committee to provide advice on Indigenous issues to the Board.
- Sponsoring an Aboriginal tertiary scholarship with the University of Western Sydney to support a student gaining university qualifications in environmental management. The HNCMA will provide further support to the student through vacation work experience.
- Providing funding for the Indigenous Land Management Program to provide vocational training in bush regeneration through accredited TAFE course to Aboriginal trainees at centres across the catchment.
- Engaging an Aboriginal bush regeneration team to undertake a contract to control riparian vines on the banks of the Hawkesbury River.
- Coordinating support to culturally diverse local community groups and networks through the provision of funding directly to community groups and via state agencies, local government, non-government organisations to implement priority natural resource management outcomes at a local level.
- Facilitating broad community engagement in regional NRM activities through the HNCMA's network of Landcare and community groups, including the Aboriginal Landcare network.

OUR PEOPLE

NSW GOVERNMENT ACTION PLAN FOR WOMEN

The NSW Government's Action Plan for Women provides a tool for coordinating strategies to remove barriers to the participation of women across all NSW Government agencies. It covers initiatives such as ensuring fair access to work and good work practices for women and facilitating their participation in decision making and leadership.

At 30 June 2009, the HNCMA employed 54 people in full time and part time positions, of which 26 were women. Details of the gender balance and salary gradings are detailed in the table on page 54.

REPRESENTATION OF WOMEN ON THE BOARD

ALL MEMBERS	MEN	WOMEN	% WOMEN
Chairperson	1	0	0%
Board Members	3	2	40%

The HNCMA Board has been appointed by the Minister of Environment and Climate Change on the basis of identified skills as specified in Section 8 of the *Catchment Management Authorities Act 2003*.

Members on Community Advisory and Consultation Committees Established by the HNCMA.

The HNCMA appointed the members to the Aboriginal Advisory Committee following open advertising in the Indigenous and regional media. The HNCMA Board appointed the committee members following an assessment of applications by a panel with independent Aboriginal representation. A call for new members will be advertised early in the new 2009/10.

HAWKESBURY-NEPEAN ABORIGINAL ADVISORY COMMITTEE

	MEN	WOMEN	% WOMEN
Members	3	2	40%
Alternate members	1	1	50%

The HNCMA received support in implementing the Government's Women's Action Plan by the Department of Environment and Climate Change's staff support programs.

OCCUPATIONAL HEALTH AND SAFETY

Occupational Health & Safety (OHS) continues to be a high priority for the HNCMA Board and Executive. During 2008/09, the HNCMA continued to implement an OHS Improvement Plan that has been developed in partnership with DECC following a self audit in 2007/08. This has ensured the HNCMA is able to benchmark its current performance against the previous years and adapt the plan for any emerging issues.

Over the past year the HNCMA used the plan to:

- Implement mandatory OHS training for managers and supervisors
- Review the HNCMA hazard register and hazard management processes.

As the employer of HNCMA staff, DECC has a number of statutory OHS accountabilities that override those of the HNCMA Board and General Manager. A major component of the current Improvement Plan has been, and will continue to be over the coming year, work to align the HNCMA OHS systems with those of DECC and other NSW CMAs. This will allow the HNCMA and its OHS committee build on the experience of these other organisation.

This process is supported by DECC through its OHS Governance Committee on which the HNCMA General Manager (representing the General Manager Forum) and Chairman (representing the CMA Chairs Council) are members.

In the coming 12 months, the HNCMA will carry out its OHS responsibilities by:

- Appointing a new OHS committee following the completion of the two year term of the previous committee
- Employing a contractor to review HNCMA and DECC OHS systems to provide advice and assess, in consultation with the OHS Committee, current OHS procedures and implementation
- Implementing a new staff induction and training procedures on OHS issues.

WORKERS COMPENSATION.

The HNCMA reported only a few accidents during the past year, although several required referral to our Workers Compensation insurance provider.

The HNCMA has been supported by DECC in providing these staff with rehabilitation support.

YEAR	NUMBER OF NEW WORKERS COMPENSATION CASES
2008/09	3
2007/08	4
2006/07	1

DISABILITY PLAN

The HNCMA is developing a Disability Action Plan in consultation with DECC and other key strategic partners and stakeholders. This plan, when finalised, aims to provide improved employment activities and appropriate access to HNCMA offices, programs and information. This plan will be aligned with the HNCMA's Total Assets Management Plan, Freedom of Information Policy and Communications Strategies and other plans and protocols.

As an interim strategy in 2008/09, the HNCMA consulted with the State Property Authority (SPA), to seek office accommodations that have access for disabled people. In the coming year, the HNCMA plans to relocate staff from its Windsor offices to the Penrith Government Office Block and to initiate discussions with SPA on alternate office accommodation at its other sites that do not comply with policy standards and community expectations.

SENIOR EXECUTIVE SERVICE OFFICERS

The HNCMA employs no Senior Executive Service staff.

CORPORATE GOVERNANCE



The affairs of the HNCMA are controlled by the Board of Directors who have been appointed by the Minister for Environment and Climate Change. The HNCMA is accountable to the Minister and both the Board and staff are committed to implementing high standards of corporate governance to comply with key NSW and Australian Government legislation and policy. The HNCMA's corporate governance accountability is defined by legislation outlined in "Who We Are" on page 2.

The HNCMA's role in implementing these statutory functions is monitored and audited by:

- State Audit Office regarding financial management and corporate governance, and
- Natural Resources Commission for the implementation of NRM functions.

In addition, internal audit functions are coordinated by the Board's Finance, Audit and Corporate Governance Committee (FACG) and in consultation with the Department of Environment and Climate Change. The FACG in its annual report to the Board (see page 84) has provided recommendations for the internal audit plan for 2009/10 and these functions will be implemented in addition to the HNCMA Corruption and Fraud Control Policy.

Details of key corporate governance achievements and initiatives in 2008/09 are detailed in the FACG's report on page 84.

The FACG also supervises implementation of Financial Management Delegations approved by the Board, as well as other delegations related to HNCMA statutory functions under the supervision of the FACG. These delegations have been implemented under Section 18 of the *Catchment Management Authorities Act 2003*.

The HNCMA has also established a number of internal Board and Executive Governance and Advisory Committees to support the Board's governance role and more details on these can be found on pages 69-77.

The HNCMA's governance objectives are also supported by the organisation's participation in a number of external committees that promote coordinated governance and policy development in partnership with DECC for the state's 13 CMAs. Details of these committees and their membership is listed on page 78.

All HNCMA Directors have completed Australian Institute for Company Directors (AICD) training for company directors. The General Manager is a member of the Australian Institute of Company Directors.

The Business Manager is an Associate Member of the Chartered Secretaries of Australia (CSA) to support the implementation of the HNCMA's corporate governance responsibilities. The Business Manager also acts as the Company Secretary for the Board. The Business Manager monitors Board and senior staff governance training needs and coordinates training through CSA and the Institute of Public Administration.

STATUTORY COMPLIANCE

The HNCMA operates in a dynamic policy environment. In 2008/09, the HNCMA commenced development of a Compliance Register that seeks to detail all legislation and policy requiring HNCMA compliance. This register will inform revision of the HNCMA's Strategic and Corporate Plans and direct compliance of all financial management, administrative and operational issues. The FACG will implement and monitor the Compliance Register in association with the new Business Plan.

The HNCMA has a number of existing procedures that are used to inform identify emerging legislative and policy issues and these will be integrated as part of the Compliance Register. The HNCMA obtains advice on policy responsibilities and related future business directions through:

- personal professional and administrative networks
- liaison with DECC or Service First regarding the implementation of the Service Level Agreement for the provision of shared corporate services and other partnerships under similar agreements and MoU's
- participation in CMA Chairs Council meetings, General Manager Forum and/ CMA Business Manager meeting with advice from DECC and Service First staff
- advice and audit opinions from:
 - State Audit office regarding annual audits
 - Australian Government – following an audit of the HNCMA's Corporate Governance processes (Walter Turnbull)
 - Natural Resources Commission – following audit of HNCMA NRM Systems
 - HNCMA internal audit processes
- HNCMA business procedures including Complaints Handling and Corruption and Fraud Control Policies and staff and union consultation
- Automatic e-mails/ internet policy updates from central government
- Ministerial/ DECC Director General correspondence and directions.

CHAIRMAN AND DIRECTOR PERFORMANCE ASSESSMENT

The Chairman's role is directed by his letter of appointment from the Minister. The Chairman's performance in executing these roles is assessed by the Minister using a common state-wide methodology in a process that is coordinated by the CMA Chair's Council.

The performance of HNCMA Directors are assessed by the Chairman using a similar common state-wide template. The Chairman uses the outcomes from this assessment to plan future director training and development needs, as well as other issues of director support.

ADVICE TO GOVERNMENT

As a statutory body under New South Wales legislation, the HNCMA has a responsibility to provide advice to its minister and to make submissions to legislative reviews and government enquiries.

During the year, the HNCMA provided comments on the revision of the Catchment Management Authorities Act, the Natural Resources Commission Act, and the Native Vegetation Act. It also made submission on the proposal to establish the Office of Hawkesbury-Nepean and provided a comprehensive submission into the review of drinking water quality arising from recommendations made by the McClelland Inquiry.

The HNCMA fully implemented the recommendations made to the Minister by the Stein Review and assisted other CMAs in their implementation.

CHIEF EXECUTIVE OFFICER PERFORMANCE ASSESSMENT

The HNCMA Chief Executive Officer position is graded at Senior Officer Grade 1.

This position is currently filled by Bernie Bugden on a temporary basis subject to the implementation of a formal recruitment process by the Department of Environment and Climate Change early in the new financial year. Mr Bugden was initially appointed to this position for a period of three years in April 2004 following an externally advertised and competitive recruitment process.

The HNCMA Board reviews the General Manager's performance annually by monitoring organisational and personal performance against the performance criteria in the approved HNCMA Business Plan. This plan defines staff and organisational performance targets using operational and financial performance criteria from the statutory Annual Implementation Plan and the HNCMA's approved budget.

CORPORATE GOVERNANCE

BOARD ACCESS TO MANAGEMENT AND MECHANISMS FOR OBTAINING AGENCY KNOWLEDGE

The HNCMA's strategic management is directed by the HNCMA Strategic and Corporate Plan. These plans, which were revised in 2009, align the organisation's operational priorities that are identified in the Hawkesbury-Nepean Catchment Action Plan, State Plan and core policy.

The HNCMA has developed a new Business Plan for 2009/110 based on a new format that has been developed by the Board. The Business Plan 2009/10 aligns the HNCMA resources with the delivery of strategic priorities from the Strategic Plan and determines the performance criteria that will underpin the personal work plans of the Executive and operational staff. The new Business Plan provides the Board with opportunities to assess corporate performance and governance by monitoring the implementation and the delivery of performance criteria that are aligned to high level compliance criteria.

Development of these new governance procedures has been informed by the

- Catchment Action Plan and Annual Implementation Plan
- HNCMA Investment Programs
- Draft Compliance Register and Ministerial directions related to the HNCMA the establishment of the Office of Hawkesbury-Nepean.

The Board has coordinated the development of these documents through developing HNCMA policy and related director participation on sub committees and working groups. The FACG and SPC have monitored the development of the HNCMA corporate and strategic plans and the related financial and administrative compliance issues.

In this context the directors have full and regular access to the HNCMA General

Manager, and his executive in a process that is facilitated by:

- Routine meetings between the Chairman and General Manager
- Attendance of the General Manager at all open sessions of the Board
- The active participation of Directors as sub committee convenors/ members involving executive staff.
- Routine telephone, e-mail and personal contact by the Chair with Directors and coordinated communication with the General Manager.

Full staff accountability to the Board is further supported by a range of formal and informal reporting processes that include:

- All Director communication with staff is coordinated through the General Manager
- Provision of General Managers reporting to each Board meeting
- Submission of formal sub committees and working group reports and recommendations to the Board.
- Direct feedback on community issues to the Board by director's following their participation in HNCMA community consultation meetings,
- FACG analysis and reporting on financial and operational audits undertaken by the NSW and Australian Governments and internal audit processes
- Internal audits and reviews of HNCMA activities initiated by the Board on the recommendation of the FACG
- Board inspection of HNCMA project works.

THE BOARD AND SUB COMMITTEES

THE BOARD

In 2008 the Minister for Environment and Climate Change extended the term of two Board directors until 24 April 2009 to ensure that the tenures of the existing Board members allowed a future staggered Board recruitment process every 18 months to ensure retention of corporate knowledge.

A public recruitment process was initiated in July 2008 to fill the pending casual vacancies that resulted from three directors completing their membership tenures in October 2008. The new members were appointed following consideration of their qualifications against the criteria listed in Section 8 (4) of the *Catchment Management Authorities Act (2003)*. The Minister appointed two members for three years terms until 24 October 2011 and one member for an 18 month term to support a mid term appointment process.

All directors are required to implement functions as defined by their Ministerial letter of Appointment, the *Catchment Management Authorities Act 2003* and by the Catchment Management Authority Corporate Governance Manual. All directors have completed the Certificate in Directors Essentials by the Australian Institute of Company Directors as a condition of appointment.

The directors carry out an independent role based on their identified skills, and are required by the Act and Board standing practice to formally disclose any actual or perceived conflicts of interest for recording in the Board minutes and/or to record any pecuniary interest in the HNCMA Pecuniary Interests Register prior to the commencement of each Board meeting. The manner in which these issues are addressed is also defined by the HNCMA's Corruption and Fraud Control Policy.

During 2008/09 the Board held 11 ordinary meetings at the HNCMA's Goulburn and Windsor offices. The Board members also participated in technical presentation days that discussed HNCMA projects or received presentations from the organisation's partners.

Board members terms and director remuneration are detailed in the following table.

HAWKESBURY-NEPEAN CATCHMENT MANAGEMENT AUTHORITY BOARD

NAME	POSITION	ANNUAL STIPEND	TENURE DETAILS
John Klem	Chairman	\$51,500	9 February 2011
Angus Gibson	Deputy Chairman/ Director	\$18,899	Term ended 24 October 2008 Reappointed to 24 April 2010 following open recruitment
Mary Howard	Director	\$18,899	Term ended 9 March 2009 Reappointed to 24 April 2010
Jenny Smith	Director	\$18,899	Retired from Board on 24 October 2008
Kenneth Wheelwright	Director	\$18,899	Retired from Board on 24 October 2008
Bob Wilson	Director	\$18,899	Term ended 5 March 2009 Reappointed to 24 April 2010
Kathy Ridge	Director	\$18,899	25 October 2008 to 24 October 2011 following open recruitment.
John Verhoeven	Director	\$18,899	25 October 2008 to 24 October 2011 following open recruitment.

Note: Directors are entitled to claim reimbursement of personal expenses in accord with Premier's Department policy. Directors receive superannuation entitlements that are consistent with public sector employees.

HAWKESBURY-NEPEAN CATCHMENT MANAGEMENT AUTHORITY BOARD ATTENDANCE

NAME	ACTUAL ATTENDANCE	POSSIBLE ATTENDANCE
John Klem	9	11
Angus Gibson	10	11
Mary Howard	10	11
Jenny Smith	3	4
Kenneth Wheelwright	4	4
Bob Wilson	10	11
Kathy Ridge	6	6
John Verhoeven	6	6

In 2008 the HNCMA Board participated in the audit processes of the State Audit Office and Natural Resources Commission to present information to demonstrate the Board's Governance functions.

CORPORATE GOVERNANCE

SUBCOMMITTEES

The HNCMA Board implements its statutory functions through director participation in various Board sub committees and working groups. This function is also supported by the role of the Board Chairman, John Klem's participation on the CMA Chairs Council (CCC).

