

Sydney Catchment Authority Annual Report 2008-09





SCA's drinking water catchments



Front cover photograph: The new fishlift and environmental flows infrastructure at Tallowa Dam will help protect 10 native fish species, including the endangered Australian Grayling, by improving the health of the river and allowing fish to migrate between the lower and upper Shoalhaven River.

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Letter to the Minister

Sydney Catchment Authority
Level 4
2-6 Station Street
Penrith NSW 2750

The Hon P J Costa MP
Minister for Water
Minister for Regional Development
Level 34 Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

We are pleased to submit the 2008-09 Annual Report of the Sydney Catchment Authority for presentation to the Parliament of New South Wales.

The report has been prepared in accordance with the *Annual Report (Statutory Bodies) Act 1984*, the Annual Report (Statutory Bodies) Regulation 2005, the *Public Finance and Audit Act 1983*, and the Public Finance and Audit Regulation 2005.

Yours sincerely



ROBERT ROLLINSON
Chairman

30 October 2009



MICHAEL BULLEN
Chief Executive

Introduction

The 2008-09 annual reports for the Sydney Catchment Authority (SCA) and the SCA Division of the Government Service (SCA Division) provide details of the organisational performance throughout the past year. The reports highlight how the SCA has managed the drinking water catchments, infrastructure assets, business and operational practices, and partnerships with stakeholders. The reports are organised against the four goals of the SCA Corporate Plan 2007-2012.

The SCA also produces annual water quality monitoring and catchment management reports that cover those aspects of the SCA's operations in more detail.

All of the reports are published on the SCA website, and will be made available in a fully accessible electronic format at www.sca.nsw.gov.au.

SCA Corporate plan principles

Our vision

Healthy catchments, quality water – always

Our role

Capture, store and supply quality raw water from well managed catchments

Our values

- Safe – we ensure the health, safety and wellbeing of people at the SCA
- Professional – we seek to adopt the highest professional standards in all our dealings
- Ethical – we are honest and fair in all our dealings
- Accountable – we are accountable for our decisions and actions

Our goals

- High quality water supply
- Sustainable catchments
- Strategic partnerships
- Successful business

About the SCA

The Sydney Catchment Authority (SCA) is a statutory body representing the Crown. It was established by the NSW Government in 1999 under the *Sydney Water Catchment Management Act 1998* (the SWCM Act).

The SWCM Act defines the roles, functions and objectives of the SCA.

The role of the SCA is to:

- manage and protect the catchment areas and catchment infrastructure works
- supply raw water
- regulate certain activities in or affecting catchment areas.

The principal objectives of the SCA are to:

- ensure that the catchment areas and catchment infrastructure works are managed and protected to promote water quality, protect public health and safety, and protect the environment
- ensure that water supplied by the SCA complies with appropriate quality standards
- conduct its activities in compliance with the principles of ecologically sustainable development where those activities affect the environment
- manage the SCA's catchment infrastructure works efficiently, economically, and in accordance with sound commercial principles.

The SCA's activities are funded by the sale of raw water to customers at prices determined by the Independent Pricing and Regulatory Tribunal (IPART).

Principal legislation

The SCA is constituted under the SWCM Act as a statutory body. The Act sets out the roles, objectives and functions of the SCA and the agency's corporate governance structure. Financial accountability is established through a Statement of Financial Framework that is prepared annually by the Board. It is submitted to the responsible Minister and Treasurer for adoption. The statement provides details about the SCA's financial targets, capital program, accounting policies, and asset, liability and risk management.

The SCA is managed by the Chief Executive in accordance with policies and decisions of the Board. The Board is appointed by the Minister for Water. The Board members are required to have expertise in the areas of protection of the environment, public health, local government and other expertise the Minister considers necessary.

The SCA is subject to the directions and control of the Minister. The Board and the Chief Executive are required to ensure that the SCA complies with any direction given to the SCA by the Minister.

The role, objectives and functions of the SCA are undertaken in accordance with an operating licence granted by the Governor under section 25 of the SWCM Act. The purpose of the operating licence is to set out the terms and conditions under which the SCA carries out its statutory functions including asset management and compliance with quality and performance standards. Compliance with the terms and conditions of the licence is regulated by the Independent Pricing and Regulatory Tribunal (IPART) which conducts an annual audit of the SCA's performance.

The SCA must also comply with a water management licence administered by the Water Administration Ministerial Corporation. The water management licence places conditions on the SCA's water management including access to water resources in our area of operations, extraction of water, and the release of water to rivers.

The SCA is required to enter into arrangements with Sydney Water Corporation (Sydney Water) regarding the supply of water. We are also required to establish memoranda of understanding with certain regulatory agencies including the Environment Protection Authority (part of the Department of Environment and Climate Change and Water (DECCW)) and the Department of Health.

The lands adjacent to Sydney's water storages are defined as Special Areas. The SWCM Act provides for the SCA's joint management of the Special Area lands with the DECCW. This involves preparing plans of management for all Special Areas to protect water quality and maintain ecological integrity. The plans guide the SCA's programs of work in the Special Areas.

Principal regulations

The SCA regulates activities that affect catchment lands and water quality. It uses regulations made under the SWCM Act and planning instruments made under the *Environmental Planning and Assessment Act 1979* (EP&A Act).

During 2008, the Sydney Water Catchment Management (General) Regulation 2000 and the Sydney Water Catchment Management (Environment Protection) Regulation 2001 were reviewed and combined into one regulation - the Sydney Water Catchment Management Regulation 2008.

The main changes include:

- increased penalties for offences
- creation of penalty notice offences for some existing offences
- clarification or expansion of provisions to ensure consistency with other legislation
- creation of new offences (such as disobeying signs and directions in catchment areas, and damaging, disturbing or otherwise interfering with SCA assets).

The State Plan

The NSW Government State Plan – A New Direction for NSW, was launched in 2006. It reflects the hopes and goals of people across NSW for the future of the state.

The State Plan focuses on five key areas of activity for the NSW Government. The SCA, while mainly active in the areas of environment and infrastructure, is working to deliver outcomes in all areas applicable to its business. Our performance against State Plan targets is summarised in Table 1 – Key performance areas.

The NSW Government is reviewing the State Plan in 2009. A draft State Plan will be made available for community consultation across NSW.

Report from the Chairman and Chief Executive

A focus for the SCA over the past year as its first decade of operation draws to a close has been to drive long-term planning for the future so we continue to perform as an effective public trading enterprise.

A changing metropolitan water environment that includes a new desalinated water source has focused the agency on optimising its business performance. At year's end the Independent Pricing and Regulatory Tribunal made its final determination on the prices the SCA charges from 1 July 2009. The prices will have only a minor effect on the bills paid by households and businesses. The price determination allows the SCA to carry out its vital role of protecting the quality of water in the catchments and meeting the supply needs of Sydney Water and its other customers.

While supplying quality raw water remains at the core of our business, there is a strong and enduring commitment to also protect the catchments from which we source the water we supply.

For these reasons the past year has seen us concentrate on a range of sustainability issues including:

- creating and modifying infrastructure at our dams and weirs to allow for environmental flows and fish passage
- enhancing our scientific capability so our predictive models better reflect the effects of climate change, droughts and floods
- developing a better understanding of long wall coal mining and its impacts in the catchments and on our infrastructure
- deepening our knowledge of the influence and risks of pollutants in the catchments through science, modelling and other tools
- meeting water quality and quantity objectives in partnership with others who are also committed to sustainable outcomes for the catchments.

A key environmental achievement during the year was the completion and commissioning of new and technically complex infrastructure at Tallowa Dam to allow for variable environmental flows downstream to the lower Shoalhaven River, and fish passage past the dam.

Another highlight has been the completion of a range of research to understand the causes of the blue green algae event that occurred in 2007. We now have a substantial body of work that has identified the causes, and allows us to ensure that the water supply system is more resilient to such events in the future.

The year has also seen a consolidation of the new Executive team which has driven an organisational review to better focus our efforts on our core business. There has also been a strong focus on developing and embedding systems and processes that will position the SCA well to deliver services efficiently and effectively into the future.

The release of the Government's 2010 Metropolitan Water Plan and the SCA's Healthy Catchments Strategy next year will provide strong evidence based plans for our future work.

Our thanks go to the Board, the Executive and the staff for their support during a year that saw the commencement of the three year price path and significant progress in delivering major programs to enhance the sustainability of our water assets and the catchments.



ROBERT ROLLINSON
Chairman

30 October 2009



MICHAEL BULLEN
Chief Executive

Our key performance areas

The SCA's Corporate Plan 2007-2012 articulates the SCA's strategic direction and states our vision, role, values, and goals. It also identifies intended outcomes and strategies for our four goals which will guide our efforts to 2012.

Table 1 summarises the SCA's achievements against the key performance indicators of the plan over the past year, and against the NSW Government's State Plan priorities. This report is structured against the goals and intended outcomes of our corporate plan.

Table 1 – Performance summary - key performance areas 2008-09

Key performance indicators	Corporate Plan goals	Actual 2004-05	Actual 2005-06	Actual 2006-07	Actual 2007-08	Actual 2008-09	Target	State Plan priority #
Operational								
Compliance with bulk water supply agreement with Sydney Water (%)	1	95.8	99.1	99.6	99.1	99.4	>95	E1
Health-related compliance with Australian Drinking Water Guidelines (%)	1	100	100	100	100	100	100	E1
Interruption to water supply (hours)	1	Nil	Nil	Nil	Nil	Nil	Nil	E1
Compliance with Dams Safety Committee requirements and Australian National Committee on Large Dams guidelines (%)	1 and 3	100	100	100	100	100	100	P2
Operating licence clauses for which there is full to high compliance (%)	1	73	88	100	100	Audit not complete	>80	S8

Key performance indicators	Corporate Plan goals	Actual 2004-05	Actual 2005-06	Actual 2006-07	Actual 2007-08	Actual 2008-09	Target	State Plan priority #
Environmental								
Catchment management expense per megalitre of water supplied (\$)	2 and 4	43	44	50	53	48	No target	E4
Environmental release compliance with water management licence (%)	2	99.9	100	100	100	100	100	E4
Water use by SCA (billed kilolitres at Penrith office)*	4	7,114	2,938	3,599	3,215	1,451	No target	E4
Social								
Hours lost to industrial disputes per employee	4	0	0	0	0	0	Nil	S8
Lost time injuries	4	10	6	2	9	6	Nil	S8
Lost time days	4	216.5	286	161	124	43	Nil	S8
Complaints (water supply) from wholesale customers	4	Nil	Nil	Nil	Nil	Nil	Nil	S8
Economic								
Earnings before interest and tax (\$m)	4	34.0	44.0	48.0	40.7	70.1	No target	S8
Return on total assets (%)	4	4.5	5.3	5.2	3.5***	5.7	No target	S8
Credit rating	4	A-	Investment grade**	Investment grade	Investment grade	Investment grade	Investment grade	P5

* Water use for SCA leased areas is calculated as a proportion of the building total water use. Figure is an estimate due to a faulty water meter at the Government Office building in Penrith. Figure will be significantly lower than previous years, due to the design of the building (eg rainwater tanks for toilet use).

** In 2005-06, the appointed credit rating agency for the NSW Government changed and the mode of reporting the SCA's credit rating changed.

*** Figure incorrectly printed in 2007-08 Annual Report

State Plan Priorities

E1 - A secure and reliable water supply for all users

E4 - Better environmental outcomes for native vegetation, biodiversity, land, rivers and coastal waterways

P2 - Maintain and invest in infrastructure

P3 - Cutting red tape

P4 - More people participating in education and training throughout their lives

P5 - AAA rating maintained

S8 - Increased customer satisfaction with Government services

Corporate governance

The SCA's corporate governance structure includes:

- SCA's responsible Minister, the Minister for Water
- SCA Board
- Chief Executive
- Executive.

As part of a thorough review of 'what we do', the SCA began an organisational realignment in August 2008. The following divisions were formed to improve the efficient and effective operation of the business:

- Business Services
- Catchment Operations
- Corporate Strategy and Governance
- Sustainability and Business Improvement
- Technical Services
- Water Supply.

Full implementation of the realignment will be effective from 1 July 2009.

Our Board

The SCA Board:

- determines the policies and long-term strategic plans of the SCA
- endeavours to ensure the SCA meets all public health and environmental requirements set out in the operating licence and any relevant instrument
- oversees the effective, efficient and economical management of the SCA
- prepares the annual report of the SCA as required under the *Annual Reports (Statutory Bodies) Act 1984*, and other reports that the SCA is required to provide under the *Sydney Water Catchment Management Act 1998* (SWCM Act), and
- prepares a Statement of Financial Framework for adoption by the Minister and the Treasurer.

The Board must endeavour to ensure that water supplied by the SCA complies with appropriate quality standards.

The Board is appointed by the Minister in accordance with section 7 of the SWCM Act. Collectively, members must have expertise in environmental protection, public health, and any other areas the Minister considers necessary to help the SCA realise its objectives. The Board includes the Chief Executive, an elected councillor from a local government area in the catchments, a nominee from the Nature Conservation Council of NSW, and a nominee from the NSW Farmers' Association. The Board is independently chaired and the majority of Board members are independent.

The SCA Board Guidelines outline the responsibilities under which the Board operates. Board members must adhere to these guidelines.

At 30 June 2009, the SCA Board members were:

Robert Rollinson – Chairman

Michael Bullen – Deputy Chairman and Chief Executive (ex-officio)

John Asquith

Stephen Corbett

David Evans

Lisa Hunt

Louise Wakefield

Kenneth Wheelwright

Larry Whipper

Details of all Board members for 2008-09 and their qualifications are provided in Appendix 4.

Mr Paul Stephenson, local government representative on the Board, resigned in May 2009. Mr. Larry Whipper, elected member of Wingecarribee Shire Council, was appointed to the Board as the local government representative effective 11 June 2009.

Attendance at Board meetings

The Board usually meets 11 times each year, from February to December. When necessary, the Board also considers matters out of session. In 2008-09, the Board met 11 times. Details of attendance at Board meetings are provided in Appendix 5.

Standing committees

During 2008-09, the Board operated through four standing committees: the Audit and Risk Committee, Catchments and Water Quality Committee, Asset Management Committee, and the Prosecutions Committee.

The Audit and Risk Committee consists of five Board members. It ensures that the SCA's internal and external audit processes are effective, and considers issues raised by the auditors. It is responsible for ensuring that the SCA's accounting policies and principles are in accordance with the stated financial reporting framework and that the Board is kept informed of significant issues raised by the auditors, management, and committee members.

The Audit and Risk Committee also provides independent assurance and assistance to the Board on the SCA's risk management, internal control and compliance framework, and its external accountabilities.

The Board's Catchments and Water Quality Committee consists of five members. The committee oversees the SCA's long-term strategies and plans in relation to catchment management, operations and protection.

The Asset Management Committee consists of five Board members. The committee oversees the SCA's asset management and capital expenditure program.

The Board's Prosecutions Committee consists of four Board members and meets as matters arise. It considers decisions to prosecute under the SWCM Act and regulation. The Committee met once during 2008-09.

Details of Board members' attendance at standing committee meetings are provided in Appendix 5.

Significant committees established or abolished

Significant committees are defined as those established by the SCA Board, or under memoranda of understanding between the SCA and other agencies.

During 2008-09 there were no significant committees established or abolished.

Board Code of Conduct

Members of the SCA Board must provide their services under the SWCM Act and relevant NSW statutes following the principles contained in the Board Code of Conduct. These principles include respecting people, and acting responsibly, honestly, responsively, and in the public interest. The Board Code of Conduct is provided in Appendix 6 and is available on the SCA's website at www.sca.nsw.gov.au.

Board performance

In 2009-10, the Board will undertake a review of its performance over the period of its appointment. This review will include evaluation of the performance of the Board and the committees.

Our organisation

SCA Executive

The qualifications and experience of the Board and executive team together provide the SCA with sound governance and management. Qualifications of executive members are provided in Appendix 7.

SCA Code of Conduct

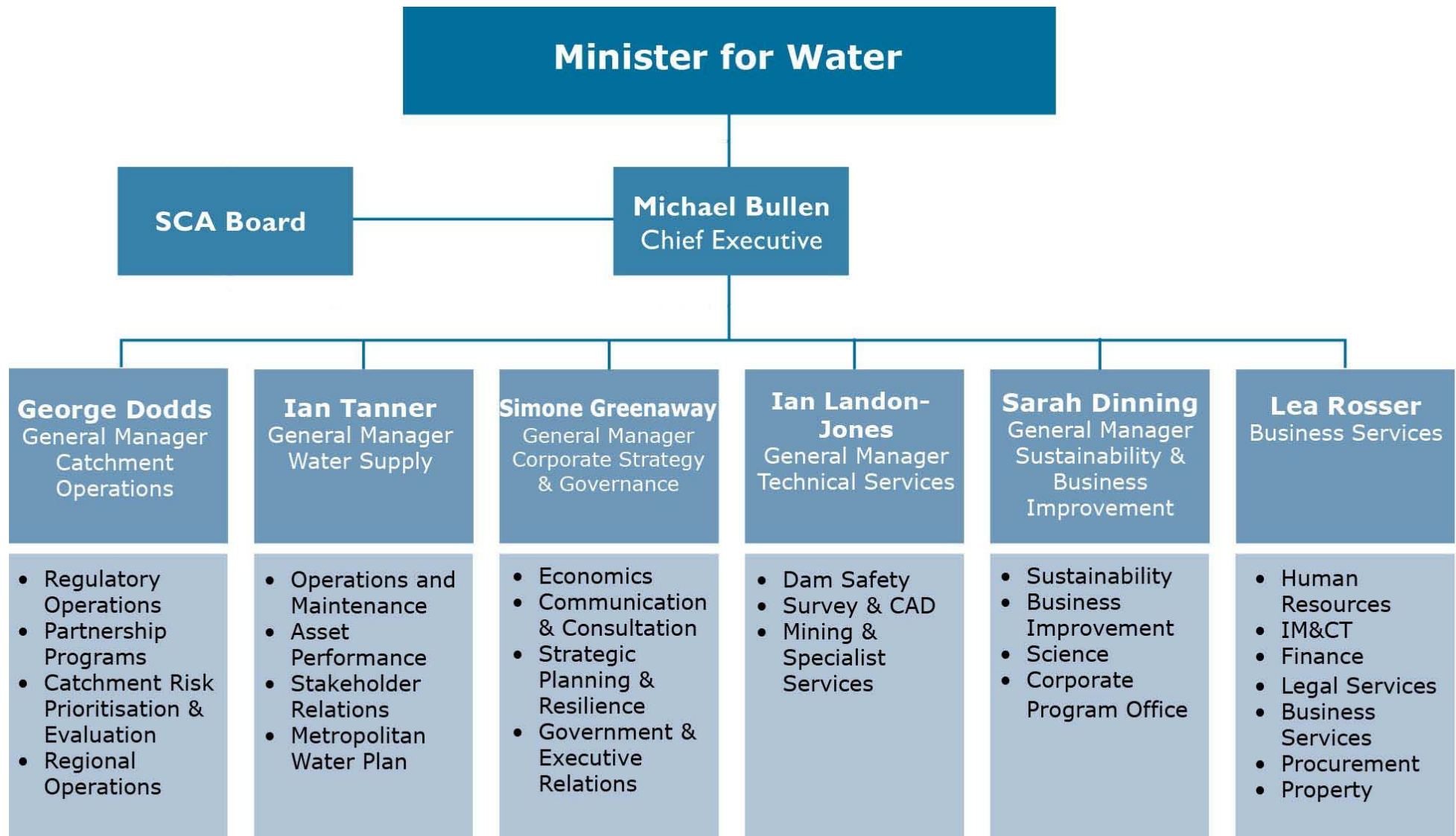
The SCA Code of Conduct includes the following principles:

- Responsibility to the Government of the day and to the SCA
- Respect for people
- Integrity, professionalism and acting in the public interest
- Responsive service
- Economy and efficiency
- Care for the environment.

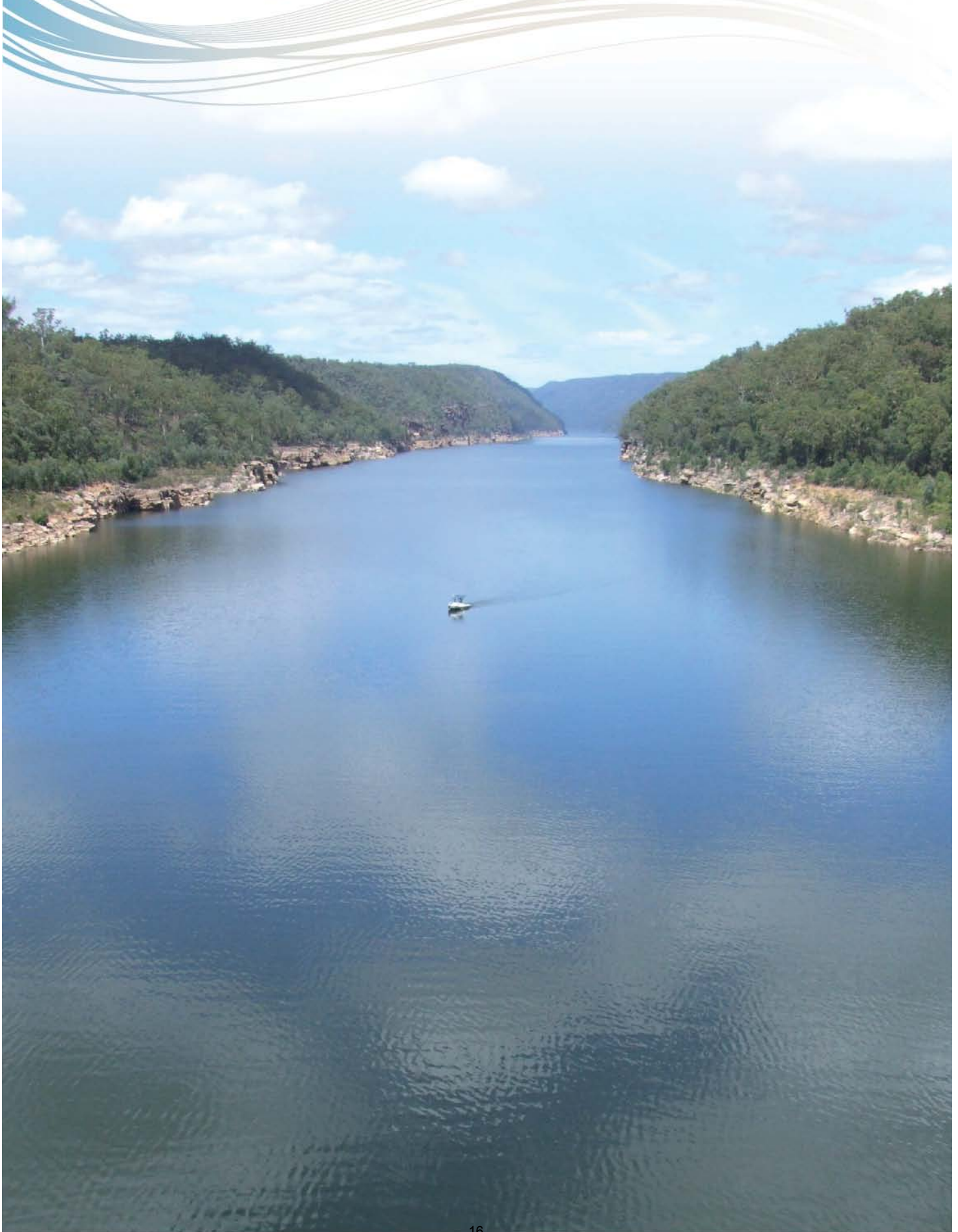
The Code of Conduct aligns with the SCA Corporate Plan 2007-2012 and incorporates the SCA's values.

The Code of Conduct is made available to all staff through the SCA intranet, training sessions, and at induction for new employees.

Figure 1 - SCA corporate structure at 30 June 2009



Goal 1 – High quality water supply



GOAL 1 - High quality water supply

The SCA's business is to supply raw water of an appropriate quality and quantity to our customers.

We have water supply agreements and protocols with key customers such as Sydney Water Corporation (Sydney Water). Our standard operating procedures and processes ensure quality and quantity of supply during routine operations. To protect continuity of supply during extreme events such as floods, drought and bushfires we have contingency plans and incident response processes in place. These are tested in real and scenario events and updated in response to identified improvements.

Several of our water supply programs are achieved in partnership with others. Details of these programs and achievements are provided under Goal 3 – Strategic partnerships.

Highlights

- Met or exceeded water quality compliance targets and provided an uninterrupted supply to customers for the tenth successive year
- Managed incidents with no loss of supply or impact on quality of water delivered
- Finalised the \$23 million upgrade of Warragamba Dam's entire electrical network on time and on budget
- Completed the \$4 million upgrade of the Woronora Dam access road which is used by around 270,000 visitors each year
- Began the \$6 million project to upgrade the Prospect Reservoir scour valves
- Progressed to the final stage of the \$36 million project to upgrade the Warragamba Dam drum and radial gates.

Photograph previous page: The view of Lake Burragorang from Warragamba Dam wall. When full, the lake stores 2,031,000 megalitres of water, more than four times the volume of Sydney Harbour.

Raw water deliveries meet agreed quantity and quality specifications

The SCA continued to deliver raw water which surpassed criteria specified in its supply agreements.

It supplied 490,491 million litres of water to customers during 2008-09.

Of the water supplied by the SCA, 99 percent was supplied to Sydney Water, 0.91 percent went to Shoalhaven City and Wingecarribee Shire councils. The rest was supplied to SCA's other customers.

Table 2 - Water supply to customers (millions of litres)

	2004-05	2005-06	2006-07	2007-08	2008-09
Sydney Water	518,771	522,464	502,692	475,156	485,795
Wingecarribee Shire Council	3,337	3,594	4,221	4,042	4,379
Shoalhaven City Council	74	78	77	76	84
Direct users - Upper Canal	179	174	163	74	114
Direct users - Warragamba Pipeline	70	74	61	46	54
Others	42	29	43	36	65
Total	522,473	526,413	507,257	479,430	490,491

Fish River

The SCA purchased 208 million litres of water from the Fish River Supply Scheme during 2008-09. This is less than six percent of the maximum allowable quantity for the year. The SCA has responded to the Fish River Water Supply Scheme's request to voluntarily reduce demand to preserve drinking water supplies for the townships of Lithgow and Oberon. Water from the scheme is sourced from Oberon Dam. As at 30 June 2009, the storage level in the dam was 12.3 percent, the lowest since the dam was built.

Changing dam levels

Available storage in the SCA's dams on 30 June 2009 was 61.4 percent. This was a decrease of 5.2 percent over the year, reflecting lower than average rainfall and a slight increase in demand.

Figure 2 - Dam storage levels at 30 June 2009

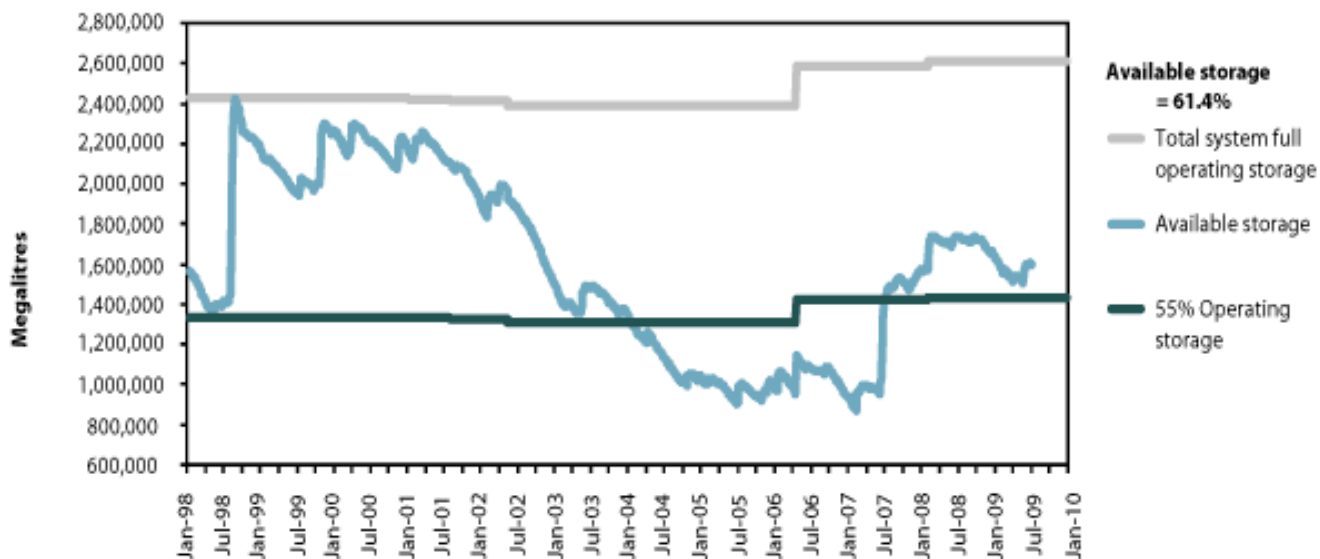
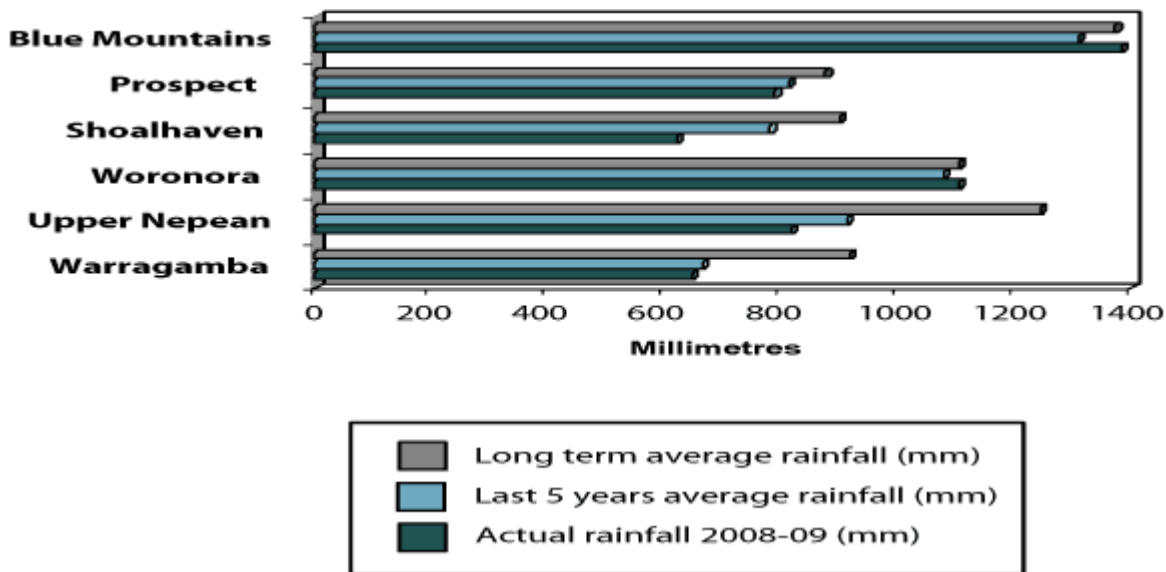


Table 3 - Monthly rainfall in the SCA's catchments in 2008-09 (millimetres)

	Warragamba	Upper Nepean	Woronora	Shoalhaven	Prospect	Blue Mountains
Jul 08	27	40	61	33	31	46
Aug 08	32	29	36	59	29	39
Sep 08	58	66	85	45	50	118
Oct 08	74	70	56	59	55	79
Nov 08	57	52	68	69	73	101
Dec 08	79	72	77	79	72	96
Jan 09	21	10	29	34	23	44
Feb 09	76	119	225	57	146	265
Mar 09	32	35	42	28	54	60
Apr 09	77	146	213	81	112	241
May 09	79	123	139	45	91	240
Jun 09	35	56	72	33	53	56
Total	647	818	1,103	622	789	1,385

Figure 3 - Long-term rainfall comparison



Reviewing the water monitoring program

The SCA is undertaking a review of its water monitoring program. The review is being delivered in two stages.

- A review of routine monitoring was completed in April 2009 to allow major changes to be incorporated into the new monitoring contracts commencing on 1 July 2009.
- Improvements to non-routine monitoring will be determined by October 2009 for commencement in 2010.

To inform the review, monitoring objectives were developed in consultation with stakeholders, and from SCA knowledge and experience in managing water. The result was the creation of a set of management questions that water monitoring should seek to answer. The questions define what the SCA needs to know about water quality and quantity within the catchments, reservoirs, raw water supply system, and in downstream rivers.

An inventory was prepared of all current and previous monitoring data, information and reports held by, or available to, the SCA. A series of workshops was held examining each barrier within the water supply system to determine the monitoring requirements and identify potential improvements.

The current water monitoring activities were then assessed against the management questions raised earlier. As a result, sampling sites, frequencies and test parameters in the routine program were condensed based on risk analysis. The reductions in routine monitoring allowed for additional targeted and investigative monitoring to address remaining knowledge gaps or emerging issues.

Throughout this process, the integrity of existing long-term data sets was maintained. Internal and external stakeholders had identified this information as a valuable resource.

The revised routine monitoring program was endorsed by NSW Health and the (then) Department of Water and Energy before submission to the Independent Pricing and Regulatory Tribunal in April 2009.

Investigations into improvements to non-routine monitoring are continuing. This work is expected to be completed in time for implementation in 2010.

Science and research for water supply

Pathogen research

The SCA conducts pathogen research in partnership with universities and research bodies. Pathogen research projects in the following areas were completed in 2008-09:

- Pathogen risk from feral animals in the catchment
- Response of livestock movements to provision of alternative shade and water sources
- Development of analytical methods to detect and track the source of pathogens in water
- Survey of *Cryptosporidium* species in the drinking water catchments.

Results from the survey of *Cryptosporidium* species in the catchments suggest that most species present come from wildlife and do not pose a significant risk to humans. Results from this and other completed projects are being incorporated into the SCA's best management practice guidelines and the decision support system for the Healthy Catchments Program.

Research is continuing on:

- Pathogen fate and transport modelling under various size event conditions
- Pathogen risk from sewage treatment plants relative to other pathogen sources.

The second stage of research assessing the relative pathogen risk from sewage treatment plants was completed. Targeted sampling in and around sewage treatment plants has been done to see how well the plants remove pathogens. These results provide the basis for a quantitative microbial risk assessment relative to other pathogen sources.

The SCA participated in an international Water Research Foundation project to develop a pathogen contaminant budget model. The model predicts the loading, fate and transport of pathogens from different sources in the catchments. Details of the project and model are available on the Water Research Foundation website at www.waterresearchfoundation.org. The SCA is using a risk assessment approach to identify remaining key microbial catchment issues.

Studying groundwater hydrology

During 2008-09, the SCA continued detailed research into groundwater hydrology and surface water-groundwater interaction. The research to date has had two main outcomes:

- Improved scientific understanding of the complex interaction between surface water and groundwater stored in subsurface aquifers. The studies improved our understanding of the connection between surface water and groundwater in the proposed Upper Nepean borefield at Kangaloon.
- Better understanding of the impacts of longwall mining on groundwater quality and quantity, and the interaction between surface water and groundwater systems.

The SCA continued the following projects and activities:

- Monitoring, improved conceptualisation of the interaction between surface water and groundwater in the Upper Nepean fractured aquifer system
- Analysing historic data and collecting supplementary data to better understand the impact of longwall mining on stream flow, surface water to groundwater interaction, and water quality in the Waratah Rivulet
- Developing a rigorous and scientifically-based framework to assess impacts from longwall mining activities. The SCA will continue to assess changes in water quality, groundwater levels, stream flow, catchment water yield, and the effectiveness of remediation activities in the Special Areas.

Impacts of climate change

The SCA supports a number of research projects to assess the potential impact of climate change on its operations.

Paleoclimatic record

A research project at the University of Newcastle is using naturally occurring isotopes in limestone cave deposits at Wombeyan Caves to better understand natural climatic variability over long time periods beyond the last 200 years of historical records. The isotopes provide information about drought patterns over the past 1,000 to 2,000 years. This study is being supplemented by analysis of flood plain deposits in the Nepean River to investigate periods of major flood events. These studies are expected to finish in early 2010.

Planning for future climate change

Global climate models do not provide the detail needed for water supply planning for drinking water catchments. Under the Metropolitan Water Plan, the SCA is collaborating with other water agencies and research partners on a project on Climate Change Impacts on Water Supply and Demand in the Sydney Region. The project includes detailed climatic modelling in the SCA's catchments to better understand rainfall patterns and possible patterns of drought and floods under climate change scenarios. It incorporates synoptic typecasting of storm events, and is consistent with larger studies being conducted for other parts of Australia (such as the Murray-Darling Basin and south-west Western Australia).

The projected impact of climate change for the Sydney region is being analysed for a number of greenhouse gas emission scenarios, with snapshots for 2030 and 2070. Detailed statistical methods to simulate rainfall, temperature and humidity at representative sites in the catchments and the greater Sydney region have been developed where good instrumental records are available for calibration.

These meteorological time series are being fed into models to develop runoff estimates, and contribute to modelling for demand. The runoff and demand estimates are then used to assess effects on water supply system yield and performance.

This climate change project is due to be completed in late 2009, and the outcomes will inform the review of the Metropolitan Water Plan.

Our dams and delivery systems are safe, efficient, well operated and maintained

Managing and upgrading our water supply assets

The SCA has continued its asset management and upgrade program for the water supply network to ensure it meets its obligations to customers, and to protect and improve river health.

The program included spending more than \$5.8 million on scheduled maintenance, \$0.5 million on operational improvement projects, and \$50.5 million on capital projects.

During 2008-09 the SCA:

- completed the \$23 million electrical upgrade at Warragamba Dam
- completed the \$4 million upgrade of the Woronora Dam access road - this road, built in 1927, is used by approximately 270,000 visitors each year as well as SCA staff and contractors
- continued the upgrade of the Warragamba Dam drum and radial gates which is the final stage of the works associated with managing a probable maximum flood event. Nearly \$9 million was spent on the project which is due to be completed by mid-2011. The total project cost estimate is around \$36 million
- completed the upgrade of the reticulation and fire hydrant systems at Upper Nepean dams at a cost of approximately \$2 million
- relined the Bendeela Pipeline between Bendeela Pondage and Bendeela Pumping Station at a cost of approximately \$2 million
- began a \$6 million project to upgrade the scour valves at Prospect Reservoir.

Upper Nepean Transfer Scheme

The Upper Nepean Transfer Scheme remains a key strategic and operational component of greater Sydney's overall water supply system. A strategic assessment of the scheme confirmed that the Upper Canal required rehabilitation and/or replacement.

In December 2008, the SCA Board endorsed a three stage program to determine options to rehabilitate and/or replace the Upper Canal. Stage 1 of the program began in April 2009. Key deliverables include options studies, concept reports, risk assessments and specialist studies. These deliverables will identify business cases that will determine the best options for rehabilitation or replacement, or a combination of rehabilitation and replacement.

This will lead to an investment decision by the SCA Board and the NSW Government on whether to rehabilitate or replace the canal, and over what timeframe this should happen. Decisions in relation to the Upper Canal will be made in the context of the Government's Metropolitan Water Plan.

Case Study – Warragamba electrical upgrade

Warragamba Dam received a \$23 million upgrade to its electrical system this year with the completion of a major project that involved 170 kilometres of new cabling installed at the dam.

The dam is the most important part of Sydney's water supply network - storing four times the volume of Sydney Harbour and supplying 80 percent of Sydney's water needs.

The electrical system at the dam has not had a major upgrade since it was built. As Warragamba Dam approaches its fiftieth year, the upgrade was needed to bring the electrical systems up to today's standards.

During the two year project a team of up to 30 workers replaced or installed 233 light switches, 155 general power outlets, 500 fluorescent light fittings and enough electrical cabling to stretch from Warragamba to Goulburn. In addition, 1,200 energy efficient light bulbs were installed and more than 2,600 drill bits were used.

A new portable phone system that works in all areas of the dam was also installed as part of the works to ensure the safety of dam workers and improve communication at the dam.

The upgrade also put in place a new monitoring system, which allows for a faster response to any unpredicted changes at the dam.

This important project helps to ensure that Warragamba Dam can continue to meet our water needs well into the future.



Benchmarking our asset management performance

The SCA took part in the Water Services Association of Australia's asset management benchmarking exercise. The exercise involved 41 water businesses including 24 overseas water utilities. It is the largest benchmarking project of its kind in the world.

The SCA improved in all seven functions during the 2008 benchmarking exercise compared to the 2004 result. Improvements ranged from 8.5 percent for asset replacement and rehabilitation, to 26.2 percent for asset maintenance. The SCA scored at or near the top for most functions assessed. When compared to nine other utilities providing only a water service, the SCA achieved the highest score in five of the seven functions.

During 2008-09, IPART audited the SCA's asset management practices as part of the requirements of the SCA's operating licence. We achieved full to high compliance with all relevant clauses of our licence.

Dam safety

The SCA owns 21 water storage facilities prescribed by the NSW Dams Safety Committee (DSC) under the *Dams Safety Act 1978*. The five year dam safety management program ensures our dams are managed in compliance with DSC requirements and Australian National Committee on Large Dams (ANCOLD) guidelines.

Following the inspections of Kangaroo Pipeline Control Structure and Cataract and Cordeaux dams in July 2008, all dams have been inspected in the five years of the program. Monitoring continued throughout 2008-09 and all dams were found to be performing satisfactorily. No significant safety issues or unusual behavioural trends were identified.

The SCA completed five yearly comprehensive surveillance reports for all three Cascades dams in the Blue Mountains. The DSC reviewed and endorsed the reports.

Comprehensive safety assessments of Cataract and Cordeaux dams will be finalised in 2009.

Dam safety emergency plans are available for all the dams. During the year, successful desktop emergency exercises involving SCA staff and external agencies were conducted to test dam safety emergency planning procedures for Avon Dam and Prospect Reservoir.

The SCA also provided dam safety surveillance services to Sydney Water which owns 16 prescribed dams. Sydney Water satisfactorily completed its annual program of dam safety activities to DSC requirements.

SCA is represented on the DSC, ANCOLD, and two working groups of the International Commission on Large Dams. This helps ensure SCA dam safety management practices are in line with international best practice.

Wingecarribee Dam upgrade

Over previous years the SCA has undertaken a detailed safety review of Wingecarribee Dam, including concept designs for various upgrade options, and an assessment of spillway gate reliability.

The SCA submitted a risk assessment and preferred option to an independent review panel in December 2008. Actions from the review are being addressed before submitting the risk assessment and preferred options to the DSC for endorsement. The SCA will undertake environmental impact assessment studies and project approvals by the end of 2009 before proceeding with the detailed designs.

Prospect Reservoir – embankment stabilisation

Dam safety investigations are continuing on the Prospect Reservoir embankment to assess the impact of the operation of the new Prospect Raw Water Pumping Station on the dam's upstream slope. Results from the geotechnical studies and material testing were submitted to an independent review panel in December 2008. The panel's recommendations are being implemented with any changes to be incorporated into the safety review and dam safety risk assessment which will progress through 2009.

Mining beneath SCA infrastructure

Coal mining is a significant land use that provides economic benefit to NSW. It can also have significant effects on water quality and quantity, ecological integrity, and infrastructure functionality and serviceability.

To manage mining impacts on its assets, the SCA uses a risk based approach which combines proven methodologies and leading edge techniques to ensure the integrity of its infrastructure.

The SCA has policies and procedures to minimise the likelihood of mining operations damaging catchment assets. All costs incurred by the SCA to investigate, prevent or rectify effects of mining activities on SCA infrastructure are reimbursed by mining companies in accordance with master agreements with the SCA.

The SCA's corporate risk management framework is used to identify, analyse, and document responses to the potential risk of mining on SCA assets to reduce the risk to an acceptable level. We also engage independent specialists to review and assess the impacts and risk of mining on infrastructure.

Subsidence management plans

As a major stakeholder, the SCA is represented on the interagency Subsidence Management Plan Review Committee that reviews coal mining applications and provides recommendations to the Department of Industry and Investment (Mineral Resources) (previously the Department of Primary Industries). Conditions with specific requirements to protect infrastructure assets are attached to mining approvals. These conditions provide the framework for developing mining management plans which ensure all necessary preventative measures, contingency plans, closure plans, and ongoing monitoring are undertaken so that mining can occur without any significant impact on surface assets.

Monitoring and protective works related to underground mining

During 2008-09, underground coal mining activities continued near SCA infrastructure in the Southern Coalfields at Appin Areas 4 and 7, Westcliff, Dendrobium, and Bellambi mines.

The SCA completed a robust risk review and assessment of the impact of the proposed Appin Area 4 - Longwall 409 mine. The mine undermines a section of the Upper Canal and associated structures. The assessment identified risks requiring mitigation and monitoring.

The Department of Industry and Investment (Mineral Resources) approval for Longwall 409 was subject to satisfactory compliance with conditions to ensure that risks to SCA infrastructure were acceptable based on the implementation of preventative works, monitoring, and contingency planning.

All pre-mining protective and mitigation measures were completed by April 2009 before extraction started. An asset protection plan, including monitoring management and trigger action response plans, were developed. The plans were independently reviewed and underwent a quantitative risk assessment. Contingency plans for identified major risks were also developed and independently reviewed. Ongoing reviews and monitoring of movements and impacts, as well as detailed engineering assessments of mining impacts, were undertaken.

Further to the north, alongside the Upper Canal, assessments of mining applications in the Appin 7 and Westcliff areas indicated that no significant impacts are predicted to occur to infrastructure associated with the Upper Canal. Additional protective and preventative measures are in place to maintain the stability and heritage value of the canal, aqueducts and bridges.

Successfully operate our water supply system during droughts, floods, fires and other extreme events

Managing incidents

Blue-green algae in Lake Yarrunga

In May 2009, routine algal sampling at the Bendeela Picnic Area at Lake Yarrunga detected elevated levels of potentially toxic producing cyanobacteria, exceeding recreational guideline limits. The Metropolitan South Coast Regional Algal Coordinating Committee was notified. An alert was issued and warning signs erected at the picnic area. Sampling was increased to twice weekly and visual surveillance commenced. Although cell counts remained elevated during June 2009, toxicity remained below the recreational guideline limit.

Blue-green algae in Wingecarribee Reservoir

In October 2008, routine sampling detected potential toxin producing cyanobacteria at the offtake level in Wingecarribee Reservoir. An incident was later declared when monitoring indicated cyanobacteria levels in the raw water exceeded the Australian Drinking Water Guidelines.

Due to the patterns of land use and soil types in the surrounding catchments, along with the shallow nature of the storage, algal blooms in Wingecarribee Reservoir are a seasonal occurrence during the warmer months.

In accordance with established incident response plans and protocols, Wingecarribee Shire Council was informed of the results and responded by adding powdered activated carbon to the treatment process to successfully remove algal cells and toxins. Algal levels remained elevated throughout summer and autumn, although generally remained below the Australian Drinking Water Guidelines thresholds.

Wingecarribee Shire Council was able to successfully treat water to meet guidelines and no complaints were received regarding the taste and odour of treated water. Algal levels in Wingecarribee Reservoir declined in June 2009 with the onset of cooler temperatures.

Case Study - SCARMS upgrade and expansion

Following the 1998 water quality incident and the subsequent Sydney Water Inquiry, the SCA developed a system for modelling lake inflows. The SCA's Reservoir Management System (SCARMS) is used to collect a variety of data from instruments in streams and lakes in the catchment and send the information to a three dimensional computer model for interpretation and forecasting.

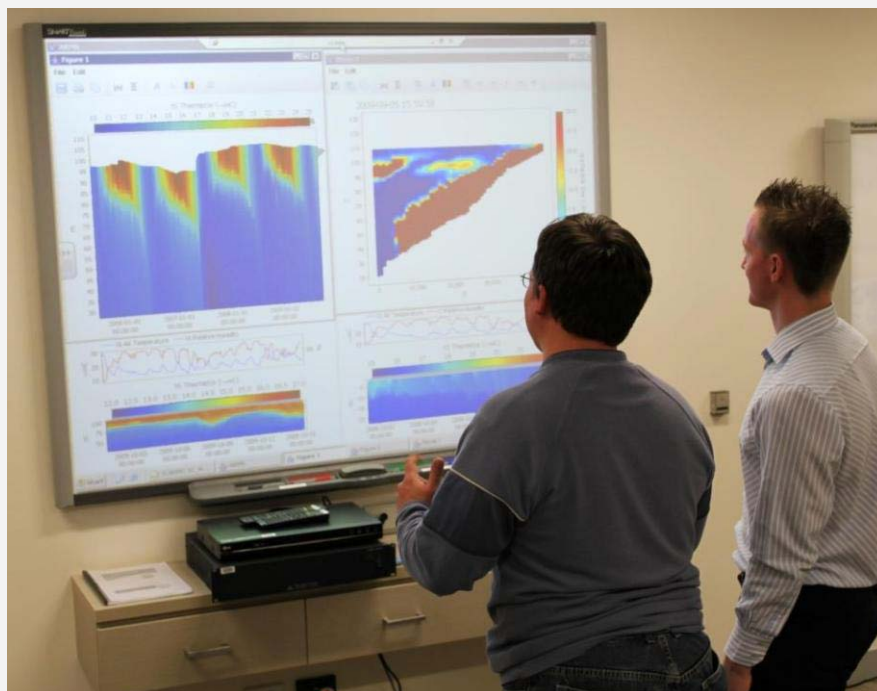
SCARMS has continued to be a valuable tool to manage the outlets at Warragamba throughout the year. In particular, SCARMS is used to track the annual lake turnover process, and to provide timely and relevant information to help determine how to manage the outlets.

