



SYDNEY CATCHMENT AUTHORITY

Final Annual Report

1 July 2014 – 31 December 2014

Letter to Minister

The Hon. Niall Blair, MLC
Minister for Primary Industries, and Minister for
Lands and Water
52 Martin Place
Sydney NSW 2000

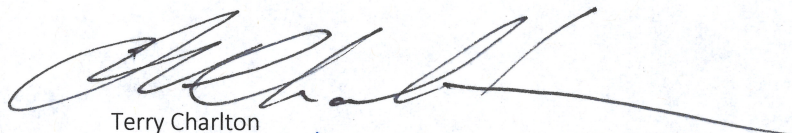
Dear Minister

We are pleased to submit the Final Annual Report of the Sydney Catchment Authority for the period 1 July 2014 to 31 December 2014, for presentation to the Parliament of New South Wales.

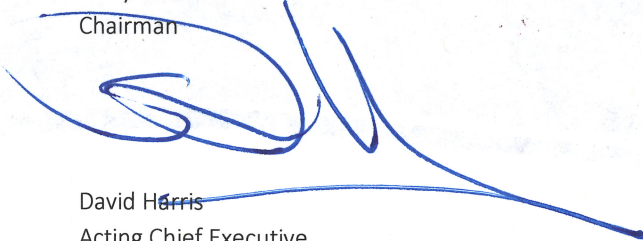
The report has been prepared in accordance with the *Annual Report (Statutory Bodies) Act 1984*, the *Annual Report (Statutory Bodies) Regulation 2010*, the *Government Sector Employment Act 2013*, the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2010*.

An extension of three months for submission of this report was requested on 25 March 2015. The request was granted by NSW Treasury on 26 March 2015. The revised deadline for submission was 31 July 2015.

Yours sincerely



Terry Charlton
Chairman



David Harris
Acting Chief Executive

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Chairman and Acting Chief Executive

This final annual report of the Sydney Catchment Authority marks the end of 15 years of operation, and the beginning of a new era of water supply management across the State with WaterNSW.

The SCA was established by the NSW Government in 1999 to manage and protect Greater Sydney's drinking water catchments and supply high quality raw water. The SCA's role was to manage and protect the catchment areas and infrastructure works, supply raw water and regulate certain activities affecting the catchment.

The SCA operated until the end of 2014 when it and the State Water Corporation came together to form WaterNSW. A single organisation is now responsible for managing raw water supply across the State, and aims to deliver the most efficient service to customers and the community.

WaterNSW is responsible for developing infrastructure solutions for improved water supply and reliability, protecting water quality and catchment protection in declared catchments, asset management, and flood operations and mitigation. WaterNSW will continue to deliver on stringent NSW Government water quality standards and catchment protection for the Sydney drinking water catchment.

WaterNSW began on 1 January 2015, but work was underway well before that date to integrate SCA and State Water. Between July and December 2014 staff were already working closely together to identify and integrate processes and systems fit for the new entity. Structural reform has focussed on creating a stronger organisation with shared knowledge, expertise and skills to meet the increasing challenges of water management and water infrastructure.

This annual report records the achievements the SCA continued to deliver in its final six months of operations.

Between July and December 2014, the SCA continued to deliver strong financial operating performance. Revenue was higher than budgeted, with the relatively dry year driving higher sales. Expenditure was contained within the operating budget. The net loss of \$32.6 million after tax was

predominantly due to the fair value adjustment to borrowings required immediately prior to the transfer of the liability to WaterNSW.

In the final six months of 2014, the SCA continued its record of uninterrupted water supply to major customers. We achieved 99.9 percent compliance with specified water quality characteristics, and 100 percent compliance with Australian Drinking Water Guidelines for health-related criteria.

The \$13.7 million upgrade to Prospect Dam was completed within budget and on schedule. It was one of the most significant upgrades to Prospect Dam since the Upper Nepean water supply system was completed in 1888. The improvements to the dam wall will ensure that Prospect Dam remains a secure and reliable source of water for many years to come.

We continued to invest in important maintenance works to ensure water supply infrastructure will meet our future needs. Maintenance works worth more than \$9 million were undertaken during the reporting period.

We monitored our 21 water supply dams for compliance with dam safety requirements. We carried out surveys which detected no extraordinary movements, and continued the cycle of five-yearly surveillance reports, safety reviews and monitoring that ensures the long-term safety of our water supply assets.

In the catchments we continued to reduce the risks to water quality by working in partnership with local communities, landowners, council and key government agencies. We upgraded an important tool used by councils to assess development proposed in the catchments for neutral or beneficial effect on water quality, and increased efficiency by extending its use to consultants.

A catchments highlight was our Rural Landscape Program delivered in partnership with South East Local Land Services. The SCA committed \$1.4 million to help landholders treat erosion, protect riparian areas and manage grazing land to best practice. By December 2014, 41 grants had been awarded, treating and protecting 3,226 hectares from erosion, and constructing 85 kilometres of fencing to protect waterways from stock.