The HNCMA has the following governance and advisory/consultation sub committees:

Governance Committee

- Finance Audit and Corporate Governance Committee (FACG)
- Strategic Planning Committee (SPC)

Advisory and Consultation Committees

- Local Government Advisory Committee (LGAG)
- Aboriginal Advisory Committee (AAC)

Operational aspects of the HNCMA are coordinated by various sub committees that report through the General Manager to the Board. These committees are:

- HNCMA Executive
- Occupational Health and Safety Committee.

GOVERNANCE SUBCOMMITTEES

The HNCMA has established several governance sub committees to ensure the Board has strategic oversight and monitoring all operational activities. The subcommittees also report and provide recommendations on administration, planning and project implementation issues are provided to the Board for review and determination. The governance committees have three (voting) Board members and are supported by appropriate senior staff. The community advisory and consultation committees have majority community membership with the Board Chairman and General Manager representing the HNCMA and facilitating discussion. The role of these committees is to provide community based advice on regional natural resource management issues and to coordinate the development of regional NRM projects.

Both the governance and community advisory and consultation committees exercise functions that are defined by committee Terms of Reference that are approved by the Board.

Finance, Audit and Corporate Governance (FACG)

Convenor: Director Ken Wheelwright to October 2008 and then Director Bob Wilson

Director Members: Bob Wilson and John Klem. Kathy Ridge was appointed following the retirement of Kenneth Wheelwright (All Board directors are ex-officio members).

Staff: Bernie Bugden (General Manager), Steve Nichols (Business Manager), Sharon Elliot and Peter Curtin (Business and Investment Officers).

The broad functions of the FACG are to oversight the HNCMA's:

- Financial management and reporting responsibilities
- Statutory compliance and internal governance functions
- Coordination of internal and external audit processes
- Risk management
- Complaints, Corruption Control and Freedom of Information
- Policy and Protocols development.

Details of the committee's activities and key recommendations are included in the FACG Report (See pages 84-87). The FACG also monitor the implementation of the Business Plan and internal governance policies.

Strategic Planning Committee (SPC)

Convenor: Director Jenny Smith to October 2008 then Director Angus Gibson.

Director membership: Angus Gibson, John Verhoeven, Mary Howard and John Klem

Staff: Bernie Bugden (General Manager), Kerry Brew (Program Manager - Program Development), Garry Hogan (Program Manager - Program Implementation), Steve Nichols, (Business Manager) and Di Shanks (Catchment Officer).

The SPC provides advice on the HNCMA's strategic natural resource management priority issues and the organisation's effectiveness in addressing them through on ground projects and programs.

See page 73 for a report on key activities for the SPC during the year.

SUBCOMMITTEES

HNCMA'S ADVISORY AND CONSULTIVE SUBCOMMITTEES

Hawkesbury-Nepean Local Government Advisory Group (LGAG)

Convenor: Cr David James (Pittwater Council), Deputy Chairs Cr Nina Dillon (Goulburn-Mulwarree Council) and Cr Howard McCullum (Blue Mountains Council). The LGAG membership is drawn from the catchment's 23 local government councils. The HNCMA is represented by the Board Chairman, John Klem, General Manager Bernie Bugden and Program Manager Kerry Brew.

The key objective of the LGAG is to promote coordinated regional local government participation in natural resource management (NRM) and to provide advice to the Board on policy issues related to local government NRM participation.

The LGAG structure and role was revised in 2008/09 to better align the committee with Board and HNCMA operations and reflect new priorities under the Australian Government's Caring for Our Country initiative. See page 76 for report on key activities for the LGAG during the year.

Aboriginal Advisory Group (AAC)

Membership: Merle Williams (Western Region), David Watts (Estuary Region), Jean South (Sydney Region, Alternate Member), Jack Johnson (Sydney Region), Dr Francis Bodkin (Southern Region), Peter Falk (Alternate member, Southern Region). Vacant (Alternate member, Western Region), Des Dyer (Northern Valleys Region). The position of Chair is on a rotational basis between the AAC members depending on which traditional country the committee meets. The Board Chairman, John Klem, Board Member, Kathy Ridge, John Lennis, Aboriginal Communities Catchment Officer, and Program Manager, Kerry Brew represent the HNCMA.

The AAC was established in response to local Indigenous community representations during the development of the Hawkesbury-Nepean Catchment Action Plan. The AAC seeks to promote improved Aboriginal participation in natural resource management programs and provides the Board with advice on policy matters related to the local Indigenous community.

The HNCMA will conduct an open recruitment process for new AAC members in 2009/10 following the completion of current membership terms. See page 77 for report on key activities for the AAC during the year.

HNCMA'S EXECUTIVE AND OPERATIONAL COMMITTEES

Executive and Operational subcommittees

HNCMA Executive Committee

Membership: Bernie Bugden (General Manager), Kerry Brew (Program Manager – Program Development), Garry Hogan (Program Manager - Program Implementation), Steve Nichols (Business Manager).

The role of the Executive is to provide advice to the Board on the operational aspects of HNCMA activities and to coordinate the organisation's internal business and operational functions in response to Board directions. Through the General Manager and Business Manager, this committee has linkages to the bi-monthly NSW CMA General Manager's Forum and the quarterly CMA Business Manager's Forum. Executive participation in these external network meetings (and their respective working groups) provides the HNCMA with opportunities to support the development of shared program and business support systems among all NSW CMAs and via shared corporate support with the Department of Environment and Climate Change and Service First.

In the coming year, the committee will be restructured to include all Catchment Coordinators to support the delivery of natural resource management projects through a landscape-based approach.

Occupational Health and Safety Committee

Convenor: Daniel Hartwell (Goulburn).

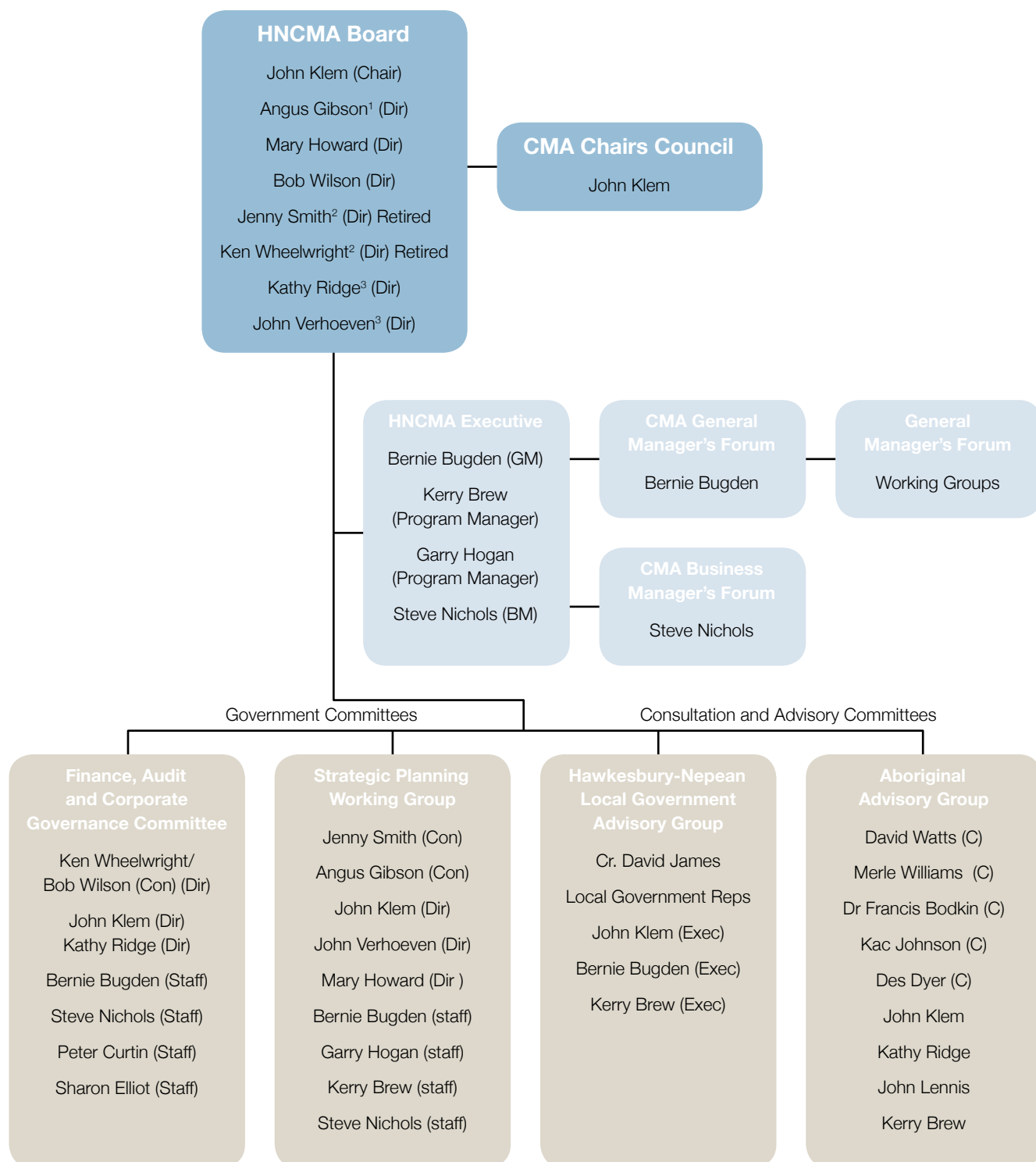
Membership: Daniel Hartwell, Convenor (Goulburn office), Gina McMahon (nee Luca), Michelle Borland (Goulburn), Geoff O'Connor (Moss Vale) Steve Nichols (Management representative).

The Occupational Health and Safety Committee was established in response to the *Occupational Health and Safety Act* and Regulation to consult with staff and provide advice to the General Manager and Board on work place health and safety issues. Through DECC the committee also liaises with other OHS committees that operate under the DECC staff and committee structure.

The current committee will complete its two year membership tenure in August 2009. A new committee will be appointed early in the 2009/10.

CORPORATE GOVERNANCE

HAWKESBURY-NEPEAN CATCHMENT MANAGEMENT AUTHORITY SUB COMMITTEE STRUCTURE AND MEMBERSHIP



¹ Reappointed to the Board 25 October 2008

² Retired from Board 24 October 2008

³ Appointed to the Board 25 October 2009

Chair = Board Chairman
 Con = Committee Convenor
 Dir = Board Director
 Staff= HNCMA Senior Staff
 C= Community Representatives

SUBCOMMITTEES

STRATEGIC PLANNING COMMITTEE HIGHLIGHTS

HIGHLIGHTS 2008/09

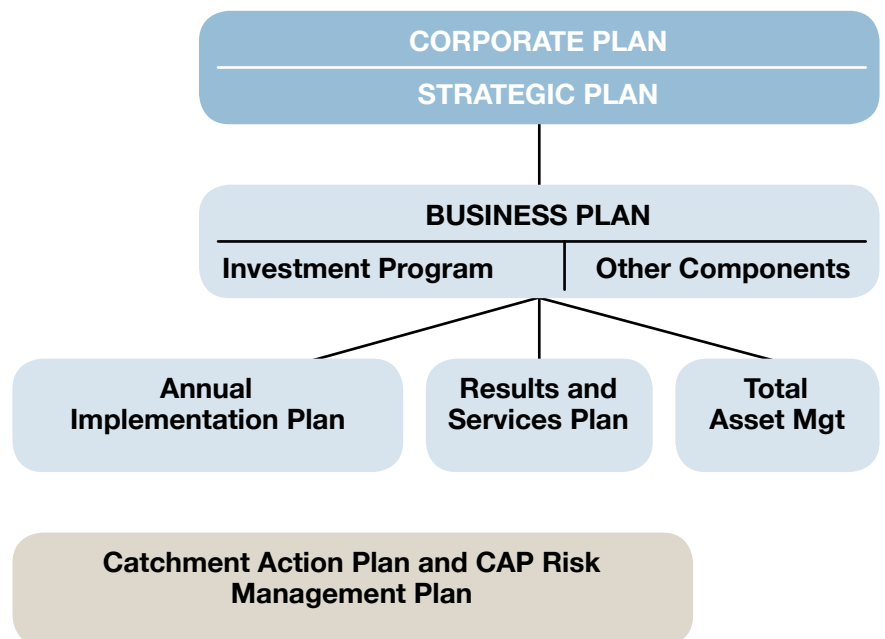
The position of Strategic Planning Committee (SPC) convenor passed to Deputy Chair and Director Angus Gibson in October 2009 following the retirement from the Board by the initial SPC convenor, Jenny Smith, who completed her term as a Board Director. The casual committee vacancy was filled by new Board Director, John Verhoeven, from January 2009. The Board Chair John Klem and Mary Howard remain on the Committee.

The SPC applies strategic planning principles to provide advice to the Board on the HNCMA's strategic natural resource management priority issues and the organisation's effectiveness in addressing them through on-ground programs and projects. This was expanded during the year to include providing advice on preparing the catchment for the predicted impacts of climate change through delivering mitigation and adaptation measures.

The work of the SPC was in two parts. For the much of the year, SPC:

- Continued its role of developing and reviewing HNCMA organisational management strategies, including the Communication Strategy, Collaboration and Community Engagement Strategy and Action Plan framework, Knowledge Strategy, Monitoring and Evaluation, and Risk Management Strategy;
- Coordinated preparation of the strategic documents and reports for the Natural Resources Commission's mid-term review of the HNCMA;
- Developed recommendations for the proposed mid-term review of the Hawkesbury-Nepean Catchment Action Plan.

In early 2009, SPC went into recess while SPC members facilitated the Board's development of a new Strategic Plan, an update of the Corporate Plan, and a new Business Plan template. All three documents are now more closely aligned within an integrated HNCMA Planning Framework which includes all other existing plans, as shown below.



CORPORATE GOVERNANCE

THE YEAR IN REVIEW

The Committee

The Committee membership changed due to the appointment of new directors and the completion of membership terms by others. These changes have resulted in the retirement of the initial SPC convenor, Jenny Smith, and the appointment of new director John Verhoeven to fill the casual vacancy. Mr Verhoeven brings his water and natural resource management experience, capacity building skills, and his knowledge of government administration to SPC. Deputy Chair and Director Angus Gibson took over the role SPC convenor. The Chair of the Board, John Klem, and Mary Howard remain on SPC, with other directors invited to attend meetings.

Over the past year SPC held five bi-monthly meetings, and went into recess after its April 2009 meeting while the full Board developed the HNCMA Planning Framework. The SPC provided reports and recommendations to the Board on the HNCMA's strategic natural resource management priority issues and the organisation's effectiveness in addressing them through on-ground programs and projects.

Following its approval of the Strategic Plan in June 2009, the Board has directed that SPC be reactivated in 2009/10.

Details of the meeting attendance by SPC members and staff are listed below.

SPC Attendance

NAME	POSSIBLE ATTENDANCE	ACTUAL ATTENDANCE	
Jenny Smith	2	2	Completed Board Term October 2008. SPC Convenor to October 2008
Angus Gibson	5	3	SPC Convenor from October 2008
John Klem	5	2	SPC Member
Mary Howard	5	5	SPC Member
John Verhoeven	2	2	Appointed to SPC January 2009
STAFF			
Bernie Bugden	5	4	
Kerry Brew	5	5	

HNCMA Planning Framework

SPC members facilitated the Board's development of a new Strategic Plan, an update of the Corporate Plan, and a new Business Plan template. All three documents are now more closely aligned within an integrated HNCMA Planning Framework which includes all other existing HNCMA plans.

The Board finalised and approved the Strategic Plan in June 2009. This Plan addresses the longer term direction of the HNCMA, identifying key issues the business operates under and needs to address in the future. The Strategic Plan, an internal working plan, updates the Corporate Plan.

The Strategic Plan is a practical tool which is useful to the organisation, is adaptable and responds to the latest environmental and institutional challenges. Two key areas that the Board has identified for increased focus by the organisation are:

- Preparing the catchment for the predicted impacts of climate change through delivering mitigation and adaption measures as well as improving the sustainability of the HNCMA itself by reducing its carbon footprint;
- Focusing on new business products/projects and broadening partnerships.