During the year, the project to expand the SCARMS system in the Shoalhaven storages progressed. Lake diagnostic systems were installed at Fitzroy Falls and Wingecarribee storages and model development began. Work also progressed with the Centre for Water Quality Research (University of Western Australia), to introduce an updated version of the software and modelling platform. Testing of the new version, which will include more flexible and efficient operations and improved user interfaces, reached the final stages during the year.

SCARMS also operates at Prospect Reservoir. During the year, the Prospect model was updated to include the new Prospect Raw Water Pumping Station, including a calibration and verification exercise. Together with the new SCARMS software, this model will be used to simulate lake conditions and help formulate strategies to manage the water level and quality in the reservoir.

SCA continued to use the new mobile water quality profiler (SEABIRD 19+) during the year. Using a GPS sensor it records sampling location as well as temperature, turbidity, dissolved oxygen and conductivity at a rate of four samples per second to a depth of 100 metres. The profiler is connected to a laptop computer and data can be uploaded via satellite to SCARMS within minutes. One of the key activities during the year was fine tuning the operation and staff familiarisation to ensure the unit can be used at short notice if required.

This profiler will be especially useful during incidents when real-time data can be readily accessed and multiple sampling points can be tested in short timeframes.



Water supply planning and asset investment keep pace with our current and future requirements

Metropolitan Water Plan

The 2006 Metropolitan Water Plan (MWP) outlines the Government's plan to secure greater Sydney's water future. It also recognises the importance of restoring the health of major rivers and systems in the Sydney region.

The plan identifies initiatives to deliver cost effective solutions for the region's future water needs. The 2008 progress report, available at www.waterforlife.nsw.gov.au, outlines progress on specific actions such as climate change research, increased recycling, construction of the desalination plant, community consultation and education, river health projects, and regulatory reforms to increase competition in the water industry.

The SCA continues to play a leading role in implementing and reviewing the MWP, including providing key water supply modelling data and analysis, contributing to research on climate change, and participating in the economic and social research and analysis of future water supply options.

Shoalhaven transfers

The MWP recognises that the Shoalhaven Catchment, along with the Upper Nepean Catchment, is an important and reliable source of water for greater Sydney.

In July 2008, the SCA finished investigating options to transfer water from the Shoalhaven system while minimising impact on rivers. This information will inform the Government's current review of the Metropolitan Water Plan.

During 2008-09, 50,000 megalitres of water was pumped from the Shoalhaven System to supplement greater Sydney's supply.

In November 2008, the Minister announced a three year moratorium on the transfer of water from the Shoalhaven River to Sydney's water supply storages. Pumping was reduced to maintain stable levels in the Wingecarribee River during the platypus breeding season. All pumping stopped at the end of platypus breeding season in March 2009.

In announcing the moratorium, the Minister for Water recognised the significant water saving efforts of Sydneysiders, increased recycling, and the scheduled commissioning of the new desalination plant. Significant inflows in mid 2007 and follow up rains in early 2008 had maintained storage levels at around 65 percent.

He also acknowledged the critical role that transfers from the Shoalhaven had played during the drought to secure both Sydney's and the Illawarra's water supply. He noted that in the five and a half years of transfers, around 813 billion litres, or nearly 30 percent of greater Sydney's consumption, had been supplied from Tallowa Dam.

Investigating groundwater

Under the MWP, the SCA conducted detailed investigations into the potential use of groundwater to supplement water supplies in severe drought. Borefields were investigated at Kangaloon in the Southern Highlands, and Leonay and Wallacia in Western Sydney.

In mid 2008, in response to increased dam levels and water saving initiatives, the Government announced that the Kangaloon borefield project would be shelved. Investigations of groundwater resources at Leonay and Wallacia were also halted.

In line with the Government's decision, the SCA completed essential land acquisitions and tender documentation. A preferred project report under part 3A of the *Environmental Planning and Assessment Act 1979* was submitted to the Department of Planning in January 2009. A decision by the Minister for Planning is pending. Approval will allow for the construction of the Kangaloon borefield if needed in future severe drought.

Goal 2 – Sustainable catchments



GOAL 2 - Sustainable catchments

The catchments are dynamic systems that can be impacted by natural changes, human activities, and seasonal variability. Raw water quality from the catchments is generally good. However, there are significant pressures which can threaten water quality.

Effectively managing the catchments for water quality is a complex matter. The lands are owned, managed and regulated by a broad variety of individuals, businesses, groups and government agencies.

The SCA's primary objective in the catchments is to manage and protect the catchment lands to promote water quality, protect public health and safety, and the environment. To do this we need to work in partnership with others. Our partners play a vital role in working with us to identify and mitigate risks to water quality. Our response to these risks requires a full suite of land management, regulatory, education and incentive tools to affect change.

Highlights

- Prepared the draft Healthy Catchments Strategy 2009-2012 which uses a robust decision support system to underpin the SCA's future direction in catchment management
- Revised the Healthy Catchments Program to implement the priorities identified in the Healthy Catchments Strategy
- Progressed river health initiatives under the Metropolitan Water Plan including modification of infrastructure at several sites to allow for environmental flows and fish passage
- In partnership with councils and the (then) Department of Water and Energy, began upgrades to sewage treatment plants at Bundanoon and Braidwood, and construction of the new Taralga Sewerage Scheme
- Worked with catchment partners to rehabilitate Oakdale Colliery and the Mulloon Creek Copper Mine

Photograph previous page: Land owner Eddie Webbe hosted a Prograze course on his property near Goulburn under the Sustainable Grazing Program. This partnership between the SCA and the Department of Industry and Investment (formerly NSW DPI), aims to help graziers in the catchments increase the sustainability of their farms while improving the quality of water flowing from their paddocks.

Reduced environmental degradation to improve water quality

Developing the Healthy Catchments Strategy

The draft Healthy Catchments Strategy 2009-2012 (HCS) outlines the SCA's priorities for preventative and remediation works in the catchments over the next three years. It explains how we determine priorities and how they are addressed and evaluated. Each year an annual Healthy Catchments Program will be developed to implement the actions required to address our priorities.

Government stakeholders were consulted on the draft strategy in June 2009, and consultation with the broader community will occur later in 2009.

The strategy will be continuously improved based on the latest scientific and technical information, evaluation of current programs, feedback from our stakeholders, and new recommended practices (see Figure 4).

Periodically, the strategy will undergo a major review in the lead up to the SCA's pricing submission to the Independent Pricing and Regulatory Tribunal (IPART). IPART determines the price charged to customers for raw water, which in turn relates to the funding available for the SCA's investment in catchment management initiatives.

The strategy, annual work program, and quarterly progress updates on activities will be published on the SCA's website.

Prioritising catchment actions

Due to the diversity and scale of the catchments it is not feasible for the SCA to base its prioritisation solely on monitoring streams and storages. Rather, the relative pollution risks associated with different catchment activities and locations are assessed.

Four priority pollutants (pathogens, total phosphorus, total nitrogen and suspended solids) have been identified as being of greatest concern to drinking water supply. Pollution risk varies across the catchments and over time, depending on factors such as pollutant load, land management practices, rainfall, slope, and soil type.

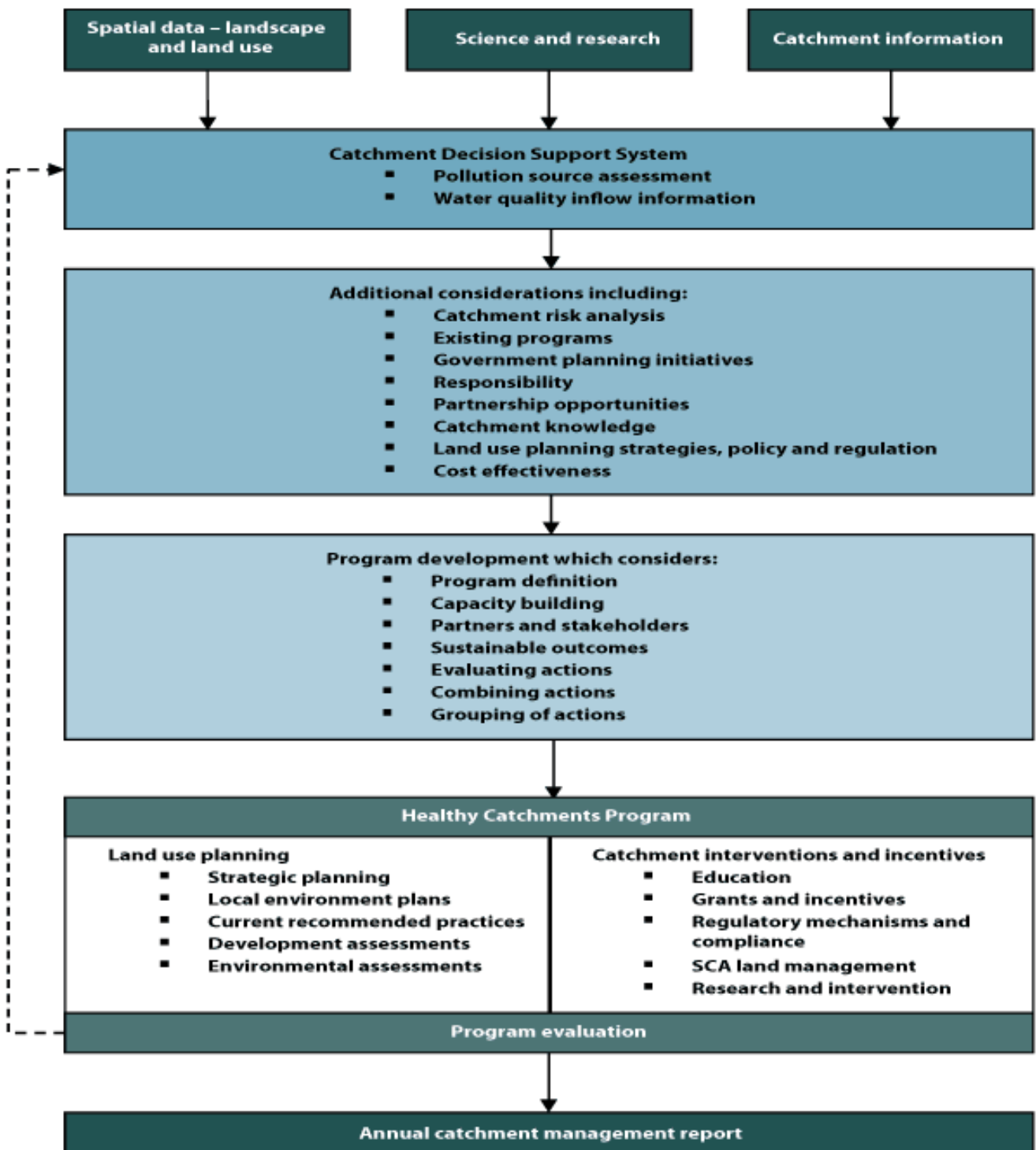
To underpin the HCS, the SCA developed the Catchment Decision Support System (CDSS). The CDSS is a GIS (geographic information system) based system which uses the best available science, information and knowledge to assess and rank pollution risks across the catchments. To further rank and prioritise the highest risk issues, the system overlays the comprehensive pollution source assessment with information on water quality inflow to storages.

The actions available to address the priority issues vary significantly in their nature and cost. Consideration of these differences helps the SCA determine which issues to address and which actions to use. Typically, we draw on a combination of actions to achieve change in the catchments, including education and information, grants and incentives, regulatory mechanisms and land use planning.

Monitoring and evaluating catchment actions

As part of the HCS, the SCA is developing a monitoring, evaluation and reporting framework to evaluate catchment interventions. Evaluation methods and processes are being developed in line with relevant NSW and Australian Government guidelines. Evaluation may include one or a combination of the measures of appropriateness, efficiency and effectiveness. The framework will be applied to existing projects and will be an integral part of the planning, approval and implementation of future catchment actions.

Figure 4 – Healthy Catchments Strategy development proces



Reduced priority pollutants

Monitoring pollution sources and hotspots

The SCA monitors and inspects the catchment for polluting activities and other potential emerging water quality issues. The compliance support system retains catchment monitoring and pollution source information. This information is a valuable input to the Catchment Decision Support System (CDSS).

Implementing the Healthy Catchments Program

The SCA's Healthy Catchments Program (HCP) is underpinned by the CDSS and the strategic direction set by the draft Healthy Catchments Strategy 2009-2012.

The HCP includes catchment initiatives and actions to address priority problems as well as statutory and land management requirements. It targets the four priority pollutants - pathogens, phosphorus, nitrogen and suspended solids.

Development of the HCP included consideration of partnership opportunities and called upon the full suite of catchment management tools. Specific HCP activities for 2008-09 are detailed below.

Improving sewage management

The SCA's sewage programs aim to minimise the impacts of sewage on the catchments including:

- public health threats due to microbial pathogens
- algal blooms due to high nitrogen and phosphorus levels
- impacts on streams as a result of the break down of sewage which uses high levels of oxygen
- health impacts resulting from toxic substances in sewage.

Accelerated Sewerage Program

The Accelerated Sewerage Program is the SCA's largest investment in the catchments to date, with \$37.7 million funding provided to councils over nine years to fast track council sewerage projects. The program operates in conjunction with the Country Towns Water Supply and Sewerage Program administered by the NSW Office of Water.

The program funds projects to upgrade existing systems for treating, transporting and irrigating sewage, as well as new sewerage systems for previously non-sewered residential areas. The total value of these projects exceeds \$120 million. In 2008-09, the SCA provided \$3.5 million towards nine council projects.

Projects to upgrade sewage treatment at Bundanoon and Braidwood, and the Taralga Sewerage Scheme, will reduce pollutants entering the drinking water catchments. These projects, together with previously completed projects at Bowral, Goulburn and Lithgow (stage 1 only), will result in a reduction of 11.9 tonnes of nitrogen and 8.5 tonnes of phosphorus entering the catchments.

Planning and design for the remaining Accelerated Sewerage Program projects are well advanced with construction of all projects scheduled for completion in 2012.

On-site Sewage Program

There are an estimated 16,000 on-site sewage systems in the catchments. The location and number of systems has been confirmed by council inspections.

Under the *Local Government Act 1993*, councils are responsible for regulating on-site sewage systems by inspecting them on a regular basis and issuing property owners with approvals to operate their systems.

The SCA's on-site sewage management grants program helps councils fulfil this responsibility. About 38 percent of all on-site systems in the catchment have been inspected under the program to date. Of the systems inspected this year, 13.6 percent were considered to have a potential effect on water quality. Sixty percent of these were fixed within the year and councils continue to work with property owners to improve non-compliant systems.

Two new grants issued to councils in 2008-09 will enable them to inspect a further 1,400 on-site sewage systems by 2012.

Sewage Reticulation Program

The SCA funded grants for performance assessments of council sewage reticulation systems at Goulburn, Moss Vale, Berrima, Bundanoon, Mittagong, Bowral, Lithgow and Wallerawang.

Riparian Management Assistance Program

The SCA's Riparian Management Assistance Program operates in targeted stream catchments to help private landowners protect, improve and manage waterway frontages. The program provides funds and practical help to property owners for stock fencing, alternative water supplies and shade for stock, native plantings, and minor erosion control. These measures help prevent pollutants and nutrients entering waterways.

The program currently operates in the Mid Coxs, Upper Werriberri, Upper Nepean, Kangaroo Valley, Upper Wingecarribee, and in the areas around Eastern Wollondilly.

This year the program provided \$366,187 to fund 10 new projects to protect 18 kilometres of riparian area. A total of 70 kilometres of waterways have been protected under the program to date.

Sustainable Grazing Program

The Sustainable Grazing Program established by the SCA and the NSW Department of Primary Industries (now the Department of Industry and Investment) aims to help graziers in the catchments increase the sustainability of their enterprises and protect the quality of water flowing from paddocks to waterways. The program integrates water quality and catchment protection considerations into existing grazer education and training programs.

During the second year of the seven year partnership, the program delivered 22 long courses, including 10 new courses, to 300 graziers. The program also provided 18 field days and workshops to 400 graziers in nine targeted sub-catchments. Participants can also receive individual support to help them implement best practices on their properties.

The program is being comprehensively evaluated to ensure it achieves its aims and meets the needs of graziers. The evaluation results indicate that participants have considerably more knowledge of best practices to protect water quality as a result of the courses.

Catchment Protection Scheme

The Catchment Protection Scheme is a joint initiative between landowners, the SCA, and the Hawkesbury-Nepean and Southern Rivers catchment management authorities. The two priorities of the scheme are to protect stream beds and banks, and riparian vegetation. Participation in the scheme is voluntary.

Since 1960, the scheme has effectively treated severely eroded landscapes to reduce the amount of sediment and nutrients washed into the catchments and water storages, protected vulnerable soil, and improved farm management.

In 2008-09, the SCA contributed \$550,000 to the scheme which helped 27 land owners treat 2,596 hectares of erosion, and protect a further 163 hectares of riparian land with exclusion fencing.

Dairy Waste Program

Dairies can pose a significant risk to water quality from pathogens and nutrients in high concentrations in animal manure. There are 24 dairies in the SCA's area of operations.

In 2008-09, feed pads (holding areas for cows prior to milking) were upgraded on two properties in the Kangaroo Valley, following seed investment of \$122,650 from the SCA in 2007-08.

The SCA worked with the dairy industry to provide a dairy self assessment tool (known as DairySAT) to dairy operators across the catchments. The tool helps operators identify key environmental risks on their properties including those related to effluent management, soil nutrients, chemicals and other farm waste. Initial results indicate that most dairy owners in the catchments operate at or above best practice standards. In 2003-05 the SCA funded Priority Industries Program helped 16 dairies upgrade effluent management for dairy shed waste.

Development and activities comply with 'Sustaining the Catchments - The Regional Plan for the drinking water catchments of Sydney and adjacent regional centres'

The Drinking Water Catchments Regional Environmental Plan No 1

The Drinking Water Catchments Regional Environmental Plan No 1 (REP) is the legal instrument of 'Sustaining the Catchments - the Regional Plan for the drinking water catchments of Sydney and adjacent regional centres'. The REP addresses controls for development in the catchments to protect water quality. The SCA's activities under the REP are described below.

Ensuring a neutral or beneficial effect on water quality

The SCA continues to work with council staff to apply the neutral or beneficial effect (NorBE) test to development applications in the drinking water catchments. The SCA also developed guidelines and training for councils and consultants to use stormwater modelling software. Together with the Sydney Metropolitan Catchment Management Authority, a small-scale stormwater model has been developed for use by councils.

Rectification action planning

The REP requires the SCA to prepare draft rectification action plans (RAPs) to rectify the impact of existing development and activities that do not have a NorBE on water quality. The REP requires draft RAPs to be prepared for each sub-catchment. The REP also allows the SCA to prepare a RAP for two or more sub-catchments.

The SCA has developed the Catchment Decision Support System (CDSS) to help meet its obligations to prepare RAPs for all subcatchments by 31 December 2011. The CDSS is used to underpin the new Healthy Catchments Strategy (HCS), which identifies and prioritises catchment action and response strategies. An initial draft of the HCS was completed in April 2009 and delivers on the REP requirements to prepare RAPs. The SCA has consulted with its stakeholders on the CDSS and the draft HCS and priority actions. The SCA will publicly exhibit the draft HCS for broader community feedback in 2009-10.

Water quality objectives

The REP sets water quality objectives that reflect the national water quality guidelines. The SCA must report its achievements against these water quality objectives six months after each catchment audit. The first water quality objectives report was completed in July 2008 and is available on the SCA's website. The report identifies water quality outcomes at sites monitored by the SCA on a sub-catchment basis. The next water quality objectives report is due in July 2011 after the next catchment audit.

Strategic land and water capability assessments

The SCA is developing strategic land and water capability assessments (SLWCA) to help councils ensure future land use in the catchments is consistent with the REP (see case study).

The SCA developed a guideline to help councils review their local environmental plans, including details of how to address water quality protection in land use zones to reflect the SLWCA requirements. The guideline will be updated to reflect changes from the current reforms to the NSW planning system.

Current recommended practices

In 2008-09, the SCA further refined the list of current recommended practices (CRPs). The SCA is developing an on-site system design guide to give consultants technical support on the appropriate design of on-site effluent disposal systems, and to help councils assess those systems. The SCA is also developing a rural residential design guide to help developers and councils ensure new sub-divisions in rural areas have a NorBE on water quality. A list of CRPs is available on the SCA's website.

Assessing development applications

The REP requires councils to approve development applications only where they are satisfied the development will have a NorBE. Where councils are not satisfied they must refer the applications to the SCA to seek concurrence.

During 2008-09, the average time for the SCA to complete concurrence assessments was 22 days. After the SCA has assessed development applications, conditions of concurrence are included in the council conditions of development consent to ensure a sustainable NorBE outcome.

The SCA refused concurrence on only one development application this year where it was not possible to modify the development to achieve NorBE. The SCA has refused concurrence 11 times since it began operations in 1999.

The SCA provided advice to councils on 42 proposals which included on-site effluent systems, separate to the concurrence advice. The advice is considered by councils to decide whether the overall proposal will achieve a NorBE.

The REP requires that environmental assessments be undertaken for activities (projects that do not require development consent) to assess whether the activity will achieve a NorBE. The SCA reviewed 49 environmental assessments, including 35 for its own activities and 14 from other public authorities. In all cases, conditions were included to address water quality issues.

Development proposals for major projects in the catchments are assessed under part 3A of the *Environmental Planning and Assessment Act 1979*. These proposals are not subject to the REP requirements.

Table 4 - SCA assessment of development applications

	2006-07	2007-08	2008-09
No. of development applications assessed	533	514	396
Proportion (of total received) of development proposals assessed by SCA within statutory timeframes (%)	70	84	99
Proportion (of total received) of development proposals where SCA concurrence withheld (%)	0.4	0.4	0.3

Our lands are managed to contemporary standards

Special Areas – security and access management

The Special Areas are lands that surround Sydney's drinking water storages. They are lands declared under the *Sydney Water Catchment Management Act 1998* (SWCM Act) for their value in protecting the quality of the raw water, and for their ecological integrity.

The Special Areas are a critical barrier in the multi-barrier approach to protecting water quality which includes managing the hydrological catchments, storages and delivery systems, and treating drinking water. They act as a filtering system for water entering storages by reducing nutrients, sediments and other substances that can affect water quality.

Preventing water pollution through compliance

The SCA has a regulatory role to protect the catchments from water pollution caused by activities such as illegal dumping and land clearing. Water quality in the catchments and the Special Areas is protected using a range of tools under the *Sydney Water Catchment Management Act 1998* and the Sydney Water Catchment Management Regulation 2008. The NSW Police officers are now authorised to help enforce the regulation.

The SCA uses a range of enforcement activities. These include vehicle, boat and aerial surveillance patrols, covert surveillance cameras, and joint operations with the NSW Police, NSW Fisheries and National Parks and

Wildlife officers. To support enforcement measures the SCA maintains and installs gates, barriers and warning signs to ensure that the public are aware of boundaries and deter illegal access in the Special Areas. The SCA purchased and installed five new surveillance cameras during the year. The SCA responded to trespass and illegal activities by issuing warnings, penalty infringement notices or court actions.

SCA compliance activities during the year focused on activities with significant potential to impact on water quality in the catchment including intensive agriculture, horticulture sites, quarries and manufacturing.

The SCA made a \$40,000 contribution to the Greater Southern Regional Illegal Dumping Squad to address illegal dumping in the Wingecarribee, Shoalhaven and Eurobodalla Council areas. In June 2009, the SCA, the Greater Southern Regional Illegal Dumping Squad, and Wingecarribee Shire Council conducted a combined aerial surveillance program that identified a number of illegal dumping sites and other unauthorised developments.

Table 5 - Compliance activity over five years

Sydney Water Catchment Management (Environment Protection) Regulation 2001					
Type	2004-05	2005-06	2006-07	2007-08	2008-09
Clean-up notices	19	17	6	-	-
Notices (s192) requiring information/documents	2	1	2	-	3
Penalty infringement notices	7	8	1	-	-
Pollution prevention notices	-	-	3	4	6
Littering reports referred to DECCW	154	45	12	11	13
Sydney Water Catchment Management (General) Regulation 2000					
Type	2004-05	2005-06	2006-07	2007-08	2008-09
Penalty infringement notices	118	61	30	33	37
Warning letters	105	79	39	31	25
Prosecutions	4	5	2	-	2

Note: In September 2008 the Sydney Water Catchment Management (Environment Protection) Regulation 2001 and the Sydney Water Catchment Management (General) Regulation 2000 were combined in the Sydney Water Catchment Management Regulation 2008.

Managing fire

The SCA provides \$1 million each year for seasonal fire teams for the Special Areas to minimise impacts on water quality and catchment health. The teams aim to respond within 30 minutes and contain fires to less than 10 hectares. The SCA continued its commitment to cooperative fire management by participating in district bushfire management committees. The SCA also funds a radio operator in Wollondilly Rural Fire Service.

In 2008-09, we conducted hazard reduction burns and fire trail maintenance. Fire towers were staffed throughout the declared fire season on days of high and extreme fire danger and when conditions required.

All staff involved in fire management took part in pre-season training and annual fitness assessments.

Managing pests and weeds

Pest and weed control is an important part of the SCA's land management responsibilities and help protect native vegetation and animals for catchment health and water quality. The SCA and DECCW both undertake weed control in the Special Areas.

Early suppression of weed outbreaks, eradicating feral animals and emergent species, and containing other species numbers are significant land management activities.

Case Study - Wingecarribee weeds program

The Wingecarribee Reservoir, Swamp and Special Area (pictured below) are located east of Bowral. The swamp plays an important role in filtering runoff from the 40 square kilometre rural catchment feeding Wingecarribee Reservoir. Prior to its collapse after heavy rain in 1998, the swamp was one of the best examples of an upland peat swamp on mainland Australia. Despite the collapse, it still possesses significant biodiversity values.

The swamp is managed under the Wingecarribee Swamp and Special Area Plan of Management which is due for a mid-term review in 2012.

Severe infestations of Wild Pussy Willow and Blackberry occurred on the swamp after its collapse. In 2005, the SCA implemented a four year weed control program with an estimated cost of \$3.8 million to remove the weeds. Work continued in 2008-09 and ecological monitoring on the 95 percent of the swamp that has received primary control shows major improvements to swamp ecology and biodiversity, with a significant increase in the abundance and diversity of native species in the treated areas.

The SCA is currently assessing ongoing future weed control options for the swamp. Plant community monitoring of the swamp continues.



Water hyacinth

Following a significant infestation in 2007-08, the SCA continued to monitor the Lake Yarrunga foreshores for the noxious aquatic weed Water Hyacinth. During 2008-09, only a small amount of plant was collected, and efforts continue to eradicate this weed from SCA lands.

Pesticide notification plan

Pesticide notifications are required in public places or where people may access public land. In 2008-09, five pesticide notifications for works undertaken by the SCA were posted on our website for areas including Lake Yarrunga, the Metropolitan dams and some SCA freehold lands such as Barrallier in the Warragamba Catchment.

Controlling pest animals

Programs were undertaken to control pest animals including deer, fox and goats on SCA owned lands around Braidwood, and the Metropolitan and Warragamba Special Areas.

The SCA contracted the Goulburn Rural Lands Protection Board for 12 months to undertake feral animal control across the SCA freehold lands at Barrallier.

Mining in the Special Areas

Underground longwall mining occurs under significant parts of the Metropolitan and Woronora Special Areas. The SCA is particularly focused on the potential impact on ground and surface water quality and quantity, and infrastructure such as the Upper Canal and tunnels.

In 2008-09, the SCA assisted the recently formed Planning Assessment Commission with review of a Metropolitan Coal Project which proposed longwall mining under a large part of the Woronora Special Area. The Commission reviewed the potential subsidence related impacts of the project on the Woronora Reservoir and its catchment. Towards the end of the year, the Commission completed its assessment and made recommendations to the Minister for Planning who approved the project with conditions to protect significant sections of the two major watercourses above the mining area, and the Woronora Reservoir.

To help protect the catchments and our infrastructure, we continue to review mining company annual environmental management reports, a wide range of subsidence monitoring data, and compliance with management and operational plans. The SCA expects mining and associated activities to follow best practice and meet regulatory requirements.

Rehabilitating derelict mines

Derelict or abandoned mines are defined as those where no owner or person responsible for the operation can be found or held responsible for its impact. Many of these mines are over 100 years old. The SCA's derelict mines program focuses on rehabilitating the priority sites posing greatest risk to water quality.

The program is conducted in collaboration with the NSW Department of Industry and Investment (previously DPI (Mineral Resources) – Derelict Mines Unit), and with support from the NSW Derelict Mines Committee.

During 2008-09, two abandoned mine sites were rehabilitated at Oakdale Colliery and Mulloon Creek Copper Mine. The rehabilitation of Oakdale will be completed in 2009-10.

A two year post-rehabilitation inspection of Black Bobs Creek derelict coal mine (rehabilitated in 2006-07) concluded that the area was returning to a naturally vegetated state with minimal impact from weeds, feral animals or human interference.

Managing SCA Braidwood lands

The SCA owns 67 rural properties in the Braidwood area. Land management activities on farm and in riparian areas help sustain the lands for water quality and catchment health.

During 2008-09 the SCA undertook:

- soil works - major erosion was treated to reduce the risk of sediment and nutrient loss to gullies, creeks and streams. Work on all high priority sites is complete and lower risk sites were targeted this year
- fire management - hazard reduction burns were undertaken on selected lands and slashing was carried out on fire trails and boundary fences
- fencing - new fencing was built to prevent illegal access and stock entry

- surveillance - the SCA carried out crackdowns on the Braidwood lands to control illegal activities such as boar hunting, four wheel driving, trail bike riding and firewood collecting
- leasing arrangements - the SCA undertook inspections to monitor compliance with new lease arrangements requiring lessees to meet their commitments in property management plans
- weed control – a program of targeted activities across SCA’s non-leased lands was developed in consultation with local government under the *Noxious Weeds Act 1993*.

Reduced environmental impacts of our operations

Releasing water to the environment

The SCA’s water management licence sets out the minimum environmental and riparian flows to be released from the water storages.

Throughout the year we met environmental release requirements in accordance with the licence. Due to the continuing drought and water restrictions, the Water Administration Ministerial Corporation agreed to suspend the licence condition requiring a high flow contingency release (800 megalitres a day for three days) from Woronora Dam. To ensure effective and efficient use of this water, this condition has since been revised to require an assessment of the environmental benefits of a high flow release.

Table 6 shows the water released from SCA storages for all purposes during the year (water balance for total supply system).

Table 6 – 2008-09 SCA water balance for total supply system

Total supply system	Sources of water		Distribution of water	
	Volume (ML)	% of total	Volume (ML)	% of total
Storage volume				
Volume in storages at start of year	1,737,270			
Volume in storages at end of year	1,600,650			
Change in storages	136,620	19		
Storages net evaporation			121,700	17
Inflows				
All dams and weirs ⁽¹⁾	593,965	81		
Groundwater	-	0		
Fish River Water Supply purchases	208	0		
Sub-total	594,173	81		
Water sales to customers				
Sydney Water			485,795	66
Wingecarribee Shire Council			4,379	1
Shoalhaven City Council			84	0

Total supply system	Sources of water		Distribution of water	
	Volume (ML)	% of total	Volume (ML)	% of total
Retail customers			233	0
Sub-total			490,491	67
Water released under water management licence				
Releases to Shoalhaven City Council (Tallowa)			14,820	2
Riparian releases			4,015	1
Environmental releases ⁽²⁾			47,422	6
Other system release to river ⁽³⁾			6,291	1
Sub-total			72,548	10
Reservoir or weir spills			47,229	6
Unaccounted difference ⁽⁴⁾	1,175	0		
Total	731,968	100	731,968	100

(1) Environmental releases from Wingecarribee to Warragamba are not included as inflow for the total system although this release has been included as inflow for the Warragamba system.

(2) Only environmental releases that leave the system boundary are included in the balance.

(3) Other releases to river: when the spill rate is above the required environmental release no additional release is required. However, for operational reasons the release from the outlets is maintained through the spill.

(4) Unaccounted difference is estimated as the difference between inflows, outflows and change in the storage. This includes river evaporation, seepage, overbank flow, theft, and any measurement errors in recording other components.

Macroinvertebrate monitoring

The SCA's Macroinvertebrate Monitoring Program monitors macroinvertebrate communities in 27 subcatchments. The program uses models that compare observed macroinvertebrate families to those expected in an undisturbed environment, and grades the different types based on how sensitive they are to pollution. Results can be used to systematically categorise and rank sites according to ecological health.

The SCA has conducted the program annually since 2001 to:

- determine ecosystem health at sites and across 27 subcatchments by assessing aquatic macroinvertebrate communities
- determine changes in space and time to macroinvertebrate community structure as an indicator of health in these subcatchments
- report on the health of aquatic ecosystems in the subcatchments.

The 2008 monitoring report suggests that the SCA subcatchments are in fairly good health. The analyses identified a limited number of sites in poor ecological condition.

An independent review of the program was completed and the SCA is revising the program in response to the review.

Environmental flow monitoring

Under its water management licence, the SCA is required to release water from its storages to protect and improve the ecological condition of the rivers downstream. These environmental flows are monitored to assess their effectiveness. Substantial background information was collected and evaluated in the development of the new environmental flows. This information also informed and provided a baseline for the SCA's environmental flows monitoring and evaluation program for each river. These programs include:

- Avon River - monitoring began in April 2006 (variable environmental flow releases began in March 2008)
- Woronora River – monitoring began in March 2002 (environmental flow releases began in December 2002)
- Shoalhaven River – monitoring began in December 2008 (new variable environmental flows began in July 2009)
- Upper Nepean rivers (Cataract, Cordeaux, Avon and Nepean) – monitoring to begin in late 2009 (variable environmental flows are scheduled from the Nepean, Cataract, and Cordeaux dams on the Upper Nepean system by the start of 2010).

These monitoring programs collect data on the physical, hydrological, physio-chemical and biological character of the rivers downstream of the dams and at suitable reference sites. This data is used to test hypotheses about the effects of the environmental flows, to improve knowledge of how aquatic ecosystems respond to changes in flow and to evaluate the overall effectiveness of the flows.

Case Study – Tallowa Environmental Flows and Fishway

A major project to improve the health of the Shoalhaven River was completed this year with the construction of new environmental flow infrastructure and a fish passage at Tallowa Dam in the Kangaroo Valley (pictured below).

The \$26 million project sees more water released downstream for the health of the river, and is allowing for the upstream and downstream migration of native fish.

A mechanical fishlift, built as part of the project, is a first for NSW and is the largest fishlift to be fitted to an existing dam in Australia.

The dam has been a barrier to the migration of native fish, including the endangered Australian grayling, since it was built in the 1970s. The new fishlift moves fish up and over the dam restoring full access for fish species to 75 percent of the Shoalhaven River. Fish can also travel downstream more safely using a new downstream fishway installed on the dam's spillway.

The project also included major infrastructure works to allow for significantly more water to be released from the dam to protect the health of the Shoalhaven River. The new infrastructure allows variable flows that better mimic natural river conditions.

The temperature of water released from the dam will also more closely match the downstream river environment with the construction of a surface level offtake at the dam.

The new environmental flows began in mid 2009 following the lifting of drought water restrictions in Sydney.

The project included the installation of new interpretive signage, new picnic facilities, and an improved viewing area at the dam.



Metropolitan Water Plan – river health initiatives

Under the Metropolitan Water Plan (MWP), the NSW Government has made the following commitments relating to river health.

Tallowa environmental flows and fishway

In March 2007, the NSW Government made a commitment to provide new environmental flows and fish passage at Tallowa Dam on the Shoalhaven River. A major project for these works has been completed. The project enhances downstream river health by improving the quantity and quality of environmental flow releases and allowing native fish passage past the dam (see case study page 42).

Infrastructure upgrades at Upper Nepean dams

Significant progress was made on works to modify infrastructure at the Cataract, Cordeaux, and Nepean dams, and at two diversion weirs on the Cataract and Nepean rivers, to allow the release of variable environmental flows. The project is due for completion in late 2009 in time for the release of new environmental flows from the beginning of 2010 in line with MWP requirements.

Nepean River weirs and flows

During 2007-08, the SCA worked with the Department of Water and Energy (now NSW Office of Water) to develop a program to modify up to 13 downstream weirs on the Nepean River to allow the passage of the new environmental flows and native fish.

This work will make sure the weirs don't act as barriers to the environmental flows from the four Upper Nepean dams so the flows can make it all the way downstream. The new works will also allow fish to travel past the weirs using upgraded and new vertical slot fishways.

In 2008-09, the SCA finished the scope of work required, completed design and tender documentation, and awarded a contract to modify the weirs. The project is due for completion in early 2010.

Water monitoring

Water monitoring initiatives for 2008-09 include continued monitoring of Woronora and Avon rivers to determine the effectiveness of the planned and actual increased environmental flow releases from the upper Nepean dams. Monitoring was also undertaken to support NSW DPI (Fisheries) (now part of the Department of Industry and Investment) and the NSW Office of Water to monitor fish passage and river health in the Shoalhaven River. Work with DECCW and the recently formed Office of the Hawkesbury-Nepean continued during the year to develop an integrated monitoring program for the Hawkesbury-Nepean river system.

Assessing environmental impacts of SCA projects

The SCA seeks to minimise the impact of its own activities on the environment. This is achieved by ensuring projects are subject to an appropriate level of environmental impact assessment consistent with the relevant provisions of the *Environmental Planning and Assessment Act 1979*. In 2008-09, 35 projects were assessed and measures were applied to prevent, minimise, and/or offset adverse environmental impacts.

An annual review of a selection of SCA activities is undertaken to assess the effectiveness of our actions to minimise environmental impacts. Review findings are used to identify improvements in environmental management of future activities.

In 2008-09, six projects were subject to a desktop review. All of these projects met the SCA's Environmental Impact Assessment Policy. This is the second year of full compliance. Eighty percent of projects reviewed (five of six) had environmental performance provisions included in the contract.

On-site inspections of seven projects showed that six of the seven complied with environmental assessment conditions and met contract conditions in relation to environmental management. For the exception, the contractor had not implemented all the safeguards identified in the review of environmental factors (the EIA document). Ongoing training will be provided to SCA staff and contractors to reinforce the importance of implementing all environmental management requirements. All recommendations of the 2007-08 review are being addressed.

The SCA's standard operating procedures were reviewed during 2008-09 to ensure that environmental aspects and impacts associated with carrying out maintenance and routine activities are identified. The SCA is implementing a number of recommendations to minimise impacts.

Improved awareness about how the catchment communities contribute to protecting water quality

Education to protect the catchments

The SCA influences the knowledge, skills and behaviour of people and organisations related to water issues and catchment health. During 2008-09 we conducted 20 education activities across the catchments.

Our education activities integrate with other strategies such as compliance, on ground works, incentives, and regulation. All SCA education programs are based on best practice environmental education principles, training, and targeted research. The SCA makes a significant contribution to the NSW Government's Water for Life Education Program which supports the implementation of the MWP, and to the NSW Government's Environmental Education Plan 2007-2010.

Working alongside the community

The SCA Community Education Program provides practical ways for the community to protect the catchments and water quality. A range of programs encourage and enable landholders, industry and other government agencies, to adopt best management practices to minimise impacts on water quality, and to monitor and protect the water quality of streams in their communities.

This year community activities included:

- providing the Grazier Education Program in partnership with NSW Department Industry and Investment to over 544 graziers
- developing and delivering training workshops for council planning staff and private consultants to ensure private developments and on-ground government works are properly assessed for a neutral or beneficial effect on water quality under the REP
- supporting Streamwatch groups to monitor local waterways
- responding to enquiries from the community about water quality and quantity
- helping develop the NSW Government's Metropolitan Water Plan education activities including the new Water for Life Action Plan for Metropolitan Water Education 2007-2011
- working with council environmental health officers to develop education materials about managing on-site wastewater treatment systems
- developing and distributing editions of the Rural Living Handbook in partnership with Goulburn Mulwaree, Upper Lachlan and Wollondilly councils.

School education

The Warragamba School Education Program engages with school students and teachers. The program encourages active participation in water quality and water conservation issues to support the NSW Government's Water for Life Education Program.

Specific activities with the education sector in 2008-09 included:

- providing programs for over 6,500 primary, secondary and tertiary students at Warragamba Dam
- opening a new school education facility at Warragamba Dam and developing innovative activities
- delivering programs to schools unable to attend the Warragamba excursion
- answering student enquiries over the phone and by email
- providing the Water Quality Higher School Certificate (HSC) Biology web based resources
- developing a new targeted HSC Chemistry excursion to Warragamba Dam and Prospect Filtration Plant for 13 schools and 282 students in partnership with Sydney Water.

Visitor education

The Warragamba Visitor Education Program engages visitors to the dam in a range of water related issues including the dam, water supply infrastructure and the drought.

The SCA informs water users about current water storage levels and what the government is doing to secure Sydney's water supply. The program improves understanding of water quality and catchment issues, and describes the contribution of catchment communities to catchment health. It also provides practical water saving tips.

Specific visitor activities over the year included:

- hosting approximately 17,000 visitors at the Visitor Information Centre at Warragamba Dam
- responding to approximately 1,600 phone enquiries
- planning and developing a new exhibition space for the Warragamba Visitor Centre and consulting with the community about features of the exhibition
- developing interpretive signs for the upgraded grounds and dam viewing platforms at Warragamba to explain heritage and operational features of the dam.

Education to save water

The NSW Government's 2006 Metropolitan Water Plan outlines a range of strategies to ensure Sydney's water supplies are secure, during drought and for the long-term.

Education is an essential part of sustainable water management - the Government's Water for Life Education Program is an integral part of the plan.

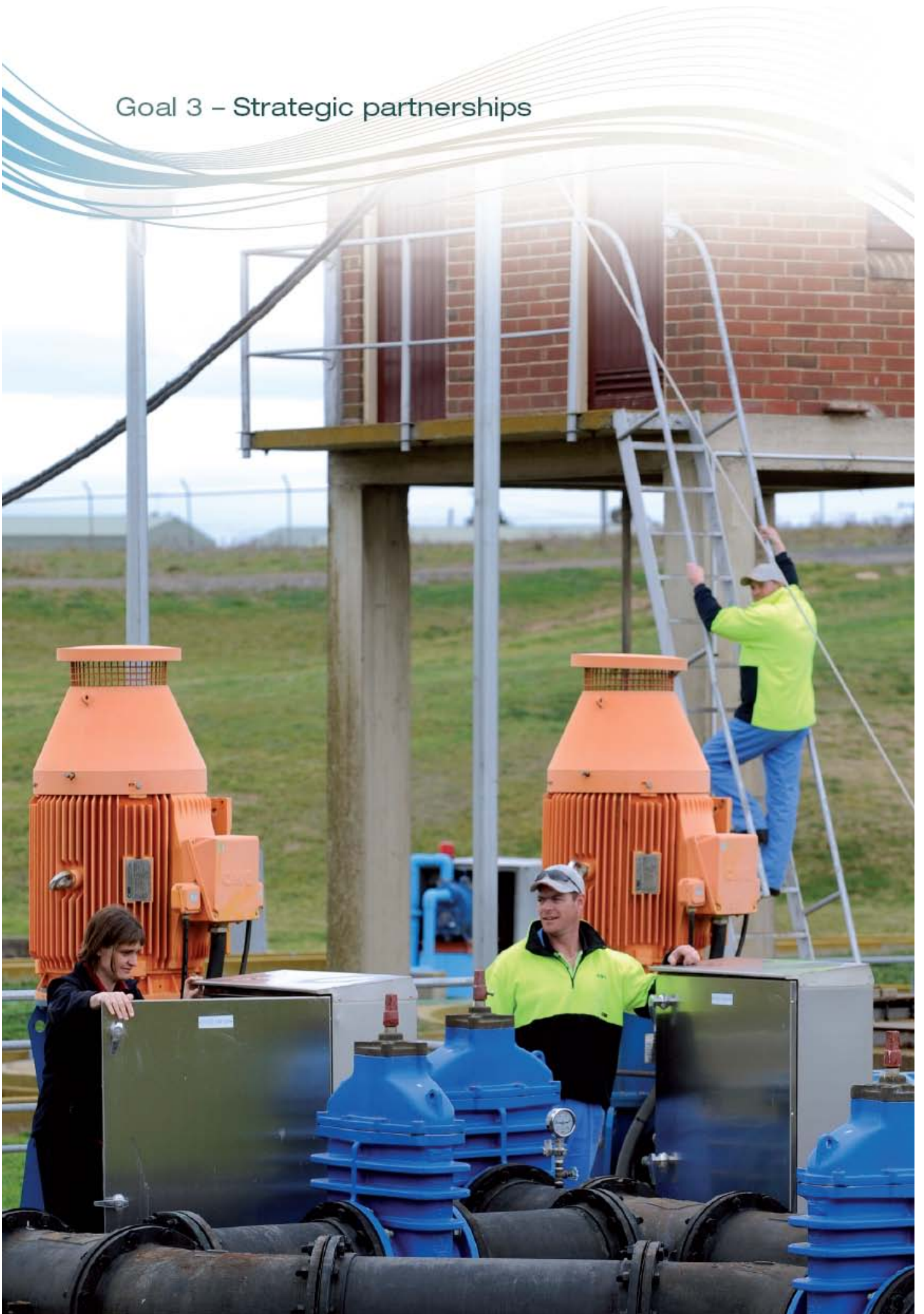
The SCA plays an active role in promoting awareness of the MWP and water saving behaviour through ongoing involvement in the interagency Metropolitan Water Education Group comprising representatives from the NSW Office of Water, Sydney Water and the DECCW. The group oversees the implementation of the Water for Life education program.

SCA continued to participate in the group and provided extensive in-kind support this year, including:

- supporting the development of the water equation 'dams + recycling + desalination + water efficiency = water for life' to better communicate the mix of measures required to secure Sydney's water supply
- input to the planning and evaluation of the latest mass media Water for Life community education campaign – 'A day in the life of a water drop'
- developing animations and graphics to support the 2008 MWP Progress Report and Water for Life website
- helping to develop the Water Education Plan for greater Sydney 2008-12 which sets out the priorities and other plans for education providers
- developing a set of key messages for use across the water sector
- supporting the development of Community Water Views, a report on trends in community attitudes, awareness and actions on water in greater Sydney
- participating on the evaluation panel for Water for Life inaugural grants program
- active involvement in planning and delivering community consultation on the MWP review, including a series of community workshops at which water conservation was a key topic
- participating in the social expert panel for the MWP review.

The SCA has also continued to deliver water conservation messages in its school education program at Warragamba Dam and is including a strong water wise focus in the new Warragamba Visitor Centre and Exhibition due for completion late in 2009.

Goal 3 – Strategic partnerships



GOAL 3 - Strategic partnerships

Much of our work is achieved in cooperation with other agencies, organisations and individuals. Shared knowledge is often critical to the success, efficiency and sustainability of our activities and complex problems can often best be understood and tackled collaboratively.

We work with our strategic partners to:

- increase awareness of issues that impact on water quality
- identify mutual concerns using formal processes
- facilitate development of SCA and partner programs
- involve partners in policy and program planning and delivery
- increase capacity through building and sharing knowledge
- seek formal and informal feedback on the success of programs.

Highlights

- Established an effective working relationship with the recently formed Office of the Hawkesbury-Nepean which is co-located in the new NSW Government offices in Penrith
- Developed a revised terms of reference with the Local Government Reference Panel which continues to be key consultation forum to share information with catchment councils
- Participated in the Water Services Association of Australia national asset management benchmarking exercise and achieved the highest score in five of seven functions benchmarked
- Worked collaboratively with catchment councils to implement key elements of the Regional Plan for the drinking water catchments of Sydney and adjacent regional centres.

Photograph previous page: Under the Accelerated Sewerage Program, the SCA is working with the Department of Environment, Climate Change and Water and local councils to upgrade sewerage treatment plants (STPs) across the catchments. A major upgrade has been completed at the Goulburn STP.