The Board has also identified a set of ambitious key performance targets for the organisation including growing investment in natural resource management in the catchment by 60% by 2012, particularly looking at non-traditional sources of investment such as the corporate sector.

More information on the future directions for the HNCMA arising from the Strategic Plan is contained in the chapter Strategic Way Forward on page 16.

The Board also developed a new Business Plan template which the Executive is populating for the 2009/10 Business Plan. The Board expects to determine the Business Plan at its August 2009 meeting.

HNCMA Organisational Management Strategies

SPC continued to develop and review HNCMA organisational management strategies, including:

- Communication Strategy (adopted by the HNCMA Board Meeting 28 in November 2006) reviewed by SPC June 2008, due for review in June 2009;
- Collaboration and Community Engagement Strategy and Action Plan framework (adopted by the HNCMA Board Meeting 40 in December 2007). Action Plan reviewed by SPC in November 2008 due for review in November 2009;
- Knowledge Strategy (adopted by the HNCMA Board Meeting 46 in July 2008), reviewed by SPC in July 2008. The Action Plan is currently under review;
- Monitoring and Evaluation (Draft). MERI Action Plans are in development and due for final review in December 2009;
- Risk Management Strategy (adopted by the HNCMA Board Meeting 46 in July 2008), reviewed by SPC in July 2008. Risk Management Action Plans are currently being finalised.

SPC provides a forum and schedule through the strategic planning calendar to ensure that all organisation strategies and action plans are reviewed annually. Regular review of the implementation of the HNCMA strategies is necessary to ensure that are used effectively to achieve continual improvement across all areas of the Natural Resources Commission Standard. They were of vital importance in demonstrating the HNCMA's systems in place for adaptive management during the Natural Resources Commission Audit.

Other Strategic Activities

SPC conducted other strategic activities including:

- Coordinated preparation of the strategic documents and reports for the Natural Resources Commission's mid-term review of the HNCMA;
- Developed recommendations for the proposed mid-term review of the Hawkesbury-Nepean Catchment Action Plan;
- Refined the HNCMA Issues Filter and extended use of the filter process across risk management processes;
- Continued review of CAP targets and improvement to reporting formats including regular quarterly CAP target reporting;
- Developed a simple Scenario Planning Tool.

FUTURE ACTIVITIES

The SPC will coordinate the implementation of the HNCMA Strategic Plan, including monitoring the effectiveness of its delivery, developing and implementing a Climate Change Risk Mitigation and Adaptation Plan, and monitoring the delivery of the Business Plan. Where the objectives of the Strategic and Business Plans do not appear to be able to be met, or a change in thresholds in the resilient landscapes concept is detected, SPC will explore new priorities and make recommendations to the Board on changes to the Strategic, Business and Investment Plans.

Strategic actions for 2009/10 include:

- Identify and obtain the resources our catchment needs. This will include preparing the HNCMA to deliver \$14.8M of high quality environmental outcomes in 2009/10, and initiating a 60% increase in growth over the next 3 years from the 2008/09 baseline;
- Better understand the risks to catchment condition and investment and have strategies in place for adaptive management;

- Respond to the challenge of preparing our catchment for the predicted impacts of climate change by implementing mitigation measures and leading adaptation measures. This will include developing and funding new a product with existing partners, developing and funding new a product with new partners, and achieving 30% increase in the number of staff working in office space with a 4 green star rating by June 2010;
- Effectively and efficiently implement our Catchment Action Plan that reflects the best available science, and the interests of and is supported by all stakeholders;
- Foster greater ownership and understanding of the catchment through partnerships and support of knowledge and skills to undertake effective natural resource action;
- Achieve investor obligations through the quality, quantity and financial management of projects;
- Ensure our business management planning supports the achievement of our NRM outcomes, and that the resilient landscapes concept is embedded in management decision and monitoring processes.

CORPORATE GOVERNANCE

LOCAL GOVERNMENT ADVISORY GROUP HIGHLIGHTS

INDEPENDENT ADVICE REGARDING HNCMA'S RELATIONSHIP WITH LOCAL GOVERNMENT

In 2008/9 the HNCMA Local Government Advisory Group (LGAG) was reviewed and renewed. Elton Consulting were engaged to undertake an independent review of the HNCMA's relationship and working arrangements with local government. The review included one-on-one interviews with a selection of stakeholders and a focus group discussion. The options for the partnership identified through the review were presented and discussed at a stakeholder workshop on 19 November 2008.

The review found that:

- Local Government remains committed to the concept of LGAG and are keen to see a formal partnership process with the HNCMA continue
- Difficulties remain in gaining the attention and support of the broader Council not directly involved in LGAG or associated projects
- 'Catalyst', 'specialist adviser' and 'networker' capture the priority functions of the partnership in future.

LGAG MEETINGS AND LOCAL GOVERNMENT FORUM

Three LGAG meetings and a Forum were held during the year. The meeting of 16 April 2009 renewed the partnership and endorsed a revised Terms of Reference. A new Chair and Deputy Chairpersons were elected until September 2012. Chair: Cllr David James, Mayor Pittwater council, Deputy Chairpersons: Cllr Nina Dillon, Goulburn Mulwaree Council and Cllr Howard McCullum, Blue Mountains City Council.

The outstanding contribution of Robert Bell, the outgoing Chair who had occupied the position since LGAG's inception in 2002, was acknowledged.

A successful Local Government Forum was held on 16 October 2008 on the integration of natural resource management, the Catchment Action Plan and local planning. This was attended by more than 40 people.

REVIEW OF HNCMA'S LOCAL GOVERNMENT PARTNERSHIP PROJECTS

The Local Government and Shires Association was engaged to undertake a Review of the Local Partnership Projects which the HNCMA has funded since 2004. This review will identify the range of outcomes that have been achieved through these projects which have invested over \$3.2 million dollars in local government partnership projects. The LGSA will provide the final report in July 2009.

FUNDING FOR COASTAL AND ESTUARINE COUNCILS

During the year, the HNCMA invested \$250,000 on coastal, marine and/or estuarine management projects with local government.

LOOKING AHEAD

The objectives of the LGAG Annual Activity Plan for 2009/10 are to:

- Develop an integrated model for State of the Environment and State of the Catchment Reporting
- Work with the new Office of the Hawkesbury Nepean (OHN) to identify how the HNCMA, local government and OHN can most effectively work together
- Identify and pursue joint funding partnerships between the HNCMA and local government.

SUBCOMMITTEES

ABORIGINAL ADVISORY COMMITTEE HIGHLIGHTS

NEW MEMBERS

Nominations were sought for new members in September and November 2008 to fill vacant positions. Mr Mark Johnson and Mr Des Dyer were appointed to the Aboriginal Advisory Committee (AAC) by the Board in December 2008. The following appointments were made by the Board in December 2008.

MEETINGS

Six Aboriginal community network meetings and five AAC meetings were held in a variety of locations across the catchment. The community meetings continued to offer an opportunity for presentations on a variety of natural resource management topics and, especially, for those involved in Aboriginal community projects funded through the HNCMA to report back.

SCHOLARSHIP

An agreement was signed with the University of Western Sydney to establish a three-year scholarship as a partnership between the AAC, HNCMA and UWS to assist an Aboriginal student undertaking a 3 year undergraduate course. The scholarship will be awarded to a student commencing in 2010.

WOMEN'S CONFERENCE

The HNCMA sponsored six Aboriginal women to attend the Women's Conference in Port Stephens in May 2009. This state-wide conference was organised by the Commonwealth Indigenous Facilitator. The AAC recommended to the Board that a regional Women's conference be held in 2009/10 in the Hawkesbury-Nepean catchment and the Board endorsed this recommendation.

ABORIGINAL KNOWLEDGE AND CULTURAL VALUES IN NRM

This project, undertaken by DECC, did not proceed in the Hawkesbury-Nepean primarily due to difficulty in recruiting a project officer. The AAC is continuing to pursue funding to support a future project to identify protocols for engagement in relation to cultural knowledge and values.

LOOKING AHEAD

In 2009/10 the membership of the AAC will be advertised and a new committee will be appointed by the HNCMA for a three-year term.

The development of a strategic work plan will be a priority for the AAC in 2009/10. The development of this will begin with a Community Forum to be held on 1 October 2009.

The AAC looks forward to hosting the first Hawkesbury-Nepean Regional Women's Conference in 2010.

CORPORATE GOVERNANCE

HNCMA REPRESENTATION ON SIGNIFICANT COMMITTEES

The HNCMA participates in various government and regional committees that provide advice to government and support the HNCMA's participation in whole of government processes. Details of these committees are detailed below:

HNCMA REPRESENTATION ON EXTERNAL COMMITTEES, BOARDS AND STATUTORY BODIES

NAME OF COMMITTEE/ BOARD OR BODY	FUNCTION	HNCMA REPRESENTATIVES
External Committees, Boards and Statutory Bodies that help integrate the outcomes and activities of the NSW and Australian Governments and their agencies on which the HNCMA is represented.		
National Regional NRM Community Forum	Provision of nationally coordinated NRM advice to the NRAM Ministerial Council	John Klem
National Regional NRM CEOs	Provision on advice to government on the development of Caring For Our Country administrative and reporting processes.	Bernie Bugden
Advisory Board of Office of Hawkesbury-Nepean	To provide overall planning and implementation of management strategies in relation to the health of the Hawkesbury-Nepean River system	Bernie Bugden
Western Sydney CEO's (Premiers Department)	Promote whole of government participation in DPC programs	Bernie Bugden
NSW CMAs State Property Authority (1. Natural Resources Asset Steering Committee and 2. Natural Resources Asset management and Cluster Planning Committee)	Progress real property asset issues from creation of DECC and DWE. Coordinate better asset planning and sharing across portfolios	Bernie Bugden representing NSW CMAs
Department of Environment and Climate Change Occupational Health and Safety Governance Committee	Develop coordinated OHS policy and procedures across DECC and the NSW CMAs	John Klem and Bernie Bugden
Committees Established to Advise the Minister and/or Department (These bodies support policy development and whole of government operational coordination).		
CMA Chairs Council	Planning and policy coordination of CMA activities and advice provision to government	John Klem
CMA General Managers Forum	Implementation of coordinated CMA NRM projects and business activities	Bernie Bugden
Shoalhaven Transfers Community Reference Group	Provision of advice to the Minister For Water on the inter basin transfer of bulk water from the Shoalhaven River	Bob Wilson
CMA Chairs Council/ General Manager Water Working Group	Provision of advice to the Minister on Water Management	Bernie Bugden
Committees and Working Groups With The Host Agency and/ Or Corporate Service Provider		
Business Manager's Forum	To coordinate the delivery of Service Level Agreement services by DECC and Service First	Steve Nichols



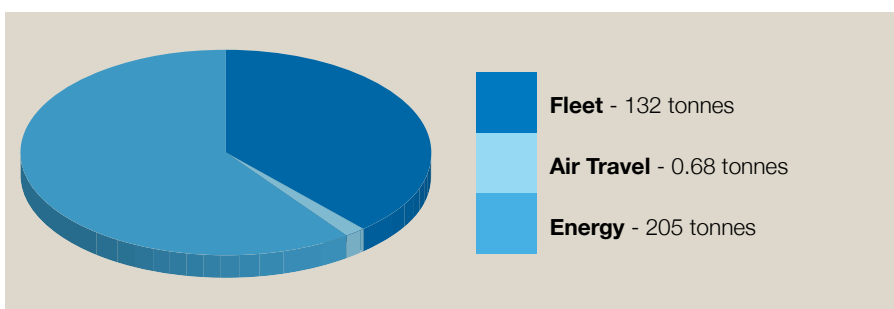
HNCMA SUSTAINABILITY



The HNCMA continued to monitor and review its operations during 2008/09 with a view, where ever possible, to minimise its environmental impact and overall energy consumption within the organisation.

During 2008/09, the HNCMA's total carbon footprint was 337.69 tonnes. This was a 3% decrease from the previous year mainly due to a reduction in fleet use. This has off-set the continued growth in electricity use resulting from growth in business activity. The carbon level compares with 349.5 tonnes in 2007/08 and 307.6 tonnes in 2006/07.

HNCMA CARBON FOOTPRINT



The HNCMA's carbon analysis has been conducted using the Australian Government's "National Greenhouse Accounts Factors 2008"

FLEET MANAGEMENT

During the year the HNCMA continued to work with Service First and State Fleet to implement its Fleet Improvement Plan to ensure that all new HNCMA vehicles demonstrated improved fuel efficiencies, complied with other environmental policy and met safety standards. The HNCMA also has increased its use of technologies such as conferencing to reduce its vehicle use.

The HNCMA's fleet is leased from State Fleet, and due to the organisation's field operations consists of a mix of small four cylinder sedans, four wheel drive utilities and larger trucks and field vehicles. The mix of vehicles balances the organisation's business needs with complying with the NSW Government's environmental and safety standards. The fleet is planned against approved funding for the next three years and the need to support planned natural resource management project implementations.

The HNCMA also uses diesel powered four wheel drive vehicles to minimise the fire risk that would be caused from the catalytic converters on unleaded petrol and LPG powered vehicles operating under dry paddock conditions in peak fires seasons.

FLEET MANAGEMENT

FLEET MAKEUP	2006/07	2007/08	2008/09
Large Commercial Vehicles	3	3	3
Small Four Cylinder Cars	12	13	11
4 WD Utilities and Stations Sedans	14	15	12
	26	28	26

The fuel usage data reflects the HNCMA's changing work demands and the changing composition of its vehicle fleet. The HNCMA fleet complies with the government's green fleet rating of 10.5.

HNCMA GREEN FLEET RATING		
06/07	07/08	08/09
10.4	10.5	10.5

Details of fleet fuel usage is shown in the following table.

HNCMA FUEL USAGE (LITRES)			
	2006/07	2007/08	2008/09
Diesel	29,137	29,899	28,080
ULP Petrol	25,794	23,335	14,886
E 10 ULP	45	1249	5,117
LPG	2,868	2,818	855
Totals	57,844	57,301	48,938
CARBON	154 tonnes	153 tonnes	132 tonnes

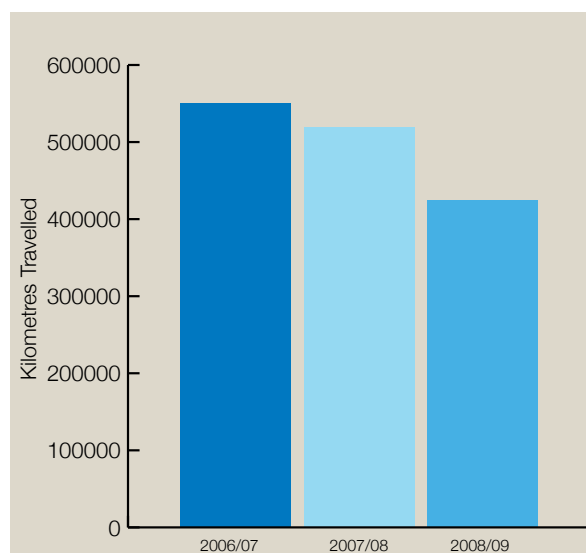
Sourced From State Fleet Records

2006/07 figures are an estimate based on only six months data

Fleet travel results from HNCMA directors and staff travelling to provide frontline services and support to community, local government and agency partners implementing on-ground natural resource management and fulfilling other statutory requirements.

The travel demands on the fleet peaked in 2006/07 due to works related to establishing the organisation and new services. Since then, fleet use has continued to fall as the HNCMA's community partnerships and support networks have matured. The fleet size has also fallen in response to these changes and will be further reviewed as current leases expire.

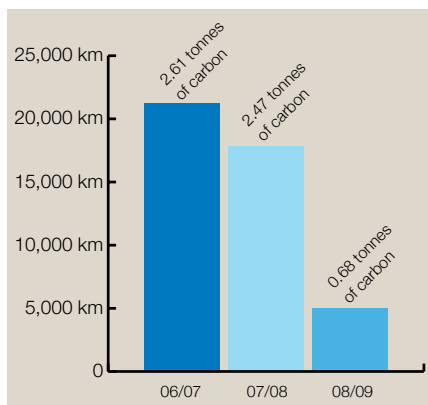
FLEET TRAVEL



HNCMA SUSTAINABILITY

AIRLINE TRAVEL

The HNCMA uses air travel to support Director and staff participation in meetings related to its statutory function and to attend to NRM conferences and events. Air travel is booked in accordance with existing government contracts.



OFFICE ENERGY USAGE

The HNCMA leases all its office premises through the State Planning Authority and reviews these arrangements as the leases expire. The HNCMA receives energy bills (with the exception of the Windsor office) based on the collective energy use of all building tenants and the HNCMA is charged pro-rata based on rented floor space. As such this accounting system does accurately reflect energy efficiency measures introduced by the HNCMA.

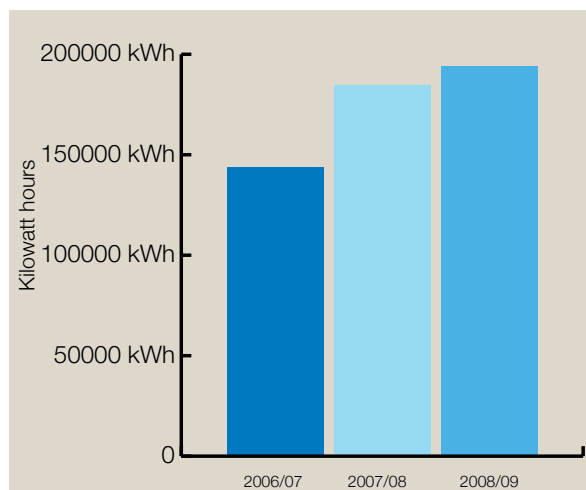
During the year the HNCMA continued to monitor overall energy consumption in its offices and worked to implement improved efficiencies where ever possible. These initiatives have included:

- Contracts to purchase 6% Green Power for the Windsor Office (the only site where the HNCMA is in control of energy purchases).
- Consultation with the State Property Authority on options for new leases in buildings that comply with the Government's policy objective for 4.5 star energy rating by 2011.

Over the past three years the HNCMA's energy consumption has grown, primarily as a result of expanding operations.

In 2009/10 the HNCMA proposes to close the Windsor office and relocate all staff to a smaller tenancy in the more energy efficient Penrith Government Office Building, and consult with SPA on other regional accommodation opportunities as existing leases expire.

ENERGY CONSUMPTION



WASTE MANAGEMENT AND PURCHASING (WRAP POLICY)

The HNCMA continued its support for the NSW's Government's Waste Reduction and Purchasing Policy in 2008/09 through a number of initiatives that include:

- implementation of the Objective ® Enterprise Contract Management software in 2008/09 in participation with the Service First (Department of Commerce) and other NSW CMAs. This system provides the opportunity for increased electronic records and potential for reduced printer use.
- Staff training in procurement procedures including the purchase of recycled goods
- Implementation of business practices that aim to facilitate staff and board participation in waste reduction, reuse and recycling programs
- the use of recycled photocopy paper throughout the CMA
- the introduction of multi-function copiers/fax/printers across the organisation that offer double-sided printing and support the scanning and generation of electronic documents for network storage as an alternative to hard copy files
- improved recycling arrangements at all offices resulting in increased paper and other items for recycling collection
- recycling of used toner cartridges to suppliers
- use of recycled green waste in land rehabilitation

FINANCIAL REPORTING 2008/09



FINANCE, AUDIT AND CORPORATE GOVERNANCE COMMITTEE REPORT

FINANCE, AUDIT AND CORPORATE GOVERNANCE COMMITTEE REPORT

Highlights 2008/09

The HNCMA's Finance, Audit and Corporate Governance (FACG) Committee monitors the organisation's financial and corporate governance performance and statutory compliance to ensure the HNCMA's long term financial viability. The committee met 11 times in 2008/09.

In the past year the HNCMA demonstrated strong financial and operational performance and compliance with Treasury targets in the NSW State Budget. These outcomes were delivered under challenging economic conditions and in an environment where some partners of the HNCMA remain adversely impacted by continuing drought conditions and declining rural market expectations.

During the year, the FACG examined the long term financial outlook of the HNCMA and believes that there needs to be an increase in the levels of long term NRM investment to ensure the catchment and river health in one of the State's most vital catchments be maintained and enhanced. The Board has endorsed FACG recommendations and after the HNCMA will initiate a new strategic and business planning process in the coming year to address these challenges.

The 2008/09 financial year also marked the end of the Australian Government's Natural Heritage Trust investment program, and its replacement by the new Caring for Our Country Program. There has been considerable work undertaken in the HNCMA to ensure that all commitments under the former program were completed and that there is sufficient cash flow and liquidity in the business to be able to commence the new investment program. The FACG worked with the HNCMA Executive to oversight the liquidity position and ensure a smooth transition to the new program.

In February 2009, the Natural Resources Commission (NRC) released its audit report reviewing the HNCMA's compliance with the Standard for Quality Natural Resource Management. In general, the NRC found that the HNCMA was effective in implementing the standard and that this outcome was supported by the strength of our business systems and reporting (see page 23).

Other key highlights for the FACG during the year included:

- commenced a review of existing policy and protocols and development of new protocols where needed
- worked with the State Audit Office and DECC to finalise the HNCMA's 2007/08 annual accounts and the completion and submission of the HNCMA's Annual Report to the Minister
- Received a silver award in the Australasian Annual Reporting Awards for the 2007/08 HNCMA annual report. This award improves on the HNCMA's bronze award in the 2008
- Reviewed statutory compliance obligations during the year and to the best of the FACG's knowledge, the HNCMA complied with them all.

THE YEAR IN REVIEW

The Committee

The position of FACG convenor passed to Director Bob Wilson in October 2009 following the retirement from the Board by the initial convenor, Kenneth Wheelwright. The casual committee vacancy was filled by new Board Director, Kathy Ridge, from March 2009. Ms Ridge brings her commercial management and government policy skills and legal experience to the FACG. The Board Chair John Klem remains on the Committee.

In 2008/09, the FACG held 11 monthly meetings (no meeting was held in January over the holiday period). The monthly FACG reports to the Board, provides reports and recommendations to the Board to assist adaptive management of financial, corporate governance performance and statutory compliance issues.

Details of the meeting attendance by FACG members and staff are listed below.

NAME	POSSIBLE ATTENDANCE	ACTUAL ATTENDANCE*	
Kenneth Wheelwright	4	4	Completed Board Term October 2008. FACG Convenor to October 2008
Bob Wilson	10	9	FACG Convenor from October 2008
John Klem	11	10	FACG member
Kathy Ridge	3	3	Appointed To FACG March 2009
Angus Gibson	1	1	Board Member,
Mary Howard	4	4	Board Member
John Verhoeven	1	1	Board Member
Bernie Bugden	6	6	
Steve Nichols	11	10	
Peter Curtin	8	7	
Sharon Elliot	11	10	
Garry Hogan		1	
Rob Adam	4	4	
Neville Pavan	1	1	Acting Business Manager July 2009
Aaron Smith	1	1	

* An additional unprogrammed meeting was held to examine financial planning.

HNCMA Financial and Non Financial Strategies

Current natural resource management (NRM) investor priorities do not fully address the range of catchment priorities that are identified in the HNCMA's Catchment Action Plan (CAP). The NRM priorities in the CAP were developed following community consultation and scientific investigation and have been subsequently approved by Government. The HNCMA's current three year cash flow projections also indicated a potential decline in funds in the catchment from traditional NRM investors. If this were to occur, the momentum of previous investment in natural resources and the awareness of the community would slow to the detriment of the environmental health of the catchment, including Sydney's main source of drinking water. Additionally, staff security would suffer and the skills in natural resources management developed by staff, contractors, and partners would be dissipated.

To address these issues, the FACG negotiated that the Board and the Executive to develop a new strategic and business planning process to achieve the aims of the Catchment Action Plan and address the forecast funding shortfalls. These plans commit the HNCMA to seeking additional grant and investment funds from government and other investors, to ensure that the HNCMA can support increasing levels of on-ground project activity in the long term. A new Strategic Plan has been approved by the Board, and it is expected that the new Business Plan will be determined by the Board at its August 2009 meeting.

The new Business Plan will more effectively align the HNCMA's operational activity with the State Plan and other core policies.

The HNCMA's short term funding profile appears satisfactory.

Business and Performance Reporting

The FACG worked to strengthen the HNCMA's financial and non financial reporting systems during the year to ensure Board and Executive decisions are based on the most accurate and appropriate information and that internal controls are placed at the correct levels. These enhancements to reporting used the existing SAP, Land Management Data Base, and the Catchment Information Management System (CIMS) to improve reporting of HNCMA performance against State Plan and other government policy targets. These robust systems which provide timely management information ensured the HNCMA was able to achieve recurrent budget and on-ground investment targets and maintain the organisation's liquidity.

FACG convenor Bob Wilson briefed the Border Rivers Gwydir CMA Board on HNCMA SAP account structures and financial management reports. This was part of a process to share expertise with other NSW CMAs to support them in developing improved management systems in response to outcomes from Stein Inquiry into CMAs.

In early 2009, the NSW Government established the Office of Hawkesbury-Nepean (OHN) to provide more effective whole of government coordination of natural resource regulation and management as well as for the implementation of the Hawkesbury River Recovery Plan, to which the HNCMA will be a major contributor. These objectives are supported in the new Business Plan. The HNCMA is a major partner of the OHN, with key operational and financial targets being included in the Business Plan.

Improvements in the financial reporting systems will allow the FACG and the Board to regularly monitor both the new Business Plan and performance against State Plan targets, and also to assess the organisation's effectiveness as an OHN partner in the River Recovery Plan.

The FACG worked with management to ensure that recreational leave balances were at an acceptable level. This is seen as an essential internal control that improves efficiency and guards against the opportunity for fraudulent behaviour. Subsequent to this, the NSW Government implemented a new industrial award that requires all public sector staff to reduce their recreation leave balances below 40 days from the first day of the first 2010 school term.

Debtor management again was a major focus of the FACG this year. Debtor levels are at a satisfactory level and action has been taken successfully since the end of the financial year to further reduce outstanding debtors.

Corporate Governance and Statutory Compliance

The HNCMA implemented the new Objective records management system across the organisation to promote full compliance with the *State Records Management Act*.

An audit of the HNCMA by the Natural Resources Commission (NRC) reviewed compliance with the Standard for Quality Natural Resource Management. In general, the NRC found that the HNCMA was effective in implementing the standard and that this outcome was supported by the strength of our business systems and reporting. The Board approved the responses by management to the recommendations arising from this audit, and these will be addressed in the new Business Plan.

In the past year the FACG has initiated a review of current CMA operations, policy and statutory compliance. This process involved developing:

- New Compliance Register to replace the existing Compliance Schedule
- Review of existing policy protocols
- Development of new Protocols to manage risk in identified areas.

Some of the new protocols are:

- Bad Debts Management
- Board and Committee Minutes
- Procedures For Determining Hawkesbury-Nepean Catchment Management Authority Project Funding Submissions And Support For External Projects.

FACG COMMITTEE REPORT

Natural disasters also pose a significant risk to HNCMA project investment including fires, floods, drought and other natural events. In response to this risk, the FACG has initiated the development of a new Protocol to protect, and sometimes restore environmental assets that have been established and/or enhanced with HNCMA funding. This protocol aims to identify potential management strategies to protect the HNCMA's investment in fencing, native vegetation plantings, soil and water management works, and river improvement programs that could be damaged by unforeseen events.

The NSW Parliament has recently introduced a discussion paper for new Freedom of Information legislation. The paper promotes freer access to non confidential public information. In the spirit of this Government initiative, the FACG has directed that a new protocol be developed that ensures that the HNCMA's business practices and communications strategies support easy community access to non-confidential documents through strategies that include the HNCMA library, the HNCMA web site and information publications and displays.

The FACG has continued to review its Accounting Manual and a provisional manual has been approved by the Board. Further work will be executed on the manual in conjunction with other CMAs and the Department of Environment and Climate Change.

Internal Audit Plan

FACG recommendations for an internal audit plan for 2009/10 have been approved by the Board. This review will assess the effectiveness of the HNCMA's on-ground projects in delivering the priority outcomes as defined in the HNCMA's approved Catchment Action Plan. It is proposed that the review will be undertaken by an accredited auditor with appropriate natural resource management experience to provide advice that will allow the HNCMA to more effectively and efficiently align its project activities with the State Plan, the Catchment Action Plan, and other policy priorities.

Occupational Health and Safety

Only minor injuries occurred during the year and all were reported to the Board with appropriate explanations. (see Human Resource section and OHS report for more information).

The Board understands its statutory responsibility under OHS legislation for staff, visitors and contractors under its control.

Board issues relate to the work place safety of Board directors, and for functions and inspections that are hosted by the Board outside those operational issues that are directed by the General Manager.

Determination of policy on this matter is under consideration to ensure a consistent state-wide approach is applied to CMA Board safety.

Future Activities

In addition to continuing the work outlined above, the FACG intends to review all previous audits of the HNCMA to ensure that full compliance has been implemented, or that satisfactory alternate strategies have been put in place.

With the advent of the new business planning process, there has been a re-evaluation of the risks to the business. The FACG will assess, prioritise and where necessary audit those risks as part of its program in the coming year.

The requirements of the new investor priorities by the NSW and Australian Governments have necessitated some structural adjustment to the organisation's staffing. Concomitant with the structural adjustment will be a review of delegations of authority. This will occur early in the new financial year.

FINANCIAL REPORTING 2008/09

FINANCIALS ANALYSIS 2008/09

ACHIEVING OUR BUDGETARY GOALS

The Hawkesbury-Nepean Catchment Management Authority has a Net Cost of Services (NCOS) target set by Treasury, through consultation with Department of Environment and Climate Change and the 13 NSW CMAs, and published in the NSW Budget Papers.

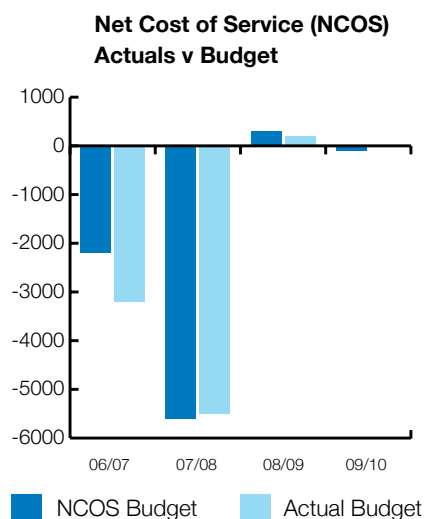
The NCOS is the Surplus or Deficit (profit or loss) the agency achieves for the financial year.

The 2008/09 NCOS target for the HNCMA was a \$285,000 surplus. The HNCMA achieved a surplus of \$195,000 – within 1% of revenue and expenditure targets.

The difference in actuals and budget was due to after financial year reconciliations for human resources and depreciation corrections outside of the HNCMA's control totalling \$87,000.

The graph below demonstrates the HNCMA's continual improvement of reporting for projects and finances which enables the HNCMA to achieve its NCOS targets.

For the 2009/10 financial year, the HNCMA is forecasting a small deficit which will represent depreciation and rental costs for the new Penrith Office following the relocation of the Windsor Office which will occur in the first half of the year.