Working with local government to implement ‘Sustaining the Catchments: The Regional Plan for the drinking water catchments of Sydney and adjacent regional centres’

Tools to help councils and other agencies

Under the regional plan, the SCA continued to develop tools and guidelines, and provide training to help local councils and government agencies to assess whether developments and other activities will have a NorBE on water quality.

The SCA has prepared draft strategic land and water capability assessment (SLWCA) outputs and guidelines to help councils address water quality protection when preparing their local environmental plan.

Case Study – Developing strategic land and water capability assessments

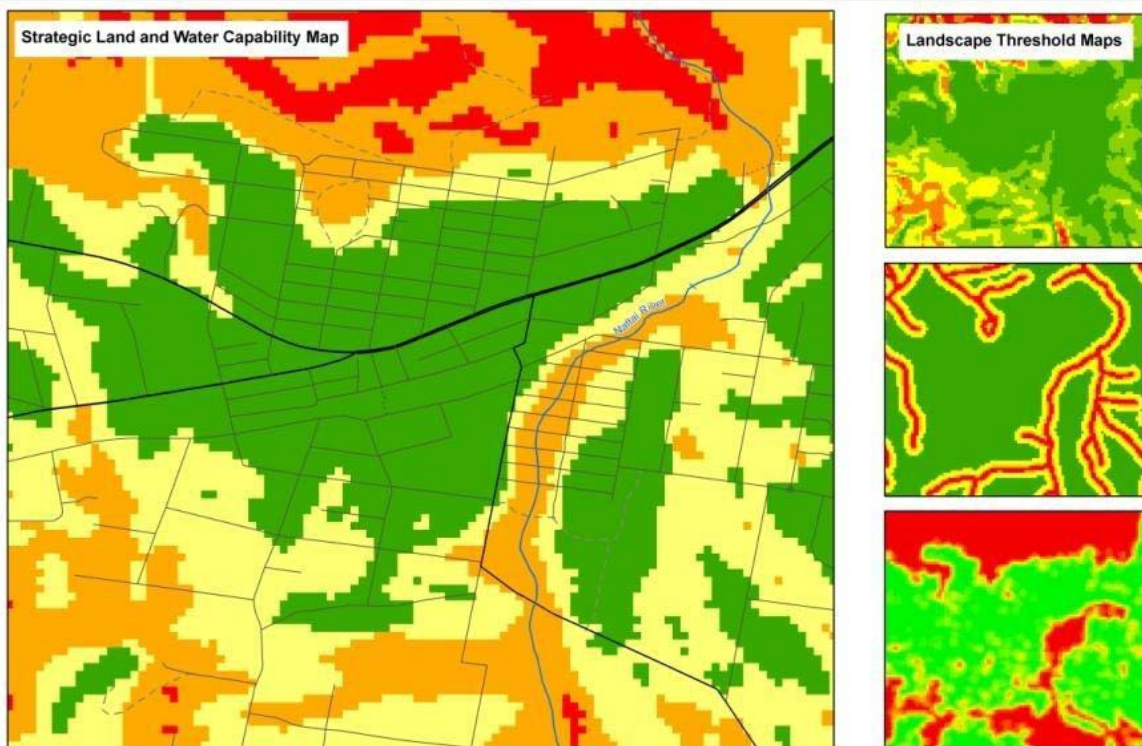
The SCA works with local councils across the catchments to ensure that the health of our drinking water supply is considered when councils make planning and development decisions.

In 2008-09, the SCA worked with councils to prepare draft Strategic Land and Water Capability Assessments (SLWCAs). These tools are used to show the sensitivities of different landscapes and the risks to water quality from different land uses. They help councils assess the risks to water quality of developments in their local areas. They also help councils prepare their local environment plans.

The SLWCAs are presented in map form and outline the physical capability of the natural features of the land and waterways. As well as identifying appropriate types of land use, they also show how intensive the land use should be in that area so that water quality is not adversely impacted.

In collaborations with councils, SLWCAs covering the entire drinking water catchment have now been developed. Guidelines for how the SLWCAs should be used have also been prepared and council staff have been given training by the SCA in using the new tools.

The new SLWCAs must be used by councils when they prepare local environment plans. The development of the SLWCAs this year continues the SCA’s implementation of the Regional Plan, which is about protecting drinking water and improving the health of the catchments for everyone’s benefit.



Working with the catchment management authorities, local government and catchment communities to implement our Healthy Catchments Program

Catchment management authorities

The catchment management authorities (CMAs) are key partners for the SCA. Three CMAs operate in our drinking water catchments – the Hawkesbury-Nepean and Southern river CMAs, and a small area of Sydney Metropolitan CMA.

The SCA has effective partnerships with the Hawkesbury-Nepean and Southern Rivers CMA to deliver the Catchment Protection Scheme.

In 2008-09, the SCA partnered with the CMAs in their bids for funding through the Commonwealth's Caring for Our Country Program. The CMA sought funding to deliver grants and incentives to address soil acidity and soil carbon which also effect water quality.

The SCA supported a Hawkesbury-Nepean CMA application to the Environmental Trust to develop a Farm Dams Handbook. The proposed handbook would focus on water quality and aquatic weed management. The SCA also coordinated initial discussions between the CMA and the former NSW DPI to explore opportunities to improve interagency coordination and integration of grazing programs.

Local Government Reference Panel

The Local Government Reference Panel is a valuable forum to share information with councils. Most of the 15 councils in the catchments are represented on the panel which is chaired by the SCA.

In 2008–09, the panel met four times and considered a range of issues, including:

- updates on the Regional Plan
- the SCA's MWP projects
- the draft Health Catchments Strategy
- the review of the application of the NorBE test by councils
- strategic land and water capability assessments
- development consent audit program
- mountain bike access in the Special Areas
- the independent inquiry into longwall mining in the Southern Coalfields.

Working with councils and the community to clean up chemicals

In early 2009, the SCA conducted a series of household chemical collections as part of the state wide Clean-out program coordinated by the Department of Environment, Climate Change and Water (DECCW).

A total of 1221 people attended collections at Marulan, Goulburn, Braidwood, Tarago, Moss Vale, Taralga, Crookwell, Picton, Lithgow and Wallerawang. This is an increase of more than 12 percent on the previous year, and of almost 40 percent compared to 2007. A total of 54,966 kilograms of unwanted chemicals was collected and appropriately disposed of.

Results indicate that there is still a substantial amount of organochlorine and arsenic based products held within the catchments which requires appropriate collection and disposal to protect water quality. The program will be reviewed after 2010.

Working with other government agencies to deliver the Metropolitan Water Plan

A whole-of-government approach to delivering the MWP has required working in partnership with a number of agencies, in particular the DECCW, NSW Office of Water, Sydney Water, the Department of Services, Technology and Administration, and NSW Treasury.

These successful partnerships have resulted in the delivery of major SCA MWP projects such as the Shoalhaven environmental flows and fishway, Hawkesbury-Nepean weirs and flows, and upgrades to the Upper Nepean dams.

SCA has also worked closely with colleague agencies in reviewing the 2006 MWP. In particular, our WATHNET water supply model has underpinned the scenario modelling and option development for the 2010 MWP.

Working closely with the Department of Environment, Climate Change and Water to manage the Special Areas for water quality and biodiversity

Special Areas Strategic Plan of Management

Special Areas surrounding water storages help protect water quality by providing a buffer for water flowing into the dams. Some of these lands have been protected for water supply for more than 100 years.

The SCA is responsible for protecting the water supply catchment Special Areas to provide a reliable supply of safe and clean raw water. DECCW is the primary conservation agency for NSW and is also the owner and manager of a large proportion of the Special Area lands.

The Special Areas Strategic Plan of Management (SASPoM) details how the two agencies work together to manage and protect the Special Areas.

There were no transfers of Special Area lands during 2008-09.

Forging strong partnerships

Along with individual landholders and catchment communities, the SCA works with other government agencies, industry bodies, and other stakeholder groups in relation to a range water quality, water storage, river health and water conservation activities.

Some of our key strategic relationships and activities are outlined below.

Table 7 - SCA key strategic relationships and activities

Agency	Activity
Local councils	Land use planning and development approval As owners, builders and operators of sewerage infrastructure As managers of stormwater outlets, roads, fire, pest and weed programs (eg Rural Living Handbook)
Department of Environment, Climate Change and Water (National Parks and Wildlife Service)	Jointly managing SCA Special Areas including remote access fire teams, compliance, and ecological services Hawkesbury Nepean water quality monitoring
Department of Environment, Climate Change and Water (Environment Protection Authority)	Licensed activities in catchments and enforcement activities under <i>Protection of the Environment Operations Act 1997</i> Delivering chemical collection programs and waste management

Agency	Activity
Department of Environment, Climate Change and Water (NSW Office of Water)	<p>Rolling out the Accelerated Sewerage Program under the Government's Country Towns Water and Sewerage (Backlog) Program</p> <p>Delivering Metropolitan Water Plan (MWP) initiatives including Shoalhaven transfers and environmental flows, Hawkesbury Nepean weirs and flows project, groundwater investigations, and Water for Life education program</p> <p>Review of the 2006 MWP</p> <p>Hawkesbury Nepean water quality monitoring</p>
Hawkesbury Nepean and Southern Rivers catchment management authorities	<p>Delivering Catchment Protection Scheme</p> <p>Delivering other riparian land management programs</p>
Sydney Water	<p>Strategic and operational water quality and quantity issues, including monitoring and incident management</p> <p>Implementing Streamwatch and other joint education initiatives</p> <p>Implementing and reviewing the Drinking Water Quality Education Plan (with NSW Health)</p>
NSW Health	Strategic and operational issues relating to public health and water quality, including incident management
Office of the Hawkesbury-Nepean	<p>Implementation and review of MWP</p> <p>Hawkesbury Nepean weirs and flows project</p>
Department of Services, Technology and Administration	Procurement and project management services, including MWP projects
NSW Department of Industry and Investment (Mineral Resources)	<p>Managing impacts of mining activities in Special Areas and catchments and on SCA infrastructure</p> <p>Rehabilitating derelict mines</p>
NSW Department Industry and Investment (Agriculture)	Jointly managing SCA funded expansion of the Grazier Education Program in priority subcatchments
Land and Property Management Authority	<p>Agreement for soil erosion works at Braidwood</p> <p>Data sharing through Spatial Information Exchange (SIX) Viewer</p>
Department of Education and Training, and teacher associations	<p>Targeted school education programs, eg HSC Chemistry and HSC Biology interactive resources</p> <p>Warragamba school education program</p>
Universities and cooperative research centres	Researching topics of critical relevance in water quality, water quantity and catchment management

Agency	Activity
Australian Attorney General's Department NSW Department of Premier and Cabinet NSW Police NSW State Emergency Management Committee NSW Rural Fire Service NSW State Emergency Service	Critical infrastructure protection Risk and emergency management Incident management

Working with customers

Sydney Water

During the year the SCA and Sydney Water developed a new relationship framework to reflect changes in the organisational structures of both agencies. Regular meetings every six weeks of the Strategic Operations Interface group were replaced by quarterly Strategic Operations Group and supporting Operations Working Group meetings. Terms of Reference were prepared for each forum to ensure that matters would be raised at the appropriate level.

The Strategic Operations Group met three times during the reporting period – in November, February and May. Issues discussed included planning of the Prospect recirculation trial and refresh strategy and progress of actions under the Warragamba Dam Blue-Green Algae Action Plan.

The SCA continued to meet with Sydney Water and NSW Health at quarterly meetings of the Strategic Liaison Group and the Joint Operational Group to consider strategic issues and operational responses.

Shoalhaven City Council

Quarterly Strategic Operational Interface meetings are held between relevant staff of the two agencies. This forum is used to discuss strategic matters not covered by the Water Supply Agreement and protocols.

During the year the SCA continued to work with the council to manage releases to meet council's daily demand and to complete new outlet works at Tallowa Dam to enable improved fish passage and to deliver the new environmental flow regime developed under the Metropolitan Water Plan. The two agencies also worked together to manage water supplies for the Shoalhaven and Kangaroo Valley communities during the blue-green algae incident in Lake Yarrunga.

Wingecarribee Shire Council

The SCA and Wingecarribee Shire Council held an operational interface meeting in February 2009. The meeting was used to discuss strategic issues such as the moratorium on Shoalhaven transfers, the resultant reduction in releases from Wingecarribee Reservoir, and progress on expanding SCARMS to provide real time water quality information for Shoalhaven system storages. The meeting also agreed on a strategy to progress the Water Supply Agreement.

Elevated levels of potentially toxin-producing cyanobacteria and toxicity continued to be an issue in Wingecarribee Reservoir during 2008/09. Wingecarribee water filtration plant has capacity to dose water with powdered activated carbon, which can remove toxigenic cells at low to moderate concentrations. The SCA and Council worked closely with NSW Health to effectively manage the incident with no impact on treated water supply.

Interagency consultation

Memoranda of Understanding

The SCA continues to maintain memoranda of understanding (MoU) with NSW Health and with the Environment Protection Authority (DECCW). Under these MoU, the SCA maintains strategic and operational

forums and regular liaison on matters of interest to the agencies. During 2008-09, the SCA met its reporting requirements under its MoU with NSW Health at all times.

The SCA also maintains MoU with the Hawkesbury-Nepean and Southern rivers CMAs to share information and coordinate catchment management initiatives. The agencies continue to meet to consider issues of common interest, coordinate policy and achieve business plan outcomes.

Bulk Water Supply Agreement

The SCA is required to enter into arrangements for the supply of bulk raw water to its customers other than Sydney Water. These terms and conditions are to include the continuity and quality standards of water supplied, costs to be paid by customers for water supplied, and dispute resolution and complaint handling procedures. The original bulk water supply agreement with Sydney Water was established in 1999 and last revised in April 2006.

Shoalhaven City Council signed a bulk water supply agreement with the SCA in December 2006. Negotiations continue with Wingecarribee Shire Council.

NSW Science Agencies Group

The SCA is a member of the NSW Science Agencies Group that comprises senior officers from NSW Government agencies. This group undertakes research, supports education, provides funding, and develops policy relevant to science, engineering and medical research. Meetings of the group provide a forum to share information, coordinate with the NSW Chief Scientist, and contribute to developing overarching priorities for the NSW Government.

Industry consultation

Water Services Association of Australia

The SCA is an active member of the Water Services Association of Australia (WSAA). WSAA is a focal point for communicating views on issues of importance to the urban water industry. The association also commissions research and brokers information on behalf of the industry. During the year, the SCA took part in a WSAA project to identify and develop recommendations to respond to skill gaps in the urban water industry in Australia. The SCA also took part in the WSAA national asset management benchmarking exercise, and is an active member of the WSAA asset management committee.

Australian Water Association

Continued membership of the Australian Water Association provides the SCA with important corporate skills and abilities across a range of water industry activities.

Australian National Committee on Large Dams

The SCA is an active member of the Australian National Committee on Large Dams (ANCOLD), a voluntary association of members with a common interest in dams. ANCOLD holds annual technical conferences and produces guidelines on various aspects of managing dam safety. The SCA's voting member currently holds the position of Junior Vice-Chairman.

Subsidence Management Plan Review Committee

The SCA is a member of the interagency committee established by the NSW Department of Industry and Investment to review draft subsidence management plans and advise on approval conditions.

Partnering with external researchers

Collaborative Research Program

The collaborative research program gives the SCA the opportunity to access and use leading edge technology and scientific expertise. The program gives both established and new researchers the chance to work with the SCA on research topics of critical relevance to water quality, quantity and catchment management.

The collaborative research program for 2008-09 cost a total of \$500,000. It included research in the following areas:

- conceptualisation and modelling of surface water to groundwater interaction in the Upper Nepean fractured aquifer system
- derivation of long-term hydroclimatic sequences for water resources engineering, management and planning
- a stochastic downscaling framework for catchment scale climate change impact assessment
- estimating the relative pathogen risk from sewage treatment plant effluent
- impact of longwall mining on subsidence, flow and water quality in the Waratah Rivulet
- nutrient generation from rural land and delivery to streams in the Sydney drinking water catchments
- physico-chemical controls on growth, toxicity and succession of microcystis and anabaena species in Sydney water supply reservoirs
- riparian and water quality improvements from influencing animal movements
- statistical analysis of water quality data
- using molecular tools to understand and control the transmission of Cryptosporidium.

Building research alliances

The SCA is a member or joint venture partner of the following research organisations that undertake generic research:

- eWater Cooperative Research Centre (CRC) is a cooperative joint venture between leading water organisations. It aims to improve the ability of industry to make water management decisions that are cost effective, transparent, and scientifically defensible. The SCA is trialling one of eWater's contaminant modelling tools in the Nattai Catchment and comparing results with existing techniques
- Water Quality Research Australia Limited (WQRA) is a research centre that focuses on nationally applicable collaborative research about drinking water quality, recycled water and relevant areas of wastewater management. The SCA's participation in WQRA projects includes research into the growth of cyanobacteria in reservoirs
- Water Services Association of Australia (WSAA) is the peak body of the Australian urban water industry. It fosters research that supports its vision for Australian urban water utilities to be valued as leaders in the innovative, sustainable and cost effective delivery of water services
- Water Research Foundation is the world's largest drinking water research organisation. It sponsors research, develops knowledge, and promotes collaboration to advance water science to improve quality of life.

The SCA's total contribution to research alliance organisations for 2008-09 was \$600,000.

Goal 4 – Successful business



GOAL 4 - Successful business

During the year we focused our energies on the efficient delivery of our core responsibilities. To achieve this we reviewed the interaction between SCA functions and groups, and examined our roles and relationships with customers and stakeholders.

So that we can continue to effectively deliver against our core responsibilities, we prepared a comprehensive submission to the Independent Pricing and Regulatory Tribunal (IPART) review of SCA water charges. At year's end, IPART had made its determination and set the maximum raw water prices for 2009 to 2012.

Highlights

- Achieved 100 percent full to high compliance for audited operating licence clauses
- Maintained our 'investment grade' credit rating since the inception of the SCA
- Integrated fraud and corruption measures into a comprehensive strategy to prevent, detect, report and investigate fraud and corruption
- Maintained information security management under ISO27001:2005 and began renewing certification in line with changes to our information infrastructure and processes
- Successfully relocated into the new NSW Government office building in Penrith improving the efficiency and effectiveness of our people at work

Photograph previous page: During the year, SCA staff participated in scenario exercises as part of the tripartite program with Sydney Water and NSW Health. These exercises, along with a range of simulation scenarios, test the organisation's preparedness to respond to incidents and emergencies.

People are safe at the SCA

We have the right people with the right skills at the right time

The SCA Division of the Government Service (SCA Division) provides personnel services to the SCA. These services are incorporated into Goal 4 – Successful business.

For all details of personnel services see the Annual Report of the SCA Division of the Government Service on page 165.

We have a rigorous risk management framework

Managing risk

Understanding and managing risk is important to achieving our corporate goals. The SCA has a framework and processes to manage risk in accordance with Australian Standard 4360:2004.

During 2008-09, the SCA undertook risk management planning for corporate risks in line with the assessed risk level. These plans will guide business planning processes to make sure they include resourcing of activities to improve control of priority risks.

The SCA has a corporate approach to managing security risk. During 2008-09, work continued on improving the efficiency and effectiveness of security measures across the physical, information and personnel security areas. A security risk assessment is being developed along with an integrated strategy to guide future security improvements.

The SCA maintained its information security management certification under International Standard ISO 27001:2005. Work began on renewing certification in line with ongoing changes to our information infrastructure and processes.

Building resilience, managing incidents and business continuity

Organisational resilience is the ability of an organisation to continue to operate and adapt to disruptive change caused by non routine risk events. The SCA participates in national and water sector initiatives in this area.

The SCA defines incidents as occurrences or situations which could cause harm. The SCA managed over 380 incidents during the year, mostly of a minor nature. A summary of incidents is shown in figure 5.

The number of incidents was consistent with the previous year, although there was some variation in incident type. Late in the year, the SCA initiated an incident response in relation to the outbreak of the H1N1 influenza pandemic, implementing a range of measures in accordance with our Pandemic Plan to ensure the safety of staff in the workplace.

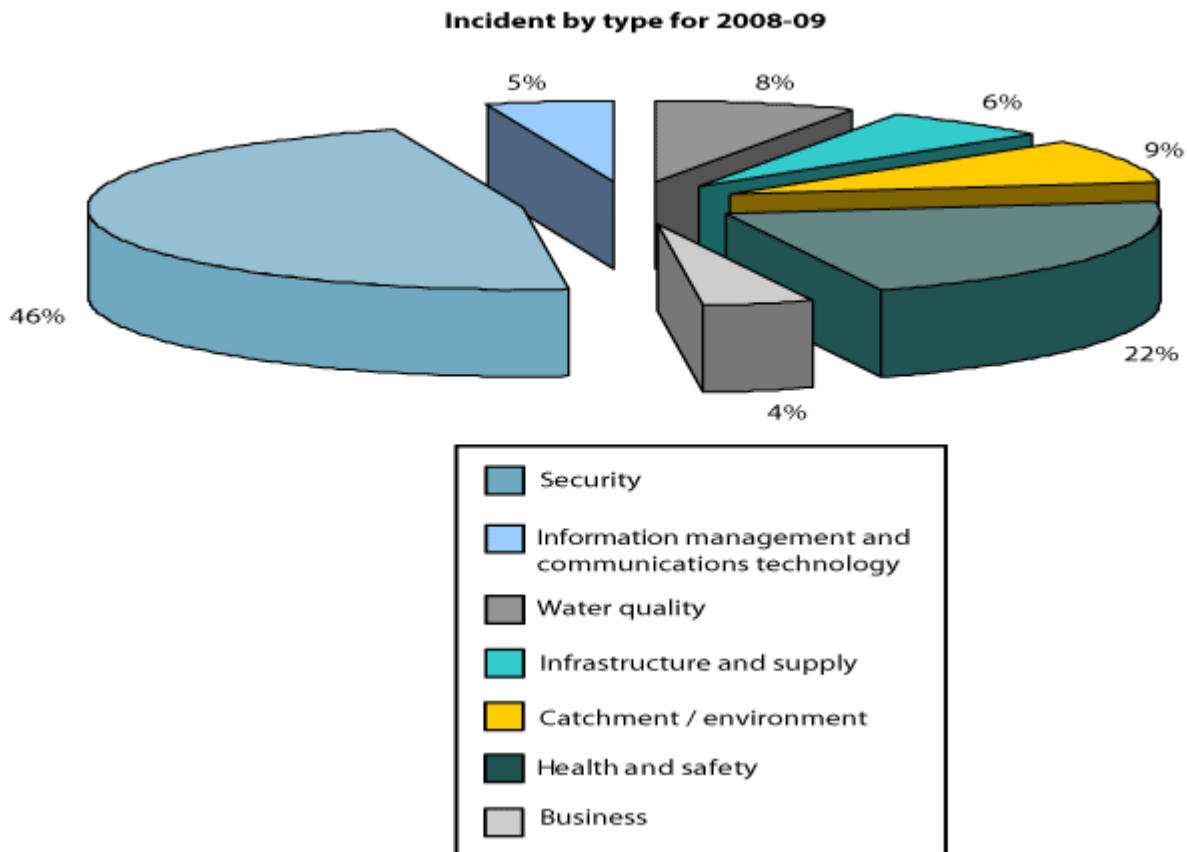
During 2008-09, the SCA began a review of the Corporate Incident Management Framework and Corporate Incident Procedures. Improvements identified through audits and lessons learnt during incidents and exercises were implemented.

In 2008, a new Emergency Control Centre was established in the new Penrith office with the aim of improving our ability to manage incidents.

The SCA conducted and participated in a range of simulation exercises throughout the year to test readiness for chemical spill, dam safety events, wildfire response, and building emergencies.

The SCA remained an active member of the Commonwealth Trusted Information Sharing Network for Critical Infrastructure Protection and had an executive role in the Water Services Infrastructure Assurance Advisory Group.

Figure 5 – SCA incidents by type



Fraud and corruption control

During 2008-09, the SCA developed a Fraud and Corruption Control Strategy to prevent, detect, report and investigate fraud and corruption.

The strategy highlights the importance of preventing fraud and corruption by ensuring that all staff are aware of their responsibilities under the Code of Conduct, and their obligations to report fraudulent or corrupt activities. The strategy includes a requirement for a comprehensive fraud risk assessment and training for all staff which will be rolled out in 2009-10.

Internal audit

Internal audit findings help strengthen our business by improving practices and procedures. Deloitte Touche Tohmatsu is the SCA's current internal auditor. In 2008-09, the auditors reviewed the following business areas:

- superannuation
- occupational health and safety – accident and incident reporting
- lease and licence management
- land acquisition and disposal
- grants process
- procurement, contract and project management
- SCA access to DRIVES (Roads and Traffic Authority, Driver and Vehicle Information System database).

Audit recommendations are implemented, monitored and reported to the Board's Audit and Risk Committee.

Tools, systems and knowledge keep pace with our business

Our regulatory framework

Operating licence audit

The *Sydney Water Catchment Management Act 1998* requires IPART to report to the Minister each year on its audit of the SCA's operating licence. The 2007-08 report was tabled in Parliament on 5 January 2009.

IPART reported that the SCA achieved full compliance for 88 percent and high compliance for remaining 12 percent of the licence obligations audited.

Water management licence

The SCA's water management licence is issued by the Water Administration Ministerial Corporation under the *Water Act 1912*. The licence regulates access to water resources by authorising the SCA to take and use water from water sources and water management works, and to extract and release water to rivers.

The SCA maintained 100 percent compliance with its water management licence in 2008-09.

Enhancing project management

The SCA Corporate Program Office provides support and direction for all aspects of project management.

In 2008-09, the office continued refining project management approaches and processes to better meet the needs the diverse range of SCA projects. An increased number of projects now follow the established methodology and are reported in a consistent manner. This provides the SCA Board and Executive with more comprehensive project monitoring and reporting at a corporate level.

A Project Review Panel is now well established. It provides independent peer review at critical project milestones, reviews business cases and portfolio reports on projects and forward programs.

Procurement

The SCA continues to use interagency service level agreements and panels of pre-qualified service providers to optimise procurement and contracting activities. These arrangements complement the SCA's use of NSW State Contracts Control Board period agreements for goods and services.

Managing service level agreements

The SCA maintains service level agreements with the Department of Services, Technology and Administration (DSTA), Roads and Traffic Authority, Sydney Water, Department of Environment Climate Change and Water (DECCW), and Conservation Volunteers Australia.

These agreements continue to promote better business practices and a whole-of-government approach. A new Service Level Agreement between the SCA and DECCW has been prepared and is currently under review by the DECCW. An update is also anticipated to the service level agreement with DSTA at the end of 2009.

Managing panel contracts

The SCA uses standing offer arrangements and panels of pre-qualified suppliers to streamline procurement.

We currently have panels of suppliers for survey work and minor works and intend to establish a wider range of panels in 2009-10.

Electronic tendering

The SCA has upgraded its eTendering profile with a dedicated page on the NSW eTenders website. This makes finding SCA tenders easier and allows more businesses to bid for SCA contracts. This will benefit the SCA by attracting a wider range of potential suppliers. Tenders for all major SCA contracts are invited through this arrangement.

Managing information and technology

Information Management and Communications Technology

In 2008-09, the SCA completed an upgrade of its telecommunications infrastructure. The telecommunication bandwidth was increased tenfold at a minimal cost which improved network performance and security.

As part of this upgrade, the SCA implemented voice over internet protocol (VoIP). VoIP enables telephone calls to be made between SCA offices at no cost beyond those associated with the data network. Using VoIP technology as well as using rates under the Government Telecommunications Agreement, the SCA has made substantial savings on call expenses.

SCA Penrith office relocation provided a cost neutral opportunity to move SCA information technology infrastructure to a state-of-the-art government owned data centre. The arrangement is hosted through the Australian Centre for Computing and Communications (ac3).

Achievements in environmental performance

Environment Plan

The SCA's 2006-2010 Environment Plan addresses the environmental impacts of the SCA's business activities. It uses environmental performance indicators from the SCA operating licence. The five objectives in the plan relate to water conservation, energy use, waste, heritage, and environmental impact assessment of SCA activities. Each objective has actions, targets, timeframes and performance indicators. A review of the environment plan began in May 2009.

Water conservation

The SCA is committed to conserving water and minimising water losses. An annual report is produced on the total water used by the Penrith office. For full details about the SCA's performance in conserving water see Appendix 25.

Energy management

The SCA is committed to managing its energy use efficiently throughout its operations. The SCA continues to implement the 2006-2011 Energy Management Plan in accordance with the action plan timeframes. For a summary of energy related achievements under the plan, see Appendices 23 and 24.

Energy consumption

Total electrical energy used in 2008-09 was 101,307,018 kilowatt hours, 75 percent less than the previous year. The drop in electricity consumption was primarily due to decreased volumes of water being pumped from the Shoalhaven system to Warragamba and Nepean dams. Total energy used for water supply infrastructure was 100,217,784 kilowatt hours. Table 8 compares electrical energy consumption figures for the past four years.

Table 8 - Electricity consumption for the past four years in kilowatt hours

	2005-06	2006-07	2007-08	2008-09
Office buildings	934,985	1,030,153	1,137,595	855,858
Public buildings	147,115	135,808	134,721	122,044
Other facilities	124,136	99,468	84,451	91,864
Water supply infrastructure	4,973,585	8,206,532	15,702,380	8,412,190
Shoalhaven drought transfers	294,246,232	331,524,208	380,412,973	91,805,594
Infrastructure roadways	22,128	20,167	19,865	19,468
Total electricity	300,448,181	341,016,335	397,491,985	101,307,018

Ten percent of the electricity purchased by the SCA (excluding electricity used for Shoalhaven pumping) is Green Power. This gives the SCA the right to use the Green Power customer logo.

Table 9 - Energy comparisons for the past two financial years

	Total energy (GJ*)		Change in GJ %	Costs of energy (\$)	
	2007-08	2008-09	2008-09	2007-08	2008-09
Electricity	1,430,971	364,705	-74.5	14,226,241	4,313,701
Petrol	2,921	2,525	-13.6	103,495	84,377
Auto distillate (diesel)	7,588	7,382	-2.7	257,570	238,628
Bio fuel (B20)	2,078	0	-100	82,567	0
Wood	0	0	0	0	0
Gas	13.4	15.6	16.7	500	585
Total	1,443,571	374,628	-74.1	14,670,373	4,637,291

*GJ = Gigajoules

Motor vehicle fuels decreased overall by 6 percent while the number of motor vehicles over the corresponding period fell by 14 percent.

Table 10 - Greenhouse gas emissions comparisons

Energy type	Greenhouse gas emissions*		Greenhouse gas emissions %		% change in greenhouse gas emissions
	2007-08	2008-09	2007-08	2008-09	2008-09
Electricity	379,343	95,725	99.8	99.3	-74.8
Petrol	193	167	0.1	0.2	-13.6
Auto distillate (diesel)	529	514	0.1	0.5	-2.7
Bio fuel (B20)	114	0	0	0	-100
Wood	0	0	0	0	0
Gas	0.8	0.9	0	0	16.7
Total	380,180	96,407	100	100	-74.6

*Greenhouse gas emissions = carbon dioxide tonnes equivalent

Green energy generated

In a pilot program, the SCA installed 100 percent solar powered mixers on Lake Burragorang to help manage blue-green algae in the reservoir. These mixers generate 1,076 kWh a year, increasing the total amount of green energy generated by the SCA from solar cells to 2036 kWh a year (up from 960 kWh pa in 2005-06 to 2007-08).

Minimising waste

Our environment plan commits us to managing and minimising resource use and waste generation, as well as reducing the environmental impacts of our operations. These obligations are reflected in the corporate plan.

Each year the SCA conducts an annual waste audit to monitor and improve waste management and recycling. The 2008-09 audit report was finalised in June 2009 and all recommendations are being addressed.

The SCA buys and uses environmentally responsible products. The SCA also promotes the use of electronic documents, double-sided printing and email to reduce waste. More information about the SCA's waste minimisation, including performance indicators, purchasing information and a response to the Government's Waste Reduction and Purchasing Policy (WRAPP), can be found in Appendix 22.

Managing heritage

The SCA manages a number of heritage assets in accordance with the principles of ecologically sustainable development. The SCA's Heritage Asset Management Strategy, endorsed by the NSW Heritage Council, sets out the program to manage heritage assets.

In January 2009 a number of heritage properties owned by the SCA were transferred, or confirmation given of previous transfer, to the then Department of Environment and Climate Change. These were Joe Deacon's Hut, Kedumba Slab Hut, St Senan's Church (Yerranderie), and the Police Station and Court House at Yerranderie.

We continue to progress the SCA's draft section 170 Heritage and Conservation register with the Department of Services, Technology and Administration to assess the significance of a number of key assets. It is expected that a final draft will be completed by December 2009. A draft conservation management plan (CMP) for the heritage listed Medlow Dam was completed. The SCA has continued to prepare CMPs for 40 percent of other state heritage listed items (up from 30 percent in 2007-08 and 25 percent in 2006-07 and 2005-06). Heritage maintenance schedules will be prepared for state heritage items once the Heritage and Conservation Register is endorsed by the Heritage Council.

Details of the SCA's heritage assets, as listed on the draft SCA Heritage and Conservation Register are included in Appendix 21.

Assessing environmental impact of SCA activities

Under the environment plan, the SCA seeks to minimise the impacts of our activities on the environment. For details on performance during 2008-09 see page 60.

Managing SCA property

Penrith Office

In November 2008, the SCA relocated staff from three separate buildings within Penrith, into the new Penrith State Government Office building. The new building, located adjacent to public transport services, has been designed with features to provide high water and energy ratings, and to achieve a 4.5 star National Australian Built Environment Rating Scheme (NABERS) rating which reduces greenhouse emissions and monitors tenant's power consumption.

Case Study – Warragamba Visitor and Operations Centre Eco-friendly design

During the year, the SCA completed a new Warragamba Visitor and Operations Centre in Haviland Park overlooking Warragamba Dam. The building replaces facilities destroyed in the 2001 bushfires and accommodates operational staff who were previously spread across three separate buildings on the site.

The new Visitor and Operations Centre includes operational offices, educational facilities and a visitor exhibition area. The building precinct features viewing platforms that allow visitors the best views of the dam and lake.

The building was designed to include ecologically sustainable principles.

The computer controlled natural ventilation system responds to changing conditions outside and automatically opens windows and switches off air conditioning.

Floor to ceiling windows and skylights reduce the use of artificial lighting, water efficient taps minimise water use, and underground 30,000 litre rainwater tanks store water for dual flush toilets.

Staff moved into the operations area of the building in October 2008. The new permanent exhibition, which includes interactive displays and tells the catchment to tap water story, will be installed in late 2009 and opened to the public early in 2010.



Land acquisition

In 2008-09, the SCA purchased four properties in the Metropolitan Catchment and one property along the Warragamba Pipeline at a total cost of \$4,846,814. Documentation in relation to these and other acquisitions can be accessed under the *Freedom of Information Act 1989*.

Land disposal

The SCA disposed of one property during the year with compensation received of \$1,000,270. A small section of land was acquired by Palerang Council for road widening. No family or business association exists between the purchasers of the land and the SCA. Funds from the disposal became part of the SCA's general revenue in 2008-09. Documents about the disposal can be accessed under the *Freedom of Information Act 1989*.

Fleet management

SCA vehicles are purchased under a contract signed in 2005. The contract is currently under review. The return on vehicles sold at auction during 2008-09 has averaged 83.7 percent compared to 88.2 percent in 2007-08. This is due to market conditions experienced in the first half of the year.

We meet the Statement of Financial Framework targets

Performance against financial targets

Statement of Financial Framework

Under section 34 of the SWCM Act, the SCA Board prepared the 2008-09 Statement of Financial Framework for adoption by the Minister and the Treasurer.

Commercial success outcomes

The SCA's 2008-09 Statement of Financial Framework identifies the SCA's financial targets. Explanations for major variances are noted in the table below. During 2008-09 the SCA continued to operate efficiently and effectively against its operational and financial targets.

Operational expenditure exceeded budget due largely to the cost of pumping water from the Shoalhaven system during the ongoing drought. Table 11 shows the SCA's commercial achievements for 2008–09.

Table 11 - Performance in relation to commercial success 2008-09

	Budget \$million	Actual \$million	Variance \$million	Variance (%)	Reason for variance
Revenue	183.8	183.9	0.1	0.1	On target. Sales of raw water under budget, offset by higher than budgeted mining consulting and other income
Operations/services expenditure	81.5	89.0	7.5	9.2	Higher than target due mainly to drought pumping costs of \$3.4M and impact of declining bond rates
Other areas of expenditure	57.3	54.5	-2.8	-4.9	Lower than target due mainly to lower debt and borrowing costs
Dividend and tax equivalent expense	37.1	28.0	-9.1	-24.5	Lower than target primarily due to lower tax liability associated with the deductibility of personnel services expense and R&D concessions
Debt to equity (%)	69.0	71.5	2.5	3.6	Slightly higher than target due to changes in equity.

Review of water prices

The SCA supplies raw water as a government monopoly service under the *Independent Pricing and Regulatory Tribunal Act 1992*. The Independent Pricing and Regulatory Tribunal (IPART) determine prices the SCA charges for water. The price path set our prices for water supplied to Sydney Water, Shoalhaven City Council, Wingecarribee Shire Council, and other customers for the period 1 October 2005 to 30 June 2009.

The SCA's fixed availability charge to Sydney Water was \$5.124 million a year (plus CPI). The volumetric charge was \$222.17 per thousand litres in 2008–09.

During the year, IPART conducted a review of SCA prices and has set the maximum prices the SCA can charge to apply from 1 July 2009.

Updated credit rating

Each year the NSW Government requires government businesses to be reviewed by a credit rating agency as part of an overall assessment of the authorities' independent financial study. The process is designed to ensure competitive neutrality between government businesses and their private sector counterparts. In its 2008 review, the SCA again achieved an investment grade credit rating.

Projected 2009-10 total revenue

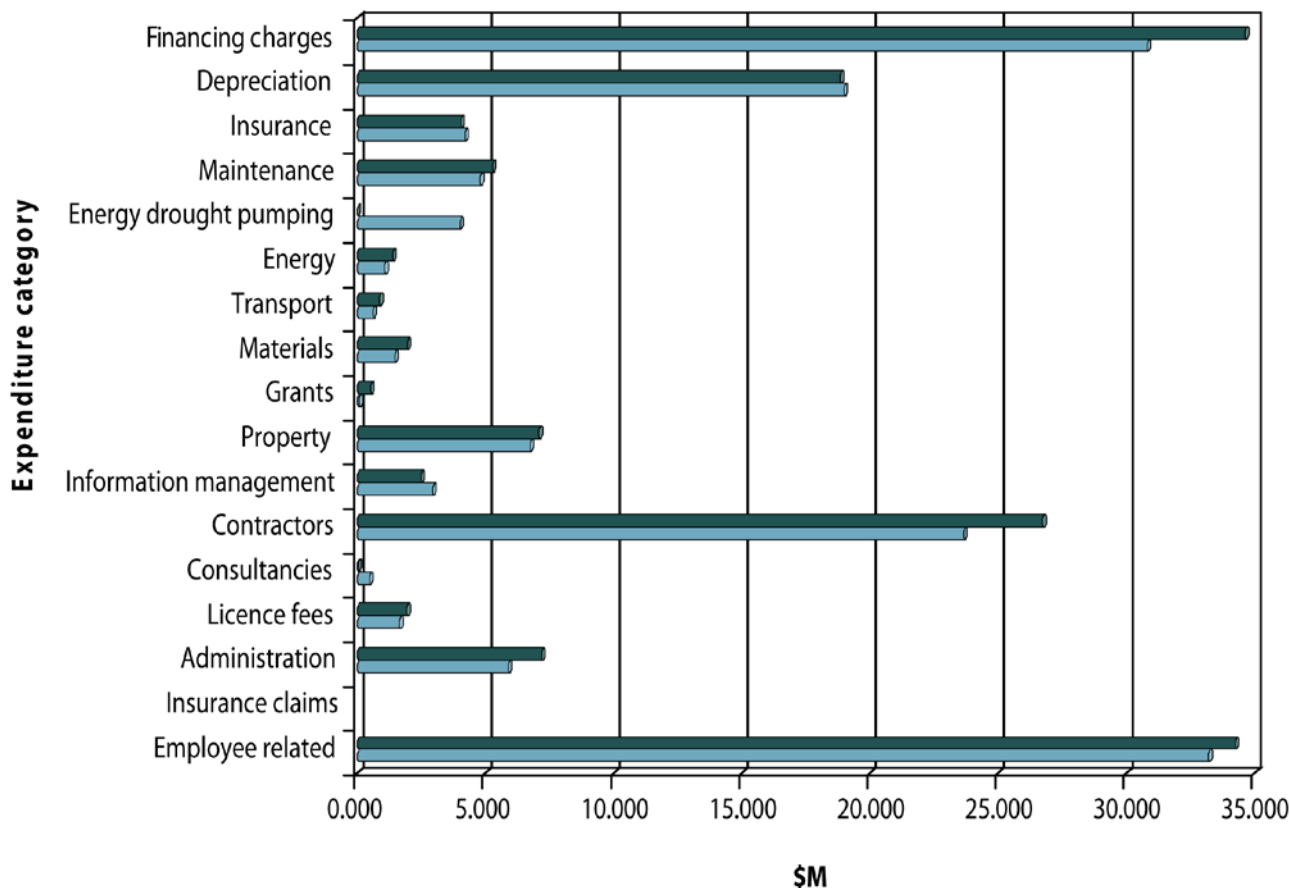
The SCA's projected total revenue for 2009–10 is \$205.3 million. Raw water sales account for \$201.2 million, with Sydney Water accounting for 99 percent of sales. Other income is derived from the supply of SCA services.

2009-10 budget

The SCA's operating expenditure budget for the 2009-10 year has been determined with consideration given to efficiencies to be achieved during the year. The expected total revenues and expenditures are consistent with IPART's recent three year price determination.

Figure 6 Expenditure budget comparison 2008-09 to 2009-10

Expenditure budget comparison 2008-09 to 2009-10



	Employee related	Insurance claims	Administration	Licence fees	Consultancies	Contractors	Information management	Property	Grants	Materials	Transport	Energy	Energy drought pumping	Maintenance	Insurance	Depreciation	Financing charges
Budget 2010	34.257	0.000	7.196	1.938	0.050	26.754	2.489	7.095	0.535	1.952	0.883	1.392	0.000	5.287	4.057	18.857	34.650
Budget 2009	33.223	0.000	5.894	1.660	0.485	23.667	2.953	6.746	0.090	1.468	0.615	1.091	4.000	4.812	4.212	19.000	30.825

Capital expenditure and management

The SCA delivered \$79.8 million capital expenditure on key projects including the following:

- Tallowa Dam environmental flows and fishway
- Woronora Dam access roads upgrade
- Warragamba Dam crest gates upgrade
- Warragamba Dam precinct upgrade
- Upper Nepean dams environmental flows.

Delivery of the capital expenditure program throughout the year has been in accordance with the SCA's total asset management framework, project management methodologies and processes. The Board's Asset Management Committee continued to oversee the SCA's asset management and capital expenditure program. For a full list of the SCA's 2008-09 capital expenditure see Appendix 14.

The community is confident about how we make our business decisions

Consulting to make the best decisions

Engaging with the community to understand their views is an important part of our work and helps inform our decisions.

Local Government Reference Panel

The Local Government Reference Panel is a valuable forum to share information with councils. Most of the 15 councils in the catchments are represented on the panel that is chaired by the SCA. In 2008-09, the panel met four times and considered a range of issues (see page 49 for details).

Consulting on SCA Metropolitan Water Plan projects

Hawkesbury-Nepean River Environmental Flows and Weirs Project

Construction work on this project began in June 2009 and is scheduled to be completed in early 2010. It involves works at 10 weirs on the Nepean River to install new fishways and environmental release outlets.

Community consultation started late 2008 and has involved stakeholder briefings, attendance at community group meetings, letterbox drops, household visits, brochures at visitor centres, advertisements in local newspapers, site signage, website updates and media releases.

Groundwater consultation

The final community consultation report for our groundwater investigations in the Southern Highlands (Kangaloon) was submitted with the Preferred Project Report to the NSW Department of Planning in January 2009. It addressed each of the 147 submissions received from the public exhibition in April/May 2008. A final determination on the Preferred Project Report has not yet been made.

Given that the project has been shelved, the community reference group established for the project was closed by the Minister for Water in 2009.

Healthy Catchments Strategy

The Drinking Water Catchments Regional Environmental Plan No. 1 (REP) requires the SCA to develop rectification action plans (RAPs) for all subcatchments by 31 December 2011. The RAPs are to be prepared in consultation with relevant councils, state agencies, natural resource management bodies, interest groups and communities. The RAPs are also required to go on public exhibition for at least 40 days.

The SCA has combined the requirement for rectification action planning and our catchment management obligations under our legislation in a draft Healthy Catchments Strategy. The draft strategy went out to state agency and local government consultation in June 2009. The draft strategy will go on public exhibition in late 2009.

Table 12 - Formal public consultations and outcomes 2008-09

Issue	Date	Mode of consultation	SCA response
<p>Healthy Catchments Strategy 2009-2012 (HCS)</p> <p>New strategic approach to prioritising, programming and evaluating catchment management activities using best available science and GIS information. The SCA's Catchment Decision Support System (formerly RAPDSS) is used to underpin strategy development</p> <p>HCS also meets the SCA's obligations under the Regional Environmental Plan No.1 to develop and consult on RAPs for the subcatchments</p>	<p>9 June 2009 to July 2009</p> <p>Ongoing in 2009-10</p>	<p>Targeted consultation with 13 key government stakeholders prior to broader public exhibition.</p> <p>Letters were sent to these stakeholders inviting them to be part of two stakeholder briefings. The stakeholders included catchment councils, catchment management authorities, Department of Environment, Climate Change and Water, Department of Water and Energy, NSW Health, Department of Lands, Sydney Water, NSW Resource Commission, NSW Department of Primary Industries, Office of Hawkesbury Nepean.</p> <p>The draft Healthy Catchments Strategy document was provided, and comments sought from these stakeholders on the draft strategy.</p>	<p>Verbal feedback received in briefings was recorded and considered within the draft strategy</p> <p>Stakeholders were invited to provide written comments by end July. These will be addressed in the strategy prior to its formal public exhibition in late 2009.</p>
<p>Hawkesbury-Nepean River Environmental Flows and Weirs Project</p>	<p>Commenced in August 2008</p> <p>Still ongoing</p>	<p>Meetings and ongoing liaison with landholders and/or tenants adjacent to the weirs, Camden Council, Penrith City Council, Wollondilly Shire council and Campbelltown councils.</p> <p>Letters to local Aboriginal Land Councils and advertising in Koori Mail and local papers regarding activities. Site visits and inspections took place at all ten weir sites with interested groups.</p> <p>Briefings held with key stakeholders including weir owners, Department of Environment and Climate Change, Department of Primary Industries, Penrith Lakes Development Corporation, Lower Hawkesbury Nepean Water User Group, Upper Hawkesbury Nepean Water User Groups, weir captains, local irrigators, World Masters Games, Hawkesbury-Nepean Catchment Management Authority, Office of the Hawkesbury Nepean, Camden Airport.</p> <p>Phone calls and emails to 11 recreational groups, six fishing groups and four local visitor centres. Provided presentations to three fishing groups on request, and distributed brochures to all visitor centres.</p> <p>Letterbox drops or doorknocking to residents potentially impacted by the construction work. Approximately 450 letters distributed. Advertising placed in local papers about the</p>	<p>Ongoing liaison with landholders, councils and other stakeholders to provide updates on construction works</p> <p>Feedback received from residents incorporated into management of works</p> <p>Feedback received from nine Aboriginal groups, which was incorporated into the Review of Environmental Factors (REF).</p>

Issue	Date	Mode of consultation	SCA response
		public Penrith Weir and Douglas Park Weir sites. Brochures and information cards available at all construction sites.	

Complaints

In 2008-09, the SCA received 18 complaints. Seventeen complaints were resolved during the year, 15 of which were received in 2008-09. At the end of 2008-09, four complaints remain unresolved. One unresolved complaint relates to the proposed route to the new Warragamba Visitor Centre, one relates to the development application process, and two complaints relate to water quality (see Appendix 9 for details).

The unresolved complaint about the proposed route to the Warragamba Visitor Centre was pending the establishment of a community reference group (CRG) to consider a range of issues associated with the re-opening of the Visitor Centre and associated picnic grounds. The CRG is to be established by July 2009.

The complaint about the development application process remained unresolved as the complainant had not responded to the SCA's request for additional information. This complaint will now be closed.

The two complaints about water quality received in June 2009 remain unresolved as at the end of June 2009 as they were current with investigations being undertaken to resolve the matters.