OUR BUDGET

The HNCMA receives revenue and undertakes expenditure in three differing categories. These categories are:

- Category 1 – recurrent funding from NSW State Government
- Category 2 – CFOC, NHT funding from the Commonwealth and NSW Catchment Action funding
- Category 3 – additional third party funding

Category 3 funding has been received from the following sources for 2008/09:

- Dept Lands Section 10
- Sydney Catchment Authority
- CFOC Contestable projects
- NLP
- Northern Rivers CMA
- Landholder contributions
- Bank interest

2008/09 BUDGET

	REVENUE	EXPENDITURE	NCOS
Category 1	3,226	3,262	-36
Category 2	6,228	5,907	321
Category 3	2,681	2,681	0
Total	12,135	11,849	285

2009/10 BUDGET

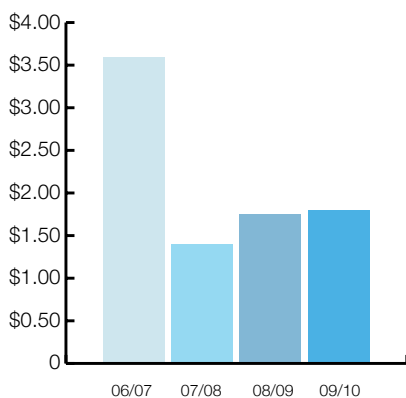
	REVENUE	EXPENDITURE	NCOS
Category 1	3,237	3,273	-36
Category 2	4,878	4,878	0
Category 3	7,350	7,500	-150
Total	15,465	15,651	-186

EFFECTIVE SOLVENCY

The HNCMA's Executive presents a solvency report monthly to Finance Audit and Corporate Governance Committee meetings to ensure the HNCMA's liquidity is sustained.

Our current ratio at 30 June 2009 shows there was \$1.71 in current assets to meet every \$1.00 of current liabilities. This is at a more acceptable level than previous years and should stabilise in future years due to stable, low, NCOS targets.

Solvency Ratios



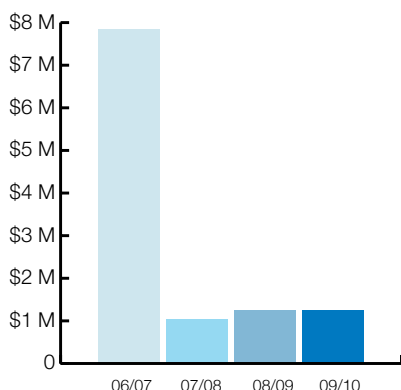
BANK BALANCE

The HNCMA aims to ensure solvency requirements are met and therefore liquidity maintained at all times. Due to the completion of the Australian Government's Natural Heritage Trust II in 2008/09, the HNCMA was required, and achieved, the expenditure of all project funds.

As a result, the bank balance at 30 June was low, with the balance made up of:

- Unspent original set up costs and provisions
- Accumulated Interest from 2004 – 2006

Bank Balances



TIMELY PAYMENT OF CREDITORS

While the HNCMA is responsible for data entry of Purchase Orders and Invoices, Service First is responsible for the actual payment of these creditors. The HNCMA has set a target of 90% of clients to be paid on time. The actual % is in the following table:

CREDITORS

QUARTER	TARGET %	ACTUAL %
September	90%	88%
December	90%	92%
March	90%	84%
June	90%	91%

RECEIPTS FROM DEBTORS

The HNCMA has monitored debtors closely during the year. A provision for doubtful debtors was made last financial year and unfortunately the HNCMA has had no other option but to write off some debts, these have totalled \$42k. These bad debtors have been entered into a Bad Debt Register but the HNCMA are still taking steps to recover these monies.

The following table lists the remaining aged debtors:

DEBTORS

	TOTAL \$000	PAST DUE BUT NOT IMPAIRED	CONSIDERED IMPAIRED
<90 days	12	12	-
90 – 180 days	-	-	-
180+ days	15	-	15

THE FINANCIAL YEAR AHEAD

Between January 2004 and June 2009, the HNCMA has received the following funding

- Natural Heritage Trust (NHT) - \$27.58m
- National Landcare Program (NLP) - \$2.37m
- State Salinity Fund (SSF) - \$1.2m

The 2008/09 financial year saw the introduction of the new funding program Caring for Our Country (CFOC). The HNCMA received a baseline allocation of funding \$2.917m and was successful with additional bids for "contestable" funding valued at \$0.426m. For the 2009/10 year ahead, the baseline allocation is \$2.917m and the contestable funding is \$0.112m.

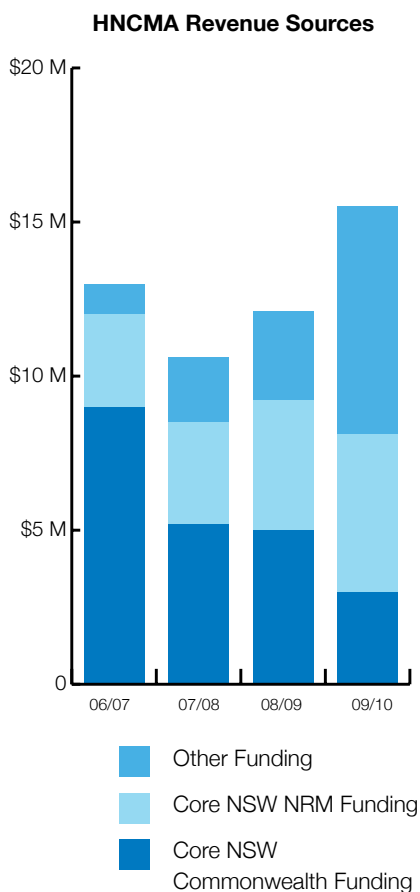
FINANCIAL REPORTING 2008/09

REVENUE

The HNCMA receives revenue from both the NSW and Australian Government's as well as other sources such as Sydney Catchment Authority, Department of Lands, and Department of Environment and Climate Change.

The funding received from the NSW Government has increased in 2009/10 from \$1.302m to \$1.961m.

The graph below outlines the revenue received by the HNCMA over the past years and the year ahead:



EXPENDITURE

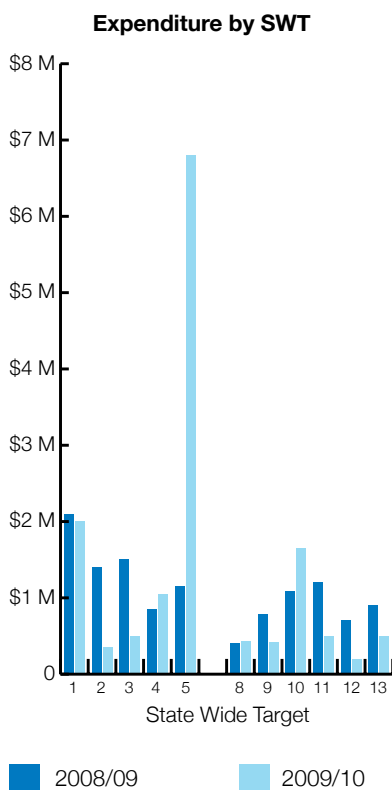
In 2008/09 the HNCMA expended funds across four main program areas. These are:

- River Health
- Biodiversity
- Soil & Land
- Community

Specific projects funded included:

- River Restoration
- Wetlands
- Estuary
- Bushland conservation
- Weeds
- Catchment Protection Scheme
- Landcare
- Indigenous
- Local Government

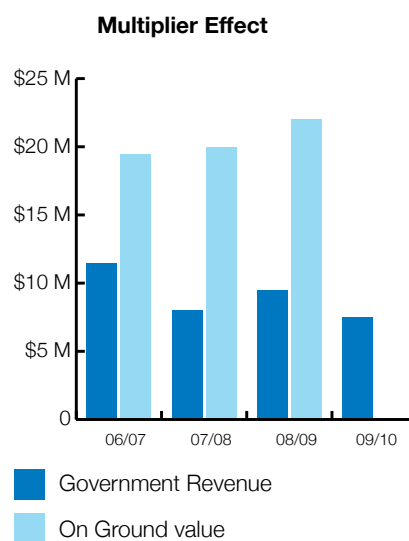
The funds were expended in the following amounts as per State Target. The proposed expenditure for 2009/10 is also shown:



MULTIPLIER EFFECT

For every dollar of government revenue received, the HNCMA is able to multiply the investment in onground projects by attracting cash and in-kind contributions from partners such as landholders, government agencies, community groups and non-government organisations.

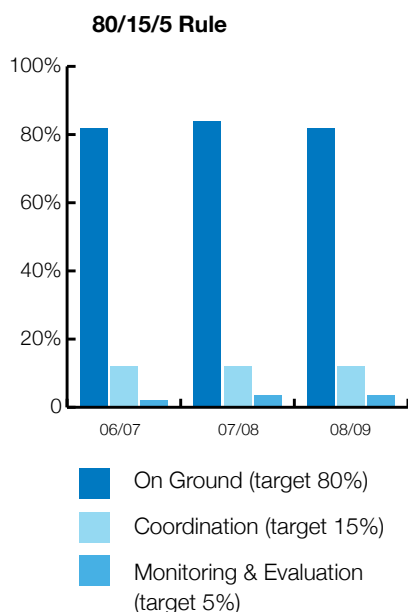
The graph below shows this multiplier effect.



FINANCIAL ANALYSIS

INVESTING 80% ON THE GROUND

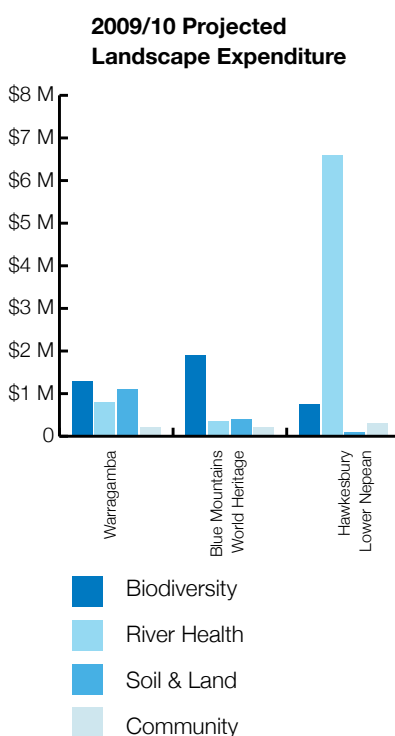
The HNCMA strictly follows the 80/15/5 funding rule established by the Australian and NSW Governments. This means that a minimum of 80% of funds are spent directly in “onground projects”, a maximum of 15% spent on “coordination” and a maximum of 5% on “monitoring and evaluation”. The following table shows the achievements of this target over the past three years.



PLANNED EXPENDITURE 2009/10

With the HNCMA's move to delivering projects through a landscape model in 2009/10, the following funding will be delivered through the three landscapes:

- Warragamba
- Blue Mountains Western
- Hawkesbury Lower Nepean



The high investment in river health in the Hawkesbury Lower Nepean will occur because of the high priority given to this investment by the Australian and New South Wales Governments.

RISK MANAGEMENT AND INSURANCE

The HNCMA's insurance cover is provided by the NSW Treasury Managed Fund, which is administered by NSW Treasury's Self Insurance Corporation (SICorp). These arrangements provide cover for all insurance exposures faced by the general government sector including the HNCMA.

The HNCMA's workers compensation cover is provided by Allianz with other exposures being covered by GIO. A condition of this insurance coverage is that the HNCMA, and all other NSW Government agencies, manage risk exposure through a program of active risk management.

In 2008/09 the HNCMA worked to strengthen the link between active risk management, premium measurement and claims management by monitoring and managing current business activity to minimise the level of contingent risks and resulting premiums. The organisation is working to manage risk through a range of initiatives that include strategic and business planning, project development and occupational health and safety, both in our own right and through collaboration with share corporate service providers and business and project partners.

Information on insurance claims for 2008-09, as provided by the HNCMA's corporate service providers, the Department of Commerce and the Department of Environment and Climate Change, is shown in the attached table.

The increase in claims during the year relates to motor vehicle accidents in which the vehicle was written off and workers compensation to ongoing claims from a pre-existing injury.

INSURANCE CLAIMS

Insurance Class	2006/07		2007/08		2008/09	
	Number	Value	Number	Value	Number	Value
Motor vehicles	4	\$5,814	5	\$10,908	6	\$37,975
Property	-	-	-	-	-	-
Public liability	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Workers Compensation	1	\$29	4	\$28,875	3	\$29,068
Total	5	\$5,843	9	\$39,783	9	\$67,043

FINANCIAL REPORTING 2008/09

INVESTMENT PERFORMANCE

The investment functions of the HNCMA are defined under the *Public Authorities (Financial Arrangements) Act 1987*.

The Act specifies investment powers of the HNCMA as being limited to:

- a. deposits with a bank or the Treasury Corporation and deposits with or with drawable shares in a building society or credit union (not including certificates of deposit or other transferable securities)
- b. investments in an Hour-Glass investment facility of the Treasury Corporation (being a facility under which the Treasury Corporation accepts funds on behalf of Government and public or other authorities for investment by fund managers approved by the Treasury Corporation)
- c. such additional investments as are prescribed.

In accordance with these statutory provisions the HNCMA holds all its funds in either its Westpac or in Treasury Corporation accounts.

The HNCMA manages its funds through the Service First (Department of Commerce) SAP financial system and in accord with NSW Treasury policy as coordinated by the Department of Environment and Climate Change. Details of these shared financial accountabilities are defined by the Service Level Agreement for the provision of shared corporate services to the Catchment Management Authority between the Department of Environment and Climate Change and Department of Commerce. Details of these accountabilities are further defined in the Letters of Comfort provided by both of these agencies that accompany the HNCMA's 2008/09 annual accounts. These funds and related transactions are managed in accord with the "Catchment Management Authorities Finance Policy Manual" (May 2009).

The NSW Treasury, which undertook a previous review of how the HNCMA managed its investments in accordance with the Act, assessed the HNCMA "... as having very low inherent risk." The Treasury PFFA committee deemed that future reviews of the HNCMA investment functions could be undertaken by the NSW Audit Office as part of its annual audit program.

CREDIT CARD USE

The Chairman and General Manager have been issued with corporate credit cards to support travel and accommodation related and other limited purchases associated with their duties. The HNCMA's corporate card usage reflects the HNCMA's financial management policy as detailed in the HNCMA Finance Policy Manual which was developed by the Department of Environment and Climate Change in conjunction with the NSW CMAs. The HNCMA's credit card management complies with the requirements with Treasury and the Auditor General's guidelines.

The Corporate Card Guidelines/ Procedures satisfy the requirements of the revised Treasurer's Directions TD 205.01 - 205.08 and are based on the NSW Treasury Review of Credit Card Use Best Practice Guide (TPP 99-2).

LEGAL CHANGES

In October 2008 the Australian Government introduced the business plan for its "Caring For Our Country" (CFOC) natural resource management funding initiative. This new Business Plan defines the Australian Government's six priority areas for future national investment. The HNCMA will need to align all its future funding submissions with the new national priorities.

The new CFOC guidelines target key strategic issues and do not provide dedicated funding to Landcare or local government support. In response to these important new directions the HNCMA will continue to support the important work of the landcare community and local government in regional NRM programs by encouraging the development of new partnerships that target the national CFOC priorities by these groups and councils using its approved funding. To further align its operations with state and national policy priorities the HNCMA proposes in 2009/10 to align its staff structure with the new funding priorities to provide future community program support through 3 landscape based implementation teams.

FUNDS TO NON GOVERNMENT

The HNCMA submitted its Investment Program for 2009/10 to the Minister based on the NSW and Australian Government current funding and NRM policy.

In April 2009 the NSW Government implemented the Hawkesbury-Nepean River Act 2009 that creates the Office of Hawkesbury-Nepean to coordinate a whole of government response to improving the environmental health of the Hawkesbury-Nepean River. The HNCMA is a major partner in this important new initiative.

In response to Ministerial directions the HNCMA will revise its current Catchment Action Plan so that the new plan will become the key strategic document for coordinating agency roles in implementing the OHN's Hawkesbury River Recovery Plan. The functions of the OHN will be coordinated by an advisory Board comprised of senior agency staff, on which the HNCMA will be represented by its General Manager.

The HNCMA also proposes to further support the OHN by co-locating its Windsor based staff to level 4 of Penrith Government Offices in shared accommodation with OHN, Sydney Catchment Authority and Department of Water and Energy staff.

In 2008/09 the HNCMA revised many of its administrative and operational processes in response to the recommendations from the 2007/08 inquiry by Justice Stein in the operations of NSW CMAs and the outcomes from the Natural Resources Commission's mid term review of HNCMA activities. This work was also informed by the annual audit of the HNCMA finance and governance arrangements by the NSW Audit Office.

In 2009/10 the HNCMA plans to work with the OHN and its agency partners to review the current Hawkesbury-Nepean Catchment Action Plan and, through the advisory Board to work with the other NRM agencies in achieving the OHN's statutory objectives.

CONSULTANTS ENGAGED

The HNCMA commissioned no consultancies during 2008/09.

FUNDS TO NON-GOVERNMENT ORGANISATIONS

A and A Lederer Pty Ltd	272.73
Abelitis Pty Limited	1,683.64
Australian Trust for Conservation	550.00
Balanced Essentials Pty Limited	6,363.64
Barragal Landcare Group Inc	18,295.00
Barrett Heritage Developments	1,327.27
Boral Resources (NSW) Pty Ltd	11,972.72
Buckland Convalescent Hospital	18,181.82
Catholic Healthcare Limited	7,272.73
Clifftop Landcare	20,000.00
Colo Valley Landcare Group Incorporated	4,141.91
Darkinjung Local Aboriginal Land Council	20,000.00
Feltar Pty Ltd	15,000.00
Ford Family Trust	2,227.27
Friends of Colo Pty Ltd	8,106.00
Gandangara Local Aboriginal La	23,631.82
Glenfiddich Rise Landcare Group	6,094.66
Greening Australia (NSW) Ltd	174,778.45
Hawkesbury Rainforest Network	13,950.00
Hilton Park Preservation Group	9,150.00
Horsley Park Landcare	122.72
Jamieson Street Landcare Group	8,250.00
Katoomba Christian Convention Ltd	15,880.00
Landcare Operations	10,663.85
Leeston (Goulburn) Pty Ltd	4,992.73
Light Corporation Pty Ltd	7,321.82
Mangrove Mountain and Districts	21,500.00
Marist Brothers St Josephs College	3,877.27
Murcoa Distributors Pty Ltd	11,127.27
Muru Mittigar Ltd	68,286.36
Nature Conservation Council	31,818.18
Oceanwatch Australia Ltd	187,500.00
Onwater Marine Service	99,390.91

FINANCIAL REPORTING 2008/09

FUNDS TO NON-GOVERNMENT ORGANISATIONS CONTINUED

Pittwater Natural Heritage	1,000.00
Plantmark Pty Ltd	4,324.00
Projects for Reconciliation	1,713.64
Razorback Landcare Group	7,830.00
Roslyn Landcare Group	500.00
Royal Australian Ornithological Society	22,727.28
Rylecote Pty Ltd	9,385.37
Scout Association of NSW	500.00
Spiteri Corporation Pty Ltd	5,363.64
Swegen T/A Alabai Pty Ltd	18,863.64
Tablelands Livestock Health and Pest Authority	145,454.55
Tarlo Middle Arm Landcare	2,940.00
The Bush Doctor (NSW) Pty Ltd	23,931.92
The Friends of Bungan Incorporated	500.00
The Good Bush People	5,000.00
The Mulgoa Valley Landcare Group	10,618.18
Theresa Green Landcare	9,713.64
TTF Grover Investment Trust	9,790.91
TTF The Attard Family Trust	9,090.91
TTF The Norschetel Trust	12,199.09
TTF Thornford No 1 Trust	5,000.00
Tuglow Landcare Incorporated	17,104.00
Western Sydney Conservation AI	500.00
WetlandCare Australia Pty Ltd	18,181.81
A and A Lederer Pty Ltd	272.73
Abelitis Pty Limited	1,683.64

LAND DISPOSAL

The HNCMA owns no land and therefore has not disposed of any land during 2008/09.

PAYMENT OF ACCOUNTS

PAYMENT OF ACCOUNTS

QUARTERLY SCHEDULE OF ACCOUNTS PAYABLE – AGED ANALYSIS AT THE END OF EACH QUARTER

QUARTER	CURRENT (IE. WITHIN DUE DATE)	LESS THAN 30 DAYS OVERDUE	BETWEEN 30 AND 60 DAYS OVERDUE	BETWEEN 60 AND 90 DAYS OVERDUE	MORE THAN 90 DAYS OVERDUE
September Quarter	\$3,893	0	0	0	\$22,936
December Quarter	\$40,823	\$625	0	0	\$22,936
March Quarter	\$108,587	0	\$1,036	\$379	\$22,771
June Quarter	0	0	0	0	\$14,416

Amounts appearing in 90+ days overdue are errors produced in the accounts by Service First. The accurate figure is zero. Post end of year the balance of these errors have been reduced to \$8,711. The HNCMA are continuing to work with Service First to correct the remaining errors.

HNCMA are advised by Service First that ALL accounts for the June quarter were paid prior to month end.

ACCOUNTS PAID ON TIME WITHIN EACH QUARTER

QUARTER	TOTAL ACCOUNTS PAID ON TIME			TOTAL AMOUNT PAID \$
	Target %	Actual %	Accounts paid on time \$	
September Quarter	90	88	1,241,292	1,293,725
December Quarter	90	92	778,942	976,451
March Quarter	90	84	2,640,785	2,864,238
June Quarter	90	91	3,050,052	3,239,322

Notes on above table:

- Percentage of accounts paid on time is based on SAP Payment Analysis Report, which compares vendor masterfile payment terms, invoice document date and payment document date to determine if payment was made on time, and if not, how many days it was late. The dollar value is the actual percentage is based on documents, not dollar value
- The payment of these accounts is performed by our Service Provider. HNCMA is unable to influence the above percentages in any way. The target, 90%, is determined by Service First.
- Total amount paid column shows the total of the amount paid on time and the amount of overdue accounts paid for the quarter.

Comments

Initiatives to improve payment performance include:

- Tightened controls to ensure correct data entry of payment terms and invoice dates in SAP.
- Prioritise vouchers as they are received in Financial Operations so invoices due for payment first get processed first.
- Use of extra resources, to ensure smooth workflow during peak periods.
- Improved compliance with the tax system by vendors and Departmental staff.

Procure-to Pay was established in Accounts Payable in November 2006. This is an across government initiative to streamline payment of accounts.

Penalty Interest Paid

There was no penalty interest paid during financial year 2008/09.

Payment by Corporate Card

Subject to meeting Departmental requirements, eligible staff members are issued with corporate cards to facilitate travel, accommodation and limited purchases.

The Department's corporate card policies represent best practice in accordance with Treasury and the Auditor General's guidelines. The Corporate Card guidelines/Procedures satisfy the requirements of the Revised Treasurer's Directions TD 205.01-205.08 and was based on the NSW Treasury Review of Credit Card Use Best Practice Guide (TPP 99-2). Corporate card expenditures are monitored for compliance with guidelines on a transaction basis and usage was considered to comply with best practice guidelines.

The Department incurred no late payment fees as a result of corporate card usage.

Hawkesbury-Nepean Catchment Management Authority

Financial Report

For the financial year ended 30 June 2009

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FINANCIAL STATEMENTS

Hawkesbury-Nepean Catchment Management Authority

STATEMENT BY BOARD MEMBERS

Certificate under Section 41 C (1B) and (1C) of the Public Finance and Audit Act 1983

Pursuant to the Public Finance and Audit Act, 1983, we declare that in our opinion:

- (a) The accompanying financial report exhibits a true and fair view of the financial position of the Hawkesbury-Nepean Catchment Management Authority as at 30 June 2009, and transactions for the year ended.
- (b) The financial report has been prepared in accordance with:
 - The applicable Australian Accounting Standards, which include Australian Accounting Interpretations; and
 - The requirements of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005 and the Treasurer's Directions.
- (c) There are no circumstances which would render any particulars included in the financial report to be misleading or inaccurate.

For and on behalf of the Board



J. Klem BA HDA
Chairman & Member of
Finance, Audit & Corporate
Governance Committee

Dated: 13 October 2009



R. Wilson BA(Hons) FCPA MACS
Chairman of Finance, Audit
& Corporate Governance
Committee & Board Member



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Hawkesbury-Nepean Catchment Management Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Hawkesbury-Nepean Catchment Management Authority (the Authority), which comprises the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Authority as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

My opinion should be read in conjunction with the rest of this report.

The Board's Responsibility for the Financial Report

The members of the Board are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing 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 report is free from material misstatement.

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

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

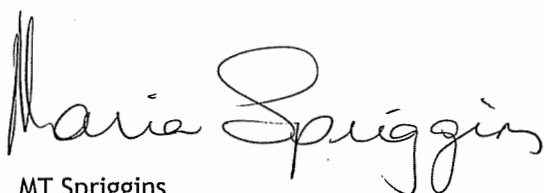
My opinion does *not* provide assurance:

- about the future viability of the Authority,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- 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.



MT Spriggins
Director, Financial Audit Services

15 October 2009
SYDNEY

Hawkesbury-Nepean Catchment Management Authority

Start of audited financial report

Income Statement for the year ended 30 June 2009

	NOTE	2009 \$'000	2008 \$'000
Revenue			
Revenue	3	10,875	8,683
Other income	4	1,305	1,818
Total revenue		12,180	10,501
Expenses			
Personnel services expenses	5	4,757	4,994
Other operating expenses	5	3,044	3,171
Depreciation and amortisation	5	63	31
Grants & subsidies	5	4,121	7,796
Total expenses		11,985	15,992
SURPLUS/(DEFICIT) FOR THE YEAR	11	195	(5,491)

The above income statement is to be read in conjunction with the attached notes

FINANCIAL STATEMENTS

Hawkesbury-Nepean Catchment Management Authority

Statement of Recognised Income and Expense for the year ended 30 June 2009

	NOTE	2009 \$'000	2008 \$'000
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-	-
Surplus/(Deficit) for the year	11	195	(5,491)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR		195	(5,491)

The above statement of recognised income and expense is to be read in conjunction with the attached notes

FINANCIAL REPORTING 2008/09

Hawkesbury-Nepean Catchment Management Authority

Balance Sheet as at 30 June 2009

	NOTE	2009 \$'000	2008 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	1,478	1,160
Receivables	7	222	602
Total current assets		1,700	1,762
Non-current assets			
Property, plant and equipment			
Leasehold Improvements	8	89	124
Motor vehicles	8	4	6
Plant and equipment	8	99	125
Total non-current assets		192	255
Total assets		1,892	2,017
LIABILITIES			
Current liabilities			
Payables	9	343	704
Provisions	10	650	600
Total Current Liabilities		993	1,304
Non-current liabilities			
Provisions	10	57	66
Total non-current liabilities		57	66
Total liabilities		1,050	1,370
Net assets		842	647
EQUITY			
Retained surplus	11	842	647
Total equity		842	647

The above balance sheet is to be read in conjunction with the attached notes

FINANCIAL STATEMENTS

Hawkesbury-Nepean Catchment Management Authority

Cash Flow Statement for the year ended 30 June 2009

	NOTE	2009 \$'000	2008 \$'000
Cash flows from operating activities			
Receipts from customers & government		12,505	9,765
Payments to suppliers		(8,238)	(8,808)
		4,267	957
Grants and subsidies paid		(4,121)	(7,796)
Interest received		172	293
Net cash flows from operating activities	12	318	(6,546)
Cash flows from investing activities			
Purchases of property, plant and equipment		-	(15)
Net cash flows from investing activities		-	(15)
Net increase/(decrease) in cash and cash equivalents		318	(6,561)
Opening cash and cash equivalents		1,160	7,721
Closing cash and cash equivalents	6	1,478	1,160

The above cash flow statement is to be read in conjunction with the attached notes

Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 1 - REPORTING ENTITY

The Hawkesbury-Nepean Catchment Management Authority (the Authority) was established pursuant to the *Catchment Management Authorities Act 2003*. The objects of the Act are:

- (a) to establish Authorities for the purpose of devolving operational, investment and decision-making natural resource functions to catchment levels;
- (b) to provide for proper natural resource planning at a catchment level;
- (c) to ensure that decisions about natural resources take into account appropriate catchment issues;
- (d) to require decisions taken at a catchment level to take into account State-wide standards and to involve the Natural Resources Commission in catchment planning where appropriate;
- (e) to involve communities in each catchment in decision making and to make best use of catchment knowledge and expertise;
- (f) to ensure the proper management of natural resources in the social, economic and environmental interests of the State;
- (g) to apply sound scientific knowledge to achieve a fully functioning and productive landscape; and
- (h) to provide a framework for financial assistance and incentives to landholders in connection with natural resource management.

The Authority is a Statutory Body and a separate reporting entity. There are no other entities under its control. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Authority is a not-for-profit entity (as profit is not its principal objective) and it has no cash-generating units.

This financial report has been authorised for issue by the Board of the Authority on October 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The Authority's financial report is a general purpose financial report which has been prepared in accordance with:

- The applicable Australian Accounting Standards, which include Australian Accounting Interpretations;
- The requirements of the *Public Finance and Audit Act 1983* and Regulation and;

Property, plant and equipment, assets (or disposal groups) held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial report items are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

FINANCIAL STATEMENTS

Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

(b) Statement of compliance

The financial report and notes comply with the Australian Accounting Standards, which include Australian Accounting Interpretations.

(c) Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgement

In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of accounting policies notes.

(ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below:

- (i) Contributions from Government and other bodies are generally recognised as income when the authority obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.
- (ii) Sale of Goods: Revenue from the sale of goods is recognised as revenue when the authority transfers the significant risks and rewards of ownership of the assets.
- (iii) Rendering of Services: Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).
- (iv) Investment Income: Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.
- (v) Rental Revenue: Rental revenue is recognised in accordance with AASB 117 Leases on a straight-line basis over the lease term.

(e) Insurance

The Authority's activities are insured through the NSW Treasury Managed Fund scheme of self insurance for Government agencies. The premium expense is determined by the Liability Fund Manager based on past experience and the insurance coverage is reviewed periodically to ensure that it is adequate.

Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

(f) Accounting for the goods and services tax (GST)

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

- The amount of GST incurred by the Authority as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- Receivables and payables are stated with the amount of GST included.

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

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

(g) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Authority. Cost is the amount of cash or 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 the asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration during the year, are initially recognised as assets and revenues at their 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.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted at an asset-specific rate.

(h) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. All amounts below \$5,000 are expensed to profit and loss as incurred.

(i) 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 (TPP 07-01). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

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 higher and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling price for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Authority revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not

FINANCIAL STATEMENTS

Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

differ materially from its fair value at reporting date.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net assets accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as expenses in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of asset, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(j) Impairment of property, plant and equipment

As a not-for-profit entity with no cash-generating units, the Authority is effectively exempt for AASB 136 Impairment of assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(k) Depreciation of property, plant and equipment

Depreciation is provided for on a straight line basis for all depreciable assets, as detailed below so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority.

All material separately identifiable components of assets are depreciated over their shorter useful lives. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The following depreciation rates were applied in 2008/09 and 2007/08:

Buildings	3%
Motor Vehicles	15%
Plant and equipment:	
Computer equipment	25%
Others	12%

Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

(l) Major inspection costs

When each major inspection is performed, the labour cost of performing inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(m) 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.