The SCA has undertaken the following improvement activities in response to the complaints lodged in the year:

- improving signage at public facilities to more clearly reflect opening and closing times
- providing an incident notification number for emergencies
- raising awareness within the SCA about our obligations as good neighbours for the properties we own and manage
- revising the SCA's Code of Conduct and reinforcing the code to staff.

Keeping stakeholders informed

Communicating through the media

The SCA continues to explain its roles and objectives to the broader community through the media. This year, dam levels have remained largely stable following the significant increases in mid 2007 and early 2008. This has led media and community attention to shift from water quantity and drought issues to issues about catchment land use and water quality.

During 2008-09, the SCA responded to more than 220 media enquiries, about half the number of enquiries from the previous year. The enquiries were more complex in nature and related to mining, water quality and climate change.

The SCA continued to work proactively with the media to help raise community awareness about water quality and catchment management issues. Mining, climate change, bushfire management, water quality, and progress on Metropolitan Water Plan activities were among the key SCA items discussed in the media.

Important media announcements during 2008-09 included the start of work to modify weirs along the Hawkesbury-Nepean River and the completion of works on a major electrical upgrade at Warragamba Dam. SCA compliance activities also received strong media coverage including a significant announcement about new catchment camouflage surveillance cameras.

The SCA continued to work with our partner agencies to deliver the important water conservation messages in the government's Water for Life community education program. This included a major multi-media advertising campaign in 2008-09.

A significant activity in 2008-09 has been the detailed planning for new interpretive signage and a comprehensive exhibition for Warragamba Dam. The new exhibition and visitor centre will open in early 2010.

Publishing information

The SCA produces paper and electronic publications to help inform the community about our activities and responsibilities.

The SCA produced the following key publications in 2008-09:

- Annual Report 2007-08
- Annual Water Quality Monitoring Report 2007-08
- Catchment Management Report 2007-08
- Exhibition documents.

SCA publications are available in electronic form on our website at www.sca.nsw.gov.au and on CD ROM. Electronic publications reduces printing costs, paper use and storage requirements. They also allow internet users, including educational institutions and other government agencies, ready access to SCA information.

The SCA continues to make all its publications, including those on the website, available in printed form on request. A full list of publications is featured in Appendix 11.

SCA website

With stable dam levels in 2008-09 and less community interest in water quantity issues, visitation to the SCA's website has reduced by about 45 percent on the previous year.

The SCA has focused significant effort in 2008-09 on increasing access to information on its website. Several key reports have been made available in HTML format on the site, increasing accessibility and removing the need for users to download large documents. This shift away from hard copy publications has seen greater use of the website for this type of information.

Table 13 - Number of visits to the SCA website over five years

Year	Visits
2004-05	367,163
2005-06	462,284
2006-07	648,335
2007-08	901,811
2008-09	412,832



SCA financial reporting

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GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Sydney Catchment Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Sydney Catchment 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 for both the Authority and the consolidated entity. The consolidated entity comprises the Authority and the controlled entity it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Authority and the consolidated entity as at 30 June 2009, and of their 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
- complies with International Financial Reporting Standards as disclosed in Note 1(a).

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

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. In Note 1(a), the members of the Board also state, in accordance with Accounting Standard AASB 101 'Presentation of Financial Statements', that the financial report complies with International Financial Reporting Standards.

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 entity'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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board/Trustee/Directors, 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.

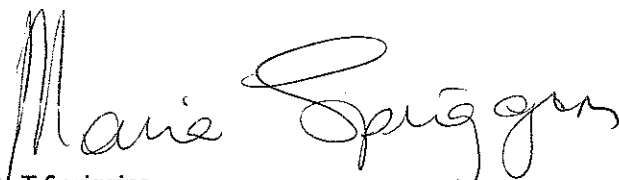
My opinion does *not* provide assurance:

- about the future viability of the Authority or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their 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.



M T Spriggins
Director, Financial Audit Services

20 October 2009
SYDNEY

Sydney Catchment Authority

Consolidated Financial report
for the year ended 30 June 2009



SYDNEY CATCHMENT AUTHORITY

FINANCIAL REPORTS

In the opinion of the Board Members of the Sydney Catchment Authority the accompanying Financial Statements:

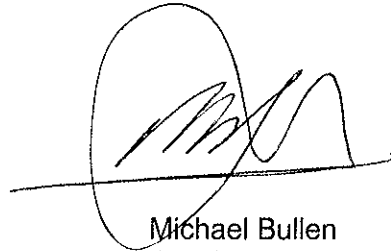
- a) exhibit a true and fair view of the financial position of the Sydney Catchment Authority as at 30 June 2009 and of its performance, as represented by the results of its operations and its cash flows for the year ended on that date;
- b) comply with applicable accounting standards, the Public Finance & Audit Act 1983, the Public Finance & Audit Regulation 2005, the Treasurer's Directions and other mandatory professional and statutory requirements where applicable.

The undersigned are not aware of any circumstances that would render any particulars in the Financial Statements to be misleading or inaccurate.



Robert Rollinson
Chairperson

20.10.09



Michael Bullen
Chief Executive

20.10.09

Income statement for the year ended 30 June 2009

	Note	Consolidated entity		Parent entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenues	2	183,934	169,694	183,934	169,694
Other expenses	3	(110,578)	(114,221)	(121,971)	(119,275)
Loss on disposal of property, plant and equipment		(1,210)	(8,638)	(1,210)	(8,638)
Finance costs	4	(31,755)	(28,095)	(31,755)	(28,095)
Profit before income tax		40,391	18,740	28,998	13,686
Income tax expense	5a	(1,219)	(9,005)	(1,219)	(9,005)
Profit for the year		39,172	9,735	27,779	4,681
Attributable to:					
Equity holders of the Sydney Catchment Authority		39,172	9,735	27,779	4,681

The accompanying notes form part of these financial statements

Statement of recognised income and expense for the year ended 30 June 2009

	Note	Consolidated entity		Parent entity	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Superannuation actuarial gains (losses)		(11,392)	(5,054)	-	-
Net income (loss) recognised directly in equity		(11,392)	(5,054)	-	-
Profit for the year		39,172	9,735	27,780	4,681
Total recognised income and expense for the year		27,780	4,681	27,780	4,681
Attributable to:					
Equity holders of the Sydney Catchment Authority	19	27,780	4,681	27,780	4,681
Effect of change in accounting policy					
Profit for the year as reported in 2008		-	4,681	-	-
Change in policy - actuarial losses		-	5,054	-	-
Restated profit for the period		-	9,735	-	-

The accompanying notes form part of these financial statements

Balance sheet as at 30 June 2009

	Note	Consolidated entity		Parent entity	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	23,044	12,633	23,044	12,633
Trade and other receivables	7	18,216	17,011	18,208	17,001
Other non-financial assets	8	4,269	1,067	3,998	1,022
Current tax assets	5c	-	2,204	-	2,204
Total current assets		45,529	32,915	45,250	32,860
Non-current assets					
Property, plant and equipment	9	1,216,574	1,156,989	1,216,574	1,156,989
Total non-current assets		1,216,574	1,156,989	1,216,574	1,156,989
Total assets		1,262,103	1,189,904	1,261,824	1,189,849
LIABILITIES					
Current liabilities					
Trade and other payables	10	33,872	41,593	65,157	56,400
Borrowings	11	-	6	-	6
Current tax liabilities	5c	6,957	-	6,957	-
Provisions	12	42,558	17,101	26,915	6,881
Total current liabilities		83,387	58,700	99,029	63,287
Non-current liabilities					
Borrowings	11	458,183	423,580	458,183	423,580
Provisions	12	16,350	4,692	429	50
Deferred tax liabilities	5d	63,598	67,331	63,598	67,331
Total non-current liabilities		538,131	495,603	522,210	490,961
Total liabilities		621,518	554,303	621,239	554,248
Net assets		640,585	635,601	640,585	635,601
EQUITY					
Retained earnings	19	489,284	484,294	489,284	484,294
Asset revaluation reserve	19	151,301	151,307	151,301	151,307
Total equity		640,585	635,601	640,585	635,601
Equity attributable to equity holders of the Sydney Catchment Authority		640,585	635,601	640,585	635,601

The accompanying notes form part of these financial statements

Cash flow statement for the year ended 30 June 2009

	Note	Consolidated entity		Parent entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash flows from operating activities					
Cash receipts from Sydney Water Corporation		174,131	158,301	174,131	158,301
GST receipts recovered from Australian Taxation Office		13,525	11,981	13,525	11,981
Other cash receipts		6,763	5,845	6,763	5,845
Insurance claims recovered		145	6,294	145	6,294
Interest received		731	663	731	663
Payments to suppliers and employees		(114,681)	(110,109)	(114,681)	(110,109)
Interest and other costs of finance paid		(28,635)	(27,144)	(28,635)	(27,144)
Income taxes paid		4,210	(4,836)	4,210	(4,836)
Net cash provided by operating activities	21	56,189	40,995	56,189	40,995
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		5,882	5,279	5,882	5,279
Payments for property, plant and equipment		(80,092)	(72,141)	(80,092)	(72,141)
Net cash used in investing activities		(74,210)	(66,862)	(74,210)	(66,862)
Cash flows from financing activities					
Proceeds from borrowings		34,603	44,449	34,603	44,449
Dividends paid		(6,164)	(19,745)	(6,164)	(19,745)
Finance lease payments		(7)	(41)	(7)	(41)
Net cash provided by financing activities		28,432	24,663	28,432	24,663
Net increase (decrease) in cash and cash equivalents		10,411	(1,204)	10,411	(1,204)
Cash and cash equivalents at the beginning of the reporting year		12,633	13,837	12,633	13,837
Cash and cash equivalents at the end of the reporting year	6	23,044	12,633	23,044	12,633

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

REPORTING ENTITY

Sydney Catchment Authority is a NSW statutory body constituted under the *Sydney Water Catchment Management Act 1998* (the Act). The address of the Authority's head office is Level 4, 2-6 Station Street, Penrith NSW 2751.

The role of the Sydney Catchment Authority is to:

- manage and protect the catchment areas and catchment infrastructure works
- be a supplier of raw water; and
- regulate certain activities within or affecting catchment areas

The Act sets the principal objectives of the Sydney Catchment Authority as being to:

- ensure that catchment areas and catchment infrastructure works are managed and protected so as to promote water quality, the protection of public health and safety and the protection of the environment;
- ensure that water supplied by the Sydney Catchment Authority complies with appropriate standards of quality
- conduct its activities in compliance with the principles of ecologically sustainable development where the Sydney Catchment Authority's activities affect the environment; and
- manage the Sydney Catchment Authority's infrastructure works efficiently and economically and in accordance with sound commercial principles.

The role and objectives of the Sydney Catchment Authority are performed subject to an Operating Licence which is granted by the Governor under Section 25 of the Act. The Operating Licence requires the Sydney Catchment Authority to acknowledge its principal objectives, and enables and requires it to undertake its statutory roles, objectives and functions. The current operating licence was created following a comprehensive review of the previous licence, including public consultation. The current licence was granted for the period 1 January 2006 to 30 June 2010.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial report includes separate financial statements of the Sydney Catchment Authority as an individual reporting entity and the consolidated entity consisting of Sydney Catchment Authority and its subsidiary, Sydney Catchment Authority Division. Sydney Catchment Authority and its subsidiary together are referred to in this financial report as the consolidated entity.

a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (which includes Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005*.

The consolidated and parent entity financial statements and notes comply with International Financial Reporting Standards.

The financial report was initially submitted to the Auditor General on 12 August 2009. This was one day later than the six week statutory deadline imposed by the *Public Finance and Audit Act 1983*. The financial report was authorised for issue by the Chief Executive and Chairperson on 20 October 2009.

b) Basis of preparation

The financial report has been prepared on the basis of historical cost, except for financial assets and liabilities (including derivative instruments) which are measured at fair value through profit or loss, certain classes of property, plant and equipment which are measured at fair value and borrowings which are measured at amortised cost. Cost is based on the fair values of the consideration given in exchange

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

for assets. All amounts are presented in Australian dollars and rounded to the nearest one thousand dollars, unless otherwise noted.

c) Critical accounting judgements and key sources of estimation uncertainty

In the application of the consolidated entity's accounting policies, management is required to make judgments, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and their underlying assumptions are reviewed on an ongoing basis. A revision to an accounting estimate is recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future period if the revision affects both current and future periods.

(i) Critical judgments in applying the consolidated entity's accounting policies

The following are the critical judgements that management has made in the process of applying the consolidated entity's accounting policies and that have the most significant effect on the amounts recognised in the financial report:

For-profit status

Management judgement has been applied in determining Sydney Catchment Authority's classification as a 'for-profit' entity. In making this assessment, the Sydney Catchment Authority has considered the guidance provided by NSW Treasury Policy 05-4 'Distinguishing For-Profit from Not-For-Profit Entities'.

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at reporting date:

- Future increases in wages and salaries;
- Future on-cost rates; and
- Experience of employee terminations, gender profiles and periods of service

(ii) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other sources of estimation uncertainty at reporting date that have a risk of causing a material adjustment to the carrying amount of assets and liabilities in future reporting periods:

Property, plant and equipment

Fair values are determined using the Optimised Depreciated Replacement Cost (ODRC) approach. This valuation approach is applied by an independent expert and involves significant estimation to determine each asset's replacement cost. The approach uses engineering estimates of the current construction cost of existing assets as well as assessments of the remaining useful life for the purpose of determining depreciation up to the date of the valuation.

Useful life of intangible assets (with finite lives) and property, plant and equipment

Useful lives of intangible assets with finite lives and property, plant and equipment are reviewed annually. Any reassessment of useful lives in a particular year will affect the depreciation and amortisation expense through to the end of the reassessed useful life for both the current and future years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Recoverable amount

As the determination of recoverable amount of the consolidated entity's property, plant and equipment is dependent on the assumptions used in the cash-generating unit test, there is an element of subjectivity and uncertainty (if all other variables remain unchanged), which can result in sensitivity around the calculation of recoverable amount.

The major assumptions underlying the calculations of the recoverable amount of property, plant and equipment is disclosed in Note 9(a).

Leasehold property

The cost of leasehold property includes management's initial estimate of dismantling and restoring each property. Because of the long term nature of these liabilities, they are discounted using a pre-tax rate that the consolidated entity considers to be representative of current market assessments of the time value of money and risks specific to the liability.

Superannuation plan assumptions

The consolidated entity has used actuarial assumptions to estimate its defined benefit superannuation obligation. The assumptions underlying the estimate are disclosed in Note 12(b).

d) Principles of consolidation

The consolidated financial report incorporates the financial statements of the Sydney Catchment Authority and the subsidiary it controls. Control is achieved where the Sydney Catchment Authority has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial report of the subsidiary to bring its accounting policy into line with those used by the Sydney Catchment Authority.

All intra-entity transactions, balances, income and expenses are eliminated in full on consolidation.

e) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties (as applicable).

The consolidated entity recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the consolidated entity and specific criteria have been met for each of the consolidated entity's activities as described below. The amount of revenue is not considered to be reliably measureable until all contingencies relating to the sale have been resolved.

Revenue is recognised for the major business activities as follows:

Sale of raw water

Revenue from the sale of raw water is recognised as revenue when the Sydney Catchment Authority transfers the significant risks and rewards associated with the control of the water. This ordinarily occurs once the water passes flow meters located at points agreed between the Sydney Catchment Authority and Sydney Water Corporation and which are documented in the bulk water supply protocols.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying value of the financial asset.

Rental revenue

Rental revenue is recognised on a straight line basis over the lease term. However, any contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined.

Lease income

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

Royalties

Royalty revenue is recognised on an accruals basis in accordance with the substance of the relevant agreement.

Fines and penalties

Fines and penalties issued in accordance with the *Sydney Water Catchment Management Act 1999* are recognised as issued. Revenue gained from the fines and penalties are not remitted to the consolidated fund.

f) Government grants

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the consolidated entity will comply with the conditions associated with the grant. Grants that compensate the consolidated entity for expenses incurred are recognised in profit or loss on systematic basis in the same periods in which the expenses are recognised. Grants that compensate the consolidated entity for the cost of an asset are recognised in profit or loss as other income on a systematic basis over the term of the grant.

g) Income tax

The Sydney Catchment Authority is subject to notional taxation in accordance with the *Sydney Water Catchment Management Act 1998*.

An "equivalent" or "notional" income tax is payable to the NSW Government through the Office of State Revenue. Taxation liability is assessed according to the National Tax Equivalent Regime ("NTER") that replaced the former State Tax Equivalent Regime of the NSW Treasury from 1 July 2001. The NTER closely mirrors the Commonwealth Income Tax Assessment Acts of 1936 and 1997 (as amended) and is administered by the Australian Taxation Office ("ATO").

The Sydney Catchment Authority Division is a tax exempt entity.

Current tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted at reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Deferred tax assets and deferred tax liabilities

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent this it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than the result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and deferred tax liabilities are measured at tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset when they relate to income taxes levied by the same taxation authority and the consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Income Statement, except when it relates to items credited or debited directly in equity, in which case the tax is recognised directly in equity.

Other taxes

By virtue of TC 06/07 'Consequences of New Employment Arrangements for Fringe Benefit Tax Returns', the Sydney Catchment Authority Division has been grouped with the Department of Environment and Climate Change for the purposes of Fringe Benefits Tax.

By virtue of TC 06/13 'Financial Reporting and Annual Reporting Requirements arising from Employment Arrangements' and TC 06/17 'Consequences of New Employment Arrangements - Other Taxation, Administrative and Operational Issues', the Sydney Catchment Authority Division is the reporting entity for payroll tax purposes.

An objective commercial explanation is in place for all expenditure incurred under the personnel services arrangement between the Sydney Catchment Authority and the Sydney Catchment Authority Division. Consequently, all personnel services expenditure satisfies the positive limbs of Section 8-1 of the *Income Tax Assessment Act 1997* and as such, is an allowable deduction for the Sydney Catchment Authority.

h) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case, it is recognised as part of the acquisition cost of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable and payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flows.

The Sydney Catchment Authority and Sydney Catchment Authority Division are grouped for GST purposes and as such, inter-entity charges do not include a component for GST.

i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call and other short-term, highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment. However, short-term receivables are not discounted where the effect of discounting is immaterial. Trade receivables relating to the sale of raw water to Sydney Water Corporation is due for settlement no later than 21-days from the date of recognition. In general, all other trade receivables are due for settlement no more than 30-days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for impairment is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor; an indication that the debtor will enter bankruptcy or financial reorganisation; and default on payments owed to the Sydney Catchment Authority are considered indicators that the trade receivable may be impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement within other operating expenses. When a trade receivable is deemed uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

k) Investments and other financial assets

The consolidated entity classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose of which the investments are acquired. Management determines the classification of its investments at initial recognition and in the case of a financial asset classified as held-to-maturity, re-evaluates its designation at each reporting date.

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated cash flows of the investment have been impacted.

The consolidated entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

l) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Finance leases

Assets held under finance leases are initially recognised at their fair value, or if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and the reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are amortised on a straight-line basis over the shorter of the asset's useful life and the lease term.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of operating lease incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased item are consumed.

m) Property, plant and equipment

(i) Acquisition and capitalisation

Property, plant and equipment are initially recorded at the cost of acquisition. Cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Salaries and wages directly attributable to bring an asset to the location and condition necessary for it to be capable of operating in the manner intended by management is capitalised.

Physical non-current assets with a value of \$300 or more are capitalised (2008: \$300).

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

For facility assets that are constructed by the Sydney Catchment Authority, cost includes materials used in construction, major inspection costs, direct labour and any directly attributable overheads. These assets (or components thereof) are capitalised once they become operational and available for use. Labour charged as capital is based on employee timesheets during the year.

Costs associated with major inspections are capitalised if it is probable that future economic benefits will flow to the consolidated entity and the cost can be measured reliably. Where this occurs, the costs are depreciated over the period of time until the next inspection. On capitalisation, any remaining costs from the last inspection are de-recognised. Where the costs of inspection are insignificant, they are expensed as incurred.

Day-to-day servicing costs or maintenance 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

(ii) Asset valuation

Following initial recognition at cost, each class of property, plant and equipment is stated in the Balance Sheet at fair value less any subsequent accumulated depreciation and accumulated impairment losses. Adoption of the fair value model for property, plant and equipment is a requirement of NSW Treasury.

Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the reporting date.

For valuation purposes, the Sydney Catchment Authority has two classes of physical non-current assets. *Specialised assets* comprise of facility assets, work-in-progress, groundwater assets and land and buildings. *Non-Specialised assets* comprise of operational equipment, furniture and fittings, motor vehicles, office equipment, computer hardware, office amenities and leasehold improvements.

In respect of classes of assets for which there exists an active market, fair value is the amount for which the assets could be exchanged between knowledgeable and willing parties in an arm's length transaction, having regard to the highest and best use of the assets for which other parties would be willing to pay to obtain the most advantageous price or highest possible value. In respect of classes for which there is no active market due to the specialised nature of the assets, fair value is determined as the estimated depreciated current replacement cost of the assets.

Because of the specialised nature of facility assets, fair value is determined by an independent valuer in conjunction with the Department of Commerce using the ODRC method. This involves establishing the cost of constructing the existing assets using current construction costs and depreciating it back to the date the existing asset was originally constructed.

The fair value of land assets is determined by reference to the market value of nearby similar parcels of land.

Non-specialised non-current assets with relatively short useful lives are measured at depreciated historical cost, as a surrogate to fair value. This is because the depreciated net carrying amount closely approximates their market value less costs to sell.

When revaluing physical 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 asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except to the extent that the increment reverses a revaluation decrement was previously recognised as an expense in the Income Statement. Where this occurs, the increment is recognised immediately as revenue in the Income Statement.

Revaluation decrements are recognised immediately as expenses in the Income Statement, except that, to the extent that a credit balance exists in the asset revaluation reserve, the revaluation decrements are debited directly to the asset revaluation reserve.

Gains or losses on disposals are determined by comparing proceeds with the asset's carrying amount. The net gain or loss on the disposal of assets is included in the Income Statement. Where an asset that has been previously revalued is disposed, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

(iii) Depreciation

Depreciation is provided for all non-current assets, excluding land which is not depreciated. Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values (if any), over their estimated useful lives, as follows:

▪ Dams	100 – 150 years
▪ Reservoirs	75 – 150 years
▪ Canals and tunnels	100 years
▪ Major pipelines (above-ground)	150 years
▪ Weirs	100 years
▪ Water mains	50 years
▪ System buildings	40 – 100 years
▪ Water treatment plants	45 years
▪ Working plant and equipment	2 – 14 years
▪ Operating equipment	3 -20 years
▪ Motor vehicles	7 years
▪ Furniture and fittings	5 years
▪ Office amenities	7 – 20 years
▪ Leasehold improvements	The shorter of the asset's useful life and the lease term.
▪ Finance leases	The shorter of the asset's useful life and the lease term.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

n) Impairment of long-lived assets

At each reporting date, the consolidated entity reviews the carrying amounts of its assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent of other assets, the consolidated entity estimates the recoverable amount of the cash-generating-unit that the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease (refer note 1(n)(ii)).

Where an impairment loss is subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase (refer not 1(n)(ii)).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

o) Intangibles

Expenditure on research activities is recognised in the Income Statement as an expense when it is incurred.

Expenditure on development activities are recognised as intangible assets when it is probable that it will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its cost can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development expenditure are recorded as intangible assets and amortised from the point at which the asset is ready for use. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which varies from 3 to 5 years.

Licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the license over its estimated useful life.

p) Exploration and evaluation of groundwater reserves

Exploration and evaluation expenditure in relation to each separate area of interest is recognised as an exploration and evaluation asset in the year in which the expenditure is incurred where the following conditions are satisfied:

- The rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - i) The exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or
 - ii) Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of economically recoverable groundwater reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of any rights to explore, studies, exploratory drilling, sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration asset (or the cash generating unit to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with the development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified as property, plant and equipment or an intangible asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

q) Development of groundwater reserves

Development expenditure is recognised at cost less accumulated depletion and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the groundwater borefield.

Changes in factors such as estimates of proved and probable groundwater reserves are dealt with on a prospective basis.

r) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the consolidated entity prior to the end of the reporting period, which remain unpaid. The amounts are unsecured and are usually paid within 30-days of recognition. NSW Government guidelines allow for the Chief Executive or his delegate to award interest for late payment of trade and other payables.

s) Employee Benefits

(i) Wages and salaries, annual leave, sick leave and associated on-costs

Liabilities for wages and salaries (including non-monetary benefits) and annual leave expected to be settled within 12-months of the reporting date are recognised as a payable or provision in respect of employees' service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12-months after the reporting date, in which case it is classified as a non-current liability.

The portion of the liability expected to be settled later than 12-months is measured at the present value of the estimated future cash flows to be paid by the consolidated entity in respect of services provided by employees up to reporting date.

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

Outstanding amounts of payroll tax, workers' compensation insurance premiums, superannuation and other on-costs consequential to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels; experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms, to maturity and currency that match, as closely as possible, the estimated future cash outflows. Amounts expected to be settled within 12-months of reporting date are not discounted.

(iii) Superannuation

Defined contribution plans

Contributions to defined contribution superannuation plans are recognised as an expense when employees have rendered service entitling them to the contribution.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Defined benefit plans

The consolidated entity's defined benefit superannuation plans provide defined lump sum benefits based on years of service and final average salary.

A liability or asset in respect of defined benefit superannuation plans is recognised in the Balance Sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to future salary and wage levels, experience of employee departures and periods of service. Prepaid contributions are recognised as an asset to extent that cash refund/reduction in future payments is available.

AASB 119 'Employee Benefits' does not specify whether an entity shall distinguish current and non-current portions of assets and liabilities arising from post-employment benefits because at times the distinctions may be arbitrary. Based on this, the consolidated entity has decided it will disclose all its liabilities as non-current as this best reflects when the consolidated entity expects to settle the liability.

Expected future payments are discounted using market yields at reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses are recognised in full in the Statement of Recognised Income and Expense in the period in which they occur.

Past service costs are recognised immediately as an expense in the Income Statement unless the changes to the superannuation fund are conditional on employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

(iv) Termination benefits

Termination benefits are recognised as an expense when the consolidated entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement age, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the consolidated entity has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Benefits falling due more than 12-months after reporting date are discounted to present value.

t) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as result of a past event; it is probable that the consolidated entity will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of those economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is only recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

(i) Restorations

A provision for restoration is recognised when there is a present obligation as result of activities undertaken; it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing the facilities and restoring the affected areas.

(ii) Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the consolidated entity has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

(iii) Restructurings

A provision for restructuring is recognised when the consolidated entity has developed a formal detailed plan for the restructuring and has raised a valid expectation to those affected that it will carry out the restructure by starting to implement the plan or announcing its main features to those affected by it. The restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity (i.e. future operating costs).

u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any differences between the initial fair value and the final redemption value of the borrowings, such as discounts and premiums. These differences are amortised to the Income Statement as part of the finance costs over the period of the borrowings on an effective interest basis. Gains or losses are recognised in the Income Statement when liabilities are de-recognised, such as through debt restructuring, as well as the amortisation process.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right as well as an intention to defer settlement of the liability for at least 12-months after the reporting date.

In accordance with NSW Treasury's Policy TPP 06-6 'Guidelines for Capitalisation of Expenditure Property, Plant and Equipment', borrowing costs associated with the construction of assets are recognised as expenses in the period in which they are incurred.

v) Derivative financial instruments

The consolidated entity uses derivative financial instruments to manage its exposure to interest rate risks associated with its borrowings. These instruments are managed by NSW Treasury Corporation. The consolidated entity does not hold derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into. It is subsequently re-measured to fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated as a hedging instrument. The consolidated entity's derivatives do not qualify for hedge accounting under Australian Accounting Standards.

The fair value of derivatives is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12-months from reporting date and it is not expected to be realised or settled within 12-months from reporting date. Other derivatives are presented as current assets or current liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

w) Dividends

The dividend payable to the NSW Government is established in the Sydney Catchment Authority's annual Statement of Financial Framework. The amount payable is negotiated by reference to the after tax earnings of the Sydney Catchment Authority in the context of the Sydney Catchment Authority's financial health and its capital expenditure requirements. The dividend is calculated in accordance with Treasury Accounting Policy TPP 02-3 'Financial Distribution Policy for Government Businesses'.

Consistent with the requirements of AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', the existence of a Statement of Financial Framework that is signed prior to reporting date creates a present obligation that the dividend will be paid and accordingly, a provision for the full amount of the dividend is recognised at reporting date.

The dividend payable by the Sydney Catchment Authority is calculated as 75 percent of profit after tax excluding personnel services expense directly attributable to unrealised gains or losses (2008: 75 percent).

x) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the consolidated entity's policy on the revaluation of property, plant and equipment, as discussed in Note 1(n)(ii)

x) Equity transfers

The transfer of net assets between NSW public sector agencies as a result of an administrative restructure is designated as a contribution by owners and recognised as an adjustment to Retained Earnings. This treatment is consistent with AASB 1004 'Contributions'.

Transfers involving statutory bodies are covered under accounting policy for contributions by owners made to wholly-owned public sector entities (NSW Treasury Policy TPP 09-3). In these circumstances the policy under Section 6.2 requires any assets transferred to be recognised at fair value to the transferee.

y) Change in accounting policy

In accordance with NSW Treasury policy, the consolidated entity has changed its policy on the recognition of superannuation actuarial gains and losses. Actuarial gains and losses are now recognised outside of profit or loss in the 'Statement of Recognised Income and Expense'. Previously, actuarial gains and losses were recognised in the Income Statement. Both options are permissible under AASB 119 'Employee Benefits'.

The change in policy has been adopted on the basis that recognition outside profit or loss provides reliable and more relevant information as it better reflects the nature of actuarial gains and losses. This is because actuarial gains and losses are re-measurements, based on assumptions that do not necessarily reflect the ultimate cost of providing the superannuation.

Recognition outside profit or loss also harmonises better with the Government Finance Statistics / GAAP comprehensive income presentation for the whole of government and general government sector, required by AASB 1049 'Whole of Government and General Government Sector Financial Reporting'. A comprehensive income presentation will also be available in the consolidated entity's financial report for the 30 June 2010 reporting year under AASB 101 'Presentation of Financial Statements'.

The change in accounting policy increases the consolidated entity's and the Sydney Catchment Authority Division's profit for the year by \$11.4 million (2008: \$5.4 million) by excluding actuarial gains/losses from profit. This change in accounting treatment has no effect on the parent entity's profit figure as the transfer of actuarial gains/losses from profit to equity has no impact on personnel services expense recognised. There are no tax impacts associated with the change in accounting policy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

z) Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial report, the following Standards and Interpretations relevant to the consolidated entity were in issue but not yet effective:

AASB 123 'Borrowing Costs' was re-issued in June 2007 and is effective for the period beginning on or after 1 January 2009. The revised standard removes the option to expense borrowing costs (as currently allowed by NSW Treasury) and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The consolidated entity is unable to estimate the likely financial effect of this change in accounting policy; however, given the long-life of the Sydney Catchment Authority's infrastructure assets, the change will result in increases to profit. This change in accounting policy will be applied prospectively from 1 July 2009.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the consolidated entity's financial report:

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| ▪ AASB 101 'Presentation of Financial Statements' (revised September 2007) | ▪ Effective for annual reporting periods beginning on or after 1 January 200 |
| ▪ AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101' (September 2007) | ▪ Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 2007-10 'Further Amendments to Australian Accounting Standards arising from AASB 101' (December 2007) | ▪ Effective for annual reporting periods beginning on or after 1 January 2009 |

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the consolidated entity:

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|---|--|
| ▪ AASB 2008-8 'Amendments to Australian Accounting Standards – Eligible Hedged Items' (August 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ AASB 3 'Business Combinations' (March 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ AASB 127 'Consolidated and Separate Financial Statements' (March 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127' (March 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ AASB 2008-11 'Amendments to Australian Accounting Standard – Business Combinations among Not-for-Profit entities [AASB 3]' (November 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' (July 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ Interpretation 17 'Distributions of Non-cash Assets to Owners' (December 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-Cash Assets to Owners' (December 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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|---|---|
| <ul style="list-style-type: none"> ▪ AASB 1039 'Concise Financial Reports' (Revised August 2008) ▪ AASB 8 'Operating Segments' (February 2007) ▪ AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8' (February 2007) ▪ AASB 2008-9 'Amendments to AASB 1049 for consistency with AASB 101' (September 2008) ▪ AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123' (June 2007) ▪ AASB 2008-1 'Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations' (February 2007) ▪ AASB 2008-2 'Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation' (March 2008) ▪ AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) ▪ AASB 2008-7 'Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate' (July 2008) ▪ Interpretation 15 'Agreements for the Construction of Real Estate' (August 2008) ▪ Interpretation 16 'Hedges of a Net Investment in a Foreign Operation' (August 2008) ▪ AASB 2008-11 Amendments to Australian Accounting Standards – Business Combinations Among Not-for-Profit Entities (November 2008) ▪ AASB 2009-1 'Amendments to Australian Accounting Standards – Borrowing Costs of Not-for-Profit Public Sector Entities' (April 2009) ▪ AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments' (April 2009) ▪ AASB 2009-4 'Amendments to Australian Accounting Standards arising from Annual Improvements Project' (May 2009) ▪ AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from Annual Improvements Project' (May 2009) | <ul style="list-style-type: none"> ▪ Effective for annual reporting periods beginning on or after 1 January 2009 ▪ Effective for annual reporting periods beginning on or after 1 January 2009 ▪ Effective for annual reporting periods beginning on or after 1 January 2009 ▪ Effective for annual reporting periods beginning on or after 1 January 2009 ▪ Effective for annual reporting periods beginning on or after 1 January 2009 ▪ Effective for annual reporting periods beginning on or after 1 January 2009 ▪ Effective for annual reporting periods beginning on or after 1 January 2009 ▪ Effective for annual reporting periods beginning on or after 1 January 2009 ▪ Effective for annual reporting periods beginning on or after 1 January 2009 ▪ Effective for annual reporting periods beginning on or after 1 January 2009 ▪ Effective for annual reporting periods beginning on or after 1 January 2009 ▪ Effective for annual reporting periods beginning on or after 1 January 2009 ▪ Effective for annual reporting periods beginning on or after 1 January 2009 ▪ Effective for annual reporting periods beginning on or after 1 July 2009 ▪ Effective for annual reporting periods beginning on or after 1 January 2009 ▪ Effective for annual reporting periods beginning on or after 1 January 2009 ▪ Annual reporting periods beginning on or after 1 July 2009. ▪ Annual reporting periods beginning on or after 1 January 2010 |
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

- AASB 2009-6 'Amendments to Australian Accounting Standards' (June 2009)
- AASB 2009-7 'Amendments to Australian Accounting Standards' (June 2009)
- Annual reporting periods beginning on or after 1 January 2009
- Annual reporting periods beginning on or after 1 July 2009

Notes to the financial statements for the year ended 30 June 2009

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

NOTE 2. REVENUES

Sale of raw water to Sydney Water Corporation at fixed prices	67,206	65,362	67,206	65,362
Sale of raw water to Sydney Water Corporation at variable prices	107,933	93,863	107,933	93,863
Other raw water sales	1,138	882	1,138	882
Consultancies	172	195	172	195
Rental revenue	831	389	831	389
Conference centre hire	54	49	54	49
Gross insurance recoveries	145	6,294	145	6,294
Dam safety and mining protection cost recoveries	3,864	759	3,864	759
Interest revenue (including gains on derivative instruments)	1,995	1,053	1,995	1,053
Grants	165	-	165	-
Other revenue	431	848	431	848
Revenue	183,934	169,694	183,934	169,694

NOTE 3. OTHER EXPENSES

a) Employee related expenses

Salaries and wages (including recreation leave and redundancies) *	28,567	25,938	-	-
Superannuation (defined contribution schemes)	1,476	1,518	-	-
Superannuation (defined benefit schemes)	559	284	-	-
Long service leave	3,840	618	-	-
Payroll tax and fringe benefits tax	1,977	1,948	-	-
Workers compensation insurance	474	421	-	-
Board remuneration	256	269	256	269
	37,149	30,996	256	269

b) Contractor expenses

Agency hire of staff	1,417	1,370	1,417	1,370
Employment specialist services	40	49	40	49
Water services and monitoring	6,975	7,687	6,975	7,687
Personnel services expense ¹	-	-	48,286	35,781
Environmental planning and management	4,000	3,934	4,000	3,934
Dam safety and mining protection	7,289	4,193	7,289	4,193
Operating licence compliance	-	125	-	125
Bulk water purchases	930	1,078	930	1,078
Integrated management systems	50	-	50	-
Contractors general	490	541	490	541
	21,191	18,977	69,477	54,758

¹ The difference between the expense recorded by the Sydney Catchment Authority and total employee related expenses recognised by Sydney Catchment Authority Division relates to actuarial losses offset by the capitalisation of certain salaries and wages.

c) Operating leases

Operating leases - Minimum lease payments	2,125	1,642	2,125	1,642
	2,125	1,642	2,125	1,642

Notes to the financial statements for the year ended 30 June 2009

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

NOTE 3. OTHER EXPENSES (continued)

d) Property and materials expenses

Repairs and maintenance on buildings *	1,735	1,286	1,735	1,286
Grounds maintenance *	4,876	4,570	4,876	4,570
Security	1,947	1,973	1,947	1,973
Materials	684	613	684	613
Rates, Removals & Restorations	(19)	117	(19)	117
Other	90	5	90	5
	9,313	8,564	9,313	8,564

e) Other operating expenses

Advertising	46	572	46	572
External audit fees	160	166	160	166
Internal and other audit fees	187	473	187	473
Insurance claims expenditure	-	(26)	-	(26)
Consultancies	349	119	349	119
Research and development	642	1,244	642	1,244
Electricity and energy	899	1,239	899	1,239
Drought pumping	3,393	12,790	3,393	12,790
Maintenance on assets and equipment *	5,195	4,787	5,195	4,787
Grants and sponsorships	190	1,127	190	1,127
Information management	1,980	2,313	1,980	2,313
Insurance	4,138	4,306	4,138	4,306
Memberships and subscriptions	699	798	699	798
Telephone and fax	725	608	725	608
Transport	282	917	282	917
Preparation of plans and reports	803	981	803	981
Printing and stationary	204	292	204	292
Training courses	484	451	484	451
Impairment of trade and other receivables	-	21	-	21
Other	1,110	1,708	1,110	1,708
	21,486	34,886	21,486	34,886

f) Depreciation

Facility assets	15,458	15,331	15,458	15,331
Buildings	21	17	21	17
Operational equipment	418	443	418	443
Furniture and fittings	61	43	61	43
Motor vehicles	638	697	638	697
Office equipment	113	107	113	107
Computer hardware	652	785	652	785
Office amenities	10	12	10	12
Leasehold improvements	56	46	56	46
Finance leases	6	31	6	31
	17,433	17,512	17,433	17,512

g) Licence fees

Licence fees	1,881	1,644	1,881	1,644
	1,881	1,644	1,881	1,644

Other expenses

	110,578	114,221	121,971	119,275
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Notes to the financial statements for the year ended 30 June 2009

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

NOTE 3. OTHER EXPENSES (continued)

* Reconciliation of total maintenance

Employee related maintenance expense included in Note 3(a)	2,128	2,133	2,128	2,133
Maintenance expense - contracted labour and other (non-employee related) included in Notes 3(d) and 3(e)	11,806	10,643	11,806	10,643
Total maintenance expenses	13,934	12,776	13,934	12,776

NOTE 4. FINANCE COSTS

Interest expense on loans	27,324	25,888	27,324	25,888
Government guarantee fee	3,540	2,343	3,540	2,343
Amortisation of deferred discount (premium) on loans	866	(162)	866	(162)
Interest on obligations under finance leases	1	6	1	6
Interest expense	31,731	28,075	31,731	28,075
Unwinding of discount on provision for restoration	24	20	24	20
Finance Costs	31,755	28,095	31,755	28,095

NOTE 5. INCOME TAX

a) Income tax recognised in profit and loss

Tax expense comprises:

Current tax expense in respect of the current reporting year	8,991	5,832	8,991	5,832
Adjustments recognised in the current year in relation to the current tax of previous reporting year in relation to R&D deductions	(4,277)	-	(4,277)	-
Adjustments recognised in the current year in relation to the current tax of previous reporting year in relation to other deductions	237	(782)	237	(782)
	4,951	5,050	4,951	5,050
Deferred tax expense relating to the origination and reversal of temporary differences	(3,732)	3,955	(3,732)	3,955
Total tax expense	1,219	9,005	1,219	9,005

Prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

Net profit	40,391	18,740	28,998	13,686
Income tax expense calculated at 30 per cent (2008: 30 per cent)	12,117	5,622	8,700	4,106
Effect of expenses that are not deductible in determining taxable profit	(935)	2,792	(935)	2,792
Effect of tax concessions (research and development)	(175)	(503)	(175)	(503)
Effect of other temporary differences	(2,331)	3,392	(2,331)	3,392
Adjustments recognised in the current year in relation to previous years	(4,040)	(782)	(4,040)	(782)
Effect of tax exempt income	(3,417)	(1,516)	-	-
Total tax expense	1,219	9,005	1,219	9,005

Notes to the financial statements for the year ended 30 June 2009

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

NOTE 5. INCOME TAX (continued)

The tax rate used in the above reconciliation is the corporate tax rate of 30 per cent payable on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting year.

b) Current tax assets

Current tax assets	-	2,204	-	2,204
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c) Current tax liabilities

Current tax liabilities	6,957	-	6,957	-
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d) Deferred tax balances

Deferred tax assets (liabilities) for the consolidated entity arise from the following:

2009	Opening Balance	Recognised in Income	Recognised in Equity	Closing Balance
Temporary differences				
Property, plant and equipment	(14,240)	300	-	(13,940)
Provision for impairment on receivables	13	(4)	-	9
Accelerated sewerage programme	1,740	114	-	1,854
Revaluation of property	(54,428)	-	-	(54,428)
Other	(416)	3,323	-	2,907
	<u>(67,331)</u>	<u>3,733</u>	<u>-</u>	<u>(63,598)</u>
2008	Opening Balance	Recognised in Income	Recognised in Equity	Closing Balance
Temporary differences				
Property, plant and equipment	(8,914)	(5,326)	-	(14,240)
Provision for impairment on receivables	7	6	-	13
Accelerated sewerage programme	1,681	59	-	1,740
Revaluation of property	(54,428)	-	-	(54,428)
Other	(1,722)	1,306	-	(416)
	<u>(63,376)</u>	<u>(3,955)</u>	<u>-</u>	<u>(67,331)</u>

Deferred tax assets (liabilities) for the parent entity arise from the following:

2009	Opening Balance	Recognised in Income	Recognised in Equity	Closing Balance
Temporary differences				
Property, plant and equipment	(14,240)	300	-	(13,940)
Provision for impairment on receivables	13	(4)	-	9
Accelerated sewerage programme	1,740	114	-	1,854
Revaluation of property	(54,428)	-	-	(54,428)
Other	(416)	3,323	-	2,907
	<u>(67,331)</u>	<u>3,733</u>	<u>-</u>	<u>(63,598)</u>

Notes to the financial statements for the year ended 30 June 2009

NOTE 5. INCOME TAX (continued)

Deferred tax assets (liabilities) for the parent entity arise from the following:

2008	Opening Balance	Recognised in Income	Recognised in Equity	Closing Balance
Temporary differences				
Property, plant and equipment	(8,914)	(5,326)	-	(14,240)
Provision for impairment on receivables	7	6	-	13
Accelerated sewerage programme	1,681	59	-	1,740
Revaluation of property	(54,428)	-	-	(54,428)
Other	(1,722)	1,306	-	(416)
	(63,376)	(3,955)	-	(67,331)
	Consolidated entity 2009 \$'000	2008 \$'000	Parent entity 2009 \$'000	2008 \$'000

Presented in the balance sheet as follows:

Deferred tax liabilities	(63,598)	(67,331)	(63,598)	(67,331)
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e) Unrecognised deferred tax assets

There were no unrecognised deferred tax assets during the current and previous reporting year.

Consolidated entity	Parent entity
2009	2009
\$'000	\$'000
2008	2008
\$'000	\$'000

NOTE 6. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	644	10,384	644	10,384
NSW Treasury Corporation Hourglass (Cash) Facility	22,400	2,249	22,400	2,249
Cash and cash equivalents	23,044	12,633	23,044	12,633

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks and NSW Treasury Corporation Hourglass (cash) facility. Cash and cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the reporting year to the Cash Flow Statement as follows:

Closing cash and cash equivalents (per the Cash Flow Statement)	23,044	12,633	23,044	12,633
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Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

NOTE 7. TRADE AND OTHER RECEIVABLES

Trade receivables	15,067	13,281	15,067	13,281
Less: Allowance for impairment	(31)	(43)	(31)	(43)
	15,036	13,238	15,036	13,238
Other receivables	3,180	3,773	3,172	3,763
Trade and other receivables	18,216	17,011	18,208	17,001

Notes to the financial statements for the year ended 30 June 2009

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

NOTE 7. TRADE AND OTHER RECEIVABLES (continued)

(a) Impaired receivables¹

At 30 June 2009 trade receivables with a nominal value of \$2,000 were individually impaired (2008: \$1,000). The total provision recognised at reporting date is \$31,000 (2008: \$43,000). Impaired receivables (including both those recognised on a collective and individual basis) primarily relate to outstanding infringement notices issued by the Sydney Catchment Authority.

The ageing of receivables that have been individually determined to be impaired is as follows:

0 to 3 months	-	-	-	-
3 to 6 months	1	-	1	-
Over 6 months	1	1	1	1
	2	1	2	1

As at 30 June 2009, receivables approximating \$347,000 were past due but not impaired (2008: \$14,000). These relate to a number of independent customers for whom there is no recent history of default and in the case of fines and penalties, those aged less than 180 days at reporting date.

The ageing of these receivables is as follows:

0 to 3 months	347	14	347	14
3 to 6 months	-	-	-	-
Over 6 months	-	-	-	-
	347	14	347	14

¹The consolidated entity's policy for determining those receivables considered to be impaired is outlined in Note 1(k)

The credit quality of receivables that are neither past due or impaired is considered sound. Sydney Water Corporation represents 93.15 per cent of trade receivables (gross) at reporting date (2008: 98.34 per cent). All amounts outstanding from Sydney Water Corporation in the current and previous reporting years have been remitted to Sydney Catchment Authority by the due date. There have been no receivables that have been renegotiated in the current or previous reporting year (such that they would be past due or impaired had such a renegotiation occurred).

Movements in the provision for impaired receivables are as follows:

Balance at the beginning of the reporting year	43	24	43	24
Allowance for impairment recognised in the income statement during the year	1	21	1	21
Amounts written off during the year as uncollectable	(12)	(2)	(12)	(2)
Amounts recovered during the year	(1)	-	(1)	-
Balance at the end of the reporting year	31	43	31	43

The creation and release of a provision for impaired receivables is included in 'other operating expenses'. Amounts charged to the provision are written off when there is no expectation of recovering the amount owed.

There are no balances within 'other receivables' that are impaired or past due. It is management's expectation that these amounts will be received when due.

Notes to the financial statements for the year ended 30 June 2009

NOTE 7. TRADE AND OTHER RECEIVABLES (continued)

(b) Foreign exchange and interest rate risk

There are no receivables denominated in foreign currency (2008: Nil).

A summarised analysis of the sensitivity of receivables to interest rate risk is disclosed in Note 22.

(c) Fair value and credit risk

Because of the short-term nature of trade and other receivables, the carrying value is assumed to approximate its fair value.

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each class of receivables mentioned above. The consolidated entity does not hold any collateral over trade and other receivables (2008: Nil).

Refer to Note 22 for the credit risk policy of the consolidated entity.