(n) Maintenance

The day-to-day servicing or maintenance costs are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(o) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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, less an allowance for any impairment of receivables. Any changes are accounted for in the Income Statement 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.

(p) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Authority and other amounts. Payables 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.

(ii) Personnel Services

(a) Personnel services

The Authority does not employ staff but utilises the personnel services of Department of Environment and Climate Change (DECC). The costs of personnel services in respect of wages and salaries, superannuation, annual leave, long service leave, and for sick leave are recognised when it is probable that settlement will be required and they are capable of being measured reliably.

Provision made in respect of benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to settle within 12 months are measured at the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

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Notes to and forming part of the financial report for the year ended 30 June 2009

The outstanding amounts of payroll tax, workers compensation insurance premium and fringe benefits tax, which are consequential to employment are recognised as liabilities and expenses when the benefits to which they relate have been recognised.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(b) **Defined contribution plans**

Contribution to a defined contribution funds, such as Basic Benefit and First State Super, are expensed when incurred. It is calculated as a percentage of the employees' salary. In 2007/08 and 2008/09, 9% was contributed.

(c) **Long service leave and defined benefits superannuation**

The Authority has no liability for long service leave and defined benefit superannuation. Personnel services are acquired from the Department of Environment and Climate Change and the liability of these items has been assumed by the Crown Entity.

(iii) **Provision for restoration of leased premises**

A provision for restoring leased premises has been recognised.

(q) Assistance provided by other organisations free of charge

The maintenance of the Authority's accounting records and provision of corporate services (excluding IT services) were provided by the Department of Commerce and the Department of Environment and Climate Change free of charge under the provisions of the Corporate Services Service Level Agreement. IT services were provided by "Servicefirst" on a cost recovery basis. These agencies have advised that they are unable to estimate reliably the fair value of these services. In addition, other organisations including community groups provide in kind assistance free of charge. It is not possible to reliably estimate the fair value of these services.

(r) Comparative information

Except where an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(s) New Australian accounting standards issue

In the current year the Authority has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policies notes in the financial report.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting period. In accordance with the NSW Treasury mandate (TC 09/03), the Authority did not early adopt any of these accounting standards and interpretations that are not yet effective:

Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

- AASB 3 (March 2008), AASB 127 and AASB 2008-3 regarding business combinations;
- AASB 8 and AASB 2007-3 regarding operating segments;
- AASB 101 (Sept 2007), AASB 2007-8 and AASB 2007-10 regarding presentation of financial statements;
- AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs;
- AASB 1039 regarding concise financial reports;
- AASB 2008-2 regarding puttable financial instruments;
- AASB 2008-5 and AASB 2008-6 regarding amendments to Australian Accounting Standards arising from the Annual Improvements Project;
- AASB 2008-7 regarding costs of an investment in a subsidiary, jointly controlled entity, or an associate;
- AASB 2008-9 regarding AASB 1049 amendments consistent with AASB 101;
- AASB 2008-11 regarding business combinations with not-for-profit entities;
- AASB 2009-1 regarding borrowing costs of not for profit public sector entities;
- AASB 2009-2 regarding financial instrument disclosures;
- Interpretation 17 and AASB 2008-13 on distribution of non-cash assets to owners;
- Interpretation 18 on transfers of assets from customers.

It is considered that the impact of these new standards and interpretations in future years will have no material impact on the financial statements of the Authority.

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Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 3 – REVENUE

	2009 \$'000	2008 \$'000
Contributions received from:		
Joint State/Commonwealth contributions (i)	6,228	5,200
Operating grant funding	3,026	3,055
Other contributions (ii)	1,621	428
	<u>10,875</u>	<u>8,683</u>

- (i) Contributions were received from the Department of Environment and Climate Change towards achieving pre-negotiated natural resources outcomes.
- (ii) Other contributions were received for specific agreed works towards achieving natural resources management outcomes.

NOTE 4 - OTHER INCOME

Interest	172	293
Other income	891	1,213
Liability assumed by the crown	242	312
	<u>1,305</u>	<u>1,818</u>

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Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 5 - EXPENSES

	2009 \$'000	2008 \$'000
Personnel services expenses		
Salaries and wages (including recreation leave)	3,894	4,098
Staff on-costs	863	896
	4,757	4,994
Other operating expenses		
Auditors remuneration (i)	18	17
Board Member's remuneration (ii)	152	163
Board Member's and Committees costs	11	22
Consultancy fees	-	17
Contractors (iii)	221	239
Fees for services (iii)	208	254
Insurance	28	16
Accommodation and related expenses	298	275
Stores, materials and minor equipment (iii)	1,030	1,049
Plant/vehicle expenses (iii) & (iv)	937	823
Training	55	64
Travel	39	66
Other	47	166
	3,044	3,171
Depreciation and amortisation	63	31
Grants and subsidies	4,121	7,796
Total	11,985	15,992

- (i) Audit fee to The Audit Office of New South Wales for audit of financial report. The auditors received no other benefits.
- (ii) Board members received no other benefits.
- (iii) Include expenses relating to onground activities.
- (iv) Includes plant hire for onground works of \$569,000.

NOTE 6 - CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2009 \$'000	2008 \$'000
Current assets – Cash and Cash equivalents		
Cash at bank and on hand	1,395	(8)
NSW Treasury Corporation – Hour Glass cash facility	83	1,168
Also refer Note 15 – Financial Instruments	1,478	1,160

Overdraft in prior year was due to un-presented cheques.

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Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 7 - CURRENT ASSETS - RECEIVABLES

	2009 \$'000	2008 \$'000
Accounts receivable	116	381
Less: Allowance for impairment	(15)	(54)
Goods & services tax recoverable	95	217
Accrued income	22	41
Other amounts receivable	4	17
	<u>222</u>	<u>602</u>
Impairment allowance:		
Opening balance	54	-
(Decrease)/Increase in allowance	(39)	54
Closing balance	<u>15</u>	<u>54</u>

Also refer Note 15 – Financial Instruments

NOTE 8 - NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Leasehold & Fittings \$'000	Motor Vehicles \$'000	Plant & Equipment \$'000	Total \$'000
At 1 July 2009				
Gross carrying amount	155	8	177	340
Accumulated depreciation and amortisation	(66)	(4)	(78)	(148)
Net carrying amount	<u>89</u>	<u>4</u>	<u>99</u>	<u>192</u>
At 30 June 2008				
Gross carrying amount	155	8	177	340
Accumulated depreciation and amortisation	(31)	(2)	(52)	(85)
Net carrying amount	<u>124</u>	<u>6</u>	<u>125</u>	<u>255</u>

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Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

Year ended 30 June 2009	Leasehold & Fittings \$'000	Motor Vehicles \$'000	Plant & Equipment \$'000	Total \$'000
Net carrying amount at start of year	124	6	125	255
Depreciation and amortisation expense	(35)	(2)	(26)	(63)
Net carrying amount at end of year	89	4	99	192

Year ended 30 June 2008	Leasehold & Fittings \$'000	Motor Vehicles \$'000	Plant & Equipment \$'000	Total \$'000
Net carrying amount at start of year	64	7	128	199
Additions	-	1	25	26
Make good provision	61	-	-	61
Depreciation and amortisation expense	(1)	(2)	(28)	(31)
Net carrying amount at end of year	124	6	125	255

NOTE 9 - CURRENT LIABILITIES - PAYABLES

	2009 \$'000	2008 \$'000
Accrued personnel services	42	30
Creditors	14	543
Accruals	170	85
Other	117	46
Also refer to Note 15 – Financial Instruments.	343	704

NOTE 10 - CURRENT/NON-CURRENT LIABILITIES - PROVISIONS

	2009 \$'000	2008 \$'000
Personnel Services provision	454	456
On-costs	192	149
Total personnel services and related on-costs	646	605
Restoration of lease premises	61	61
Total provisions	707	666

Provisions – current	650	600
Provisions – non current	57	66
Total provisions	707	666

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Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 11 - CHANGES IN EQUITY

	Retained Earnings		Asset revaluation reserve		Total equity	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	647	6,138	-	-	647	6,138
Surplus/(deficit) for the year	195	(5,491)	-	-	195	(5,491)
Balance at the end of the financial year	842	647	-	-	842	647

NOTE 12 - NOTES TO THE CASH FLOW STATEMENT

(a) Cash

For the purpose of the Cash Flow Statement, cash includes cash on hand, in banks and investments in NSW Treasury Corporation Hour Glass facilities.

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the Balance Sheet in Note 6.

(b) Reconciliation of surplus/(deficit) for the year to net cash flows from operating activities.

	2009	2008
	\$'000	\$'000
Surplus/ (deficit) for the year	195	(5,491)
Depreciation and amortisation	63	31
	258	(5,460)
Decrease/(Increase) in receivables	384	(120)
(Decrease) in payables	(365)	(990)
Increase in provisions	41	34
Less: Assets recognised for the first time	-	(10)
Net cash flows from operating activities	318	(6,546)

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Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 13 - COMMITMENTS FOR EXPENDITURE

	2009 \$'000	2008 \$'000
(a) Other expenditure commitments		
Not later than one year	38	434
Total (including GST)	38	434

The commitments above include GST of \$3,500, a contingent asset (2008: \$39,000), expected to be recoverable from the Australian Taxation Office.

	2009 \$'000	2008 \$'000
(b) Operating lease commitments		
Aggregate operating lease commitments for office accommodation, motor vehicles and computer equipment. Contracted but not provided for at balance date, payable:		
Not later than one year	368	355
Later than one year and not later than 5 years	306	204
Total (including GST)	674	559

The commitments above include GST of \$60,000, a contingent asset (2008: \$51,000), expected to be recoverable from the Australian Taxation Office.

	2009 \$'000	2008 \$'000
(c) Natural resources investment projects commitments		
Aggregate commitments under contract for projects to deliver agreed natural resource outcomes. Contracted but not provided for at balance date, payable:		
Not later than one year	-	1,014
Total (including GST)	-	1,014

The commitments above include GST of \$nil, a contingent asset (2008: \$92,000), expected to be recoverable from the Australian Taxation Office.

Natural resources investment projects commitments for 2009 represents completion of all contracted commitments for Natural Heritage Trust 2, Caring For Our Country interim year and Catchment Action NSW interim year.

(d) Finance Lease Payable Commitments

The Authority did not have any lease payable commitments at balance date.

NOTE 14 - CONTINGENT LIABILITIES/ASSETS

The Authority is not aware of any material contingent liability (2008- \$nil). Apart from the amounts disclosed in Note 13, there are no known contingent assets (2008- \$nil) at balance date.

NOTE 15 - FINANCIAL INSTRUMENTS

The Authority's principal financial instruments are outlined below. These financial instruments arise directly from the Authority's operations or are required to finance the Authority's operations. The

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Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

Authority does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Authority's main risks arising from financial instruments are outlined below, together with the Authority's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Authority's Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Authority, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Authority's Board on a continuous basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2009	2008
Class:			\$'000	\$'000
Cash and cash equivalents	6	N/A	1,478	1,160
Receivables ¹	7	Loans and receivables (at amortised cost)	138	422
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2009	2008
Class:			\$'000	\$'000
Payables ²	9	Financial liabilities measured at amortised cost	343	704

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(b) Credit risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations, resulting in a financial loss to the Authority. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Authority, including cash, receivables and Authority deposits. No collateral is held by the Authority. The Authority has not granted any financial guarantees.

Credit risk associated with the Authority's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority's deposits held with NSW TCorp are guaranteed by the State.

(i) Cash and cash equivalents

Cash comprises cash on hand, in banks and investment with the NSW Treasury Corporation Hour-Glass facilities. The TCorp Hour Glass cash facility is discussed in para (d) below.

(ii) Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade

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Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2009: \$89,000; 2008: \$38,000) and not less than 1 month past due (2009: \$12,000; 2008: \$255,000) are not considered impaired and together these represent 87% (2008: 77%) of the total trade debtors. Most of the Authority's debtors have a good credit rating. Due to drought and other economic factors some debtors at balance date are past due & considered impaired. The Authority will endeavour to recover all outstanding amounts.

The credit risk is the carrying amount (net of any allowance for impairment). The carrying amount approximates net fair value. Sales are made on 30 day terms.

	Total (\$'000)	Past due but not impaired (\$'000)	Considered impaired (\$'000)
2009			
< 3 months overdue	12	12	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	15	-	15
2008			
< 3 months overdue	288	288	-
3 months – 6 months overdue	9	-	9
> 6 months overdue	45	-	45

No interest is owned on trade debtors.

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7.

(iii) Other financial assets

Deposits at 30 June 2009 were earning an average interest rate 3.03% (2007-08 7.41%) while over the period the average interest rate was 4.57% (2007-08 6.90%).

(c) Liquidity risk

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and expenditure.

During the current and prior years, there were no defaults or breaches on any payables. No assets have been pledged as collateral. The Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a

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Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. The rate of interest applied during the year was Nil% (2008 : Nil%).

The table below summarises the maturity profile of the Authority's financial liabilities, together with the interest rate exposure.

	Weighted Average Effective Int. Rate	Nominal Amount	Interest Rate Exposure		Maturity Dates		
			Fixed Interest rate	Variable Interest rate	< 1 year	1-5 years	> 5 years
2009							
Payables:							
Accrued salaries, wages and on- costs	N/A	42	-	-	42	-	-
Creditors	N/A	14	-	-	14	-	-
		56	-	-	56	-	-
2008							
Payables:							
Accrued salaries, wages and on- costs	N/A	30	-	-	30	-	-
Creditors	N/A	543	-	-	543	-	-
		573	-	-	573	-	-

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's exposures to market risk are primarily through price risks associated with the movement in the unit price of the Hour Glass Investment facilities. The Authority does not have any borrowings. The Authority has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2008. The analysis assumes that all other variables remain constant.

(e) Interest rate risk

As the Authority has no interest bearing liabilities its exposure to interest rate risk is minimal. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore for these financial instruments a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Authority's exposure to interest rate risk is set out below.

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Notes to and forming part of the financial report for the year ended 30 June 2009

	\$'000				
	Carrying amount	-1%		+1%	
		Profit	Equity	Profit	Equity
2009					
<i>Financial assets</i>					
Cash and cash equivalents	1,478	(15)	(15)	15	15
Receivables	222	(2)	(2)	2	2
<i>Financial liabilities</i>					
Payables	343	3	3	(3)	(3)
2008					
<i>Financial assets</i>					
Cash and cash equivalents	1,160	(12)	(12)	12	12
Receivables	602	(6)	(6)	6	6
<i>Financial liabilities</i>					
Payables	704	7	7	(7)	(7)

(f) Other price risk

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour Glass Investment facilities, which are held for strategic rather than trading purposes. The Authority has no direct equity investments. The Authority holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2009 \$'000	2008 \$'000
Cash Facility	Cash, Money market instruments	Up to 2 years	83	1,168

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the above facility is required to act in the best interest of the unitholders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp, acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour Glass facilities limits Authority's exposure to risk, as it allows diversification across a pool of funds, with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the facilities, using historically based volatility information collected over a ten-year period, quoted at two standard deviations (i.e., 95% probability). The TCorp Hour Glass Investment facilities are designated at fair value through

FINANCIAL STATEMENTS

Hawkesbury-Nepean Catchment Management Authority

Notes to and forming part of the financial report for the year ended 30 June 2009

profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

	Impact on profit/loss		
	Change in unit price	2009 \$'000	2008 \$'000
Hour Glass Investment Cash Facility	+ 1%	1	12
	- 1%	(1)	(12)

(g) Fair value

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour Glass facilities, which are measured at fair value. As discussed, the value of the Hour Glass Investments is based on Authority's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments.

NOTE 16 - AFTER BALANCE DATE EVENTS

There are no significant events subsequent to balance sheet date.