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

NOTE 8. OTHER NON-FINANCIAL ASSETS

Reimbursement associated with onerous lease contract	-	347	-	347
Prepaid expenses	3,998	720	3,998	675
Prepaid salaries and wages	271	-	-	-
Other non-financial assets	4,269	1,067	3,998	1,022

Notes to the financial statements for the year ended 30 June 2009

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

Consolidated entity	Work in progress \$'000	Groundwater Exploration \$'000	Facility assets \$'000	Land \$'000	Buildings \$'000	Operational equipment \$'000	Motor vehicles \$'000	Office equipment \$'000	Computer equipment \$'000	Office amenities \$'000	Furniture and fittings \$'000	Leasehold improvements \$'000	Non-current assets under finance lease \$'000	Intangible assets \$'000	Total \$'000
Year ended 30 June 2009															
Net carrying amount at beginning of reporting year	87,065	-	997,062	62,609	590	2,601	4,176	455	1,497	50	245	633	6	-	1,156,989
Net adjustment from revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment (loss) reversal	-	-	43	-	13	-	-	-	-	-	-	-	-	-	56
Additions	83,332	-	-	-	-	-	-	-	-	-	-	381	-	-	83,713
Disposals	-	-	(83)	(1,000)	(1)	(27)	(5,275)	(144)	(50)	(10)	(40)	(126)	-	-	(6,756)
Depreciation expense	-	-	(15,458)	-	(21)	(418)	(638)	(113)	(652)	(10)	(61)	(56)	(6)	-	(17,433)
Transfers	(33,099)	-	15,709	8,529	285	328	5,650	359	590	54	1,588	12	-	-	5
Write-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net carrying amount at end of reporting year	137,298	-	997,273	70,138	866	2,484	3,913	557	1,385	84	1,732	844	-	-	1,216,574
At 30 June 2009															
At fair value															
- Gross carrying amount	137,298	-	4,551,293	161,838	5,121	5,151	4,803	946	3,522	159	2,090	1,186	-	772	4,874,179
- Accumulated depreciation and impairment	-	-	(3,554,020)	(91,700)	(4,255)	(2,667)	(890)	(389)	(2,137)	(75)	(358)	(342)	-	(772)	(3,657,605)
Carrying value	137,298	-	997,273	70,138	866	2,484	3,913	557	1,385	84	1,732	844	-	-	1,216,574
Year ended 30 June 2008															
Net carrying amount at beginning of reporting year	87,826	13,329	942,309	63,661	574	2,569	4,181	491	1,466	59	307	591	37	-	1,117,400
Net adjustment from revaluation	-	-	-	(2,693)	-	-	-	-	-	-	-	-	-	-	(2,693)
Impairment (loss) reversal	-	-	-	1,713	-	-	-	-	-	-	-	-	-	-	1,713
Additions	78,795	6,562	58,660	74	33	480	6,193	73	816	3	-	88	-	-	151,777
Disposals	-	-	-	(146)	-	(5)	(5,501)	(2)	-	-	(19)	-	-	-	(5,673)
Depreciation expense	-	-	(15,331)	-	(17)	(443)	(697)	(107)	(785)	(12)	(43)	(46)	(31)	-	(17,512)
Transfers	(79,556)	(11,424)	11,424	-	-	-	-	-	-	-	-	-	-	-	(79,556)
Write-offs	-	(8,467)	-	-	-	-	-	-	-	-	-	-	-	-	(8,467)
Net carrying amount at end of reporting year	87,065	-	997,062	62,609	590	2,601	4,176	455	1,497	50	245	633	6	-	1,156,989
At 30 June 2008															
At fair value															
- Gross carrying amount	87,065	-	4,535,732	154,309	4,825	4,951	4,983	967	3,312	130	1,491	2,618	156	772	4,801,311
- Accumulated depreciation and impairment	-	-	(3,538,670)	(91,700)	(4,235)	(2,350)	(807)	(512)	(1,815)	(80)	(1,246)	(1,985)	(150)	(772)	(3,644,322)
Carrying value	87,065	-	997,062	62,609	590	2,601	4,176	455	1,497	50	245	633	6	-	1,156,989

Notes to the financial statements
for the year ended 30 June 2009

NOTE 9. PROPERTY, PLANT AND EQUIPMENT (continued)

Parent entity	Work in progress \$'000	Groundwater Exploration \$'000	Facility assets \$'000	Land \$'000	Buildings \$'000	Operational equipment \$'000	Motor vehicles \$'000	Office equipment \$'000	Computer equipment \$'000	Office amenities \$'000	Furniture and fittings \$'000	Leasehold improvements \$'000	Non-current assets under finance lease \$'000	Intangible assets \$'000	Total \$'000
Year ended 30 June 2009															
Net carrying amount at beginning of reporting year	87,065	-	997,062	62,609	590	2,601	4,176	455	1,497	50	245	633	6	-	1,156,989
Net adjustment from revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment (loss) reversal	-	-	43	-	13	-	-	-	-	-	-	-	-	-	56
Additions	83,332	-	-	-	-	-	-	-	-	-	-	381	-	-	83,713
Disposals	-	-	(83)	(1,000)	(1)	(27)	(5,275)	(144)	(50)	(10)	(40)	(126)	-	-	(6,756)
Depreciation expense	-	-	(15,458)	-	(21)	(418)	(638)	(113)	(652)	(10)	(61)	(56)	(6)	-	(17,433)
Transfers	(33,099)	-	15,709	8,529	285	328	5,650	359	590	54	1,588	12	-	-	5
Write-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net carrying amount at end of reporting year	137,298	-	997,274	70,138	866	2,484	3,913	557	1,385	84	1,732	844	-	-	1,216,574
At 30 June 2009															
At fair value															
- Gross carrying amount	137,298	-	4,551,293	161,838	5,121	5,151	4,803	946	3,522	159	2,090	1,186	-	772	4,874,179
- Accumulated depreciation	-	-	(3,554,020)	(91,700)	(4,255)	(2,667)	(890)	(389)	(2,137)	(75)	(358)	(342)	-	(772)	(3,657,605)
Carrying value	137,298	-	997,273	70,138	866	2,484	3,913	557	1,385	84	1,732	844	-	-	1,216,574
Parent entity															
	Work in progress \$'000	Groundwater Exploration \$'000	Facility assets \$'000	Land \$'000	Buildings \$'000	Operational equipment \$'000	Motor vehicles \$'000	Office equipment \$'000	Computer equipment \$'000	Office amenities \$'000	Furniture and fittings \$'000	Leasehold improvements \$'000	Non-current assets under finance lease \$'000	Intangible assets \$'000	Total \$'000
Year ended 30 June 2008															
Net carrying amount at beginning of reporting year	87,826	13,329	942,309	63,661	574	2,569	4,181	491	1,466	59	307	591	37	-	1,117,400
Net adjustment from revaluation	-	-	-	(2,693)	-	-	-	-	-	-	-	-	-	-	(2,693)
Impairment (loss) reversal	-	-	-	1,713	-	-	-	-	-	-	-	-	-	-	1,713
Additions	78,795	6,562	58,660	74	33	480	6,193	73	816	3	-	88	-	-	151,777
Disposals	-	-	-	(146)	-	(5)	(5,501)	(2)	-	-	(19)	-	-	-	(5,673)
Depreciation expense	-	-	(15,331)	-	(17)	(443)	(697)	(107)	(785)	(12)	(43)	(46)	(31)	-	(17,512)
Transfers	(79,556)	(11,424)	11,424	-	-	-	-	-	-	-	-	-	-	-	(79,556)
Write-offs	-	(8,467)	-	-	-	-	-	-	-	-	-	-	-	-	(8,467)
Net carrying amount at end of reporting year	87,065	-	997,062	62,609	590	2,601	4,176	455	1,497	50	245	633	6	-	1,156,989
At 30 June 2008															
At fair value															
- Gross carrying amount	87,065	-	4,535,732	154,309	4,825	4,951	4,983	967	3,312	130	1,491	2,618	156	772	4,801,311
- Accumulated depreciation	-	-	(3,538,670)	(91,700)	(4,235)	(2,350)	(807)	(512)	(1,815)	(80)	(1,246)	(1,985)	(150)	(772)	(3,644,322)
Carrying value	87,065	-	997,062	62,609	590	2,601	4,176	455	1,497	50	245	633	6	-	1,156,989

Notes to the financial statements for the year ended 30 June 2009

NOTE 9. PROPERTY, PLANT AND EQUIPMENT (continued)

a) Recoverable amount

Because of the specialised nature of water industry assets, their recoverable amount is determined by the stream of income that can be derived from the use of the assets working together as one cash-generating integrated network, rather than the realisable value of the assets themselves ("value-in-use"). The cash-generating unit test calculates the recoverable amount of the assets. In this regard, future cash flows for revenue and expenses are estimated over the following five years plus the cash-generating unit's closing regulatory asset base ("terminal value"). The net cash flows are then discounted back to their present value using a discount rate equivalent to the consolidated entity's weighted average cost of capital. The weighted average cost of capital is calculated on a nominal pre-tax basis. The major assumptions underlying the calculation are:

- Nominal pre-tax discount rate of 8.6 percent (2008: 11.6 percent)
- Risk free rate of 2.3 percent (2008: 6.6 percent)
- Closing regulatory asset base of \$1,327 million (2008: \$1,889 million)
- Inflation rate of 2.5 percent (2008: 2.5 percent)

Estimates of future revenues are based on prices determined by the Independent Pricing and Regulatory Tribunal ("IPART"). Beyond that, estimates are based on expected prices to be determined by IPART in the next pricing determination. Estimates of future expenses are based on actual expenses for the current reporting year, adjusted for non-cash items. The terminal value represents the value accruing to Sydney Catchment Authority after the five year forecasting period. In the case of Sydney Catchment Authority infrastructure assets which have long lifecycles, the estimate is calculated by an annuity in perpetuity and application of the Gordon Growth Model. The Gordon growth model is a type of dividend discount model used to value companies expected to grow at a constant rate forever.

As the estimate of the recoverable amount of assets is dependent on the assumptions used in the cash-generating unit test. Because of this, there is a degree of subjectivity and uncertainty associated with these underlying assumptions, which can result in sensitivity around the calculation of recoverable amount.

The recoverable amount of property, plant and equipment does not materially differ from its carrying value at reporting date. Accordingly, an adjustment for impairment has not been recognised by the Sydney Catchment Authority.

b) Valuation of Infrastructure and land assets

Infrastructure assets were last subject to an independent desktop revaluation as at 30 June 2007. Data was used from the last full valuation undertaken at 1 July 2004. This method considered the movements in replacement cost, asset lives, capital additions and disposals between 1 July 2004 and 30 June 2007. The independent revaluation was conducted by the NSW Department of Commerce.

The independent valuation was conducted using the ODRC cost approved in accordance with generally accepted valuation standards; AASB 116 'Property, Plant and Equipment' and NSW Treasury Accounting Policy TPP 07-1 'Valuation of Physical Non-Current Assets at Fair Value'.

The valuation was limited to high value infrastructure assets (i.e. dams, weirs, roads, bridges and major pipelines, etc) because the carrying amount of other plant and equipment is considered to approximate its fair value.

The Optimised Replacement Cost (ORC) for the assets subject to valuation was \$4.52 billion at 30 June 2007. ORC is the cost of a modern equivalent asset that replicates the existing asset most efficiently and provides the same functional value (otherwise known as the 'Brownfields' approach). The ODRC was \$2.38 billion. ODRC is the depreciated ORC. It takes into consideration depreciation over each asset's useful life. It is considered an acceptable methodology for calculating a surrogate market value in the absence of market based evidence.

The consolidated entity's policy is to obtain an independent market valuation at least every three years. The indices used to calculate the ORC and ODRC at 30 June 2007 were reviewed by the independent valuer at 30 June 2008 and 30 June 2009 to determine whether there was any significant movement in asset values during the current reporting year. Based on advice from the independent valuer, the valuation at 30 June 2007 has not materially changed and a subsequent valuation adjustment has not been made in the current or previous reporting years.

Land was last revalued at 30 June 2007 and was based on valuation factors provided by the Department of Environment and Climate Change. The value of the consolidated entity's land is based on the market value of nearby similar parcels of land. The Department's valuation was conducted in accordance with the requirements set out in NSW Treasury Accounting Policy TPP 07-1 'Valuation of Physical Non-Current Assets at Fair Value'. As the consolidated entity's land has no feasible alternative use, it is revalued at fair value for its existing use.

c) Write-off of Leonay and Wallacia groundwater projects

During the prior reporting year, the nature of the Leonay and Wallacia Groundwater Projects changed. Because of the higher storage levels, these two borefields would be paused for the foreseeable future once viability studies (pilot studies and preliminary environmental assessments) were completed.

The Sydney Catchment Authority derecognised the 'exploration and evaluation' assets recognised in relation to these two borefields as the 'exploration and evaluation' expenditure previously incurred is not expected to be recouped through successful development and exploitation of the area of interest. Further, exploration and evaluation activities in the area of interest had not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Notes to the financial statements for the year ended 30 June 2009

NOTE 9. PROPERTY, PLANT AND EQUIPMENT (continued)

d) Asset values on the basis of historical cost principle

The written down value of assets based on the historic cost principle of the parent and consolidated entity's property, plant and equipment for the current and previous reporting year is as follows:

	2009		2008	
	Historical Cost	Carrying Amount	Historical Cost	Carrying Amount
Facility assets	739,809	997,273	740,933	997,062
Work in progress	137,298	137,298	87,065	87,065
Land	108,463	70,138	93,297	62,609
Buildings	3,965	866	3,796	590
Operational equipment	2,484	2,484	2,601	2,601
Motor vehicles	3,997	3,913	4,176	4,176
Office equipment	557	557	455	455
Computer equipment	1,385	1,385	1,497	1,497
Office amenities	85	84	50	50
Furniture and fittings	1,732	1,732	245	245
Leasehold improvements	844	844	633	633
Assets held under finance lease	-	-	6	6
	1,000,619	1,216,574	934,754	1,156,989

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

NOTE 10. TRADE AND OTHER PAYABLES

Trade and other payables	78	5,157	78	5,157
Other accrued expenses	33,088	35,769	33,088	35,769
Accrued salaries, wages and associated on-costs	706	667	5	6
Amounts owed to Sydney Catchment Authority Division	-	-	31,986	15,468
Trade and other payables	33,872	41,593	65,157	56,400

a) Fair value and liquidity risk exposures

Trade and other payables represent non-interest bearing liabilities expected to be settled no later than 12-months from reporting date. Because of this, they are recorded on an undiscounted basis. Due to the short-term nature of trade and other payables, the carrying amount is considered to approximate its fair value.

b) Foreign currency risk

There are no payables denominated in foreign currency (2008: Nil).

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

NOTE 11. BORROWINGS

Current				
Unsecured				
Finance lease liabilities	-	6	-	6
Current borrowings	-	6	-	6

Notes to the financial statements for the year ended 30 June 2009

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

NOTE 11. BORROWINGS (continued)

Non-current

Unsecured

Call loans

1,852	44,946	1,852	44,946
-------	--------	-------	--------

Fixed interest loans

468,979	388,183	468,979	388,183
---------	---------	---------	---------

Premium / (discount) on loans

(9,611)	(8,325)	(9,611)	(8,325)
---------	---------	---------	---------

Loans at amortised cost

461,220	424,804	461,220	424,804
---------	---------	---------	---------

Derivative financial instruments

(3,037)	(1,224)	(3,037)	(1,224)
---------	---------	---------	---------

Non-Current borrowings

458,183	423,580	458,183	423,580
---------	---------	---------	---------

All outstanding loan obligations are raised on behalf of the consolidated entity by the central borrowing authority, NSW Treasury Corporation. Loans are negotiated with either a floating interest rate, in which case the rate is reset periodically in accordance with the requirements of the Sydney Catchment Authority, or at a fixed rate where interest is paid periodically in arrears.

The consolidated entity expects, and has the discretion to refinance its borrowings for at least 12-months from reporting date. Because of this, all borrowings have been disclosed as a non-current liability.

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

a) Financing arrangements

Unrestricted access was available to the following banking facilities and lines of credit at reporting date. All facilities have been approved in accordance with Section 8(2) of the *Public Authorities (Financial Arrangements) Act 1987* (except where otherwise stated):

Total facilities:

- Global borrowing facility

494,000	497,000	494,000	497,000
---------	---------	---------	---------

- 'Come and Go' facility

10,000	10,000	10,000	10,000
--------	--------	--------	--------

- Cheque cashing facility¹

2	2	2	2
---	---	---	---

- Tape negotiation authority¹

15,000	15,000	15,000	15,000
--------	--------	--------	--------

- Credit cards¹

60	67	60	67
----	----	----	----

519,062	522,069	519,062	522,069
---------	---------	---------	---------

Used at balance date:

- Global borrowing facility

461,220	424,804	461,220	424,804
---------	---------	---------	---------

- 'Come and Go' facility

-	-	-	-
---	---	---	---

- Cheque cashing facility¹

-	-	-	-
---	---	---	---

- Tape negotiation authority¹

-	-	-	-
---	---	---	---

- Credit cards¹

3	18	3	18
---	----	---	----

461,223	424,822	461,223	424,822
---------	---------	---------	---------

Unused at balance date:

- Global borrowing facility

32,780	72,196	32,780	72,196
--------	--------	--------	--------

- 'Come and Go' facility

10,000	10,000	10,000	10,000
--------	--------	--------	--------

- Cheque cashing facility¹

2	2	2	2
---	---	---	---

- Tape negotiation authority¹

15,000	15,000	15,000	15,000
--------	--------	--------	--------

- Credit cards¹

57	49	57	49
----	----	----	----

57,839	97,247	57,839	97,247
--------	--------	--------	--------

¹ NSW Treasury has advised the Sydney Catchment Authority that an approval for financial accommodation, in accordance with section 8(2) of the Public Authorities (Financial Arrangements) Act 1987, is not required for the Authority's 'tape negotiation authority' and 'cheque cashing authority'.

Notes to the financial statements for the year ended 30 June 2009

NOTE 11. BORROWINGS (continued)

b) Fair value	Consolidated entity			
	2009 Carrying Amount	Fair Value	2008 Carrying Amount	Fair Value
The carrying amounts and fair values of borrowings and derivatives at balance date are:				
Call loans	1,852	1,862	44,946	45,211
Fixed loans	461,220	473,367	379,858	369,165
Derivatives ¹	(3,037)	(3,036)	(1,224)	(1,222)
	460,035	472,193	423,580	413,154

	Parent entity			
	2009 Carrying Amount	Fair Value	2008 Carrying Amount	Fair Value
The carrying amounts and fair values of borrowings and derivatives at balance date are:				
Call loans	1,852	1,862	44,946	45,211
Fixed loans	461,220	473,367	379,858	369,165
Derivatives ¹	(3,037)	(3,036)	(1,224)	(1,222)
	460,035	472,193	423,580	413,154

¹ The difference between the carrying amount and fair value of derivatives relates to GST on brokerage fees.

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

c) Risk exposures

Contractual maturity analysis of borrowings based on undiscounted cash flows:

Less than 1 year	39,674	68,681	39,674	68,681
1 - 5 years	278,223	233,807	278,223	233,807
Over 5 years	293,363	265,462	293,363	265,462
	611,260	567,950	611,260	567,950

The consolidated entity's borrowings in the current and previous reporting year are not denominated in a foreign currency. For an analysis of the sensitivity of borrowings to interest rate risk refer to Note 22.

NOTE 12. PROVISIONS

Current provisions expected to be settled within 12 months

Employee benefits				
Annual leave	2,129	1,777	-	-
Long service leave	1,386	1,333	-	-
Redundancies	1,929	-	-	-
	5,444	3,110	-	-
Dividends ¹	26,816	6,164	26,816	6,164
Fringe benefits tax ²	42	39	-	-
Onerous lease contracts ³	-	347	-	347
Organisational restructure	99	-	99	-
Restoration costs ⁴	-	370	-	370
	32,401	10,030	26,915	6,881

Notes to the financial statements for the year ended 30 June 2009

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

NOTE 12. PROVISIONS (continued)

Current provisions expected to be settled after more than 12 months

Employee benefits					
Annual leave ⁵		2,177	2,043	-	-
Long service leave ⁶		7,980	5,028	-	-
		10,157	7,071	-	-
Current provisions		42,558	17,101	26,915	6,881

Non-current provisions

Employee benefits					
Long service leave ⁶		566	188	-	-
Unfunded superannuation ⁷		15,355	4,454	-	-
Restoration costs ⁴		429	50	429	50
Non-current provisions		16,350	4,692	429	50

¹ Under the National Tax Equivalent Regime, the Sydney Catchment Authority is not required to maintain a dividend franking account.

² The amount provided for Fringe Benefit Tax is based on the actual fringe benefit liability for the fringe benefit tax liability year ending 30 April 2009. Accordingly, there is inherent uncertainty over what the actual liability will be until it is calculated at the end of the fringe benefit reporting year (30 April 2010).

³ The provision for onerous lease contracts represented lease payments that the consolidated entity was obliged to make under non-cancellable onerous operating lease contracts. NSW Treasury made a firm commitment to reimburse rental payments for the period of vacancy. Accordingly, an asset was recognised for the full amount of the provision (see Note 8).

⁴ This provision recognises the consolidated entity's obligation with respect to restoration costs on leased premises at the end of the lease term. Restoration costs includes expenditure incurred to bring leased premises back to their original state. Estimates are based on the details of the individual property concerned as well the terms and conditions associated with each lease. Each estimate is discounted back to their present value using the yield on government bonds that match as closely as possible the estimated timing of the payment. A key uncertainty in relation to this provision relates to the actual restoration costs that will ultimately be incurred.

⁵ The bond rate used to discount long-term annual leave to its present value at reporting date was 5.52 per cent. This rate represents the yield that matches as closely as possible the estimated timing of payments (2008: 6.45 per cent).

⁶ The bond rates used to discount long service leave expected to be settled later than 12-months from reporting date to its present value ranged from 2.56 per cent to 4.61 per cent. These rates represent the yields that match as closely as possible the estimated timing of payments (2008: 6.44 per cent to 6.82 per cent)

⁷ Assumptions underlying the provision for unfunded superannuation are disclosed in Note 12(b)

a) Movements in provisions

Movements in each class of provision during the reporting year, other than employee benefits are set out below for the consolidated entity:

	Restructure Provision \$'000	Onerous Lease Contract \$'000	Restoration Provision \$'000	FBT Provision \$'000	Dividend Provision \$'000
Carrying amount at the beginning of the reporting year	-	347	420	39	6,164
Additional provisions recognised	99	-	368	171	26,816
Unused amounts reversed	-	-	(167)	-	-
Amounts used	-	(347)	(218)	(168)	(6,164)
Unwinding of the discount rate	-	-	26	-	-
Carrying amount at the end of the reporting year	99	-	429	42	26,816

Notes to the financial statements for the year ended 30 June 2009

NOTE 12. PROVISIONS (continued)

Movements in each class of provision during the reporting year, other than employee benefits are set out below for the parent entity:

	Restructure Provision \$'000	Onerous Lease Contract \$'000	Restoration Provision \$'000	FBT Provision \$'000	Dividend Provision \$'000
Carrying amount at the beginning of the reporting year	-	347	420	39	6,164
Additional provisions recognised	99	-	368	171	26,816
Unused amounts reversed	-	-	(167)	-	-
Amounts used	-	(347)	(218)	(168)	(6,164)
Unwinding of the discount rate	-	-	26	-	-
Carrying amount at the end of the reporting year	99	-	429	42	26,816

b) Defined benefit superannuation schemes

Accounting Policy

During the reporting year, NSW Treasury mandated a change in accounting policy for all NSW public sector agencies to recognise actuarial gains and losses immediately outside profit and loss in the year in which they occur. Previously, actuarial gains and losses were recognised in profit or loss. This change in accounting policy has been applied retrospectively in accordance with Australian Accounting Standards and NSW Treasury Circular TC09/01 'Accounting for Superannuation'.

Fund Information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)
State Superannuation Scheme (SSS)
State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. All the Schemes are closed to new members.

Reconciliation of the consolidated entity's present value of the defined benefit obligation

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
<i>Present value of partly funded defined benefit obligations at beginning of the year</i>	13,077	2,890	27,541	13,244	2,753	26,428
Current service cost	382	152	338	415	154	321
Interest cost	830	182	1,787	824	171	1,676
Contributions by fund participants	244	-	344	239	-	317
Actuarial (gains)/losses	(414)	(32)	4,902	(338)	190	(455)
Benefits paid	(204)	(55)	(1,537)	(1,306)	(378)	(746)
<i>Present value of partly funded defined benefit obligations at end of the year</i>	13,915	3,137	33,375	13,078	2,890	27,541

Reconciliation of the consolidated entity's fair value of fund assets

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
<i>Fair value of Fund assets at beginning of the year</i>	11,844	2,417	24,793	13,185	2,817	26,371
Expected return on fund assets	948	195	2,007	1,002	225	2,049
Actuarial gains/(losses)	(1,915)	(468)	(4,553)	(1,765)	(427)	(3,467)
Employer contributions	490	170	352	489	180	269
Contributions by Fund participants	244	-	344	239	-	318
Benefits paid	(204)	(55)	(1,537)	(1,306)	(378)	(746)
<i>Fair value of Fund assets at end of the year</i>	11,407	2,259	21,406	11,844	2,417	24,794

Notes to the financial statements for the year ended 30 June 2009

NOTE 12. PROVISIONS (continued)

Reconciliation of the assets and liabilities recognised in the consolidated entity's balance sheet

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
Present value of partly funded defined benefit obligation at end of year	13,915	3,137	33,375	13,078	2,890	27,541
Fair value of fund assets at end of year	(11,407)	(2,259)	(21,406)	(11,844)	(2,417)	(24,794)
<i>Liability/(Asset) recognised in balance sheet at end of year</i>	2,508	878	11,969	1,234	473	2,747

Expense recognised in consolidated entity's income statement

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
Components Recognised in Income Statement						
Current service cost	382	152	338	415	154	321
Interest cost	830	182	1,787	824	171	1,677
Expected return on Fund assets (net expenses)	(948)	(195)	(2,007)	(1,002)	(225)	(2,049)
<i>Expense/(income) recognised</i>	264	139	118	237	100	(51)

Amounts recognised in the consolidated entity's statement of recognised income and expense

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
Actuarial (gains) / losses	1,501	436	9,455	1,426	617	3,011
Adjustment for limit on net asset	-	-	-	-	-	-

Cumulative amounts recognised in the consolidated entity's statement of recognised income and expense

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Actuarial (gains) / losses	2,377	892	10,886	14,155

Fund assets

The percentage invested in each asset class at the reporting date:

	30-Jun-09	30-Jun-08
Australian equities	32.1%	31.6%
Overseas equities	26.0%	25.4%
Australian fixed interest securities	6.2%	7.4%
Overseas fixed interest securities	4.7%	7.5%
Property	10.0%	11.0%
Cash	8.0%	6.1%
Other	13.0%	11.0%

Notes to the financial statements for the year ended 30 June 2009

NOTE 12. PROVISIONS (continued)

Fair value of Fund assets

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
Actual return on Fund assets	(1,216)	(274)	(2,433)	(831)	(202)	(1,699)

Valuation method and principal actuarial assumptions at the balance sheet date

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30-Jun-09	30-Jun-08
Salary increase rate (excluding promotional increases)	3.5% pa	3.5% pa
Rate of CPI Increase	2.5% pa	2.5% pa
Expected rate of return on assets	8.1%	8.3%
Expected rate of return on assets backing other liabilities	-	7.3%
Discount rate	5.6%	6.6%

c) Demographic Assumptions

The demographic assumptions at 30 June 2009 are those used that will be used in the 2009 triennial actuarial valuation. The triennial review report will be available from the NSW Treasury website, after it is tabled in Parliament in December 2009.

Historical information

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
Present value of defined benefit obligation	13,915	3,137	33,375	13,078	2,890	27,541
Fair value of Fund assets	(11,407)	(2,259)	(21,406)	(11,844)	(2,417)	(24,793)
(Surplus)/Deficit in Fund	2,508	878	11,969	1,234	473	2,747
Experience adjustments – Fund liabilities	(414)	(32)	4,902	(338)	190	(455)
Experience adjustments – Fund assets	1,915	468	4,553	1,765	427	3,467

Notes to the financial statements for the year ended 30 June 2009

NOTE 12. PROVISIONS (continued)

Aggregate Historical information ^{1 2}

	Financial Year to 30 June 2009	Financial Year to 30 June 2008	Financial Year to 30 June 2007	Financial Year to 30 June 2006	Financial Year to 30 June 2005
	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	50,427	43,509	42,425	39,001	38,866
Fair value of Fund assets	(35,071)	(39,054)	(42,373)	(35,998)	(29,834)
(Surplus)/Deficit in Fund	15,356	4,454	52	3,003	9,032
Experience adjustments – Fund liabilities	4,456	(604)	1,222	(3,615)	-
Experience adjustments – Fund assets	6,936	5,659	(3,300)	(2,519)	-

¹Aggregate historical information includes SASS, SANCS and SSS

²Historical information relating to experience adjustments is unavailable for the year ended 30 June 2005.

Expected contributions

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
Expected employer contributions	464	178	320	453	180	295

Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the financial position of the Fund calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans*

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
Accrued benefits	12,852	2,851	23,522	13,038	2,906	25,369
Net market value of Fund assets	(11,408)	(2,258)	(21,406)	(11,844)	(2,417)	(24,794)
Net (surplus)/deficit	1,444	593	2,116	1,194	489	575

(b) Contribution recommendations

Recommended contribution rates for the Sydney Catchment Authority for the current and previous reporting year are:

SASS multiple of member contributions	SANCS % member salary	SSS multiple of member contributions
1.90	2.50	0.93

Notes to the financial statements for the year ended 30 June 2009

NOTE 12. PROVISIONS (continued)

(c) Funding method

The method used to determine the employer contribution recommendations in the 2006 triennial actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

(d) Economic assumptions

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted-Average Assumptions	30-Jun-09	30-Jun-08
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa	7.7% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa	7.0% pa
Expected salary increase rate	4.0% pa	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

NOTE 13. SEGMENT REPORTING

The consolidated entity operates in the water industry as one business segment in the provision of water to Sydney Water Corporation and other wholesale customers and other water-related services a required by the *Sydney Water Catchment Management Act 1998*. The consolidated entity's area of operation is wholly within the State of New South Wales.

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

NOTE 14. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:

Within one year	47,679	55,319	47,679	55,319
Later than one year but not later than five years	-	15,017	-	15,017
Later than five years	-	-	-	-
Capital commitments	47,679	70,336	47,679	70,336

Amounts disclosed for capital commitments include GST of \$4.33 million (2008: \$6.39 million). recoverable from the Australian Taxation Office.

Capital commitments relate to the construction and/or enhancement of the consolidated entity's property, plant and equipment.

Notes to the financial statements for the year ended 30 June 2009

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

NOTE 14. COMMITMENTS (continued)

b) Other expenditure commitments

Other operating expenditure commitments contracted for at the reporting date but not recognised as liabilities are payable as follows:

Within one year	24,369	18,970	24,369	18,970
Later than one year but not later than five years	20,157	25,650	20,157	25,650
Later than five years	-	66	-	66
Other expenditure commitments	44,526	44,686	44,526	44,686

Amounts disclosed for other expenditure commitments include GST of \$4.05 million (2008: \$4.06 million) that is recoverable from the Australian Taxation Office.

Other expenditure commitments primarily relate to open purchase orders at reporting date.

c) Operating lease commitments

Commitments for minimum lease payments relating to operating leases are payable as follows:

Within one year	1,976	2,009	1,976	2,009
later than one year but not later than five years	8,176	7,585	8,176	7,585
Later than five years	20,425	1,724	20,425	1,724
Operating lease commitments	30,577	11,318	30,577	11,318

Representing:

Non-cancellable operating leases	30,577	11,318	30,577	11,318
----------------------------------	--------	--------	--------	--------

Amounts disclosed for operating lease commitments include GST of \$2.78 million (2008: \$1.03 million) that is recoverable from the Australian Taxation Office .

Operating leases primarily relate to office accommodation. The occupancy term for operating leases range from two to five years with renewal options for similar periods. All leases are based on commercial rates.

d) Finance lease commitments

Commitments in relation to finance leases are payable as follows:

Within one year	-	7	-	7
later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
Minimum lease payments	-	7	-	7
Future finance charges	-	(1)	-	(1)
Finance lease commitments recognised as a liability	-	6	-	6

Amounts disclosed for finance lease commitments include GST of \$0.001 million for the year ended 30 June 2008

Finance leases primarily related to office and computer equipment. The terms of each lease ranged from three years upwards and equated to the economic life of the leased asset. All remaining finance leases expired during the current reporting year.

Notes to the financial statements for the year ended 30 June 2009

NOTE 15. CONTINGENT LIABILITIES

Litigation involving the Bushfires that occurred in 2001-02

During the Christmas period of 2001-02 a large bushfire resulted in extensive damage to land and property, including that controlled by Sydney Catchment Authority in the Warragamba area. Twenty-five claimants commenced proceedings against the State of NSW comprising the NSW Fire Brigade, the Rural Fire Service and the National Parks and Wildlife Service which are insured by the Treasury Managed Fund; and the Sydney Catchment Authority who is insured by QBE.

The claimants' have discontinued part of their claim which alleged that the Sydney Catchment Authority failed to undertake any appropriate hazard reduction burns or the construction of necessary fire trails. The remaining allegation relates to a negligence breach of statutory duty and nuisance.

Total financial exposure for the Sydney Catchment Authority in relation to these proceedings is limited to \$250,000. This amount represents the excess on the Sydney Catchment Authority's Public and Products and Professional Indemnity Liability Insurance Policies.

NOTE 16. RELATED PARTIES

(a) Parent entities

The parent entity within the consolidated entity is Sydney Catchment Authority.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 18.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 17.

(d) Transactions and outstanding balances with related parties

Personnel services expense of \$49,853,000 was paid or payable to Sydney Catchment Authority Division for personnel related services provided to Sydney Catchment Authority (2008: \$37,275,000). Personnel expenses incurred by the Sydney Catchment Authority Division are charged to the Sydney Catchment Authority for the exact value of the costs incurred for the period. An amount of \$31,987,000 was outstanding at reporting date (2008: \$15,468,000). The amount outstanding at reporting date is provided on interest free terms and is unsecured.

Lisa Hunt, a Sydney Catchment Authority Board member, has been a Director of Interlink Roads Limited. During the year, the Sydney Catchment Authority expended \$34,286 on toll charges to Interlink Roads (2008: \$5,211). These transactions were on an arm's length basis and on commercial terms and conditions in the ordinary course of business. There were no amounts outstanding at 30 June 2009 (2008: Nil).

Kenneth Wheelwright, a Sydney Catchment Board member, was a Director of Hawkesbury Nepean Catchment Management Authority. During the year, the Sydney Catchment Authority provided grants totalling \$764,500 to Hawkesbury Nepean Catchment Management Authority (2008: \$651,000). The grants were provided on an arm's length basis and on commercial terms and conditions in the ordinary course of business. There were no amounts outstanding at 30 June 2009 (2008: Nil).

(f) Guarantees

There have been no guarantees given in relation to outstanding balances at reporting date. (2008: Nil)

Notes to the financial statements for the year ended 30 June 2009

NOTE 17. KEY MANAGEMENT PERSONNEL

a) Key management personnel

The following persons were board members of the Sydney Catchment Authority and had authority and responsibility for planning, directing and controlling the activities of Sydney Catchment Authority:

- Michael Bullen - Chief Executive	- Louise Wakefield
- Ian Tanner - A/Chief Executive (until 2 June 2008)	- Kenneth Wheelwright
- Robert Rollinson	- John Landau ¹
- John Asquith	- Andrew Fletcher ¹
- Stephen Corbett	- Sara Murray ¹
- David Evans	- Kerry Chant ¹
- Lisa Hunt	- John Whitehouse ¹
- Paul Stephenson (resigned 19 June 2009)	- Maggie Deahm ¹

¹Term expired during previous reporting year.

b) Other key management personnel

The following officers are also considered to have authority and responsibility for planning, directing and controlling the activities of the Sydney Catchment Authority:

- Ian Tanner - General Manager Water Services
- George Dodds - General Manager Catchment Operations
- Lea Rosser - General Manager Business Services
- Andrew Bryan - General Manager Corporate Strategy & Governance (until 8 September 2008)
- Ian Landon-Jones - General Manager Technical Services
- Sara Dinning - General Manager, Sustainability & Business Improvement (appointed 8 December 2008)

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

b) Remuneration of key management personnel

Short-term employee benefits	1,812	1,609	236	249
Long-term employee benefits	55	56	-	-
Post-term employee benefits	134	141	20	20
Key management personnel compensation	2,001	1,806	256	269

c) Transactions with key management personnel

There has been no other transactions with key management personnel (including their personally related parties) during the current or previous reporting years.

NOTE 18. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in Note 1(e):

Name of entity	Country of Establishment	Ownership interest	
		2009 %	2008 %
Sydney Catchment Authority Division	Australia	100	100

Notes to the financial statements for the year ended 30 June 2009

NOTE 18. SUBSIDIARIES (continued)

Sydney Catchment Authority Division is a Division of the Government Service, established pursuant to Part 2 and Part 3 of Schedule 1 of the Public Sector Employment and Management Act 2002. The Sydney Catchment Authority Division is regarded as a special purpose reporting entity as it was established specifically to provide personnel services exclusively to the Sydney Catchment Authority so as to enable it to exercise its functions outlined in its enabling legislation. The Sydney Catchment Authority Division undertakes no other activities other than the provision of personnel services to the Sydney Catchment Authority.

NOTE 19. CHANGES IN EQUITY

	Consolidated entity					
	Retained Earnings		Asset Revaluation Reserve		Total Equity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at the beginning of the reporting year	484,294	487,553	151,307	150,656	635,601	638,209
Changes in equity from transactions with owners as owners						
Increase (decrease) in net assets from equity transfers	4,020	(146)	-	(979)	4,020	(1,125)
Dividends recognised as a liability	(26,816)	(6,164)	-	-	(26,816)	(6,164)
	(22,796)	(6,310)	-	(979)	(22,796)	(7,289)
Changes in equity other than transactions with owners as owners						
Superannuation actuarial gains (losses)	(11,392)	(5,054)	-	-	(11,392)	(5,054)
Profit (loss) for the year	39,172	9,735	-	-	39,172	9,735
	27,780	4,681	-	-	27,780	4,681
Transfers within equity						
Asset revaluation reserve balance transferred to retained earnings on disposal of revalued asset	6	(1,630)	(6)	1,630	-	(1,630)
Balance at the end of the reporting year	489,284	484,294	151,301	151,307	640,585	633,971

	Parent entity					
	Retained Earnings		Asset Revaluation Reserve		Total Equity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at the beginning of the reporting year	484,294	487,553	151,307	150,656	635,601	638,209
Changes in equity from transactions with owners as owners						
Increase (decrease) in net assets from equity transfers	4,020	(146)	-	(979)	4,020	(1,125)
Dividends recognised as a liability	(26,816)	(6,164)	-	-	(26,816)	(6,164)
	(22,796)	(6,310)	-	(979)	(22,796)	(7,289)

Notes to the financial statements for the year ended 30 June 2009

NOTE 19. CHANGES IN EQUITY (continued)

	Parent entity					
	Retained		Asset Revaluation		Total	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Changes in equity other than transactions with owners as owners						
Profit (loss) for the year	27,779	4,681	-	-	27,779	4,681
Transfers within equity						
Asset revaluation reserve balance transferred to retained earnings on disposal of revalued asset	6	(1,630)	(6)	1,630	-	-
Balance at the end of the reporting year	489,283	484,294	151,301	151,307	640,584	635,601

Consolidated entity		Parent entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

NOTE 20. REMUNERATION OF AUDITORS

Fees paid, or payable to auditors for the audit of the financial reports of Sydney Catchment Authority and Sydney Catchment Authority Division¹:

160	166	160	166
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The audit fee for the financial audit of the Sydney Catchment Authority Division is assumed by the Sydney Catchment Authority. The audit fee for the Sydney Catchment Authority Division was \$3,350 (2008: \$3,000).

¹An amount of \$5,000 in relation to an independent audit of the acquittal of grant monies received from the Bureau of Meteorology has also been accrued at reporting date. The Audit Office of New South Wales was engaged for this audit.

NOTE 21. RECONCILIATION OF NET PROFIT AFTER INCOME TAX TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

Profit after tax	39,172	9,735	27,779	4,681
Depreciation	17,433	17,512	17,433	17,512
(Profit) loss on disposal of property, plant and equipment	1,210	8,638	1,210	8,638
Actuarial gains (losses) on defined benefit superannuation schemes	(11,392)	(5,054)	-	-
Payments made under finance leases	2	6	2	6
Prepaid grants	-	220	-	220
Suppliers and employees	3,405	6,897	3,407	6,897
Finance costs	1,830	536	1,830	536
Receivables	(900)	(1,664)	(901)	(1,664)
Income tax	5,429	4,169	5,429	4,169
Net cash provided by operating activities	56,189	40,995	56,189	40,995

Notes to the financial statements for the year ended 30 June 2009

NOTE 22. FINANCIAL RISK MANAGEMENT

The Sydney Catchment Authority and consolidated entity's financial risk management policy are outlined below (The consolidated entity and Sydney Catchment Authority as separate reporting entities are hereafter referred to as the consolidated entity).

The consolidated entity's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board has overall responsibility for financial risk management. Risk management policies are established to identify and analyse the financial risks faced by the consolidated entity as well as to set risk limits. The Board is also responsible for ensuring that there are adequate controls over the management of financial instruments and ensuring that mechanisms to monitor risk are established. Compliance with policies is reviewed by the Audit Committee and subject to review by Internal Audit on a periodic basis.

The Sydney Catchment Authority holds funds in an Hourglass Cash Facility managed by NSW Treasury Corporation (T-Corp). In addition, Sydney Catchment Authority's borrowings are managed by T-Corp in accordance with a Debt Management Framework approved by the Board

Each month, the Sydney Catchment Authority receives an Hour-Glass Investment Facilities Report and Debt Management Report from T-Corp. The reports are analysed to ensure that financial risks associated with Sydney Catchment Authority's financial assets and financial liabilities are being managed in accordance with policies approved by the Board. Each month, a Financial Management Report is submitted to the Board. The report provides the Board with information relating to financial risk management associated with Sydney Catchment Authority's financial instruments

(a) Financial instrument categories

Financial Assets	Note	Category	Consolidated Entity		Parent Entity	
			2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash and cash equivalents	6	Not applicable	23,044	12,633	23,044	12,633
Trade receivables ¹	7	Loans and receivables at amortised cost	15,036	13,238	15,036	13,238
Financial assets at fair value	11	Through profit or loss - classified as held for trading	3,037	1,224	3,037	1,224

Financial Liabilities	Note	Category	Consolidated Entity		Parent Entity	
			2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade and other payables ²	10	Financial liabilities measured at amortised cost	32,929	40,847	64,916	56,315
Borrowings	11	Financial liabilities measured at amortised cost	463,072	469,756	463,072	469,756

1. Excludes statutory receivables and prepayments which are outside the scope of AASB 7

2. Excludes statutory payables and deferred income which are outside the scope of AASB 7

b) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows associated with a financial instrument will fluctuate because of changes in foreign exchange rates.

On identification of a significant foreign currency exposure, the Group fully hedges the transaction within two days of the exposure arising. There has been no significant foreign currency exposures in the current reporting year (2008: Nil).

There has been no change in the Group's exposure to this risk or how it arises from the last reporting year. In addition, there has been no change in the Group's objectives, policies and processes for managing this risk from the previous reporting year.

(ii) Price risk

Price risk is the risk that the fair value or future cash flows associated with a financial instrument will fluctuate because of changes in market prices (other than those arising from *interest rate risk* or *currency risk*), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Notes to the financial statements for the year ended 30 June 2009

Exposure to price risk primarily arises through the investment in the T-Corp Hourglass Investment Facility, which is held for strategic rather than trading purposes. The consolidated entity has no direct equity investments. The consolidated entity holds units in the Cash Facility which invests in the cash and money market investment sectors. The investment horizon of this facility is up to 1.5 years (pre June 2008) up to 2-years. The carrying amount of this facility at reporting date is \$22.4 million (2008: \$2.2 million).

The unit price of the facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily.

NSW T-Corp is trustee for the facility and is required to act in the best interest of the unit-holders and to administer the trusts in accordance with the trust deeds. A significant portion of the administration of the facility has been outsourced to an external custodian.

Investment in Hour-Glass facilities limits the consolidated entity's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

T-Corp provides sensitivity analysis information for Hour-Glass investment facilities, using historically based volatility information collected over a ten-year period, quoted at two standard deviations (i.e. 95 percent probability). Pursuant to NSW Treasury Accounting Policy TPP 08-1 'Accounting for Financial Instruments', the Hourglass Cash Facility has been designated as a Cash Equivalent as defined in AASB 107 'Cash Flow Statements'.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates. The majority of the Sydney Catchment Authority's interest rate risk arise from its borrowings. However, another source of interest rate risk relates to the Sydney Catchment Authority's interest-bearing deposits.

The Sydney Catchment Authority's objectives of interest rate risk management of borrowings is to ensure that:

- The Sydney Catchment Authority is not exposed to interest rate movements such that interest expense adversely impacts its ability to meet operating obligations as they arise;
- The Sydney Catchment Authority (through T-Corp) meets the requirements of "Neutral Portfolio Benchmark"
- The Sydney Catchment Authority complies with various NSW Government Acts that impact the extent of its legislated debt responsibilities.

A benchmark portfolio has been established to measure the comparison of the cost of debt relative to the actual debt portfolio. Management limits on the actual debt portfolio are established in terms of:

- Modified duration comparison to the benchmark portfolio
- Hedging instruments position limits; and limits on accounting losses

The benchmark portfolio as constructed from actual T-Corp stocks and has an average modified duration of approximately 4.0 years within a band of 3.8 to 4.2 years. The modified duration of the debt portfolio is set within a range of + or - 0.5 year from the modified duration of the benchmark portfolio.

T-Corp manages Sydney Catchment Authority's day-to-day interest rate risks exposures in line with the neutral benchmark disclosed above. T-Corp receives a fee for this service. On occasion, T-Corp uses derivatives, primarily interest rate futures, to establish short-term (tactical) and longer term (strategic) positions within agreed tolerance limits to manage portfolio duration and maturity profile. In addition, T-Corp also adjusts the debt maturity profile, to shorten or lengthen the actual portfolio so as to minimise Sydney Catchment Authority's exposure to interest rate risks

The Sydney Catchment Authority is responsible for ensuring that the day-to-day management of interest rate risk is effectively administered and managed by T-Corp within the constraints of the Debt Management Framework.

(iv) Sensitivity analysis

The following table summarises the sensitivity of the consolidated entity's financial assets and financial liabilities to interest rate risk. As the consolidated entity is not exposed to foreign exchange risk and other price risk, a sensitivity analysis for these risks has not been disclosed:

	2009					2008				
	Carrying amount	Interest Rate Risk -1%		Interest Rate Risk +1%		Carrying amount	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Result	Equity	Result	Equity		Result	Equity	Result	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets										
Cash on hand	5	-	-	-	-	5	-	-	-	-
Cash at bank	639	(6)	(6)	6	6	10,379	(104)	(104)	104	104
Hourglass (Cash) Facility	22,400	(224)	(224)	224	224	2,249	(22)	(22)	22	22
Receivables	15,036	-	-	-	-	13,238	-	-	-	-
Financial liabilities										
Payables	32,929	-	-	-	-	40,847	-	-	-	-
Borrowings (net of derivatives)	458,183	(19)	(19)	19	19	423,580	(449)	(449)	449	449
Net financial assets/(liabilities)	(453,032)	(249)	(249)	249	249	(438,556)	(575)	(575)	575	575

Notes to the financial statements for the year ended 30 June 2009

The following table summarises the sensitivity of the parent entity's financial assets and financial liabilities to interest rate risk. As the parent entity is not exposed to foreign exchange risk and other price risk, a sensitivity analysis for these risks are not disclosed.

	2009					2008				
	Carrying amount	Interest Rate Risk -1%		Interest Rate Risk +1%		Carrying amount	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Result	Equity	Result	Equity		Result	Equity	Result	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets										
Cash on hand	5	-	-	-	-	5	-	-	-	-
Cash at bank	639	(6)	(6)	6	6	10,379	(104)	(104)	104	104
Hourglass (Cash) Facility	22,400	(224)	(224)	224	224	2,249	(22)	(22)	22	22
Receivables	15,036	-	-	-	-	13,238	-	-	-	-
Financial liabilities										
Payables	64,916	-	-	-	-	56,315	-	-	-	-
Borrowings (net of derivatives)	458,183	(19)	(19)	19	19	423,580	(449)	(449)	449	449
Net financial assets/(liabilities)	(485,019)	(249)	(249)	249	249	(454,024)	(575)	(575)	575	575

c) Credit risk

Credit risk is risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposures to credit risk exist in respect of financial assets such as trade and other receivables, cash and cash equivalents and derivative financial instruments.

The maximum exposure to credit risk is represented by the carrying amount of financial assets included in the Balance Sheet (net of any allowance for impairment). There is no collateral held as security over receivables or receivables that have been re-negotiated. The consolidated entity has not granted any financial guarantees.

With respect to trade and other receivables, the consolidated entity monitors balances outstanding on an ongoing basis and have policies in place for the recovery outstanding balances. As a means of mitigating against the risk of financial losses from defaults, the consolidated entity only deals with creditworthy counterparties.

The Sydney Catchment Authority is not materially exposed to concentrations of credit risk to a single debtor or group of debtors other than Sydney Water Corporation. At reporting date Sydney Water Corporation accounts for 94.26 per cent of trade receivables (2008: 98.34 per cent). Sales to Sydney Water Corporation are on 21 days term. Balances outstanding from Sydney Water Corporation are not overdue or impaired.