End of audited financial report

APPENDICES



ELECTRONIC SERVICE DELIVERY

The HNCMA aims to increase electronic access to its documents and program information to provide greater community access to services and information and increase operational efficiencies. Provision of improved electronic access to HNCMA documents also supports the intent of the Freedom of Information Act 1989 and ensures that our clients are better informed on regional natural resource management issues and available project funding and frontline technical support.

In 2008/09, the HNCMA used electronic methods to communicate with around 30% of our 3,500 community and stakeholders on our contacts database and used the HNCMA internet site to provide information of project funding, access to funding applications forms and for submitting completed applications. In the past year this resulted in the electronic submission of 15 funding applications on-line, 43 community inquiries and 54 community surveys completed on-line during the year.

The HNCMA web site also provides community clients with e-mail access for providing comment on programs and resources or to seek information on other matters.

FREEDOM OF INFORMATION DISCLOSURES

The HNCMA received no direct applications under the Freedom of Information legislation during 2008/09. This follows a similar pattern to previous years where no applications were received.

NUMBERS OF NEW FOI REQUESTS RECEIVED BY THE HNCMA

FOI REQUESTS	PERSONAL		OTHER		TOTAL	
	2007/ 2008	2008/ 2009	2007/ 2008	2008/ 2009	2007/ 2008	2008/ 2009
New (incl transferred in)	0	0	0	0	0	0
Brought Forward	0	0	0	0	0	0
Total to be processed	0	0	0	0	0	0
Completed	0	0	0	0	0	0
Transferred Out	0	0	0	0	0	0
Withdrawn	0	0	0	0	0	0
Total processed	0	0	0	0	0	0
Unfinished Carried Forward	0	0	0	0	0	0

HNCMA SERVICE AND RESPONSE

The HNCMA received requests for assistance from other agencies regarding the administration of requests that they had received. These were from:

- Department of Commerce
- Department of Planning.

The HNCMA provided the information that these agencies requested.

STATEMENT OF AFFAIRS

The Freedom of Information Act 1989 gives the public the legal right to:

- obtain access to documents held by the HNCMA
- request amendments to records of a personal nature that are inaccurate and
- appeal against a decision not to grant access to a document or to amend personal records.

Under the *Freedom of Information Act 1989*, the HNCMA is required to publish an annual Statement of Affairs. This annual report includes all the requirements of the HNCMA's Statement of Affairs including the structure and functions of the HNCMA; how these functions affect the public; how the public can participate in the HNCMA policy development; the kinds of documents the HNCMA holds; and how members of the public may access and amend the Department's documents.

PROGRAMS AND ACTIVITIES

Key information on the HNCMA is available in this annual report or on the HNCMA's Internet site www.hn.cma.nsw.gov.au. The policy of the HNCMA Board is to provide public access to non confidential documents through the HNCMA web site.

DOCUMENTS HELD BY THE HNCMA

The HNCMA holds the following categories of documents:

- policy documents and correspondence;
- documents on internal administration;
- policy, minutes and correspondence to/from boards and committees; and
- policy documents and correspondence concerning grants, agreements and contracts.

Under the Privacy and Personal Information Protection Act 1998 the HNCMA holds certain classes of personal information as shown in Appendix 6.

ACCESSING THE HNCMA'S DOCUMENTS

Policies and publications can be accessed in several ways:

- Internet www.hn.cma.nsw.gov.au
- HNCMA offices as listed elsewhere in this annual report.
- HNCMA FOI Manager (see below)

ACCESSING AND AMENDING THE HNCMA'S DOCUMENTS

Administration of requests under the FOI Act for access to documents held by the HNCMA are the responsibility of the CMA's FOI Manager. Applications for access to documents under the provisions of the Freedom of Information Act 1989 must be in writing, either on an application form or by letter, accompanied by the \$30 application fee and directed to:

The Business Manager Hawkesbury-Nepean Catchment Management Authority

Locked Bag 2048
Goulburn NSW 2580

Phone (02) 4828 6703
Fax (02) 4828 6765

FOI application forms may be obtained by contacting the HNCMA Business Manager who can also provide advice to assist with completion of the application. Copies of documents may be requested, or originals may be made available for examination under certain circumstances.

PROCESSING AN FOI REQUEST

The Business Manager will acknowledge the request and provide a determination concerning access, normally within 21 days. If the processing time has to be extended, the Business Manager will keep the applicant informed as to the progress of their application. The applicant may, at times, be requested to clarify the request and sometimes a request may be referred to another Department if the request is more closely connected to the functions of that Department.

Access to documents may be refused if a document is determined to be exempt under Schedule 1 of the FOI Act. The HNCMA will provide reasons why the document is exempt in its letter of determination. If a request for access is refused, the applicant has rights of review and appeal,

- firstly by applying for an internal review of the decision.
- If required, an external review by the Office of the Ombudsman may be requested and/or
- an appeal may be lodged with the Administrative Decisions Tribunal (ADT).

CHARGES FOR ACCESS

Charges for processing an FOI application are set out in the table below. There is a 50 percent discount for people who can demonstrate financial hardship, or if release of the document is in the public interest.

NATURE OF APPLICATION	APPLICATION FEE	PROCESSING
Access to records by natural persons about their personal affairs, the first 20 hours	\$30	\$30 an hour after the first 20 hours
All other requests	\$30	\$30 per hour
Internal review (all circumstances)	\$40	Nil
Amendment of records	Nil	Nil

APPENDICES

CONSUMER RESPONSE

The HNCMA has implemented a Complaints Management Policy. This policy identifies the Business Manager as the HNCMA Complaints Officer and outlines internal administrative procedures for handling and responding to complaints and the subsequent appeals process either through the General Manager and HNCMA Board or to the Ombudsman.

During 2008/09 the HNCMA received no formal complaints. Complaints regarding the HNCMA should be forwarded to the Business Manager at the HNCMA's Goulburn office. HNCMA staff routinely communicate with clients through face to face contact or using electronic means such as phones, by e-mail or the HNCMA website. At all times staff ensure they are fulfilling our guarantee of service to assist people by providing them with accurate information and support on a range of topics that includes HNCMA activities and regional environmental issues.

During 2008/09 the HNCMA responded to more than 300 requests from landholders, Landcare and other community groups, schools, and various and local and state government agencies for information about environmental issues across the catchment and HNCMA programs and financial incentives. Approximately 65% of these enquiries were received by telephone, 10% through personal face to face contact and about 25% through other electronic contacts.

The HNCMA has four decentralised offices located to service the needs of our catchment communities at Goulburn, Moss Vale, Lithgow and Windsor.

The HNCMA has a Communication Strategy plus an Engagement and Collaboration Strategy to facilitate efficient and effective HNCMA efficiency in customer service delivery.

GUARANTEE OF SERVICE

The HNCMA is committed to helping the Hawkesbury-Nepean community and clients learn more about the environment and our business.

The HNCMA promotes active participation in a range of programs and products to deliver improved catchment health outcomes.

PRIVACY MANAGEMENT

In accordance with the requirements of the Privacy and Personal Information Protection Act 1989 (the Act), the HNCMA is required to report on privacy compliance issues relevant to the HNCMA and to provide statistical information in relation to any internal reviews undertaken under Part 53 of the Act.

During 2008/09 the HNCMA received no applications for access to personal information or complaints under either the Privacy or Personal Information Protection Act 1998 or the Health Records and Information Privacy Act 2002.

The HNCMA continues to ensure that appropriate levels of protection are put in place to protect personal information and privacy, monitoring emerging issues in privacy and personal information management, and establishing mechanisms to ensure that staff are aware of their obligations under the legislation.

Enquiries regarding Privacy matters may be referred to:

**The Business Manager
Hawkesbury-Nepean Catchment
Management Authority**
Locked Bag 2048

CULTURAL HERITAGE MANAGEMENT

The HNCMA is committed to protecting the cultural heritage of NSW as required by the *National Parks and Wildlife Act*. To promote these objectives during the year the HNCMA.

Implemented assessments of all proposed HNCMA project sites in accord with the provisions of the National Parks and Wildlife Act 1974 to identify areas and objects of Aboriginal or non aboriginal cultural significance and to negotiate appropriate management practices of any identified sites and artifacts with the landholder in a manner that complies with the requirements of the Act. HNCMA staff have been trained in the assessment Aboriginal site values and are supported in this function by liaison with DECC and evaluation the DECC AHIMS database and through consultation with the HNCMA's Aboriginal Advisory Committee and local Aboriginal communities.

Consultation with the HNCMA Aboriginal Advisory Committee and DECC on regional cultural heritage issues and related matters to inform Board determinations.

PUBLICATIONS

In 2007/08, the HNCMA continued to provide information and educational materials including:

- The Source newsletter (Issues numbers 9,10,11)
- HNCMA Annual Report 2007/08 –winning Silver at the Australasian Annual Reporting Awards 2009
- Hawkesbury-Nepean Online catchment directory (website)
- Landcare newsletters – Wollondilly Warbler; Lithgow Landcare News; Northwest Cumberland Carers news; Southwest Cumberland carers news
- Brochure – Catchment Protection Scheme
- Brochure – Seagrass – a fishes friend
- Brochures – Targeting the mid-Coxs sub catchment; Targeting the Capertee Valley
- Fact sheets – Basic Weed Control; Native Tree Planting; Preparing a Site for Planting; Direct Seeding; Controlling African Olive
- Interpretative signage – 12 sites across the catchment
- Various field day and event fliers

A total of 220 copies of the 2008/09 Annual Report were designed and printed at a total cost of \$10,354. This report is also available at www.hn.cma.nsw.gov.au

HNCMA SERVICE AND RESPONSE

NATIVE VEGETATION MANAGEMENT ACTIVITIES

ACTIVITY	2006/07	2007/08	2008/09
Initial contact by landholder/consultant with vegetation clearing inquiry	152	123	75
Initial contact by landholder with vegetation incentive inquiry for PVP staff	13	2	0
Referrals by Council/SCA of developments involving vegetation clearing	28	24	24
Clearing exempt or excluded under NV Act	52	44	29
Clearing consistent with Ministers Guidelines for vulnerable land	1	2	1
Familiarisation inspection undertaken	32	50	22
Number of assessment inspection days	13	37	33
NV Act approval not required, eg unprotected growth	9	6	5
Continuing Use PVP required	3	1	0
Development PVP required	31	14	10
PVP assessment commenced	8	6	5
Clearing proposals "red lighted"	4	1	7
CMA discretion invoked	0	0	0
Draft Continuing Use PVP negotiated	2	1	0
Draft Development PVP negotiated	1	1	1
PVPs completed and approved	2	2	2
Referred to another CMA	10	7	11
Illegal clearing reported to DECC			6
Clearing proposals exempt or excluded from NV Act	52	44	29
Continuing use PVPs approved (number and area)	1 (17.2 ha)	1 (12.6ha)	0
Development PVPs red lighted (number and area)	4 (27 ha)	1 (1.78 ha)	5 (131.96ha)
Development PVPs approved (number and area)	1 (3 ha to clear and 7ha offset)	1 (4 trees and 1.24 ha offsets)	2 (2ha to clear and 18 ha offset)

APPENDICES

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Chartered Accountants

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www.rsmi.com.au

INDEPENDENT AUDIT REPORT

**TO: COMMONWEALTH GOVERNMENT OF AUSTRALIA
DEPARTMENT OF ENVIRONMENT AND CLIMATE CHANGE (THE DEPARTMENT)**

**HAWKESBURY-NEPEAN CATCHMENT MANAGEMENT AUTHORITY
CARING FOR OUR COUNTRY (THE PROJECT)**

Scope

The attached special purpose financial report Caring for our Country (CFOC) of the Hawkesbury-Nepean Catchment Management Authority for the year 1 July 2008 to 30 June 2009 has been prepared from the accounting records of the Hawkesbury-Nepean Catchment Management Authority for the purpose of acquitting funds provided by the Department in respect to the CFOC Project. The officers of the Hawkesbury-Nepean Catchment Management Authority are responsible for the preparation and presentation of the financial report and the information contained therein, and have determined that the basis of preparation is appropriate to meet the reporting requirements of the Department. We have conducted an independent audit of the financial report in order to express an opinion to the Department on its preparation and presentation. No opinion is expressed as to whether the basis of preparation used is appropriate to the needs of the Department.

The financial report has been prepared for distribution to the Department. We disclaim any responsibility for any reliance on the financial report to any person or organisation other than the Department or for any purpose other than that for which they were prepared.

Our audit has been conducted in accordance with Australian Auditing and Assurance Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with the basis of preparation applied in respect of the Project by the Hawkesbury-Nepean Catchment Management Authority so as to present a view that the expenditure of the Hawkesbury-Nepean Catchment Management Authority of the funding from the Department has been properly acquitted.

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

Audit Opinion

In our opinion:

- The attached financial report showing total expenses of \$3,369,875 presents fairly the expenditure of Departmental funding of the Project for the period 1 July 2008 to 30 June 2009 as it relates to CFOC.
- The Hawkesbury-Nepean Catchment Management Authority has managed the funds and kept accounts and records in respect of the CFOC funding in accordance with accounting principles generally applied in commercial practice and as required by law.
- The Hawkesbury-Nepean Catchment Management Authority has complied with its obligations under the CFOC agreement with the Department.

RSM Bird Cameron
Chartered Accountants



GED STENHOUSE
Director

Canberra, Australian Capital Territory
Dated
29/9/09

ACRONYMS

AAC	Aboriginal Advisory Committee (HNCMA subcommittee)	NHT	Natural Heritage Trust (former Australian Government funding program)
AIP	Annual Implementation Plan	NRC	Natural Resources Commission
ACID	Australian Company Institute of Directors	NRM	natural resource management
BCP	Bushland Conservation Project (Hawkesbury-Nepean CMA on ground project)	OHN	Office of the Hawkesbury-Nepean
CAP	Hawkesbury-Nepean Catchment Action Plan (10 year plan for the catchment)	OHS	Occupational Health and Safety
CIMS	Catchment Information Management System, formerly known as HIMS	PVP	Property Vegetation Plan made under the Native Vegetation Act
CMA	Catchment Management Authority	RAMA	Routine Agricultural Management Activity
CPS	Catchment Protection Scheme (Hawkesbury-Nepean CMA on ground project)	RHS	River Health Strategy (accompanies the HNCMA CAP)
CfoC	Caring for Our Country (Australian Government funding program)	RRP	River Restoration Project (Hawkesbury-Nepean CMA on ground project)
DECC	Department of Environment and Climate Change (now Department of Environment and Climate Change Water)	SAP	International standard financial business management software provided by Department of Commerce
DOP	Department of Planning	SPC	Strategic Planning Committee (HNCMA subcommittee)
DWE	Department of Water and Energy	SCA	Sydney Catchment Authority
DNR	(former) Department of Natural Resources	TOES	Treasury On-line Entry System
DPI	Department of Primary Industries (now Industry and Investment NSW)		
DoC	Department of Commerce		
EEC	endangered ecological community		
EEO	Equal Employment Opportunity		
FACG	Financial Audit and Corporate Governance (HNCMA subcommittee)		
HIMS	Hawkesbury Information Management System of the HNCMA now known as CIMS		
HNCMA	Hawkesbury-Nepean Catchment Management Authority		
IP	Investment Program (renamed Investment Strategy for 2008/09)		
JSC	Joint Steering Committee established to implement the bilateral agreement between the NSW and Australian Governments		
LGA	local government area		
LGAG	Local Government Advisory Group (committee of the HNCMA)		
LMD	Land Management Data-base (tool of the HNCMA)		
MOU	memorandum of understanding		
NAP	National Action Plan for Salinity		
NLP	National Landcare Program		
NGO	Non-government organisation		

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Copies of this annual report can be downloaded from the Hawkesbury-Nepean HNCMA's website at www.hn.cma.nsw.gov.au.

Cover photo: *Eucalyptus mannifera* with a view towards Lake Bathurst, near Goulburn - photographer Jenny Schabel

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