During the current and previous reporting year, the Sydney Catchment Authority Division was exposed to concentrations of credit risk, being Sydney Catchment Authority. At reporting date Sydney Catchment Authority accounts for 99.97 percent of trade receivables (2008: 99.94 per cent). Sales to Sydney Catchment Authority are on 30 day terms. Balances receivable from Sydney Catchment Authority are not overdue or impaired in the financial report of the Sydney Catchment Authority Division.

The consolidated entity is not exposed to credit risks in countries outside Australia.

d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial instruments are carried at fair value with the exception of borrowings which are carried at amortised cost (see below).

For cash and cash equivalents, trade and other receivables and trade and other payables, the carrying amount is considered to approximate its fair value because of the short term nature of these financial assets and financial liabilities.

Interest bearing financial liabilities are measured at amortised cost. For disclosure purposes, fair value is determined by T-Corp on the basis of discounted cash flows using valuation rates supplied by independent market sources.

The fair value of interest bearing financial liabilities is disclosed at Note 11(b).

e) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is managed through the maintenance of extensive short-term and long-term cash flow forecasting, and the availability of financing facilities including a long-term borrowing facility with T-Corp and a "Come and Go" short-term borrowing facility with T-Corp. T-Corp bears the liquidity risk in terms of its ability to access funding from financial markets and pass those funds onto the Group (as required).

T-Corp manages liquidity risk in relation to outstanding borrowings. Liquidity risk is measured by comparing projected net debt levels for the following 12-months against total committed facilities. Projections incorporate existing debt; operating cash flows; operating and capital expenditure and committed project and investment capital expenditure. The consolidated entity also retains discretion to roll over borrowings to match the useful life of the assets.

Notes to the financial statements for the year ended 30 June 2009

NOTE 22. FINANCIAL RISK MANAGEMENT (continued)

A maturity analysis for financial liabilities, showing remaining contractual maturities over defined periods using undiscounted cash flows, is disclosed at Notes 10 and 11.

The Sydney Catchment Authority also uses cash flow forecasting techniques to ensure that it maintains sufficient working capital to service its commitments over the next twelve months.

There has been no change in the Group's exposure to this risk or how it arises from the last reporting year. In addition, there has been no change in the Group's objectives, policies and processes for managing this risk from the previous reporting year.

f) Capital management

The Group manages its capital to ensure that that entities making up the consolidated entity are able to continue as a going concern; so that it can continue to sustain the future development of the business as well as meet the dividend requirements approved in the Statement of Financial Framework. The consolidated entity primarily achieves this through the optimisation of its debt and equity structure.

The capital structure of the Group consists of borrowings disclosed in Note 11, cash and cash equivalents and equity attributable to equity holders of the parent entity, comprising of reserves and retained earnings as disclosed in the Statement of Changes

The Group is not subject to externally imposed capital requirements.

Operating cash flows are primarily used to service routine outflows of tax, dividends, operating expenditure and interest repayments. The construction and enhancement of the consolidated entity's infrastructure is funded by debt which is borrowed centrally.

The Group's capital structure is monitored on the basis of key performance indicators, which includes:

- Gearing
- Debt to equity ratios

		Consolidated entity		Parent entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2009 \$'000
Total interest-bearing liabilities	11	458,183	423,586	458,183	423,586
Total equity		640,585	635,601	640,585	635,601
Total capital employed		1,098,768	1,059,187	1,098,768	1,059,187
		%	%	%	%
Gearing ratio (interest-bearing debt / interest-bearing debt + total equity)		41.70%	39.99%	41.70%	39.99%
Debt to equity ratio (interest bearing debt / total equity)		71.53%	66.64%	71.53%	66.64%

NOTE 23. EVENTS OCCURRING AFTER REPORTING DATE

On 11 June 2009, the Premier of the New South Wales announced the formation of thirteen new super agencies in a major reform to the structure of the New South Wales Government. The reform is designed to deliver more integrated services, ensure a greater client focus and to cut "government red tape".

On 27 July 2009, an Administrative Changes Order creating thirteen super departments within the New South Wales Public Sector was made. The Order provides for the legal establishment of the new super departments and the transfer of staff and functions to these entities. As a result of the Order, the consolidated entity has been amalgamated with a number of other agencies within the Department for Environment, Climate Change and Water. The Director-General of the new Department is Lisa Corbyn.

In facilitating the establishment of the new super departments, there has been significant consultation between Ministers, the Office of the Premier and the Department of Premier and Cabinet. Since the initial announcement, there have been a number of minor changes to the proposed structure, none of which impacts the consolidated entity.

The consolidated entity is unable to estimate the likely financial effect of this reform on the consolidated entity.

-- End of audited financial report --



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Appendix 1 – Legal change

The Sydney Water Catchment Management Regulation 2000 commenced on 1 September 2008. This regulation replaced the Sydney Water Catchment Management (Environment Protection) Regulation 2001 and the Sydney Water Catchment Management (General) Regulation 2000 which were repealed on 1 September 2008 in accordance with the *Subordinate Legislation Act 1989*.

The new regulation combines the provisions of the repealed regulations and preserves the ability of the SCA to regulate catchment areas. Through the regulation, the SCA is able to use certain provisions in the *Protection of the Environment Operations Act 1997*. These provisions enable the gathering of evidence, issuing of environment protection notices, and the commencement of prosecutions in relation to offences involving activities which are not licensed by the Environment Protection Authority. These tools can be used if the activities are carried out within, or outside, a catchment area if they affect or may affect a catchment area.

The SCA also retains the ability to regulate access and activities in Special Areas and controlled area lands, to issue consents, and to gather evidence in relation to offences. Increased penalties apply under the new regulation in relation to offences committed in Special Areas and controlled areas.

Appendix 2 – Current legal matters

Bushfire claim

In the Christmas/New Year period of 2001-2002, a large bushfire caused significant damage and destruction to land and property in the Warragamba area including the Warragamba township. The SCA also suffered significant losses.

Twenty five claimants began a class action against the SCA and three other government agencies in the NSW Supreme Court seeking to recover approximately \$21million in damages.

Of those claims, eight settled through court initiated mediation conducted in May 2008. The remaining 17 claims are to be mediated again in November 2009. No hearing date for the matters has been set.

Native Title Claims – Gundungurra People

Native title claims have been made by the Gundungurra People over lands which are owned by the SCA or jointly managed in conjunction with the Department of Environment, Climate Change and Water (DECCW). The claims relate both to lands in the Special Areas and under the stored waters of Warragamba Dam.

Although the Gundungurra People have not established a claim to hold native title, they have established a strong cultural connection to the area. This connection is supported by historical records.

The government has proposed that the Gundungurra native title claims and application be settled by an Indigenous Land Use Agreement. The SCA and other government agencies support this approach and have participated in the development of the Indigenous Land Use Agreement. The claims are currently before the Federal Court. On registration of the Indigenous Land Use Agreement, the Gundungurra People have agreed to withdraw their native title claims.

Appendix 3 – Insurance

In consultation with its insurance brokers, Marsh Pty Ltd, the insurance policies listed below were renewed as at 31 May 2009. The level of cover and policy wordings are reviewed annually for continued relevance to the SCA's business needs and risk profile.

The policies are renewed for one year and are placed with local, London and North American based underwriters. These are:

- Industrial Special Risks (Property)
- Public Products and Professional Indemnity Liability
- Directors' and Officers' Liability/Company Reimbursement including Employment Practices Liability
- Directors' and Officers' Supplementary Legal Expenses
- Statutory Liability

- Aircraft Non-Owned Liability
- Principal Controlled Liability (only for contracts entered into before 31 May 2003)
- Corporate Travel – Personal Accident and Sickness
- Comprehensive Motor Vehicle
- Workers Compensation (ACT, NT, Tas and WA)
- Personal Accident Employees, Invitees of the SCA and Voluntary Workers
- Workers Compensation
- Workers Compensation insurance has been arranged through QBE and was renewed on 28 March 2009.

Appendix 4 – Qualifications of current SCA Board

As at 30 June 2009 the Board comprised the following members:

Robert Rollinson - Chairman

Robert Rollinson is an experienced business executive and board director with over 40 years international experience. He has held senior and chief executive positions in companies in Australia and overseas, mainly focused in the energy, utilities, infrastructure, and finance sectors. The companies he has worked for include Pacific Power, National Power, BurnVoor Partners, Chase Manhattan Bank and the Macquarie Group. He is currently a consultant to the Macquarie Group. Robert holds an Honours degree in Engineering, Master of Engineering Science, and a Postgraduate Diploma of Management. He is a Fellow of the Institution of Engineers Australia. He is a member of the Board's Catchments and Water Quality Committee, and Asset Management Committee.

Michael Bullen - Chief Executive

Michael Bullen has 25 years experience in natural resource management. He has held senior executive positions at Forests NSW and was Director of Forests NSW Commercial Services Division. In this role he was responsible for the marketing, sales, and delivery of forest products generated from NSW owned forests. Mr Bullen has also held significant board positions including Australian Forestry Standard Limited, and the NSW Resource and Conservation Assessment Council. He holds a degree in Forestry and a Master of Business Administration.

David Evans

David Evans was Managing Director of Sydney Water Corporation from April 2004 to August 2006. Previously, he was Managing Director of Hunter Water and Chief Executive Officer of the Regional Land Management Corporation. He was also Chairman of the Hunter Area Health Service. David Evans holds an Honours degree in Economics. He is a current board member of Country Energy and the Hunter Development Corporation. He is a member of the Board's Catchments and Water Quality Committee, and Asset Management Committee.

John Asquith

John Asquith is the Nature Conservation Council of NSW nominee to the SCA Board. Mr Asquith is Chairman of the Community Environment Network and a member of the Hunter-Central Rivers Catchment Management Authority Board. He is a member of the Hunter National Parks and Wildlife Service Advisory Committee, and has been a trustee of the NSW Environmental Trust, as well as a member of the NSW Bushfire Coordinating Committee. Mr Asquith holds Bachelor of Engineering and Master of Arts degrees. He is a member of the Board's Audit and Risk Committee and Asset Management Committee.

Kenneth Wheelwright

Kenneth Wheelwright is the NSW Farmers' Association nominee to the Board. He manages a grazing property on the upper reaches of the Wollondilly River and has an active interest in developing sustainable, regenerative and profitable farm management practices. Mr Wheelwright holds a Bachelor of Rural Science from the University of New England and a Bachelor of Business from Charles Sturt University. He has also trained in Holistic Management. He is a past director on the Hawkesbury-Nepean Catchment Management Authority Board. He is Chair of the Board's Catchments and Water Quality Committee.

Lisa Hunt

Lisa Hunt joined the SCA Board in June 2008. Lisa has a background in law and 12 years experience in infrastructure development and operations. She has advised Australian governments at the highest levels on regulatory policy, project development and delivery, and risk management. Lisa has developed strong executive management skills as a former executive with one of Australia's top 40 ASX listed companies. She is an experienced board director with service on both government and private sector boards. Lisa is the Chair of the Audit and Risk Committee

Stephen Corbett

Stephen Corbett is Director of the Centre of Population Health, Sydney West Area Health Service. Since graduating in medicine at the University of Queensland in 1975, he has worked as a general practitioner, and an occupational and public health physician. He worked for NSW Health from 1990 to 2003, holding a number of key positions including Director of the Environmental Branch. He has been with the Sydney West Area Health Service since 2003. Stephen has been a member of national and international environmental health committees including the enHealth Council. He has published reports and papers in several international journals. Stephen is a member of the Board's Audit and Risk Committee, and Catchments and Water Quality Committee.

Paul Stephenson

Paul Stephenson is a former sheep and cattle farmer and mechanical engineer. He has been self employed for 35 years and has held the position of Councillor (16 years), and Mayor (14 years), of the Mulwaree and Goulburn Mulwaree councils. He has a strong interest in water issues and was involved in the first regional plan for the area.

Paul sits on a number of boards and committees including the Country Mayors Association, Local Government Reference Panel, Southern Region Consultative Committee and the Regional Leaders Forum. He is also Chairman of the Local Emergency Management Committee. He is the founder and Chairman of the Mulwaree Trust which distributes up to \$1 million a year for local community needs. During the reporting period, he was Chair of the Board's Asset Management Committee. Mr Stephenson resigned from the Board in May 2009.

Louise Wakefield

Louise Wakefield is principal of Elevate Planning and Design, an integrated planning consultancy service providing advice on planning and building regulations, and promotion of environmentally responsible development. She has 12 years experience in local government in rural NSW, more recently as Manager of Environment and Planning at Bland Shire Council.

Louise holds a Bachelor of Applied Science (Environmental Health) degree and is a member of the Australian Institute of Environmental Health, and Planning Institute of Australia. Louise is a member of the Board's Audit and Risk Committee.

Larry Whipper

Larry Whipper is in his third term as an elected representative on Wingecarribee Shire Council. He is a strong environmental advocate and has served as a member of the Robertson Environment Protection Society (REPS) since 1992. Larry helped establish Wingecarribee Shire Council's Environment Committee and successfully advocated for an environment levy that has improved environmental protection and restoration in the Hawkesbury-Nepean Catchment since 2001.

He is a councillor representative on the Hawkesbury-Nepean Local Government Advisory Group. He also served as a member of the Hawkesbury-Nepean Catchment Management Board from 2002 to 2003, and as Chair of the Hawkesbury-Nepean Catchment Management Authority Establishment Team until May 2004. Between July 2006 and November 2007, he was a councillor representative on the Upper Nepean Groundwater Community Reference Group.

Larry was appointed to the Board as the new local government representative effective 11 June 2009.

Appendix 5 – Board and committee meeting attendance

Table 14a - Board meeting attendances 1 July 2008 to 30 June 2009

	Board meetings held during term*	Board meetings attended
Robert Rollinson	11	11
Michael Bullen	11	11
John Asquith	11	10
Stephen Corbett	11	9
David Evans	11	11
Lisa Hunt	11	10
Paul Stephenson*	10	10
Louise Wakefield	11	9
Kenneth Wheelwright	11	11
Larry Whipper**	1	1

*Paul Stephenson was a Board member until after the May Board meeting

**Larry Whipper commenced at the Board meeting on 26 June 2009.

Table 14b - Board committee meeting attendances 1 July 2008 to 30 June 2009

	Audit and Risk Committee		Catchments and Water Quality Committee		Asset Management Committee		Prosecutions Committee	
	Meetings held during term*	Meetings attended	Meetings held during term*	Meetings attended	Meetings held during term*	Meetings attended	Meetings held during term*	Meetings attended
Robert Rollinson	-	-	4	4	5	5	1	1
Michael Bullen	5	5	4	4	5	5	1	1
John Asquith	5	5	-	-	5	5	1	1
Stephen Corbett	5	4	4	3	-	-	1	1
David Evans	-	-	4	4	5	5	-	-

	Audit and Risk Committee		Catchments and Water Quality Committee		Asset Management Committee		Prosecutions Committee	
	Meetings held during term*	Meetings attended	Meetings held during term*	Meetings attended	Meetings held during term*	Meetings attended	Meetings held during term*	Meetings attended
Lisa Hunt	5	5	-	-	-	-	-	-
Paul Stephenson	-	-	-	-	4	4	-	-
Louise Wakefield	5	2	-	-	-	-	-	-
Kenneth Wheelwright	-	-	4	4	-	-	-	-

Appendix 6 – Board Code of Conduct

Principles of conduct

Responsibility and impartiality

Board members have an obligation, at all times, to comply with the spirit, as well as the letter, of the law, and with the principles contained in this code. Board members must comply with any administrative requirements and implementation of policies and decisions of the government of the day in an impartial manner.

Respect for people

People should be treated fairly and consistently, in a non-discriminatory manner and with proper regard to their rights and obligations. Board decisions should be reasonable, fair and appropriate to the circumstances, based on consideration of the relevant facts and supported by adequate documentation.

Honesty integrity and the public interest

Board members should promote confidence in the integrity of public administration and act honestly in the public interest. Board members should only use their authority and available resources and information for the purpose they are intended.

Responsive service

Board members must understand their role and the role of the Minister in relation to the Board. Members should have an understanding of the SCA's stakeholder needs and expectations.

Economy and efficiency

Board members should look for ways to improve organisation performance and promote high standards of administration.

Personal and professional behaviour

Board members must perform their functions with integrity, impartiality, honesty, conscientiousness and loyalty to the public interest. Board members must act honestly, in good faith and use the powers of office for a proper purpose and in the best interest of the Board as a whole. Board members should not engage in conduct likely to bring discredit upon the SCA or take improper advantage of their position.

Board members have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.

Accountability

Public expenditure

Board members must ensure efficient and responsible expenditure of public funds in accordance with government legislation, policy and guidelines.

Decision making

Board members will use board meetings as the appropriate forum for discussion of all relevant issues. Members must abide by the board processes regarding board meetings documented in the SCA's governing legislation and according to the SCA's Guidelines for Board Members.

Board members have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.

Use of public resources

Resources provided by the SCA for use by Board members in the undertaking of their duties will be used for that work and in accordance with the rules documented in the SCA's Guidelines for Board Members.

Use of official information

Confidential information received by a Board member in the course of the exercise of their duties remains the property of the SCA and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised or is required by law.

Gifts and benefits

Board members must be wary of accepting gifts and benefits as this can place a public official in a position where they feel obliged to act contrary to rules of integrity, impartiality and honesty.

It is illegal to be offered or seek money or gifts in order to obtain a benefit or favour.

Board members must not accept gifts or benefits that could place them under an actual or perceived financial or moral obligation to other organisations, or to individuals.

In accepting gifts or benefits you must be satisfied that your position will not in any way be compromised, or appear to be compromised by the acceptance. Guidance can be found in the SCA's Code of Conduct for Staff.

The SCA maintains a register of gifts to enable the receipt and disposal of gifts to be conducted in an open and transparent manner.

Disclosures

Board members must disclose their interest where there is a potential conflict regarding any contracts or the holding of an office. The SWCM Act (Schedule 1, 7(1) and (2)) sets out requirements regarding disclosure of pecuniary interest. Information regarding how a disclosure is to be made is included in the SCA's Guidelines for Board Members.

The SCA is required to maintain a register and report such interests to the Minister.

Conflicts of interest

Board members must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Board.

Board members have individual responsibility to fully disclose any conflict of interest. The Board must ensure that appropriate procedures are followed in handling conflict of interest issues. Conflicts of interest must be disclosed at the earliest opportunity and can be made on appointment, between meetings or prior to the relevant agenda item being discussed.

The proper management of conflicts or perceived conflicts of interest requires that they must be declared and that the processes are followed to deal with them. The SCA's Guidelines for Board Members provides examples of types of conflicts of interest that may occur and disclosure processes. Disclosures are recorded in the Board Minutes.

Reporting suspected corrupt conduct

The Chief Executive or Chairperson of the Board is required to report corrupt conduct or suspected corruption to the Independent Commission Against Corruption (ICAC). Corrupt conduct is the dishonest or partial exercise of public official functions. It may also involve the conduct of non-public officials which adversely affects the honest and impartial exercise of a public official's functions.

For conduct to be considered corrupt under the ICAC Act it has to be serious enough to involve a criminal offence, a disciplinary offence, or be grounds for dismissal.

A report must be made to the ICAC as soon as there is a reasonable suspicion that corrupt conduct may have occurred or may be occurring. Matters must be reported to the ICAC regardless of any duty of secrecy or other restriction on disclosure. Reports to the ICAC should be made without advising the person(s) to whom the report relates and without publicity.

The *Protected Disclosures Act 1994* protects public officials who voluntarily report suspected corrupt conduct. Board members can make reports to the Chairperson or to the Chief Executive in accordance with the SCA's internal reporting guidelines. The office of the NSW Ombudsman can be contacted regarding any matter pertaining to the *Protected Disclosures Act 1994*.

Members can report directly to the ICAC regarding corruption; the NSW Ombudsman regarding maladministration, and the NSW Auditor General regarding any serious and substantial waste of public money.

Appendix 7- Qualifications of the SCA Executive

As at 30 June 2009, the SCA Executive comprised the following members:

- Michael Bullen BSc (Forestry), MBA – Chief Executive
- George Dodds Dip Civil Eng, M Eng Sc (Environmental Engineering) – General Manager Catchment Operations
- Ian Landon-Jones BE (Civil), M Eng Sc – General Manager Technical Services
- Ian Tanner BSc (Civil Eng) – General Manager Water Supply
- Lea Rosser BA, BBus, MBus, MA – General Manager Business Services
- Sarah Dinning BSc, BA, EMPA – General Manager Sustainability and Business Improvement
- Simone Greenaway BEc, MEc, EMPA – General Manager Corporate Strategy and Governance.

Appendix 8 – Freedom of information

Table 15 – Section A – Freedom of Information Applications

Note: Applications were incorrectly listed as personal in the 2007-08 Annual Report.

	FOI applications - Personal 2007-08	FOI applications - Personal 2008-09	FOI applications – Other 2007-08	FOI applications – Other 2008-09	Total FOI applications 2007-08	Total FOI applications 2008-09
A1 New	-	-	7	9	7	9
A2 Brought forward	-	-	1	-	8	-
A3 Total to be processed	-	-	8	9	8	9
A4 Completed	-	-	8	7	8	7
A5 Discontinued	-	-	-	2	-	2
A6 Total processed	-	-	8	9	8	9
A7 Unfinished (carried forward)	-	-	-	-	-	-

Table 16 - Section B – Discontinued applications

	FOI applications - Personal 2007-08	FOI applications - Personal 2008-09	FOI applications – Other 2007-08	FOI applications – Other 2008-09	Total FOI applications 2007-08	Total FOI applications 2008-09
B1 Request transferred out to another agency (s 20)	-	-	-	-	-	-
B2 Applicant withdrew request	-	-	-	2	-	2
B3 Applicant failed to pay advance deposit (s 22)	-	-	-	-	-	-

	FOI applications - Personal 2007-08	FOI applications - Personal 2008-09	FOI applications - Other 2007-08	FOI applications - Other 2008-09	Total FOI applications 2007-08	Total FOI applications 2008-09
B4 Applicant failed to amend a request that would have been an unreasonable diversion of resources to complete (s 25(1) (a1))	-	-	-	-	-	-
B5 Total discontinued	-	-	-	2	-	2

Table 17 – Section C – Completed applications

	FOI applications - Personal 2007-08	FOI applications - Personal 2008-09	FOI applications - Other 2006-07	FOI applications - Other 2007-08	Total FOI applications 2007-08	Total FOI applications 2008-09
C1 Granted or otherwise available in full	-	-	5	2	5	2
C2 Granted or otherwise available in part	-	-	3	4	3	4
C3 Refused	-	-	-	-	-	-
C4 No documents held	-	-	-	1	-	1
C5 Total completed	-	-	8	7	8	7

Table 18 - Section D – Applications granted or otherwise available in full

	FOI applications - Personal 2007-08	FOI applications - Personal 2008-09	FOI applications - Other 2007-08	FOI applications - Other 2008-09	Total FOI applications 2007-08	Total FOI applications 2008-09
All documents requested were: D1 Provided to the applicant	-	-	5	1	5	1
D2 Provided to the applicant's medical practitioner	-	-	-	-	-	-
D3 Available for inspection	-	-	-	-	-	-

	FOI applications - Personal 2007-08	FOI applications - Personal 2008-09	FOI applications - Other 2007-08	FOI applications - Other 2008-09	Total FOI applications 2007-08	Total FOI applications 2008-09
D4 Available for purchase	-	-	-	-	-	-
D5 Library material	-	-	-	-	-	-
D6 Subject to deferred access	-	-	-	-	-	-
D7 Available by a combination of any of the reasons listed in D1-D6 above	-	-	-	-	-	-
D8 Total granted or otherwise available in full	-	-	5	1	5	1

Table 19 Section E – Applications granted or otherwise available in part

	FOI applications - Personal 2007-08	FOI applications - Personal 2008-09	FOI applications - Other 2007-08	FOI applications - Other 2008-09	Total FOI applications 2007-08	Total FOI applications 2008-09
Document made available were: E1 Provided to the applicant	-	-	3	5	3	5
E2 Provided to the applicant's medical Practitioner	-	-	-	-	-	-
E3 Available for inspection	-	-	-	1	-	1
E4 Available for purchase	-	-	-	-	-	-
E5 Library material	-	-	-	-	-	-
E6 Subject to deferred access	-	-	-	-	-	-
E7 Available by a combination of any of the reasons listed in D1-D6 above	-	-	-	-	-	-
E8 Total granted or otherwise available in part	-	-	3	6	3	6

Table 20 – Section F – Refused FOI applications

	FOI applications - Personal 2007-08	FOI applications - Personal 2008-09	FOI applications – Other 2007-08	FOI applications – Other 2008-09	Total FOI applications 2007-08	Total FOI applications 2008-09
F1 Exempt	-	-	-	-	-	-
F2 Deemed refused	-	-	-	-	-	-
F3 Total refused	-	-	-	-	-	-

Table 21 – Section G – Exempt documents

	FOI applications - Personal 2007-08	FOI applications - Personal 2008-09	FOI applications – Other 2007-08	FOI applications – Other 2008-09	Total FOI applications 2007-08	Total FOI applications 2008-09
Restricted documents only:	-	-	3	-	3	-
G1 Cabinet documents (Clause 1)	-	-	-	-	-	-
G2 Executive Council documents (Clause 2)	-	-	-	-	-	-
G3 Documents affecting law enforcement and public safety (Clause 4)	-	-	-	-	-	-
G4 Documents affecting counter terrorism measures (Clause 4A)	-	-	-	1	-	1
Documents requiring consultation:	-	-	-	-	-	-
G5 Documents affecting intergovernmental relations (Clause 5)	-	-	-	-	-	-
G6 Documents affecting the conduct of research (Clause 6)	-	-	-	-	-	-
G7 Documents affecting business affairs (Clause 7)	-	-	-	2	-	2
G8 Documents affecting the conduct of research (Clause 8)	-	-	-	1	-	1

	FOI applications - Personal 2007-08	FOI applications - Personal 2008-09	FOI applications - Other 2007-08	FOI applications - Other 2008-09	Total FOI applications 2007-08	Total FOI applications 2008-09
Documents otherwise exempt: G9 Schedule 2 exempt agency	-	-	-	-	-	-
G10 Documents containing information confidential to Olympic Committees (Clause 22)	-	-	-	-	-	-
G11 Documents relating to threatened species conservation (Clause 24)	-	-	-	-	-	-
G13 Plans of management containing information of Aboriginal significance(Clause 25)	-	-	-	-	-	-
G14 Private documents in public library collections (Clause 19)	-	-	-	-	-	-
G15 Documents relating to judicial functions (Clause 11)	-	-	-	-	-	-
G16 Documents subject to contempt (Clause 17)	-	-	-	-	-	-
G17 Documents arising out of companies and securities legislation (Clause 18)	-	-	-	-	-	-
G18 Exempt documents under interstate FOI legislation (Clause 21)	-	-	-	-	-	-
G19 Documents subject to legal professional privilege (Clause 10)	-	-	-	-	-	-

	FOI applications - Personal 2007-08	FOI applications - Personal 2008-09	FOI applications - Other 2007-08	FOI applications - Other 2008-09	Total FOI applications 2007-08	Total FOI applications 2008-09
G20 Documents containing confidential material (Clause 13)	-	-	-	-	-	-
G21 Documents subject to secrecy provisions (Clause 12)	-	-	-	-	-	-
G22 Documents affecting the economy of the State (Clause 14)	-	-	-	-	-	-
G23 Documents affecting financial or property interests of the State or an agency (Clause 15)	-	-	-	-	-	-
G24 Documents concerning operations of agencies (Clause 16)	-	-	-	-	-	-
G25 Internal working documents (Clause 9)	-	-	-	-	-	-
G26 Other exemptions (eg., Clauses 20, 22A and 26)	-	-	-	-	-	-
G27 Total applications including exempt documents	-	-	3	4	3	4

Table 22 – Section H – Ministerial certificates (section 59)

	2007-08	2008-09
H1 Ministerial Certificates issued	-	-

Table 23 – Section I – Formal consultations

	2007-08	2008-09
I1 Number of applications requiring formal consultation	7	5
I2 Number of people formally consulted	14	52

Table 24 – Section J – Applications for amendment of personal records

	2007-08	2008-09
J1 Agreed in full	-	-
J2 Agreed in part	-	-
J3 Refused	-	-
J4 Total	-	-

Table 25 – Section K – Notation of personal records

	2007-08	2008-09
K1 Applications for notation	-	-

Table 26 – Section L – Fees and costs

	Assessed costs 2007-08	Assessed costs 2008-09	Fees received 2007-08	Fees received 2008-09
L1 All completed applications	\$2,370	\$1,110	\$1,590	\$1,110

* The Freedom of Information (Fees and Charges) Order 1989 sets out the fees and charges to be applied to all FOI applications and binds all agencies. Section 6 of the order permits the reduction (by 50 percent) of the fees charged under the following circumstances.

- an applicant who holds a pensioner health benefits card issued by the Commonwealth, or
- an applicant whose weekly income is less than the maximum weekly income allowable
- an applicant who is under the age of 18 years, or
- an applicant who is applying on behalf of a non-profit organisation that can demonstrate financial hardship, or
- an applicant whose application relates to information that it is in the public interest to make available.

The SCA reduces fees for all applicants who meet these criteria.

Table 27 – Section M – Fee discounts

	FOI applications - Personal 2007-08	FOI applications - Personal 2008-09	FOI applications - Other 2007-08	FOI applications - Other 2008-09	Total FOI applications 2007-08	Total FOI applications 2008-09
M1 Processing fees waived in full	-	-	-	-	-	-
M2 Public interest discounts	-	-	2	-	2	-

	FOI applications - Personal 2007-08	FOI applications - Personal 2008-09	FOI applications - Other 2007-08	FOI applications - Other 2008-09	Total FOI applications 2007-08	Total FOI applications 2008-09
M3 Financial hardship discounts – pensioner or child	-	-	-	2	-	2
M4 Financial hardship discounts – non profit organisation	-	-	-	-	-	-
M5 Total	-	-	2	2	2	2

Table 28 - Section N – Fee refunds

	2007-08	2008-09
N1 Number of fee refunds granted as a result of significant correction of personal records	-	-

Table 29 – Section O – Calendar days taken to complete request

	FOI applications - Personal 2007-08	FOI applications - Personal 2008-09	FOI applications - Other 2007-08	FOI applications - Other 2008-09	Total FOI applications 2007-08	Total FOI applications 2008-09
O1 0-21 days – statutory determination period	-	-	-	-	-	-
O2 22-35 days – extended statutory determination period for consultation or retrieval of archived records (s 59B)	-	-	4	2	4	2
O3 Over 21 days – deemed refusal where no extended determination period applies	-	-	4	-	4	-
O4 Over 35 days – deemed refusal where extended determination period applies	-	-	-	5	-	5
O5 Total	-	-	8	7	8	7

Table 30 – Section P – Processing time - hours

	FOI applications - Personal 2007-08	FOI applications - Personal 2008-09	FOI applications – Other 2007-08	FOI applications – Other 2008-09	Total FOI applications 2007-08	Total FOI applications 2008-09
P1 0-10 hours	-	-	5	8	5	8
P2 11-20 hours	-	-	2	1	2	1
P3 21-40 hours	-	-	1	-	1	-
P4 Over 40 hours	-	-	-	-	-	-
P5 Total	-	-	8	9	8	9

Appendix 9 - Complaints

Table 31 - Complaints received

Total complaints received 2008-09	Total complaints resolved 2008-09	Total complaints remaining open 2008-09
18	17 (2 from 2007-08)	4 (1 from 2007-08)

Table 32 - Total complaints received and resolved 2008-09

Complaint number	Category	Date received	Interim response on time	Date resolved	Method of resolution
4397	Water quality - other	29/06/09	Yes	Not yet resolved	
4396	Water quality – other	02/06/09	Yes	Not yet resolved	
4393	Other	12/02/09	No	Not yet resolved	
4395	Liability claims – damage	02/06/09	Yes	25/06/09	Resolved by actions to correct situation – 23 days
4391	Website details	03/12/08	Yes	19/12/08	Resolved by actions to correct situation – 16 days
4389	Staff/contractors	05/11/08	Yes	07/11/08	Resolved by actions to correct situation – 2 days
4383	Staff/contractors	03/10/08	Yes	07/10/08	Resolved by actions to correct situation – 4 days
4381	Other	21/07/08	Yes	03/09/08	Resolved by actions to correct situation – 44 days
4379	Other	14/07/08	Yes	15/07/08	Resolved by actions to correct situation – 1 day
4372*	Customer service	31/01/08	Yes	01/08/08	Resolved by actions to correct situation – 183 days
4394	Staff/contractors	10/03/09	Yes	20/04/09	Resolved by explaining/providing information – 41 days
4392	Staff/contractors	29/01/09	No	14/05/09	Resolved by explaining/providing information – 105 days
4388	Staff/contractors	07/11/08	Yes	07/11/08	Resolved by explaining/providing information – same day

Complaint number	Category	Date received	Interim response on time	Date resolved	Method of resolution
4387	Other	07/11/08	Yes	12/11/08	Resolved by explaining/providing information – 5 days
4386	Staff/contractors	27/10/08	Yes	12/12/08	Resolved by explaining/providing information – 46 days
4385	Staff/contractors	24/10/08	Yes	21/11/08	Resolved by explaining/providing information – 28 days
4384	External customers communication	20/10/08	Yes	20/10/08	Resolved by explaining/providing information – same day
4378*	Water quality - other	23/06/08	Yes	20/07/08	Resolved by explaining/providing information – 27 days
4390	Staff/contractors	05/11/08	Yes	07/11/08	Resolved by other means – 2 days
4380	Staff/contractors	16/07/08	Yes	28/07/08	Resolved by other means – 12 days

* Complaint carried over from 2007-08.

Appendix 10 – Summary of affairs

Section 1 - Policy documents

The SCA holds the following policies and procedures that can be accessed for information:

2007-2012 Corporate plan

Access to published information

Access to Special Areas, controlled areas and water storages

Catchment management annual report

Catchment protection and improvement grant guide and application form

Collaborative research guidelines and application form

Code of conduct

Complaints handling policy and procedure

Corporate risk management framework

Current recommended practices

Dealing with offences under the Sydney Water Catchment Management Regulation 2008

Energy management policy

Environmental plan 2006-2010

Environmental education policy

Environmental impact assessment policy

Equity and diversity management plan

Freedom of information procedures

Heritage policy

How to make a complaint or offer a compliment

Incident management policy

Local government reference panel – charter and procedures

Metropolitan Water Plan 2006

Metropolitan Water Plan 2007 Review

Occupational Health and Safety Management system

On-site sewage management grants guidelines and application form

Privacy Laws, the SCA and You

Privacy management plan

Prosecution and compliance guidelines

Raw drinking water quality management framework

Recreational facilities at SCA dams

Riparian management assistance guide and application form

Special Areas strategic plan of management and charter of public disclosure

Special Areas brochure – what you can and can't do

Water industry sponsorship guidelines and application form

Wingecarribee Swamp and special area plan of management

Section 2 – Statement of affairs

The SCA's most recent statement of affairs is available on the SCA's web site. Copies of the statement of affairs are held in the SCA's library and are available for inspection. Copies of the statement of affairs can be obtained by contacting the SCA's FOI Coordinator at the address shown below.

The statement of affairs provides information on:

- structure and functions of the SCA
- description of the ways in which the functions of the SCA affect members of the public
- manner in which the public can participate in the formation of the SCA's policy and the exercise of the SCA's functions
- description of the various types of documents usually held by the SCA
- procedural arrangements for public access to the SCA's documents
- provision for the amendment of the SCA's records concerning the personal affairs of a member of the public.

Section 3 – Contact arrangements

All applications for access to documents in the possession of the SCA (other than policy documents) must be in writing and should be accompanied by an application fee of \$30 and marked to the attention of the 'FOI Coordinator'.

The application should be addressed to:

The FOI Coordinator
Sydney Catchment Authority
PO Box 323
PENRITH NSW 2751

Access to policy documents, unless otherwise stated, are free of charge and access can be arranged by contacting the FOI Coordinator on telephone number 4724 2423, facsimile 4725 2590, by email on info@sca.nsw.gov.au, or in person at the address below between the hours of 8.30am and 5pm, Monday to Friday.

Sydney Catchment Authority
Level 4, 2-6 Station Street
Penrith NSW 2750

Telephone (02) 4724 2200
1300 SCA GOV

Fax (02) 4725 2599

Appendix 11 - SCA publications

Annual reports and corporate documents

SCA annual reports

SCA annual water quality monitoring reports

Annual catchment management reports

Annual reports on implementation of the Special Areas Strategic Plan of Management

Annual reports on implementation of the Wingecarribee Swamp and Special Area Plan of Management

Operating licence for the SCA

SCA Corporate Plan 2007-2012

Statement of affairs

Summary of affairs

SCA Environmental Plan 2006-2010

SCA Energy Management Plan 2006-2010

Memoranda of understanding – Environment Protection Authority, NSW Health, Water Administration Ministerial Corporation

SCA prosecution and compliance guidelines

How to make a complaint or offer a compliment

Privacy Laws, the SCA and you

Dams and water supply

Dams of Greater Sydney and surrounds - Blue Mountains

Dams of Greater Sydney and surrounds - Shoalhaven

Dams of Greater Sydney and surrounds - Upper Nepean

Dams of Greater Sydney and surrounds - Warragamba

Dams of Greater Sydney and surrounds - Woronora

Maps of the SCA's drinking water catchments

Leakage and loss report 2007

Review of Sydney's water supply system yield

Raw drinking water quality management framework 2007-2012

Flooding rain following drought

Drinking water catchments

Application for consent to enter the SCA Special or Controlled Areas

Aerial map of Wingecarribee Swamp Reservoir

Aquatic ecological survey, Robertson NSW

Maps of Sydney's drinking water catchments

Hawkesbury-Nepean experimental environmental flow strategy

Hydrogeological and geophysical investigations of Wingecarribee Swamp

Quantitative analysis of flora at Wingecarribee Swamp 2001-2002

Special Areas

Special Areas brochure – What you can and can't do

Special Areas Strategic plan of management

Wingecarribee Swamp and Special Area Plan of Management

Regional plan

Regional Plan – Overview

Regional Plan – Action Plan

Regional Plan – Summary brochure

Regional Plan – What has changed

Regional Plan – Answering your questions

Regional Plan – Guide for agricultural development

Regional Plan – Neutral or beneficial effect on water quality assessment guidelines

Water quality objectives report

Grants

Water industry sponsorship guidelines and application form

Catchment protection and improvement grants guide and application form

Riparian management assistance grants guide and application form

On-site sewage management grants guidelines and application form

Consultation

Local Government Reference Panel – charter and procedures

Special Areas Strategic Plan of Management charter of public disclosure

Shoalhaven community reference group minutes

Upper Nepean groundwater community reference group minutes

Groundwater investigations – community information documents

Shoalhaven River water supply transfers and environmental flows – community information documents

SCA Groundwater Investigations Community Consultation and Submissions Report

Independent hydrogeological review – proposed Kangaloon borefield

Appendix 12 – Guarantee of service

Under the *Sydney Water Catchment Management Act 1998*, the SCA is required to enter into arrangements with Sydney Water regarding the supply of water. The original bulk water supply agreement was established in 1999 and reviewed in 2002. The latest revision was completed in April 2006.

Appendix 13 – Schedule of charges

Schedule of charges for regulated water supply services 2008-09

Table 33 - Schedule of charges

SCA charge	2008-09
Sydney Water Corporation	
Fixed availability charge (per calendar month)	\$5,600,532
Volumetric charge (per megalitre)	\$222.17
Wingecarribee Shire Council	
Volumetric charge (per megalitre)	\$210.15
Shoalhaven City Council	
Volumetric charge for Kangaroo Valley (per megalitre)	\$210.15
Volumetric charge for Tallowa Dam releases in times of drought (per megalitre)	-
Unfiltered water	
Service charge for connection of nominal diameter:	\$75.00
20 mm	\$117.20
25 mm	\$168.75
30 mm	\$192.00
32 mm	\$300.00
40 mm	\$468.75

SCA charge	2008-09
Unfiltered water	
50 mm	\$1,200.00
80 mm	\$1,875.00
100 mm	\$4,218.75
150 mm	\$7,500.00
200 mm	\$ (nominal diameter) 2 x 75/400
>200 mm	\$0.84
Volumetric charge (per kilolitre)	
Bulk raw water	\$0.49
Volumetric charge (per kilolitre)	\$5,600,532

In June 2009, the IPART determined a new price path for the SCA's charges from 1 July 2009 to 30 June 2012. The determination provides for the increase in certain charges to be linked to the movement in the Consumer Price Index (CPI) during the price path. The SCA will apply the increased charges effective from 1 July 2009.

Appendix 14 – SCA capital expenditure

Table 34 - Capital expenditure

Project	\$ 2008-09
Access Deep Storage - Warragamba Dam	400,594
Ground Water Investigation	4,450,962
Increased Shoalhaven transfer	529,168
Upper Nepean Environmental Flows	7,219,414
Tallowa Dam Environmental Flows & Fishway	22,028,062
Pilot Test & Bore Feed Development	166,279
Access Deep Storage - Warragamba Dam	9,901,070
Warragamba Dam Spillway Gate	2,116,638
Warragamba Spillway, Visitor Centre	5,327,631
Warragamba Spillway, Precinct Upgrade	1,634,228
Warragamba Dam Electrical Upgrade	3,793
Warragamba Dam Major Refurbish Valve House OH Crane	28,707
Warragamba Dam Ladders and Platforms	459,460
Warragamba Pipelines Spare Pipes & Fittings	16,515
Lower Cascade Dam 600mm Scour Vale Replacement	15,447
Blue Mountains Trunnion Systems Replacements	91,062
Woronora & Nepean Dams, Lifting & Storage of Stopboards	953
Woronora & Nepean Dams - Overhead Cranes Upgrades	1,234
Internal Access Ladders for Cranes - Metro Dams	61,815
Cordeaux Dam Upper Scour Valve House Crane	56,788

Project	\$ 2008-09
Avon Dam Destratification Compressor	6,736
Metro Dams Electrical System	1,227
Blue Mountains Electrical Monitoring & Control System	101
Upper Canal, Upgrade Fish Bio-monitoring Stations	445
Upper Canal Chlorination Facilities Upgrade	118,512
Upper Canal Fencing	8,369
Upper Nepean Transfers	662,363
Prospect Reservoir Scours	646,392
Prospect Reservoir - upstream embankment stabilisation upgrade	96,756
Bendeela Control Structure - stop boards acquisition	267,472
Kangaroo Pipeline Access Road	165,935
Bendeela Pipeline Internal Lining Renewal	1,848,069
Burrawang Pumping Station Electrical System	885
Wingecarribee Dam - safety upgrade	106,118
Kangaroo Pipeline Shaft Relining	737
Narrow Neck Fire Tower	82,120
Upgrade catchment fencing	303,673
On site sewerage upgrades	1,501
Replacement of roof at St Senans Church	995
Augmentation of Hydrometric & Water Quality Monitor	7,426
Hydrometric Network Renewals Programs	254,069
Shoalhaven expansion of SCARMS	653,157
Flood gauging winch's - upgrades	705,339
Bureau of Meteorology Grant	165,038
Woronora Dam Access roads upgrade	2,216,638
Blue Mountains Dams - access roads upgrade	431,515
Upper Avon & Cordeaux access roads upgrade	477,395
Metropolitan & Woronora dams - Reticulation & Fire Hydrants at various sites	1,120,959
Asset Replacement Program	706,624
Regulatory and facilities capital signage	84,549
Fire Tanker Upgrade	20,617
Playgrounds upgrade at SCA sites	899
Rock face Stability Warragamba Dam	94,188
IT systems	1,373,992
LIS Land information system	12,483
LAPTOPS + PDAS	21,127
SCA Network - Improved Access	52,496
Knowledge Management System	23,220
IT server lifecycle - replacement	58,827
E-Office Development	45,655
SCADA - upgrade	63,315
Creation of 3D EW Catchment & Water Supply System Map	19,600

Project	\$ 2008-09
COGNOS Information System	385,249
Braidwood Cottages & Associated Works (leased land)	174,532
Warragamba Conference Centre	198,886
Bendeela, Tallowa, Nepean Pump Out System Upgrade	1,200
Warragamba Dam Landscaping & Visitors Centre	244,330
Land Acquisition	1,832,723
Picnic Ground Refurbishment	60,417
Penrith Head Office Relocation	3,649,907
SCA Motor Vehicle Fleet	5,617,549
Office Equipment	10,886
Working Plant & Equipment	153,220
Equipment for Undertaking Dam Surveys	67,657
Prior year adjustments	-76,440
Total capital expenditure	79,757,471

Appendix 15 – Credit card use

The SCA operates a MasterCard credit card facility with Westpac Banking Corporation. The facility has been approved in accordance with the requirements of the *Public Authorities (Financial Arrangements) Act 1987*. There were ten credit cards issued as at 30 June 2009. The use of credit cards helps reduce the number of vendor accounts where minor once-off expenditure needs to be incurred.

Individual credit card limits range from \$3,000 to \$10,000, with the total limit of all credit cards combined being \$60,000. A direct debit facility has been established enabling the automatic payment of monthly credit card accounts. As a result of this, there were no late payment fees or interest charges incurred and all credit card balances were paid in full by the due date.

Credit card use by the SCA must be in accordance with SCA's Credit Card Policy, Premier's memoranda and Treasurer's directions.

Appendix 16 – Payment of accounts

Action taken to improve payment performance

During the year the SCA focused on further improving the timeliness of payment processing by ensuring goods and services purchased were promptly receipted in the electronic procurement system.

Table 35 - Performance paying accounts each quarter 2008-09

Quarter	Current	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	More than 90 days overdue
September	41,616	6,203	608	30	24
December	46,827	2,344	4,378	30	48
March	25,115	2,691	325	83	46
June	37,869	4,764	334	67	239

Table 36 - Performance in paying accounts: Total accounts paid 0-30 days overdue

Quarter	Target %	Actual %	Target \$'000	Actual paid \$'000
September	100	99	48,481	47,836
December	100	91	53,627	49,176
March	100	98	28,260	27,805
June	100	99	43,034	42,914

Figure 7 - Targets versus actual payment performance

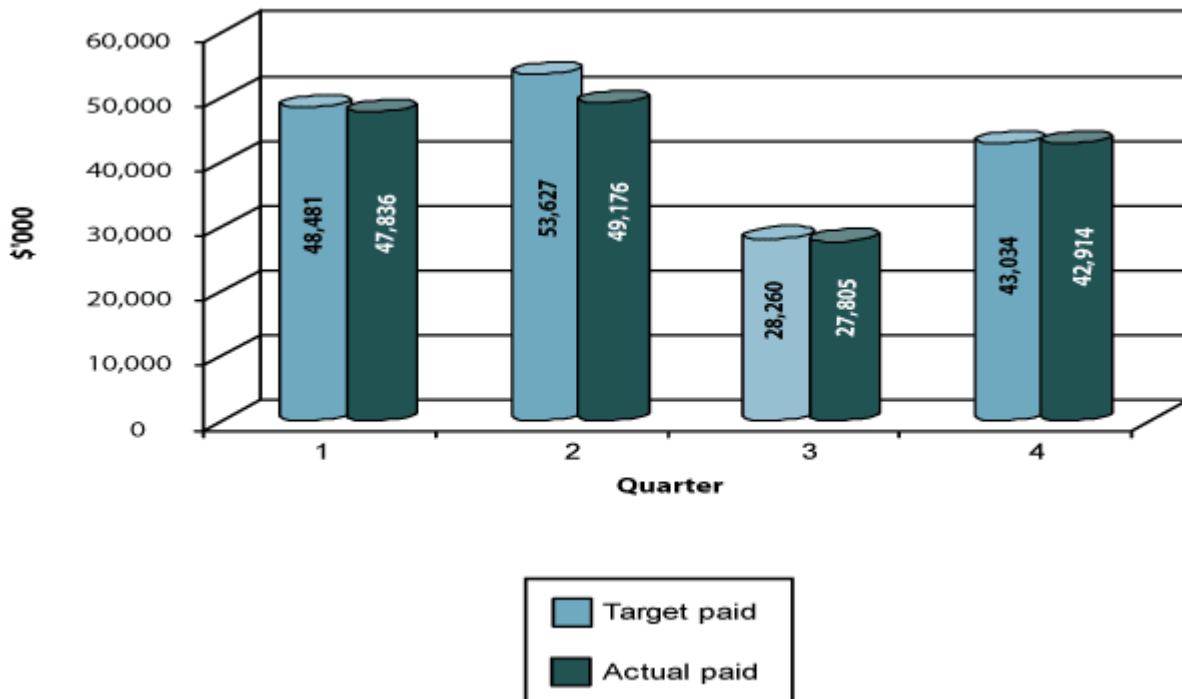
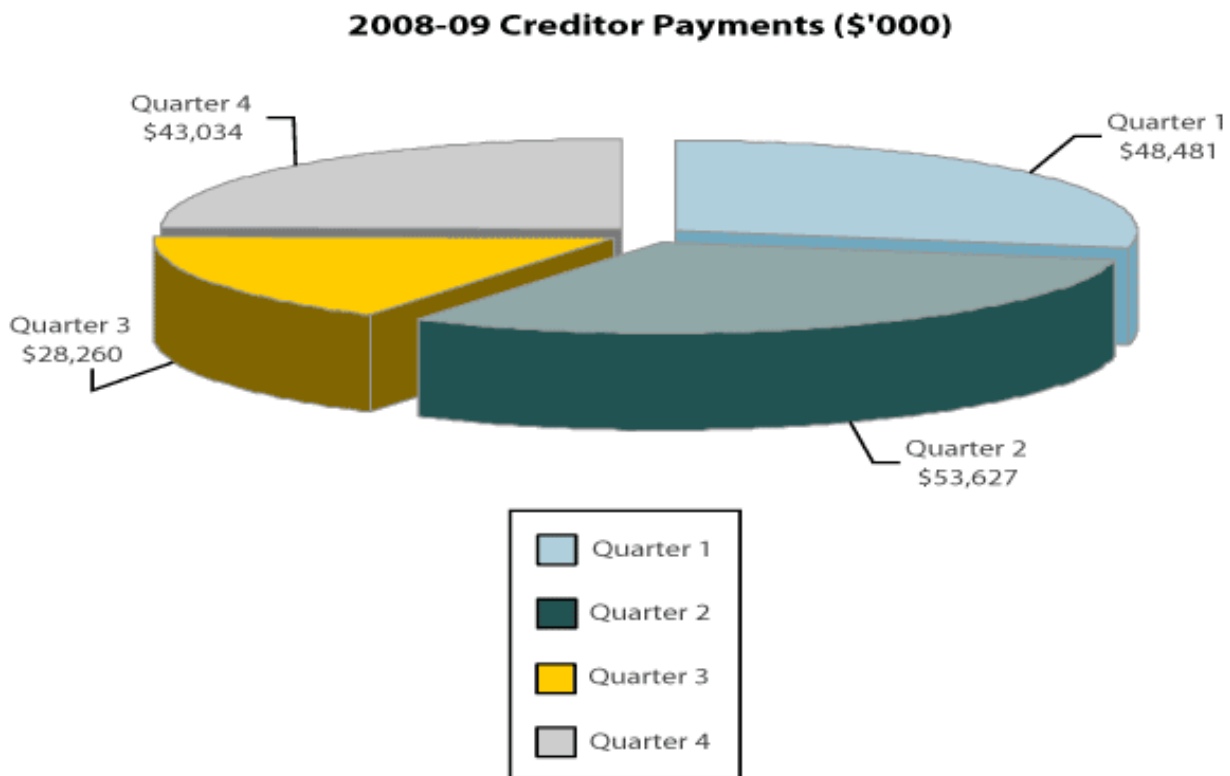


Figure 8 - Total dollar amount paid in quarter



Appendix 17 – Investment performance

Table 37 shows the annualised performance of T-Corp investment facilities as at 30 June 2009 by term of underlying liability.

Table 37 - Annualised performance of T-Corp investment facilities as at 30 June 2009

Term of underlying liability	T-Corp facility	Annualised return (%)			
		1 year	3 year	5 year	7 year
0–2 years	Hour-glass cash facility trust	5.35	6.18	5.97	5.71
2–4 years	Hour-glass strategic cash facility trust	5.80	-	-	-
4–7 years	Hour-glass medium term growth facility trust	0.73	2.79	5.24	5.62
7+ years	Hour-glass long term growth facility trust	(10.33)	(2.89)	3.70	4.49

The nature and terms of SCA's underlying liabilities is such that all surplus funds are invested in the Hour-Glass Cash Facility Trust. Table 38 shows the annualised performance of the Hour-Glass Cash Facility Trust against the portfolio's benchmark.

Table 38 - Annualised performance of Hour-glass cash facility trust

T-Corp Hour-glass cash facility trust	Annualised return (%)			
	1 year	3 year	5 year	7 year
Actual performance	5.35	6.18	5.97	5.71
Benchmark performance – UBS bank bill index	5.48	6.40	6.13	5.84
Variance	(0.13)	(0.22)	(0.16)	(0.13)

Appendix 18 – Liability management performance

Debt portfolio position relative to benchmark

For compliance with SCA's Interest Rate Risk Policy, the modified duration of the total debt portfolio approved by the Board is compared to the modified duration of the benchmark portfolio. The permitted modified duration range is +/- 0.5.

The modified duration of a portfolio of debt represents the average maturity of the net present value of cash flows associated with the debt. It is used as an approximation for the percentage change in market value of the portfolio for a one percent change in interest rates.

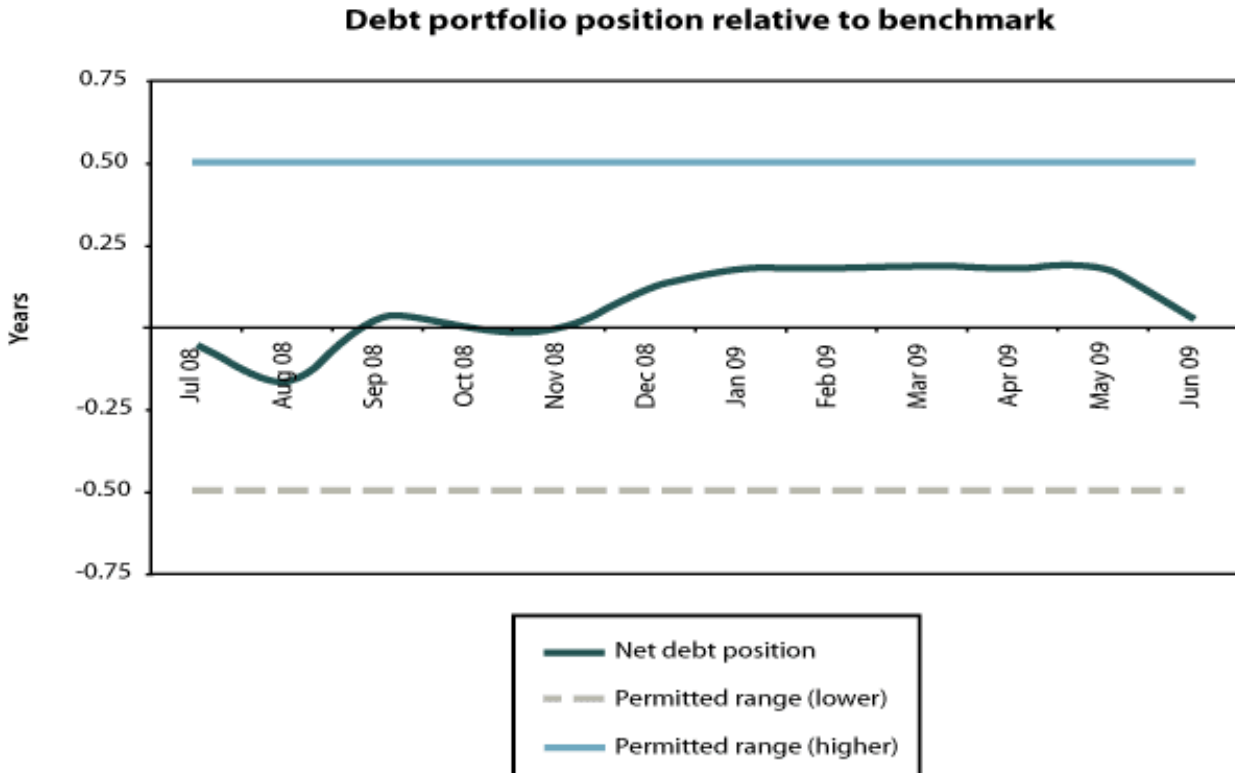
For example, if the portfolio's modified duration is greater than the benchmark, the portfolio is positioned to take advantage of a rise in interest rates. Conversely, if the portfolio's modified duration is less than the benchmark modified duration, the portfolio is positioned for a fall in rates.

Table 39 - Total debt portfolio position relative to benchmark by month for the year ended 30 June 2009

Month	Total portfolio modified duration (years)	Benchmark modified duration (years)	Net position long/(short) (years)
Jul 08	4.07	4.12	(0.05)
Aug 08	3.95	4.11	(0.16)
Sep 08	4.14	4.11	0.03
Oct 08	4.06	4.06	-
Nov 08	4.16	4.16	-
Dec 08	4.25	4.13	0.12
Jan 09	4.28	4.10	0.18
Feb 09	4.17	3.99	0.18
Mar 09	4.15	3.96	0.19
Apr 09	4.13	3.95	0.18

Month	Total portfolio modified duration (years)	Benchmark modified duration (years)	Net position long/(short) (years)
May 09	4.03	3.85	0.18
Jun 09	4.04	4.01	0.03

Figure 9 - Debt portfolio position relative to benchmark



Appendix 19 - Consultancies

Working with consultants

A consultant is a person or organisation engaged under contract on a temporary basis to recommend or provide higher level specialist advice to help management make decisions. Generally, it is the advisory nature of the work that differentiates a consultant from other contractors. The SCA engaged the following consultants during the year.

Consultancies more than \$30,000

Name: Deipera Pty Ltd

Project: SCA Organisational Realignment

Area: Business Services

Cost: \$136,567 (ex GST)

Name: Morrison Low Consultants Pty Ltd

Project: Development of Procurement Strategy & Processes

Area: Organisational Review

Cost: \$71,329 (ex GST)

Consultancies less than \$30,000

During the year three separate consultancies were engaged each of which was less than \$30,000. These consultancies were for the purpose of Organisational Review. A combined cost of \$51,410 (ex GST) was incurred.

Appendix 20 - SCA grants for non-government community groups

Table 40 – SCA Grants to non-government community groups 2008-09

Community group	Project	\$
Wingecarribee Shire Council on behalf of Mt Gibraltar Landcare and Bushcare Group	Undertake primary weed control of approximately 4,000m ² to remove weeds eg Blackberry, Honeysuckle, Ivy, Montbretia, and Privet - work will extend bush regeneration previously done as part of the Mt Gibraltar Restoration Program	8,000
National Trust of Australia (NSW)	Regeneration work in bushland sections of National Trust of Australia (NSW) owned property, Everglades Gardens at Leura	8,120
Wingecarribee Shire Council on behalf of Wingecarribee Shire Community Nursery	To develop a provenance seed bank – training in seed collection, processing, storage, seed database and supervise seed collection on field days	7,920
Kangaroo Valley Environment Group Inc	Kangaroo River riparian restoration upstream of Hampden Bridge	7,908
Total		31,948

Appendix 21 – Heritage assets

The SCA is responsible for managing heritage items including water storages and associated infrastructure, weirs, homesteads, bridges and sites of significance to indigenous communities.

The SCA and DECCW jointly manage heritage in the Special Areas. The SCA and Sydney Water jointly operate the Historical Research and Archive Facility which provides an important resource for the agencies and the public.

During the year, the SCA has continued to implement its Heritage Asset Management Strategy (HAMS). The strategy was developed to implement the principles and guidelines outlined in the document State Owned Heritage Management Principles.

The SCA owns 20 state heritage listed items and has other local heritage assets listed on its draft section 170 Heritage and Conservation Register. The condition of the heritage assets is listed in Table 41.

Table 41 - Heritage asset condition in 2008-09

Heritage item	Condition in 2008-2009	Notes/works started or completed
A. Engineering heritage		
Warragamba Supply Scheme		
Warragamba Dam		
Crest gantry crane	Good	

Heritage item	Condition in 2008-2009	Notes/works started or completed
Crest gates	Good	Major upgrade in progress
Dam outlets	Good	
18 ton cableway (upper tail tower)	Fair	
Haviland Park	Good	Construction of new Visitors and Operations Centre complete. Master plan upgrade works near completion
Main dam wall	Good	
Suspension bridge (head tower)	Good	Only head tower remains in situ
Megarrity's Bridge	Good	
Valve house	Good	
Warragamba-Prospect pipelines 1 and 2	Good	
Warragamba Emergency Scheme		
Warragamba Emergency Pumping Station 9	Good	All upgrade work complete
Warragamba Weir	Good	
Upper Nepean and Woronora Supply Scheme		
Avon Dam	Good	Environmental flows outlet works completed and operating Water supply system upgraded
Cataract Dam	Good	Environmental flows outlet works under construction Water supply system upgraded
Cordeaux Dam	Good	Environmental flows outlet works under construction Water supply system upgraded
Hudson's Emergency Scheme	Poor	Remnants of original temporary/interim water supply for Upper Canal
Nepean Dam	Good	Environmental flows outlet works under construction Deep water pumping station completed and available for operation
Prospect Reservoir and surrounding area	Good	Raw water pumping station commissioned and available for operation
Prospect Reservoir Valve House	Good	Upgrade of scour system in progress
Upper Canal System	Good	Project to identify scope/program of rehabilitation/ refurbishment works and options for future upgrading/

Heritage item	Condition in 2008-2009	Notes/works started or completed
		replacement of Upper Canal in progress
Broughtons Pass Weir	Good	Ongoing monitoring/surveillance (SCA/BHPB) of mining subsidence impacts Environmental flows outlet works under construction
Cataract Tunnel	Good	Ongoing monitoring/surveillance (SCA/BHPB) of mining subsidence impacts
Nepean Tunnel	Good	Inspection of tunnel planned for July 2009
Pheasants Nest Weir	Good	Environmental flows outlet works and fishway under construction
Upper Cordeaux Dam No 1	Good	
Upper Cordeaux Dam No 2	Good	Ongoing monitoring of crack meters
Woronora Dam	Good	Upgrade of water supply concluded
Upper Nepean Scheme Compensation Weirs		
Brownlow Weir	Good	Environmental flows outlet works and fishway under construction
Cobbitty Village Weir	Partially demolished	Rehabilitation works Environmental flows outlet works and fishway under construction
Menangle Weir	Good	Environmental flows outlet works and fishway under construction
Mt Hunter Rivulet Weir	Good	Environmental flows outlet works and fishway under construction
Thurns Weir	Good	
Wallacia Weir	Good	Environmental flows outlet works under construction
Blue Mountains Supply System		
Cascades dams	Good	
Greaves Creek Dam	Good	
Medlow Bath Dam	Good	
Woodford Creek Dam	Good	
B. Historic buildings		
Arnprior	Poor to fair	Leased property under Stage 1 Braidwood tender
Barralier	Poor	Managed site as a ruin, fenced to prevent access, maintained asset protection zone (fire break)

Heritage item	Condition in 2008-2009	Notes/works started or completed
Cataract Manor	Good	Ceiling replaced in one room
Cookanulla	Poor	
Cordeaux Manor	Good	Minor repairs
Glen D'Or	Poor to fair	
Joe Deacon's Hut		No longer in SCA ownership
Kedumba Slab Hut		No longer in SCA ownership
Khama Lea	Good	Leased property under Stage 2 Braidwood tender, completely renovated and occupied
La Vista	Poor	Leased property under State 2 Braidwood tender
Mayfield	Good	Leased property under Stage 1 Braidwood tender, completely renovated and occupied
Ooranook	Fair	Leased property under State 2 Braidwood tender
St Senan's Church, Yerranderie		No longer in SCA ownership
Virginia	Fair	Leased property under Stage 2 Braidwood tender
Walker's homestead	Fair	Maintained asset protection zone around buildings
Windmill Hill	Fair to good	Manages site as ruin
Yerranderie Court House		No longer in SCA ownership
Yerranderie Police Station		No longer in SCA ownership
c. Landscape items		
Wingecarribee Swamp	Fair	The Wingecarribee Swamp and Special Area Plan of Management 2007 continues to be implemented. Currently finished second year of five year plan.

Condition descriptors

Good – Currently fit for purpose (operational) or generally intact, or both

Fair – Not currently fit for purpose (operational) but stable and requires only moderate repairs

Poor - Not fit for purpose (operational), unstable and requires extensive restoration works

Appendix 22 – Waste reduction and purchasing policy (WRAPP) implementation

Waste avoidance and minimisation

The SCA has initiatives in place to promote waste avoidance and minimisation. These include encouraging staff to use electronic documents, to only print if necessary, and to print on recycled paper. Most SCA printers default to double sided printing. Our kitchens are equipped to discourage use of disposable containers and cutlery.

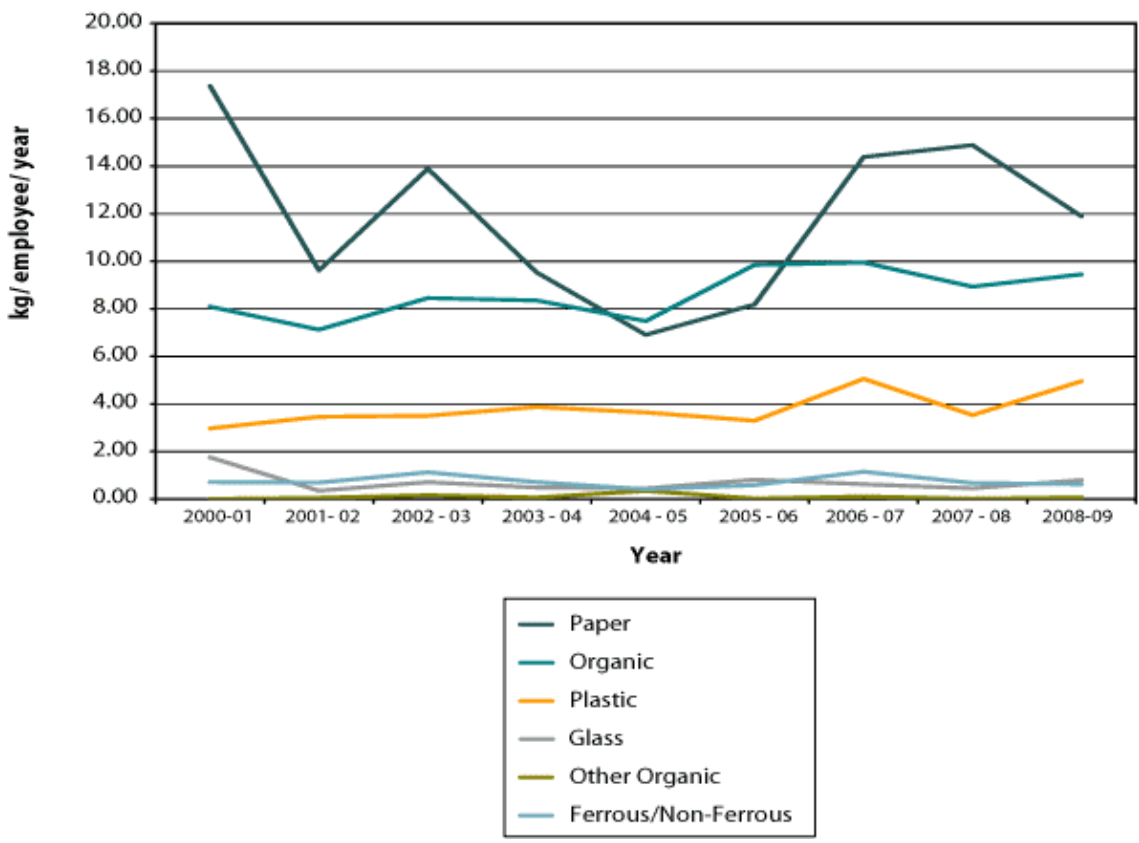
To raise awareness and educate new staff, the SCA's orientation and induction package contains information about waste avoidance, waste minimisation and recycling. We have established a network of waste champions, who champion correct waste and recycling behaviours. Awareness is also raised by comprehensive information about waste management, including tips and hints on waste issues available on the intranet.

In its operations, the SCA implements waste avoidance initiatives such as mulching fallen trees, reusing this mulch on sites, using concrete barrier fencing constructed from surplus concrete, and refilling helicopter aviation fuel drums. Where possible, the SCA refurbishes valves rather than replacing them. Erosion control projects requiring engineered log jams reuse trees from areas cleared for development or road works.

The annual internal waste audit estimated that 28,911 kilograms of waste was generated by the SCA in 2008-09. This is an 8 percent decrease from 31,506 kg of waste generated in 2007-08. The 2008-09 figure equates to 96.4 kilograms of waste generated per person a year, a reduction from 105.8 kilograms per person waste generated for 2007-08.

Of the waste generated, the amount sent to landfill in 2008-09 is estimated to have increased by three percent, from 8,495 kilograms in 2007-08 to 8,756 kilograms in 2008-09. Figure 10 shows a breakdown of the type of waste sent to landfill since 2000-01.

Figure 10 - Volume and type of waste sent to landfill from SCA audited sites 2000-2009



Resource recovery (waste reuse and recycling)

The SCA provides opportunities for staff to reuse and recycle resources including paper, cardboard and newspaper recycling services, and mixed recycling services (glass, plastics, aluminium, and steel). The SCA also recycles toner cartridges, computers and mobile phones.

Waste management clauses in all SCA contract documents require contractors, where possible, to separate and recycle waste.

Fill and virgin excavated natural material from construction projects is used or stockpiled on site. Waste oil is recycled from pump and transformer activities and the SCA's civil, mechanical and electrical maintenance contractor collects and recycles approximately 400 litres of used oil each year.

The SCA participates in the national DrumMuster program, recycling up to 100 cleaned 20 litre chemical containers used for herbicides through this program each year.

The annual waste audit estimated a total of 20,155 kilograms of waste was recovered (recycled) from the SCA during 2008-09. This comprised 19,284 kilograms of paper (including writing paper, newspaper and cardboard) as well as other recyclable material such as glass (360 kilograms), plastics (301 kilograms), and ferrous/non-ferrous material such as aluminium and steel (118 kilograms). This equated to a slight decrease in our overall recycling efforts since 2007-08.

In 2008-09 the SCA recycled approximately 93 percent of the paper and 88 percent of the cardboard waste generated, compared to the government average of 80 percent (paper) and 76 percent (cardboard). Overall, the SCA recycled approximately 70 percent of all waste, a slight decrease from 73 percent in 2007-08.

Using recycled material

It is SCA policy to purchase and use recycled or environmentally responsible materials. SCA contracts contain clauses requiring contractors to purchase recycled content construction and landscaping materials. Over 90 percent of the paper used by the SCA has a minimum of 60 percent recycled content.

All documents printed externally in 2008-09 were printed on paper with a minimum of 50 percent recycled content and 50 percent from certified fibre sources. The Forest Stewardship Council (FSC) certifies material sourced from forests that are managed to meet social, economic, ecological, cultural and spiritual needs of present and future generations. Publications are printed by environmentally responsible companies with ISO 14001 accreditation. Where possible, items are printed digitally in small numbers, or on demand, which significantly reduces the total amount of paper used. This annual report is an example of this initiative.

Appendix 23 – Compliance with the *Energy Efficiency Opportunities Act 2006* and Regulation

The SCA continues to meet the requirements of the Energy Efficiency Opportunities Regulation 2006 and this appendix meets these reporting obligations. To date, the SCA has assessed 98 percent of its total energy use. The energy management database software, Stark Essential, helps input, analyse, verify, store, manage and report on all energy management data which can be shared with both internal and external stakeholders. The SCA regularly monitors monthly energy bills and analyses the data from a cost and compliance perspective. Stark billing data is verified and audited to \pm five percent.

The SCA had previously identified implementation of a variable speed drive at the Burrawang pumping station as a key project to reduce energy consumption. This project is currently on hold and will be reassessed once the role of Shoalhaven pumping is clarified with the release of the 2010 Metropolitan Water Plan.

Investigations into energy use at the Nepean Deep Water Pumping Station and Prospect Raw Water Pumping Station were conducted during the reporting period. Temporary metering was installed to check harmonic losses which were found to be negligible and no significant initiatives were recommended.

The SCA is investigating the feasibility of installing mini or micro hydroelectric power plants at appropriate SCA dams.

To remain at the forefront of new technology and reduce greenhouse gas emissions a number of capital projects have been proposed to upgrade electrical assets and install the latest Supervisory Control and Data Acquisition (SCADA) systems to enable greater off-site monitoring and control of assets.

Appendix 24 – Summary of SCA energy related achievements 2008-09

Compliance with energy legislation and *Energy Reporting Act 2007* (Cth) (NGERS)

National Greenhouse and Energy Reporting Act 2007

This *National Greenhouse and Energy Reporting Act 2007* (NGER Act) mandates Australian corporations to report annually on greenhouse gas emissions, energy production and energy consumptions at certain thresholds.

The NGER Act was modified to form the backbone of the Carbon Pollution Reduction Scheme (CPRS). The SCA has provided valuable feedback to the Water Services Association of Australia (WSAA) to determine its position on the definition of a 'facility' under NGER. This is critical for supply authorities that collect and treat raw sewerage as the NGER Act would require them to purchase permits.

Amendments to the Act were enacted on 15 September 2008. The amendments enable the Greenhouse and Energy Data Officer (GEDO) to publish additional information reported by corporations. The amendments do

not represent any major shifts in government policy and the SCA has assessed them as having no significant impact on its reporting obligations.

The SCA is registered with the Federal Department of Industry under the legislation and reports as required. The SCA is currently over the first threshold of 125 kilotonnes CO₂-e or 500 terajoules of energy. We are also affected by the facility threshold of 25 kilotonnes.

Biofuel (Ethanol Content) Act 2007 and Biofuel (Ethanol Content) Regulation 2007

The NSE *Biofuel (Ethanol Content) Act 2007* requires primary wholesalers to ensure that ethanol constitutes a minimum of two percent of the total volume of petrol sold or delivered in NSW.

To help reach the target, government fleet vehicles need to use E10 fuel (comprising 10 percent ethanol) at least 20 percent of the time. In 2008-09, 48 percent of the fuel used by the SCA was E10 fuel.

Summary of energy related achievements

The SCA's Energy Management System continues to compare favourably against benchmarks for other government agencies. SCA reports annually to the Minerals and Energy Division, NSW Industry and Investment and to the WSAA on its energy usage.

Key achievements in implementing the 2006-2010 Energy Management Plan are outlined below:

- Energy management clauses are included in SCA contracts
- The SCA's Penrith and Warragamba offices were designed to take advantage of natural lighting. Both offices have a 4.5 star Australian Building Greenhouse Rating (ABGR) rating. The electricity bill from the Penrith office is less than half that of the previous building. The Macarthur office also has at 4.5 star ABGR rating
- To reduce greenhouse gas emissions SCA has one electric hybrid fleet vehicle with investigations under way to include an additional larger hybrid vehicle.
- Operational needs require the use of diesel vehicles. To offset the greenhouse gases emitted by these vehicles, the SCA is signed to the GreenFleet Australia Program which requires 17 native trees be planted for each year a vehicle is on operation.
- The SCA has increased its use of solar power by installing 100 percent solar powered mixers at Lake Burragorang.
- The chlorination plant at Broughtons Pass will be replaced with a new plant that will be powered by 100 percent solar energy. The current plant is costing the SCA \$15,000 a year.

Initiatives to save energy and reduce costs and demand include:

- installation of power factor correction equipment at the Greaves Creek pumping station has resulted in reduced energy consumption, compliance with NSW Service & Installation Rules, and \$3,000 savings
- installation of timers on all hot water units at Fitzroy Falls, Cataract, Woronora and Cordeaux
- investigations into optimising pumping in the Blue Mountains system and simulations have been carried out on the pumping system at Prospect to save approximately \$35,000 in energy costs
- application for Warragamba high voltage connection (NMI4310935498) to go from the N90 Electricity Network Tariff to the N29 Electricity Network Tariff has been accepted by both Energy Australia and Integral Energy effective April 2009. This will save up to \$48,000 a year.
- investigations are being made into the viability of claiming back the fuel tax rebates for the last five years using the Stark Energy Management database
- continuing to participate in the Earth Hour Initiative
- investigated alternative electrical supply to Warragamba Dam to increase the reliability of supply
- supplied information to Sydney Water's Science and Technology group for a project on energy use in water delivery systems. The project is to give private companies an awareness of the energy and costs involved in delivering water and wastewater services in Sydney
- to save downtime, carried out investigation to install equipment to synchronise generators at Warragamba Dam to allow a seamless transition between power from the grid and generator power. The exiting feature for auto-change over is to remain.
- participated in the Demand Curtailment Program run by TransGrid and Energy Response

- signed up to the NSW Electricity State Contracts 777 and 776 for small and large sites as required by the Department of Services, Technology and Administration to begin on 1 July 2009. Consumption data was provided to the Department for negotiations for 2010 onwards that may lead to better electricity prices across NSW government.

Appendix 25 – Water conservation

In 2008-09, the SCA used an estimated (determined by the percentage of floor space occupied) 1,451* kilolitres of water at its Penrith office, compared to 3,215 kilolitres in 2007-08, 3,599 kilolitres in 2006-07 and 2,938 kilolitres in 2005-06.

More than 90 percent of SCA owned buildings had water conserving devices installed by December 2006 as required by the SCA Environment Plan. The devices included water efficient showers and toilets in the Warragamba Conference Centre as well as spring loaded taps and dual flush toilets in the picnic grounds. The new Warragamba Visitor and Operations Centre has rainwater tanks, dual flush toilets, and other water saving devices. The building was completed in November 2008.

Considerable work was done to meet the target of more than 90 percent of SCA leased buildings having water conserving devices installed by 31 December 2008. Dual flush toilets and water saving taps were installed in the SCA's Macarthur office. The SCA's new office in Penrith, part of the Government Office Building completed in November 2008, has a rainwater tank, water saving taps and dual flush toilets.

A leakage and loss report was provided to the Independent Pricing and Regulatory Tribunal in April 2007 detailing the SCA's actions to address water leakages and losses. We report annually on progress against these actions. This report can be found on our website at www.sca.nsw.gov.au.

The SCA collaborates with Sydney Water and its other customers to ensure consistent approaches to demand management and water conservation. The Water Wrap newsletter, that accompanies Sydney Water and SCA billing notices to customers, delivers water conservation messages on a quarterly basis.

The SCA continues to participate in the Metropolitan Water Education Group with the NSW Office of Water, Sydney Water and DECCW. Our support this year has been extensive and has included:

- input to the planning and evaluation of the latest mass media Water for Life community education campaign featuring "A day in the life of a water drop"
- developing animations and graphics to support the 2008 MWP Progress Report and Water for Life website
- active involvement in planning and delivering community consultation on the MWP review, including a series of community workshops where water conservation was a key topic
- helping to develop the Water Education Plan for greater Sydney 2008-2012 which sets out the priorities and other plans for education providers
- supporting the development of Community Water Views, a report on trends in community attitudes, awareness, and actions on water in greater Sydney
- participating in the evaluation panel for the Water for Life inaugural grants program.

The SCA has also continued to deliver water conservation messages as a key part its school education program at Warragamba Dam and is including a strong water wise focus in the new exhibition being planned for the new Warragamba Visitor Centre.

*Figure is an estimate due to a faulty water meter at the Government Office building in Penrith. Figure will be significantly lower than previous years, due to the design of the building (ie rainwater tanks for toilet use).

Appendix 26 – Cost of 2008–09 annual report

The estimated external production cost of the SCA Annual Report 2008-09 was \$6,500.

Appendix 27 – Operating Licence requirements reported to IPART

The 2006-2010 operating licence requires the SCA to provide specific information to IPART by 1 September of each year. Condition 1.12.2 requires the SCA to make this information available to the public after it is provided to IPART.

Table 42 – SCA Operating Licence requirements

Licence condition	Requirement	Annual report reference
4.3.3	The SCA must provide information to IPART by 1 September of each year on its compliance with the Regional Environmental Plan	Goal 2 - The Drinking Water Catchments Regional Environmental Plan No.1
5.1.5	By 1 September of each year the SCA must provide information to IPART on progress for the previous financial year in meeting the environment plan. This includes the SCA's compliance with targets and timetables in the plan	Goal 2 - Assessing environmental impacts of SCA projects Goal 4 - Achievements in environmental performance Appendix 21 - Heritage assets Appendix 22 - Waste reduction and purchasing policy (WRAPP) implementation Appendix 24 - Summary of SCA energy related achievements 2008-09 Appendix 25 - Water conservation
6.4.2 (a)	The SCA must provide by 1 September of each year information for the previous financial year on demand management and supply augmentation including any obligations under any licence or approval under the <i>Water Act 1912</i> , <i>Water Management Act 2000</i> and the Metropolitan Water Plan.	Goal 1 - Metropolitan Water Plan Appendix 25 - Water conservation
8.3.5	The SCA must provide by 1 September of each year the following details concerning complaints: (a) number and type (b) number and type resolved or not resolved in sufficient detail and with sufficient classification to enable IPART to gain a reasonable understanding of how complaints were resolved or why they were not resolved (c) where there are 20 or more complaints on a similar problem or issue, details of that problem or issue.	Goal 4 - Complaints Appendix 9 - Complaints
8.4.2	The SCA by 1 September of each year must provide information on its consultation activities under clause 8.4.1 (the SCA must regularly engage in consultation with customers and the community on issues relevant to the performance of the SCA's obligations under the licence)	Goal 4 - Consulting to make the best decisions

Licence condition	Requirement	Annual report reference
5.2 and schedule 2	Indicators of the SCA's impacts on the environment: <ul style="list-style-type: none"> • Energy • Water consumption • Waste • Heritage Compliance with water releases	Goal 4 - Achievements in environmental performance Table 1 - Key areas of performance 2008-09 Appendix 22 - Waste reduction and purchasing policy (WRAPP) implementation Appendix 21 - Heritage assets

Information to meet the requirements of conditions 6.4.2(b) and 6.4.2(c) is published directly on the SCA website: www.sca.nsw.gov.au

SCA Division Report



Sydney Catchment Authority Division of the Government Service Annual Report 2008-09

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Photograph previous page: SCA officers undertake a structured program of surveillance and monitoring to ensure the safe and effective management of our dams.

Letter to the Minister

Sydney Catchment Authority
Level 4
2 – 6 Station Street
Penrith NSW 2750

The Hon P J Costa MP
Minister for Water
Minister for Regional Development
Level 34 Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

It gives me great pleasure to submit the 2008-09 Annual Report of the Sydney Catchment Authority Division of the Government Service for presentation to the Parliament of NSW.

The report is prepared in accordance with the *Public Sector Employment and Management Act 2002*. The report adheres to the *Annual Report (Statutory Bodies) Act 1984*, the Annual Report (Statutory Bodies) Regulation 2005, the *Public Finance and Audit Act 1983*, and the Public Finance and Audit Regulation 2005.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M Bullen', with a large, stylized flourish extending to the left.

MICHAEL BULLEN
Division Head
Sydney Catchment Authority Division of the Government Service

30 October 2009

About the SCA Division of the Government Service

The *Public Sector Employment and Management Act 2002* established the Government Service of New South Wales. The Service is comprised of those persons employed by the Government in the service of the Crown. These persons are the former employees of statutory corporations like the SCA and agencies who previously employed their own staff.

The Government Service is divided into divisions. The Sydney Catchment Authority Division is a division created by the Act. The SCA Division provides personnel services to the SCA to enable it to carry out its statutory functions. The Chief Executive is the Division Head and exercises employer functions in relation to Division staff.

Under these arrangements, the SCA Division is a special purpose service entity 'that provides personnel services to a single statutory corporation where the service entity has no functions other than employment functions'. The SCA Division is required to produce separate financial reports.

The annual report for the SCA Division is in two sections. Section one reports on the personnel services that the Division provides to the SCA. Section two contains the Division's financial reports required by Treasury.

GOAL 4 - Successful business

The Sydney Catchment Authority Division of the Government Service (SCA Division), as a statutory corporation, includes details of its human resources and employee related matters in its annual report.

The SCA Division employs around 285 staff who enable us to deliver on our statutory obligations. The Division aims to provide a safe and equitable work environment for all employees and to be an employer of choice in the water industry.

The SCA Division delivered on a broad range of employee related strategies and programs during the year.

Highlights:

- Achieved shortlisting of the SCA's submission to the annual WorkCover NSW Safe Work Awards under the category of Best Workplace Health and Safety Management System
- Successfully implemented the SCA Pandemic Plan to prevent and minimise the spread of H1N1 swine flu in our workplace
- Following a thorough review of our business, began an organisational realignment to improve the efficiency and effectiveness of our service delivery
- Began rolling out the Leader Within development program to build individual and organisational capacity, improve workplace relationships, team effectiveness and encourage innovation.

People are safe at the SCA

Occupational health and safety

The SCA Division is committed to the safety, health and well-being of staff, contractors and visitors, and to consultation and continuous improvement in all occupational health and safety (OH&S) matters.

During 2008-09, the Division established three new OH&S committees and an Executive subcommittee. The three OH&S committees are geographically based at Penrith, Warragamba and Campbelltown. Establishing these committees has increased awareness and direct local support of staff. All committees worked together to develop OH&S priorities which have been discussed at the Executive subcommittee and will be consolidated and prioritised into the SCA's OH&S Management Plan for 2009-10.

The new consultative arrangements helped staff and management focus more closely on OH&S matters which contributed to improvements in OH&S performance for the year.

The Division enhanced its OH&S training by launching three new compulsory online training programs during the year.

Case Study – New Occupational Health and Safety Management System

The health and safety of workers, contractors and visitors is of primary importance to the SCA. Safe work practices underpin all of our activities and this year, the SCA made some significant improvements to our occupational health and safety management.

A comprehensive new Occupational Health and Safety Management System was launched by the SCA in 2008 and includes a series of new procedures and safety controls. This represented a very significant body of work for the organisation and involved extensive consultation with staff.

The new system, which is available to staff online, better integrates occupational health and safety with the SCA's normal business activities and ensures that safety is considered in our corporate and strategic planning. Training was also provided to staff in how to use the new system.

In place for 12 months, the new safety management system is already showing very positive improvements in our health and safety performance with a significant reduction in lost time injuries.

This new system contains many elements that are specific to the water and utilities industries, which have specific health and safety considerations.

The SCA's Occupational Health and Safety Management System was entered into WorkCover NSW's Safe Work Awards for 2009. In recognition of the key improvements the new system has brought to our business, the entry has been shortlisted as a finalist with awards announced in October 2009.

Right: SCA staff at annual pre-season training for fire fighting.



Overview of injuries

In what was an improvement on the previous year, a total of 14 medical treatment injuries were recorded for staff in 2008-09. These included non work related injuries such as those that happened during work breaks or on the way to and from work. Of the 14 injuries, six resulted in the loss of time at work. Two were single day minor injuries, two were aggravations of pre-existing conditions, and two were a result of injuries caused on the journey to or from home - these were not recorded as work related injuries.

A total of 43 work days were lost in the 2008-09 period compared to 124 for the previous year. The latest report from the Working Together NSW Government Public Sector OH&S Injury Management Strategy shows that the SCA is performing well in comparison to other public sector agencies. The SCA has met or exceeded the strategy targets. A revised NSW Government Working Together Strategy is due to be announced in August 2009. On its release, the Division will amend its OH&S priorities and plan in line with the new strategy.

There has been a significant improvement in the reporting of incidents by employees and contractors. The level of detail, recommendations and actions included in incident reports has also improved. A monthly OH&S report is submitted to the Executive and Board.

WorkCover Safe Work Awards 2009

The SCA made a submission to the annual WorkCover NSW Safe Work Awards under the category of Best Workplace Health and Safety Management System (see case study page 170).

H1N1 Swine Flu Response

In response to the outbreak of H1N1 influenza around the world, the SCA implemented its Pandemic Plan to prevent and minimise the spread of this virus within the SCA workforce. A corporate incident was declared in May 2009. Measures implemented include staff awareness initiatives, improved hygiene control, and procedures for illness management, response, and quarantine of SCA buildings.

An online training package was developed and measures were taken to minimise potential exposure of higher risk employees with underlying health conditions. Since the outbreak of H1N1 Influenza, the Division has experienced a slightly higher than usual rate of seasonal absence.

Employee Assistance Program

The Division continued to provide the Employee Assistance Program using an independent confidential counselling service provided free of charge for SCA staff and their immediate family members. The service can deal with both personal and work related issues.

Lone and Remote Worker System

The SCA is committed to providing a safe and healthy workplace for all employees and contractors by eliminating or minimising hazards.

Due to the nature of their roles, employees and contractors often need to work alone and in remote areas. Some office based workers also work alone after hours. In these circumstances, staff and contractors are required to use the Lone and Remote Worker System.

On induction, all staff, sub-contractors, and other service personnel who work for a contractor are provided with access to the system.

The system works via a link to an external service provider. If a staff member does not log out of the system at the designated time, an automated alert is sent to initiate an appropriate response.

We have the right people with the right skills at the right time

The Division implemented a comprehensive learning and development program during 2008-09 aimed at fostering the development of skills and capabilities to meet current and future business needs (see Appendix 4 for details).

With an ageing workforce (43 percent of staff are aged 50 or over), the Division is developing a number of management strategies including succession planning, a knowledge transfer program, and an entry level employment program.

Staff turnover in 2008-09 was six percent.

Long service awards

As part of the Division's ongoing recognition of its people, 11 staff received long service awards in 2008. The awards recognise continuous employment with the SCA including previous service with Sydney Water.

The SCA Long Service Awards procedure has been reviewed to make it more equitable across the organisation. The procedure now recognises staff with prior service in other areas of the NSW Government, not only from the SCA and Sydney Water. The procedure will be implemented in the coming year.

Consulting with unions

A Joint Consultative Committee provides a forum for peak level discussions between the Division, the Australian Services Union, and the Association of Professional Engineers, Scientists and Managers Australia.

During the year the committee worked collaboratively on the SCA organisational realignment. No disputes involving the SCA were lodged or heard in the Industrial Relations Commission of NSW during the year.

The parties entered a memorandum of understanding (MoU) in relation to wages and conditions for employees covered by the Sydney Catchment Authority Consolidated Award for the period 1 December 2008 to 30 June 2011. The parties agreed to progress work to rewrite the SCA Award to modernise and streamline conditions and remove obsolete clauses.

Realignments and organisational reviews

In August 2008, the SCA began an organisational realignment to review structures, positions and work functions, and to streamline work practices and processes.

Divisional workshops were held with representation from a cross section of staff to ensure there was coverage of a broad range of issues. Information collected from the workshops was vital in subsequent stages of the consultative process and informed development of priorities for realignment of divisional functions and streamlining organisational processes.

The final structure was presented to the SCA Executive and the Joint Consultative Committee in May 2009 and placed on the SCA intranet in June 2009. The SCA realignment is effective from 1 July 2009.

Managing performance and recognising staff achievements

The SCA's performance management system continued to operate effectively during 2008-09 with staff and management committed to establishing individual performance agreements and learning and development plans aligned with corporate and divisional plans.

Under the SCA's performance management system, outstanding performance is recognised for staff members who have made an extraordinary contribution to the SCA during the performance period.

A review will be undertaken of the SCA Performance Management System in 2009-2010.

Complete Human Resources Information System

The SCA's Complete Human Resources Information System (CHRIS) was upgraded during the year to bring it in line with Australian Taxation Office requirements and to enhance its operation. The system has been operating since 2006 and provides on line information to staff and managers. Further enhancements to the system are under review as part of the realignment process.

Equity and Diversity Management Plan

The Division is required to develop a number of management plans relating to equity and diversity. The SCA has combined these plans into a single Equity and Diversity Management Plan that details relevant initiatives. The plan comprises an Equal Employment Opportunity Management Plan, a Disability Action Plan, and an Ethnic Affairs Priority Statement.

The Equity and Diversity Plan was developed in consultation with staff from across the organisation. The plan is based on guidelines issued by the Public Sector Workforce Office in the Department of Premier and Cabinet, Department of Ageing, Disability and Home Care, and Community Relations Commission. It is endorsed by the SCA Executive and approved by the Chief Executive and has been submitted to all relevant agencies.

All staff members are responsible for actioning the plan and those with direct responsibilities have actions specified in their performance agreements.

Equal employment opportunity activities in 2008-09

Activities in 2008-09

The Division continued its program of compulsory EEO Awareness and Prevention of Harassment training during the year. The program, tailored for the SCA, was delivered by the NSW Anti-Discrimination Board.

The SCA sponsored five women in the Springboard Women's Development Program. The program supports women in non managerial positions to further their goals, both professional and personal.

The Division is rolling out a leadership development program called the Leader Within, developed and delivered by human resources specialists, The Human Dimension. The three day residential program was run twice in 2008 - 09 with women making up almost 50 percent of the participants (18 women from 40 participants). The program aims to build capabilities in the areas of people skills, workplace relationships, team effectiveness, team and individual development, change and innovation facilitation, managing work priorities, and professional development. The program will be extended to other staff in 2009-10.

The SCA regularly sponsors employees in the Public Sector Management Program. The program is a national tertiary level program focused on building management skills. This year, a member of staff from a non-English speaking background undertook the course.

Table 1 - Trends in representation of EEO groups 2008-09

A. Percentage of total staff representation

EEO Group	Benchmark or target	2005 (%)	2006 (%)	2007 (%)	2008 (%)	2009 (%)
Women	50	37	38	40	41	40
Aboriginal people and Torres Strait Islanders	2	2	2	2	2	2
People whose first language was not English	20	14	15	18	19	18
People with a disability	12	3	3	3	2	2
People with a disability requiring work-related adjustment	7	1	1	1	0.5	0.5

B. Distribution index

EEO Group	Benchmark or target	2005 (%)	2006 (%)	2007 (%)	2008 (%)	2009 (%)
Women	100	86	85	85	87	86
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a	n/a	n/a
People whose first language was not English	100	107	107	106	107	109
People with a disability	100	n/a	n/a	n/a	n/a	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a	n/a	n/a

Table 2 - External appointments EEO percentages

EEO Group	2005-06	2006-07	2007-08	2008-09
No of external appointments (new employees) (1)	44	43	34	13
No of responses to EEO questionnaires received	37	35	23	11
Women (2)	47%	54%	47%	54%
Aboriginal people and Torres Strait Islanders (3)	0%	0%	4%	0%
People from a non-English speaking background (3)	13%	26%	22%	0%
People with a disability (3)	0%	3%	4%	0%
People from a racial, ethnic or ethno-religious minority group (3)	13%	29%	22%	0%

1. This information was based on external appointments for each financial year (it has not been reduced by terminations).
2. Based on the number of new external appointments
3. Category percentages are based on the number of EEO questionnaires received

Other planned activities 2009-10

The SCA grievance procedure is undergoing a review in line with guidelines and comments suggested by the NSW Anti-Discrimination Board. A key feature of the draft procedure is the creation of grievance contact officers who will provide support and assistance to staff with a grievance. Grievance handling training will be provided to staff when the new procedure is implemented.

The SCA equity and diversity management plan will undergo review with consultation being sought from senior management and key staff from all business areas. The new plan will be based on government guidelines.

Disability and equitable access

The SCA's policies, procedures and work practices reflect the provision of equitable access and opportunities for employees and, where applicable, members of the community, in the following areas:

- employment and development
- premises, services and facilities
- relevant information and communications, and
- participation in decision-making.

The SCA endeavours to promote positive community attitudes towards people with disabilities.

Activities in 2008-09

In the past year, the SCA has made advances in creating access to its services, programs, and facilities to people with a disability. In particular, physical access to buildings has improved with the completion of the Warragamba Visitors and Operations Centre, the Campbelltown office and the Penrith office. These premises now comply with the Australian Standards for access and mobility. The redevelopment of Haviland Park and surrounds for public visitors at Warragamba includes access for people with mobility impairment.

The SCA website was also improved to ensure content is available to the widest possible audience including readers using accessibility technology or features. The website now conforms to the Australian Government endorsed W3C Web Content Accessibility Guidelines.

The SCA sponsored the NSW Department of Ageing, Disability and Homecare 2008 Don't DIS my ABILITY campaign which aims to promote a culture of participation and awareness and celebrate the achievements of people with disabilities.

Planned activities 2009-10

A draft Disability Action Plan is pending Executive approval. The plan was developed using the guidelines in the Disability Action Plan by NSW State Government Agencies and is structured around five key outcomes:

- identifying and removing barriers to services for people with a disability
- providing information and services in a range of formats that are accessible to people with a disability
- making SCA buildings and facilities physically accessible to people with a disability
- assisting people with a disability to participate in public consultations and to apply for and participate in SCA advisory boards and committees
- increase employment participation of people with a disability in the SCA.

Ethnic Affairs Priority Statement

The SCA recognises its staff and the community include people from culturally and linguistically diverse backgrounds who offer a variety of skills, abilities and perspectives. Valuing and drawing on this diversity enhances the SCA's performance.

Activities in 2008-09

EEO Awareness and Prevention of Bullying and Harassment training in 2008 included information on relevant legislation in relation to all forms of discrimination and harassment.

The SCA participated in the NSW Government Skilled Migrant Mentoring Program coordinated by the Hornsby Ku-ring-gai Community College. The program provides work experience for skilled volunteer migrants. The SCA hosted one participant in the water supply planning area.

Six staff members were accredited under the Government's Community Language Allowance Scheme that recognises the use of their community language skills in aspects of SCA work.

The SCA continues to provide employees with access to leave entitlements, flexible work hours, and purchase leave for religious observance and cultural obligations and duties.

Planned activities 2009-10

The SCA will continue to be involved with Hornsby Ku-ring-gai Community College in providing work experience for skilled volunteer migrants as part of the NSW Government Skilled Migrant Mentoring Program.

The Equity and Diversity Management Plan, including the Ethnic Affairs Priority Statement, will be reviewed in 2009-10.

Privacy management

The SCA has a Privacy Management Plan and Privacy Action Plan that are available to all staff on the intranet. Staff are trained in their privacy obligations under the plan. New staff are trained at orientation.

In 2008-09, work began on updating the SCA Privacy Management Plan and Privacy Action Plan to ensure compliance with all relevant legislation and Government policy.



SCA Division financial reporting

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GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Sydney Catchment Authority Division

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Sydney Catchment Authority Division (the Division), 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 Division 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 Chief Executive's Responsibility for the Financial Report

The Chief Executive of Sydney Catchment Authority is 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 Division'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 Division's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive of Sydney Catchment 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 Division,
- 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.



M T Spriggins
Director, Financial Audit Services

20 October 2009
SYDNEY

Sydney Catchment Authority Division

Financial report
for the year ended 30 June 2009



**SYDNEY CATCHMENT AUTHORITY DIVISION
OF THE GOVERNMENT SERVICE**

FINANCIAL REPORTS

In my opinion, as the Division Head, Sydney Catchment Authority Division of the Government Service, the accompanying Financial Statements:

- a) exhibit a true and fair view of the financial position of the Sydney Catchment Authority Division of the Government Service as at 30 June 2009 and of its performance, as represented by the results of its operations and its cash flows for the year ended on that date;
- b) comply with applicable accounting standards, the Public Finance & Audit Act 1983, the Public Finance & Audit Regulation 2005, the Treasurer's Directions and other mandatory professional and statutory requirements where applicable.

I am not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.



Michael Bullen 20-10-09.
Division Head
Sydney Catchment Authority Division of the Government Service

Income statement for the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
Personnel services revenue	2	49,853	37,275
Employee related expenses	3	(38,461)	(32,221)
Operating result for the year		11,392	5,054

The accompanying notes form part of these financial statements

Statement of recognised income and expense for the year ended 30 June 2009

	Note	2009	2008
		\$'000	\$'000
Superannuation actuarial gains (losses)		(11,392)	(5,054)
Net income (loss) recognised directly in equity		(11,392)	(5,054)
Profit for the year		11,392	5,054
Total recognised income and expense for the year		-	-
Effect of change in accounting policy			
Profit for the year as reported in 2008			-
Change in policy - actuarial losses			5,054
Restated profit for the period			5,054

The accompanying notes form part of these financial statements

Balance sheet as at 30 June 2009

	Note	2009 \$'000	2008 \$'000
ASSETS			
Current assets			
Trade and other receivables	4	31,995	15,477
Other non-financial assets	5	271	48
Total current assets		<u>32,266</u>	<u>15,525</u>
Total assets		<u>32,266</u>	<u>15,525</u>
LIABILITIES			
Current liabilities			
Trade and other payables	6	701	662
Provisions	7	15,644	10,221
Total current liabilities		<u>16,345</u>	<u>10,883</u>
Non-current liabilities			
Provisions	7	15,921	4,642
Total non-current liabilities		<u>15,921</u>	<u>4,642</u>
Total liabilities		<u>32,266</u>	<u>15,525</u>
Net assets		<u>-</u>	<u>-</u>
EQUITY			
Accumulated funds		-	-
Total equity		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements

Cash flow statement for the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	12	-	-
Cash flows from investing activities			
Net cash provided by (used) in investing activities		-	-
Cash flows from financing activities			
Net cash provided by (used in) financing activities		-	-
Net increase (decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period		-	-

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

REPORTING ENTITY

Sydney Catchment Authority Division is a Division of the Government Service, established pursuant to Part 2 and Part 3 of Schedule 1 of the *Public Sector Employment and Management Act 2002* (PSEMA). It is a not-for-profit entity that is consolidated as part of the NSW Total Sector Accounts. It is domiciled in Australia and its principal office is at level 4, 2-6 Station Street, Penrith NSW 2750

Sydney Catchment Authority Division commenced operations on 17 March 2006 when it assumed responsibility for the employees and employee-related liabilities of the Sydney Catchment Authority. The Sydney Catchment Authority Division's objective is to provide personnel services to Sydney Catchment Authority.

The Sydney Catchment Authority Division is regarded as a special purpose entity as it was established specifically to provide personnel services exclusively to the Sydney Catchment Authority so as to enable it to exercise its functions outlined in its enabling legislation. The Sydney Catchment Authority Division undertakes no other activities other than the provision of personnel services to the Sydney Catchment Authority.

The Sydney Catchment Authority Division is a reporting entity that it is subject to the control of the Sydney Catchment Authority pursuant to the operation of the PSEMA and accordingly is consolidated by the Sydney Catchment Authority.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise

a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (which includes Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005*.

The financial report was initially submitted to the Auditor General on 12 August 2009. This was one day later than the six week statutory deadline imposed by the *Public Finance and Audit Act 1983*.

The financial report was authorised for issue by the Chief Executive and Chairperson on 20 October 2009.

b) Basis of preparation

The financial report has been prepared on the basis of historical cost, except for financial assets and liabilities which are measured at fair value through profit or loss. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars and rounded to the nearest one thousand dollars, unless otherwise noted.

c) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Sydney Catchment Authority Division's accounting policies, management is required to make judgments, 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 other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgments in applying the Sydney Catchment Authority Division's accounting policies

The following are the critical judgements that management has made in the process of applying the Sydney Catchment Authority Division's accounting policies and that have the most significant effect on the amounts recognised in the financial report:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Not-for-profit status

Management judgement has been applied in determining Sydney Catchment Authority Division's classification as a 'not-for-profit' entity. In making this assessment, the Sydney Catchment Authority has considered the guidance provided by NSW Treasury Policy 06-4 'Distinguishing For-Profit from Not-For-Profit Entities' and TC 06/13 'Financial Reporting and Annual Reporting Requirements Arising from Employment Arrangements'.

Provision for Employee Entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at reporting date:

- Future increases in wages and salaries;
- Future on-cost rates; and
- Experience of employee terminations, gender profiles and periods of service

(ii) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other sources of estimation uncertainty at reporting date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next reporting period:

Superannuation plan assumptions

The Sydney Catchment Authority Division has used actuarial assumptions to estimate its defined benefit superannuation obligation. The assumptions underlying the estimate are disclosed in Note 8(a).

d) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

The Sydney Catchment Authority Division recognises revenue when the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the Sydney Catchment Authority Division. The amount of revenue is not considered to be reliably measurable until all contingencies associated with a transaction are resolved.

e) Goods and services tax

Revenues, expenses and assets are recognised net of the amounts of Goods and Services Tax (GST), except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office. In this case, it is recognised as part of the cost of the acquisition of an asset or as part of the expense; or
- for receivables and payables which are recognised inclusive of GST.

As allowed by the *A New Tax System (Goods and Services Tax) Act 1999* the Sydney Catchment Authority Division is grouped with Sydney Catchment Authority for GST purposes.

e) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. However, short-term receivables are not discounted because the effect of discounting is considered immaterial. Trade receivables are due for settlement no more than 30-days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for impairment is established when there is objective evidence that the Sydney Catchment Authority Division will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor; probability that the debtor will enter bankruptcy or financial reorganisation; and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and its present value, discounted at the effective interest rate. For short-term receivables, where the effect of discounting is immaterial, the amount of the provision is the difference between the asset's carrying amount and the amount expected to be recovered.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. When a trade receivable is deemed uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

f) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Sydney Catchment Authority Division prior to the end of the reporting period, which remain unpaid. The amounts are unsecured and are usually paid within 30-days of recognition. NSW Government guidelines allow for the Chief Executive or his delegate to award interest for late payment of trade and other payables.

g) Employee Benefits

(i) Wages and salaries, annual leave, sick leave and associated on-costs

Liabilities for wages and salaries (including non-monetary benefits) and annual leave expected to be settled within 12-months of the reporting date are recognised as a payable or provision in respect of employees' service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12-months after the reporting date, in which case it is classified as a non-current liability.

The portion of the liability expected to be settled later than 12-months is measured at the present value of the estimated future cash flows expected to be paid by the Sydney Catchment Authority Division with respect of services provided by employees up to reporting date.

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 entitlements accrued in the future.

Outstanding amounts of payroll tax, workers' compensation insurance premiums, superannuation and other associated on-costs, consequential to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) Long service leave

The liability for long service leave is recognised as an employee benefit and measured as the present value of expected future payments (including applicable on-costs) to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels; experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms and maturity and currency that match, as closely as possible, the estimated future cash outflows. Amounts expected to be settled within 12-months of reporting date are not discounted.

(iii) Superannuation

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions to defined contribution superannuation plans are recognised as an expense when employees have rendered service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The Sydney Catchment Authority's defined benefit superannuation plans provide defined lump sum benefits based on years of service and final average salary.

A liability or asset in respect of defined benefit superannuation plans is recognised in the Balance Sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to future salary and wage levels, experience of employee departures and periods of service. Prepaid contributions are recognised as an asset to the extent that cash refund/reduction in future payments is available.

AASB 119 'Employee Benefits' does not specify whether an entity shall distinguish current and non-current portions of assets and liabilities arising from post-employment benefits because at times the distinctions may be arbitrary. Based on this, the Sydney Catchment Authority has decided to disclose all its liabilities as non-current as this best reflects when the Sydney Catchment Authority Division expects to settle the liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Expected future payments are discounted using market yields at reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses are recognised in full in the statement of recognised income and expense in the period in which they occur.

Past service costs are recognised immediately as an expense in the Income Statement unless the changes to the superannuation fund are conditional on employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

(iv) Termination benefits

Termination benefits are recognised as an expense when the Sydney Catchment Authority Division is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement age, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Sydney Catchment Authority Division has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Benefits falling due more than 12-months after reporting date are discounted to present value.

h) Comparative amounts

Where the presentation or reclassification of items in the financial report is amended, comparable amounts have been reclassified unless reclassification is impracticable.

ij) Change in accounting policy

According with NSW Treasury policy, the Sydney Catchment Authority Division has changed its policy on the recognition of superannuation actuarial gains and losses. Such actuarial gains and losses are now recognised outside of profit or loss in the 'Statement of Recognised Income and Expense'. Previously, actuarial gains and losses were recognised in the Income Statement. Both options are permissible under AASB 119 'Employee Benefits'.

The change in policy has been adopted on the basis that recognition outside profit or loss provides reliable and more relevant information as it better reflects the nature of actuarial gains and losses. This is because actuarial gains and losses are re-measurements, based on assumptions that do not necessarily reflect the ultimate cost of providing the superannuation.

Recognition outside profit or loss also harmonises better with the Government Finance Statistics / GAAP comprehensive income presentation for the whole of government and general government sector, required by AASB 1049 'Whole of Government and General Government Sector Financial Reporting'. A comprehensive income presentation will also be available in the Sydney Catchment Authority Division's financial report for the 30 June 2010 reporting year under AASB 101 'Presentation of Financial Statements'.

The change in accounting policy increases the Sydney Catchment Authority Division's profit for the year by \$11.4 million (2008: \$5.1 million).

j) Standards and Interpretations issued but not yet effective

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Sydney Catchment Authority Division's financial report:

- | | |
|--|---|
| ▪ AASB 101 'Presentation of Financial Statements' (revised September 2007) | ▪ Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101' (September 2007) | ▪ Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 2007-10 'Further Amendments to Australian Accounting Standards arising from AASB 101' (December 2007) | ▪ Effective for annual reporting periods beginning on or after 1 January 2009 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Sydney Catchment Authority Division:

- | | |
|--|---|
| ▪ AASB 2008-8 'Amendments to Australian Accounting Standards – Eligible Hedged Items (August 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ AASB 3 'Business Combinations (March 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ AASB 127 'Consolidated and Separate Financial Statements' (March 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (March 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ AASB 2008-11 'Amendments to Australian Accounting Standard – Business Combinations among Not-for-Profit entities [AASB 3] (November 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' (July 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ Interpretation 17 'Distributions of Non-cash Assets to Owners' (December 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-Cash Assets to Owners (December 2008) | ▪ Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ AASB 1039 'Concise Financial Reports' (Revised August 2008) | ▪ Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 8 'Operating Segments' (February 2007) | ▪ Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8' (February 2007) | ▪ Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 2008-9 'Amendments to AASB 1049 for consistency with AASB 101' (September 2008) | ▪ Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123' (June 2007) | ▪ Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 2008-1 'Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations' (February 2007) | ▪ Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 2008-2 'Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation' (March 2008) | ▪ Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) | ▪ Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 2008-7 'Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate' (July 2008) | ▪ Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ Interpretation 15 'Agreements for the Construction of Real Estate' (August 2008) | ▪ Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ Interpretation 16 'Hedges of a Net Investment in a Foreign Operation' (August 2008) | ▪ Effective for annual reporting periods beginning on or after 1 October 2008 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

- AASB 2008-11 Amendments to Australian Accounting Standards – Business Combinations Among Not-for-Profit Entities (November 2008)
- AASB 2009-1 'Amendments to Australian Accounting Standards – Borrowing Costs of Not-for-Profit Public Sector Entities' (April 2009)
- AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments' (April 2009)
- AASB 2009-4 'Amendments to Australian Accounting Standards arising from Annual Improvements Project' (May 2009)
- AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from Annual Improvements Project' (May 2009)
- AASB 2009-6 'Amendments to Australian Accounting Standards' (June 2009)
- AASB 2009-7 'Amendments to Australian Accounting Standards' (June 2009)
- AASB 123 'Borrowing Costs' (June 2007)
- Effective for annual reporting periods beginning on or after 1 July 2009
- Effective for annual reporting periods beginning on or after 1 January 2009
- Effective for annual reporting periods beginning on or after 1 January 2009
- Annual reporting periods beginning on or after 1 July 2009.
- Annual reporting periods beginning on or after 1 January 2010
- Annual reporting periods beginning on or after 1 January 2009
- Annual reporting periods beginning on or after 1 July 2009
- Annual reporting periods beginning on or after 1 July 2009

Notes to the financial statements for the year ended 30 June 2009

2009 2008
\$'000 \$'000

NOTE 2. PERSONNEL SERVICES REVENUE

Personal services revenue	49,853	37,275
Personnel services revenue	49,853	37,275

NOTE 3. EMPLOYEE RELATED EXPENSES

Salaries and wages (including recreation leave and redundancies)	30,136	27,432
Superannuation	2,034	1,802
Long service leave	3,840	618
Workers compensation insurance	474	421
Payroll tax and fringe benefits tax	1,977	1,948
Employee related expenses	38,461	32,221

NOTE 4. TRADE AND OTHER RECEIVABLES

Trade and other receivables	31,995	15,477
Trade and other receivables	31,995	15,477

99.97 percent (2008: 99.94 percent) of the trade and other receivables balance is receivable from Sydney Catchment Authority. Trade and other receivables is neither past due nor impaired. There is no indication that the Sydney Catchment Authority will be unable to settle amounts owing to the Sydney Catchment Authority Division as and when they fall due.

There are no trade or other receivables that have or are in the process of being renegotiated (such that they would be past due or impaired had such a renegotiation not occurred) (2008: Nil).

(a) Foreign exchange and interest rate risk

The carrying amount of trade and other receivables does not include any receivables that are denominated in a foreign currency (2008: Nil)

The Sydney Catchment Authority Division does not hold any interest bearing receivables at reporting date (2008: Nil)

(b) Fair value and credit risk

Because of the short-term nature of receivables, the carrying amount of trade and other receivables is assumed to approximate its fair value.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables. The Sydney Catchment Authority Division holds no collateral in relation to its receivables (2008: Nil).

Refer to Note 13 for the credit risk management policy of the Sydney Catchment Authority Division.

Notes to the financial statements for the year ended 30 June 2009

2009 2008
\$'000 \$'000

NOTE 5. OTHER NON-FINANCIAL ASSETS

Prepaid workers' compensation	-	48
Prepaid salaries and wages	271	-
Other non-financial assets	271	48

NOTE 6. TRADE AND OTHER PAYABLES

Accrued salaries and wages (including superannuation and 'Pay-As-You-Go')	509	515
Accrued payroll tax	192	147
Trade and other payables	701	662

a) Fair value and liquidity risk exposures

Trade and other payables include non-interest bearing liabilities expected to be settled no later than 12 months from reporting date and as such, are recorded on an undiscounted basis. Because of the short-term nature of trade and other payables, the carrying amount is assumed to approximate its fair value.

b) Foreign exchange risk

The carrying amount of trade and other payables does not include any payables that are denominated in a foreign currency (2008: Nil)

2009 2008
\$'000 \$'000

NOTE 7. PROVISIONS

Current provisions expected to be settled within 12 months

Employee benefits		
Annual leave	2,129	1,778
Long service leave	1,386	1,333
Redundancies	1,930	-
	5,445	3,111
Fringe benefits tax ¹	42	39
	5,487	3,150

Current provisions expected to be settled after more than 12 months

Employee benefits		
Annual leave ²	2,177	2,043
Long service leave ³	7,980	5,028
	10,157	7,071
Current provisions	15,644	10,221

Notes to the financial statements for the year ended 30 June 2009

2009 2008
\$'000 \$'000

NOTE 7. PROVISIONS (continued)

Non-current provisions

Employee benefits	566	188
Long service leave ³		
Unfunded defined benefit superannuation liability	15,355	4,454
Non-current provisions	15,921	4,642

¹ The amount provided for Fringe Benefit Tax is based on the actual fringe benefit liability for the fringe benefit tax liability year ending 30 April 2009. Accordingly, there is inherent uncertainty over what the actual liability will be until it is calculated at the end of the fringe benefit reporting year (30 April 2010).

² The bond rate used to discount long-term annual leave to its present value at reporting date was 5.52 percent (2008: 6.45 percent). This rate represents the yield that matches as closely as possible the estimated timing of payments .

⁶ The bond rates used to discount long service leave expected to be settled later than 12-months from reporting date to its present value ranged from 2.56 percent to 4.61 percent (2008: 6.44 per cent to 6.82 percent). These rates represent the yields that match as closely as possible the estimated timing of payments .

a) Defined benefit superannuation schemes

Accounting Policy

During the reporting year, NSW Treasury mandated a change in accounting policy for all NSW public sector agencies to recognise actuarial gains and losses immediately outside profit and loss in the year in which they occur. Previously, actuarial gains and losses were recognised in profit or loss. This change in accounting policy has been applied retrospectively in accordance with Australian Accounting Standards and NSW Treasury Circular TC09/01 'Accounting for Superannuation'.

Fund Information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)
State Superannuation Scheme (SSS)
State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of

All the Schemes are closed to new members.

Notes to the financial statements for the year ended 30 June 2009

NOTE 7. PROVISIONS (continued)

Reconciliation of the present value of the defined benefit obligation

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
<i>Present value of partly funded defined benefit obligations at beginning of the year</i>	13,077	2,890	27,541	13,244	2,753	26,428
Current service cost	382	152	338	415	154	321
Interest cost	830	182	1,787	824	171	1,676
Contributions by fund participants	244	-	344	239	-	317
Actuarial (gains)/losses	(414)	(32)	4,902	(338)	190	(455)
Benefits paid	(204)	(55)	(1,537)	(1,306)	(378)	(746)
<i>Present value of partly funded defined benefit obligations at beginning of the year</i>	13,915	3,137	33,375	13,078	2,890	27,541

Reconciliation of the fair value of fund assets

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
<i>Fair value of Fund assets at beginning of the year</i>	11,844	2,417	24,793	13,185	2,817	26,371
Expected return on fund assets	948	195	2,007	1,002	225	2,049
Actuarial gains/(losses)	(1,915)	(468)	(4,553)	(1,765)	(427)	(3,467)
Employer contributions	490	170	352	489	180	269
Contributions by Fund participants	244	-	344	239	-	318
Benefits paid	(204)	(55)	(1,537)	(1,306)	(378)	(746)
<i>Fair value of Fund assets at end of the year</i>	11,407	2,259	21,406	11,844	2,417	24,794

Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
Present value of partly funded defined benefit obligation at end of year	13,915	3,137	33,375	13,078	2,890	27,541
Fair value of fund assets at end of year	(11,407)	(2,259)	(21,406)	(11,844)	(2,417)	(24,794)
<i>Liability/(Asset) recognised in balance sheet at end of year</i>	2,508	878	11,969	1,234	473	2,747

Expense recognised in income statement

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
Components Recognised in Income Statement						
Current service cost	382	152	338	415	154	321
Interest cost	830	182	1,787	824	171	1,676
Expected return on Fund assets	(948)	(195)	(2,007)	(1,002)	(225)	(2,049)
<i>Expense/(income) recognised¹</i>	264	139	118	237	100	(52)

Notes to the financial statements for the year ended 30 June 2009

NOTE 7. PROVISIONS (continued)

Amounts recognised in the Statement of Recognised Income and Expense

	SASS 30 June 2009 \$'000	SANCS 30 June 2009 \$'000	SSS 30 June 2009 \$'000	SASS 30 June 2008 \$'000	SANCS 30 June 2008 \$'000	SSS 30 June 2008 \$'000
Actuarial (gains) / losses	1,501	436	9,455	1,426	617	3,011

Cumulative amounts recognised in the Statement of Recognised Income and Expense

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Actuarial (gains) / losses	2,380	938	9,013	12,331

Fund assets

The percentage invested in each asset class at the balance sheet date:

	30-Jun-09	30-Jun-08
Australian equities	32.1%	31.6%
Overseas equities	26.0%	25.4%
Australian fixed interest securities	6.2%	7.4%
Overseas fixed interest securities	4.7%	7.5%
Property	10.0%	11.0%
Cash	8.0%	6.1%
Other	13.0%	11.0%

Fair value of Fund assets

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
Actual return on Fund assets	(1,216)	(274)	(2,433)	(831)	(202)	(1,699)

Valuation method and principal actuarial assumptions at the balance sheet date

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30-Jun-09	30-Jun-08
Salary increase rate (excluding promotional increases)	3.5% pa	3.5% pa
Rate of CPI Increase	2.5% pa	2.5% pa
Expected rate of return on assets backing current pension liabilities	8.1%	8.3%
Expected rate of return on assets backing other liabilities	-	7.3%
Discount rate	5.6%	6.55% pa

c) Demographic Assumptions

The demographic assumptions at 30 June 2009 are those used that will be used in the 2009 triennial actuarial valuation. The triennial review report will be available from the NSW Treasury website, after it is tabled in Parliament in December 2009.

Notes to the financial statements for the year ended 30 June 2009

NOTE 7. PROVISIONS (continued)

Historical information

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
Present value of defined benefit obligation	13,915	3,137	33,375	13,078	2,890	27,541
Fair value of Fund assets	(11,407)	(2,259)	(21,406)	(11,844)	(2,417)	(24,794)
(Surplus)/Deficit in Fund	2,508	878	11,969	1,234	473	2,747
Experience adjustments – Fund liabilities	(414)	(32)	4,902	(338)	190	(455)
Experience adjustments – Fund assets	1,915	468	4,553	1,765	427	3,467

Aggregate Historical information^{1 2}

	Financial Year to 30 June 2009 \$'000	Financial Year to 30 June 2008 \$'000	Financial Year to 30 June 2007 \$'000	Financial Year to 30 June 2006 \$'000	Financial Year to 30 June 2005 \$'000
Present value of defined benefit obligation	50,427	43,509	42,425	39,001	38,866
Fair value of Fund assets	(35,071)	(39,055)	(42,373)	(35,998)	(29,834)
(Surplus)/Deficit in Fund	15,356	4,454	52	3,003	9,032
Experience adjustments – Fund liabilities	4,456	(603)	1,222	(3,615)	-
Experience adjustments – Fund assets	6,936	5,659	(3,300)	(2,519)	-

¹Aggregate historical information includes SASS, SANCS and SSS

²Historical information for 2004 is unavailable.

Expected contributions

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
Expected employer contributions	464	178	320	453	180	295

Funding arrangements for employer contributions

(a) Surplus/deficit

Financial position of the Fund in accordance with AAS 25 *Financial Reporting by Superannuation Plans*:

	SASS Financial Year to 30 June 2009 \$'000	SANCS Financial Year to 30 June 2009 \$'000	SSS Financial Year to 30 June 2009 \$'000	SASS Financial Year to 30 June 2008 \$'000	SANCS Financial Year to 30 June 2008 \$'000	SSS Financial Year to 30 June 2008 \$'000
Accrued benefits	12,852	2,851	23,522	13,038	2,906	25,369
Net market value of Fund assets	(11,408)	(2,258)	(21,406)	(11,844)	(2,417)	(24,794)
Net (surplus)/deficit	1,444	593	2,116	1,194	489	575

(b) Contribution recommendations

Recommended contribution rates for the Sydney Catchment Authority for the current and previous reporting period are:

SASS multiple of member contributions	SANCS % member salary	SSS multiple of member contributions
1.90	2.50	0.93

Notes to the financial statements for the year ended 30 June 2009

NOTE 7. PROVISIONS (continued)

(c) Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the *Aggregate Funding* method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

(d) Economic assumptions

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted-Average Assumptions	30-Jun-09	30-Jun-08
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa	7.7% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa	7.0% pa
Expected salary increase rate	4.0% pa	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary. Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

NOTE 8. CHANGES IN EQUITY

	Accumulated Funds		Total Equity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at the beginning of the reporting year	-	-	-	-
Change in equity other than transactions with owners as owners				
Superannuation actuarial gains (losses)	(11,392)	(5,054)	(11,392)	(5,054)
Operating result for the year	11,392	5,054	11,392	5,054
	-	-	-	-
Balance at the end of the reporting year	-	-	-	-

NOTE 9. SEGMENT REPORTING

The Sydney Catchment Authority Division operates exclusively as one business segment in the provision of personnel services to the Sydney Catchment Authority. Its area of operations is wholly within the state of New South Wales.

NOTE 10. COMMITMENTS

Sydney Catchment Authority Division has no commitments contracted for at the reporting date but not recognised as liabilities (2008: Nil).

NOTE 11. REMUNERATION OF AUDITORS

The audit fee for the financial audit of the Sydney Catchment Authority Division is assumed by the Sydney Catchment Authority. The audit fee for the Sydney Catchment Authority Division was \$3,350 (2008: \$3,000).

Notes to the financial statements for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
NOTE 12. RECONCILIATION OF OPERATING RESULT TO CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Profit after tax	11,392	5,054
Adjustments for revenues and expenses recognised directly to equity:		
Actuarial gains (losses) on defined benefit superannuation schemes	(11,392)	(5,054)
Net movement in Balance Sheet items applicable to operating activities:		
Increase (decrease) in trade and other receivables	16,518	4,215
Increase (decrease) in other non-financial assets	223	(154)
(Increase) decrease in trade and other payables	(1,968)	116
(Increase) decrease in provisions	(14,773)	(4,177)
Net cash provided by (used in) operating activities¹	-	-

¹ The Sydney Catchment Authority Division does not have a bank account. All cash related transactions are paid for or received by Sydney Catchment Authority and subsequently charged back to Sydney Catchment Authority Division using inter-entity accounts.

NOTE 13. FINANCIAL RISK MANAGEMENT

The Sydney Catchment Authority Division's activities could potentially expose the entity to a variety of financial risks: Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Sydney Catchment Authority Division's overall risk management program focuses on minimising potential adverse effects on the Sydney Catchment Authority Division's ongoing financial viability.

a) Market risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. On identification of a significant foreign currency exposure, the Sydney Catchment Authority Division fully hedges the transaction within two days of the exposure arising. There has been no foreign currency exposures in the current reporting period (2008: Nil).

There has been no change in the Sydney Catchment Authority Division's exposure to this risk or how it arises from the last reporting period. In addition, there has been no change in the Sydney Catchment Authority Division's objectives, policies and processes for managing this risk from the previous reporting period.

(ii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The nature of Sydney Catchment Authority Division's financial instruments is such that it is not exposed to price risk in the current or previous reporting periods.

There has been no change in the Sydney Catchment Authority Division's exposure to this risk or how it arises from the last reporting period. In addition, there has been no change in the Sydney Catchment Authority Division's objectives, policies and processes for managing this risk from the previous reporting period.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The nature of Sydney Catchment Authority Division's financial instruments is such that it is not exposed to price risk in the current or previous reporting periods.

There has been no change in the Sydney Catchment Authority Division's exposure to this risk or how it arises from the last reporting period. In addition, there has been no change in the Sydney Catchment Authority Division's objectives, policies and processes for managing this risk from the previous reporting period.

b) Liquidity risk

Liquidity risk is the risk that the Sydney Catchment Authority Division will encounter difficulty in meeting obligations associated with financial liabilities.

All transactions are paid for or received by Sydney Catchment Authority and subsequently charged back to Sydney Catchment Authority Division using inter-entity accounts. The parent entity (Sydney Catchment Authority) uses cash flow forecasting techniques to ensure that it maintains sufficient working capital to service Sydney Catchment Authority Division's cash flow needs.

Notes to the financial statements for the year ended 30 June 2009

NOTE 13. FINANCIAL RISK MANAGEMENT (continued)

A maturity analysis for Sydney Catchment Authority Division's financial liabilities is disclosed at Note 6.

There has been no change in the Sydney Catchment Authority Division's exposure to this risk or how it arises from the last reporting period. In addition, there has been no change in the Sydney Catchment Authority Division's objectives, policies and processes for managing this risk from the previous reporting period.

c) Credit risk

Credit risk is risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposures to credit risk exist in respect of financial assets such as trade and other receivables.

The maximum exposure to credit risk is represented by the carrying amount of financial assets included in the Balance Sheet. There is no collateral held as security over receivables or other credit enhancements in the current and previous reporting period.

With respect to trade and other receivables, the Sydney Catchment Authority Division monitors the balance outstanding on an ongoing basis as a means of mitigating against the risk of financial losses from default.

The Sydney Catchment Authority Division is not exposed to credit risks in overseas countries.

There has been no change in the Sydney Catchment Authority Division's exposure to this risk or how it arises from the last reporting period. In addition, there has been no change in the Sydney Catchment Authority Division's objectives, policies and processes for managing this risk from the previous reporting period.

d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial instruments are carried at fair value. For trade and other receivables and trade and other payables, the carrying amount is considered to approximate its fair value. This is because of the short-term nature of these financial assets and financial liabilities.

NOTE 14. CONTINGENT LIABILITIES

The Sydney Catchment Authority Division has no legal matters outstanding or other contingent liabilities which are expected to result in material claims against it (2008: Nil).

NOTE 15. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE


On 11 June 2009, the Premier of the New South Wales announced the formation of thirteen new super agencies in a major reform to the structure of the New South Wales Government. The reform is designed to deliver more integrated services, ensure a greater client focus and to cut "government red tape".

On 27 July 2009, an Administrative Changes Order creating thirteen super departments within the New South Wales Public Sector was made. The Order provides for the legal establishment of the new super departments and the transfer of staff and functions to these entities. As a result of the Order, the Sydney Catchment Authority Division's parent, Sydney Catchment Authority has been amalgamated with a number of other agencies within the Department for Environment, Climate Change and Water. The Director-General of the new Department is Lisa Corbyn.

In facilitating the establishment of the new super departments, there has been significant consultation between Ministers, the Office of the Premier and the Department of Premier and Cabinet. Since the initial announcement, there have been a number of minor changes to the proposed structure, none of which impacts the Sydney Catchment Authority Division.

The likely financial and operational impacts associated with these reforms is unable to be estimated.

-- End of audited financial report --



SCA Division appendices

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Appendix 1 – Overseas visits by staff

The Minister approved the following overseas visits for SCA staff members for 2008–09:

Name of officer: Ian Landon-Jones
 Dates of visit: 21 May to 4 June 2009
 Destination: Brasilia, Brazil
 Event: International Commission on Large Dams Annual Meeting, congress study tour
 Cost to SCA: \$8,318

Name of officer: Vicky Whiffin
 Dates of visit: 17 Nov - 05 Dec 2008
 Destination: Atlanta, New York & Cincinnati, USA
 Event: SGE Credit Union Travelling Fellowship
 Cost to SCA: \$0 (\$8000 fellowship funded by SGE Credit Union in partnership with NSW Dept of Premier & Cabinet)

Name of officer: Bala Vigneswaran
 Dates of visit: 27 Jun - 03 Jul 2009
 Destination: Tainan City, Taiwan
 Event: First International Water Association Symposium on Lake and Reservoir
 Cost to SCA: \$2,806

Name of officer: Chris Chafer
 Dates of visit: 12-15 Feb 2009
 Destination: Marmaris, Turkey
 Event: Second International Conference on Fire Effects on Soils
 Cost to SCA: \$2,243

Appendix 2 – Categories of staff

Table 3 – Categories of staff over four years

Category	2005-06	2006-07	2007-08	2008-09
Chief Executive	1	1	1	1
Managing Director	-	-	-	-
SCA Executive (1)	5	6	5	6
Contract staff (2 and 3)	5	2	2	2
Award staff	289	302	297	273
Total numbers (4)	300	311	305	282
Total FTE numbers (5)	277.4	297.81	289.37	271.9

Footnotes to Table	2005-06	2006-07	2007-08	2008-09
(1) Women in this category	-	1	1	3
(2) Women in this category	3	1	1	1
(3) Temporary employees in this category	-	-	-	-
(4) No of employees in this category with an FTE of less than 1	32	27	27	21
(5) FTE equivalent for employees in footnote 4	13.37	11.43	14.39	12.9

Appendix 3 – Executive remuneration rates

Executive Officers above SES level 5

Chief Executive, Michael Bullen - \$279,851 – SES 6

Mr Bullen has maintained a high level of performance over the year delivering important organisational changes to the SCA so that the business is well positioned for the future.

He has retained a strong focus on occupational health and safety and financial management. Water quality has remained a key performance outcome for the agency.

Mr Bullen has provided leadership in building customer and stakeholder relationships in the catchment community. He has also been active in his contribution to long-term water supply planning through the Metropolitan Water Plan process.

Appendix 4 – Staff training and development

Table 4 - Staff training and development

Training	Numbers 2008-09
Induction	*11
Communication	55
Computer education	110
Engineering technical/para professional	121
Staff relations	52
Performance management	**
Staff harassment prevention/Equal employment opportunity	29
Environment	44
Incident management	0

Training	Numbers 2008-09
Leadership	51
Management	15
Contracts management	2
Project management	2
Office management	0
Occupational health and safety	337
Operations	434
Personal development	15
Quality	8
Service – customer service	0
Temporary arrangements to other positions	191
Business related (SCA supported study)	20
Environment related (SCA supported study)	2
SCA sponsored study: Public sector management	1

*Induction is now conducted on an individual basis. Numbers exclude agency hire staff, Board, and committee members.

** Performance management training is now part of the induction program conducted on an individual basis.

Glossary

Term	Definition
Aqueduct	A transport channel for water
Aquifer	A permeable geological formation that allows groundwater movement through it
Aquitard	A geological formation that restricts groundwater movement
Baseflow	Normal flow conditions in a stream or river
Catchment	An area where water is collected by the natural landscape – in a catchment, all rain and run-off water eventually flows into a creek, river, lake or ocean or into the groundwater system
Deep storage	Water that lies at the bottom of some dams and reservoirs – it is usually below the lowest outlet point in a dam that water can be extracted from, or below the level where gravity can draw water out of the dam
Environmental flows	Flows of water released from dams into a river, stream or other natural waterway to protect and improve river health
Exfiltration	Seepage
Groundwater	All water found below ground level in saturate soil or rocks
Hydroclimatic	Influence of long-term climate on water bodies
Hydrogeology	The study of distribution and movement of groundwater
Hydrology	The study of water movement
Joule	The work done to produce the power of one Watt continuously for one second
Land	Includes rivers, streams and other watercourses
Macroinvertebrate	Aquatic invertebrates including insects, molluscs, crustaceans and worms that can be indicators of aquatic health
Megalitre	A volume equal to one million litres
Operating storage	The amount of water available for water supply in a lake or reservoir
Pathogen	Micro-organisms that can be found in water and which can sometimes cause illness in humans
Petajoule	One million billion joules
Rain event	Rainfall exceeding a threshold value set according to catchment size
Raw water	Water that has not been treated
Regional plan	The regional plan for Sydney's drinking water catchments and adjacent regional centres
Riparian	Refers to land adjacent to a water course such as a riverbank
Sewage	Wastewater from domestic sources
Sewerage	Pipe network that transports wastewater from domestic sources to sewage treatment plants
Special Areas	Land set aside to protect drinking water quality, usually located close to the water supply
Subsidence	Downward movement of the Earth's surface
Terajoule	One million, million joules
Upper Canal	The 65 kilometre channel that transports water from Metropolitan water storages to Prospect Water Treatment Plant
Upsidence	Upward movement of the Earth's surface

Water storages	The SCA's dam walls, pumps and other works used for extracting and storing water in rivers and lakes, water occurring naturally on the surface of the ground and sub-surface waters
Water supply	The SCA's dams, pipelines of associated works, and infrastructure monitoring devices
Yield	The amount of water that can be continually withdrawn from a reservoir on an ongoing basis with an acceptably small risk of reducing the storage to zero

Acronyms

ANCOLD	Australian National Committee on Large Dams
CMA	Catchment Management Authority
CHRIS	Complete Human Resources Information System
CMP	Conservation Management Plan
CRC	Cooperative Research Centre
CRG	Community Reference Group
CRP	Current Recommended Practice
CDSS	Catchment Decision Support System
DECCW	Department of Environment and Climate Change and Water
DPI	NSW Department of Primary Industries
DSC	NSW Dams Safety Committee
DSTA	NSW Department of Services, Technology and Administration
EEO	Equal Employment Opportunity
EP&A Act	<i>Environmental Planning and Assessment Act 1979</i>
FOI	Freedom of Information
GPS	Global Positioning System
HCP	Healthy Catchments Program
HCS	Healthy Catchments Strategy
IPART	Independent Pricing and Regulatory Tribunal
MoU	Memorandum of Understanding
MWP	Metropolitan Water Plan
NorBE	Neutral or beneficial effect on water quality
OH&S	Occupational health and safety
RAP	Rectification action plan
REP	Drinking Water Catchments Regional Environmental Plan No 1
SASPoM	Special Areas Strategic Plan of Management
SCA	Sydney Catchment Authority
SCARMS	Sydney Catchment Authority Reservoir Management System
SLWCA	Strategic land and water capability assessment
SOC	State owned corporation
SWCM Act	<i>Sydney Water Catchment Management Act 1998</i>
VoIP	Voice over Internet Protocol
WRAPP	Waste Reduction and Purchasing Policy
WQRA	Water Quality Research Australia Ltd.
WSAA	Water Services Association of Australia

2008–09 Annual report compliance checklist

Section	Legislative reference	Reporting requirements for statutory bodies	Annual report reference
Letter of submission	ARSBA S9A	Stating report submitted to Minister for presentation to Parliament Provisions under which report prepared If applicable, length of lateness in submitting report and reasons If no application for extension, reasons for lateness and lack of application To be signed by two members of statutory body or, if without members, by the CEO	About the SCA
Charter	ARSBR Sch.1	Manner in which and purpose for which agency was established Principal legislation under which statutory body operates	About the SCA
Aims and objectives	ARSBR Sch.1	What agency sets out to do Range of services provided Clientele/community served	About the SCA
Access	ARSBR Sch.1	Address of principal office/s Telephone number of principal office/s Business and service hours	Back cover
Management and structure	ARSBR Sch.1	Names of members and their qualifications Method and term of appointment of board members Frequency of meetings and members' attendance at meetings Names, offices and qualifications of senior officers Names of significant committees of the agency and names of committee members List of significant committees established/abolished, and functions of such committees Organisation chart indicating functional responsibilities	Corporate Governance Our Organisation App 4,5,6, 7
Summary review of operations	ARSBR Sch.1	Narrative summary of significant operations Financial and other quantitative information for programs or operations	Goals 1-4
Funds granted to non-government community organisations	PM 91-34 ARSBR Sch.1	Name of recipient organisation Amount of grant Program area as per Budget paper Program as per Budget paper Nature and purpose of the project including aims and target clients	App 20

Section	Legislative reference	Reporting requirements for statutory bodies	Annual report reference
Legal change	ARSBR Sch.1; ARSBA s9(1)(f)	Changes in Acts and subordinate legislation Significant judicial decisions affecting agency or users of its services	App 1 and 2
Economic or other factors	ARSBR Sch.1	Affecting achievement of operational objectives	Goal 4
Management and activities	ARSBR Sch.1	Describe nature and range of activities If practicable, qualitative and quantitative performance measures showing efficiency and effectiveness Nature and extent of internal and external performance reviews conducted and resulting improvements in achievements Benefits from management and strategy reviews Management improvement plans and achievements reaching previous targets Major problems and issues which arose Major works in progress, cost to date, dates of completion, significant cost overruns or delays/amendments/deferments/cancellations	Goals 1-4
Research and development	ARSBR Sch.1	Completed and continuing research and developmental activities including resources allocated Unless will adversely affect business	Goals 1 and 3
Human resources	ARSBR Sch.1	No of officers and employees by category and compare to prior three years Exceptional movements in wages, salaries or allowances Personnel policies and practices Industrial relations policies and practices	SCA Division AR: Goal 4 App 2
Consultants	PM 2002-07 ARSBR Sch.1	For each engagement costing equal to or greater than \$30,000: - Name of consultant - Title of project (shown in a way that identifies the nature of the work) - Actual costs For engagements costing less than \$30,000: - Total number of engagements - Total cost Categorised by the nature of the consultancy, such as: finance and accounting/tax; information technology; legal; management services; environmental; engineering; organisational review; training Or a statement that no consultants were used	App 19

Section	Legislative reference	Reporting requirements for statutory bodies	Annual report reference
Equal employment opportunity (EEO)	TC 07/20 ARSBR Sch.1	Major EEO outcomes during the reporting period accounting for planned outcomes set the previous year. Major planned EEO outcomes for the following year, which reflect the agency's corporate priorities identified in planning documentation. Table of trends in (A) representation and (B) distribution of EEO groups. Refer tables A and B Treasury Circular 02/17.	SCA Division AR: Goal 4 App 2
Disability plans	PSEMA Sch. 1 DSA s9, ARSBR Sch.1	Statement setting out the process to implement a disability plan if required as per the <i>Disability Services Act 1993</i> (only for those required according to PSEMA)	SCA Division AR: Goal 4
Land disposal	ARSBR Sch.1	Total number and value of properties disposed of during the year If value greater than \$5 million and not sold by public auction or tender - list of properties - for each case, name of person who acquired the property and proceeds Details of family or business association between purchaser and person responsible for approving disposal Reasons for the disposal Purpose/s for which proceeds were used Statement that access to documents relating to the disposal can be obtained under the Freedom of Information Act.	Goal 4
Promotion	ARSBR Sch.1	Types of publications/other information available to public on activities/ functions Those published during the year Overseas visits by employees and officers with main purposes highlighted	Goal 4 App 11 SCA Division AR: App 1
Consumer response	ARSBR Sch.1	Extent and main features of complaints Services improved/changed in response to complaints/suggestions	Goal 4 and App 9
Guarantee of service	ARSBR Sch.1	If appropriate, standard for provision of services, with comment on any variances or changes made to standard	App 12
Payment of accounts	TC 06/26 ARSBR Sch.1	Details of performance in paying accounts for each quarter: - 0-30, 30-60, 60-90 and 90+ \$ amounts - Target %, actual % and \$ for on time	App 16

Section	Legislative reference	Reporting requirements for statutory bodies	Annual report reference
		- Total dollar amount paid in quarter Details of action taken to improve performance	
Time for payment of accounts	ARSBR Sch.1; TC 06/26	Where interest was paid due to late payments, list of instances and reasons for delay which caused late payment	App 16
Risk management and insurance activities	ARSBR Sch.1	Report on the risk management and insurance arrangements and activities affecting the agency	Goal 4 App 3
Disclosure of Controlled Entities	ARSBR Sch.1	For each controlled entity: - Name, objectives, operations, activities - Performance targets and actual performance measures	About the SCA SCA Division AR: Goal 4
Ethnic affairs priorities statements and any agreement	ARSBR Sch.1	Statement setting out progress in implementing ethnic affairs priority statement and key strategies for the following year Information as to the ethnic affairs priority statements of any bodies reporting to the agency	SCA Division AR: Goal 4
Occupational Health and Safety	ARSBR Sch.1	Statement setting out OH&S performance Details of injuries and prosecutions under <i>Occupational Health and Safety Act 2000</i>	SCA Division AR: Goal 4
Waste	ARSBR Sch.1	Statement on implementation of government's Waste Reduction and Purchasing Policy and progress on: - Reducing generation of waste - Resource recovery - Use of recycled material	App 22
Budgets	ARSBA s7(1)(iii) ARSBR c6-7	Detailed budget for the year reported on, including details of: - If this is the first budget approved - Adjustments to first budget approved - Outline budget for following year	Goal 4
Financial statements	ARSBA s7(1)(a) (i) - (ii)(a)	Inclusion of financial statements Controlled entities' financial statements Audit opinion on financial statements Response to significant issues raised by Auditor-General	Financial reporting

Section	Legislative reference	Reporting requirements for statutory bodies	Annual report reference
Identification of audited financial statements	ARSBR c5	At start and finish	Financial reporting
Additional matters for inclusion in annual reports	ARSBR c8	Total external costs (such as fees for consultants and printing costs) incurred in the production of the report. Whether the report is available in non-printed formats (such as on the internet or on CD-ROM) The internet address at which the report may be accessed (disclosure of the statutory body's homepage address is sufficient) Statement of the action taken by the body in complying with the requirements of the <i>Privacy and Personal Information Protection Act 1998</i> (PPIPA) and statistical details of any review conducted by or on behalf of the body under Part 5 PPIPA	App 26 Inside back cover SCA Division AR: Goal 4
Investment performance	ARSBR c12; TC 09/07	In the form of a comparison with a choice of "Hour Glass investment Facilities" from Treasury Corporation Choice of comparison based on nature and term of underlying liability Stated in terms of annual compound percentage rate of return	Financial statements App 17
Liability management performance	ARSBR c13; TC 09/07	Only if debt is greater than \$20 million In the form of a comparison, details of agency's liability portfolio performance versus benchmark Benchmark is notional portfolio constructed as risk neutral per Treasurer	Financial statements App 18
Performance and numbers of executive officers	ARSBR c11,14	No of female executive officers for current and previous reporting years No of executive positions at each level for current and prior year (or total no at equivalent to SES 1 pay or higher for state owned corporations (SOCs)) For each executive officer >= level 5 (or equivalent pay for SOC) and a chief executive officer not holding an executive position: - A statement of performance by person responsible for their review, with regard to agreed performance criteria - Details of performance pay, and summary of criteria determining this - Name, title and remuneration package - Level (except SOC)	SCA Division AR: App 2 and 3

Section	Legislative reference	Reporting requirements for statutory bodies	Annual report reference
<i>Freedom of Information Act</i>	FOIA s68 FOIR s10 FOIM App. B ARSBA s5A(2)	Statistical information per FOIM Comparison with prior year requirement Impact of activities on FOI requirements Major issues arisen during year Circumstances and outcomes of investigations or applications for review	App 8
Implementa- tion of price determination	IPARTA s18(4)	If agency subject to determination or recommendation of Tribunal then: - Statement that it was implemented and details of implementation, or - Reasons for not being implemented	App 13
Heritage management	HA S170A	Information on the agency's register and compliance by the agency with any guidelines issued by the Heritage Council Statement on the condition of the items on the agency's register and items and land to which a listing on the State Heritage Register applies that are under the care, control or management of the agency.	Goal 4 App 21
Electronic service delivery	PM 00-12	Status report on delivery of electronic services	Goal 4
Credit card certification	TD 205.01	Credit card certification to be attached	App 15
Requirements arising from employment arrangements	TC 06/13 ARSBA s15(1)	Additional requirements, where statutory body receives personnel services from a Department or special purpose service entity -- refer sections 6.1, 7.1.2 and 7.2.2 of TC 06/13	SCA Division AR: Goal 4
Production costs	PM 98-4	Production costs to be kept to an absolute minimum	App 26

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Goulburn
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Emergency reporting
Fires, chemicals, spills
Telephone 1800 061 069

Australian Business Number
ABN 36 682 945 185

Photography credits

Front cover: Gunther Schmida

Other photography: TVU © Sydney Catchment Authority

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ISSN 1446-03X
ISBN 978-1-876951-49-8