In November 2014 we held our highest attended SCA annual Staff Day in five years. It was an opportunity to recognise and acknowledge our people and achievements over the last 15 years, and to set the scene for our future challenges. We also implemented phase 1 of our H2O (High to Outstanding) Culture Program to develop a positive, safe and productive environment for our staff.

This report highlights a strong final six months of achievement for the SCA, during which time we continued to deliver on our vision of healthy catchments and quality water, while at the same time preparing for the creation of WaterNSW. On behalf of the Board and our many stakeholders, we thank our staff for their commitment and dedication as we look forward to our future as WaterNSW.



Terry Charlton
Chairman



David Harris
Acting Chief Executive

Overview

Our Vision

Healthy catchments, quality water – always

Our Role

The Sydney Catchment Authority (SCA) captured, stored and supplied quality raw water and managed and protected catchment areas and infrastructure. To do this, we had in place a range of strategies to drive the business and values to guide and support our people.

About Us

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

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

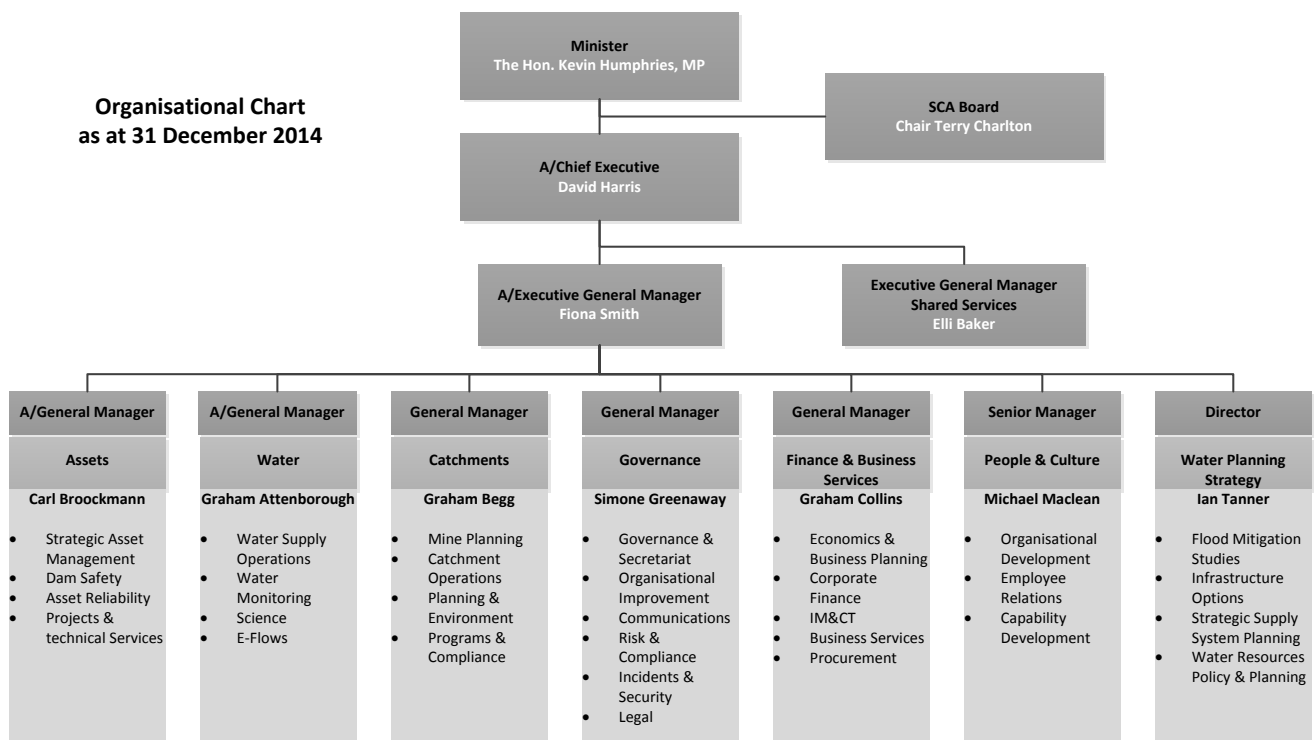
Responsible to the Minister for Natural Resources, Lands and Water, the agency was established in 1999. The *Sydney Water Catchment Management Act 1998* defined the roles, functions and objectives of the SCA.

The SCA worked in partnership with catchment communities and other agencies to manage and protect catchments stretching west through the Blue Mountains to Lithgow and south-west past Goulburn to the headwaters of the Shoalhaven River near Cooma.

We managed a network of 21 dams and weirs capable of holding more than 2.6 million megalitres of water. By drawing on the best science and engineering, we ensured the catchments and water supply infrastructure assets were well-managed and provided customers with an uninterrupted supply of high-quality water, delivering on our vision: Healthy catchments, quality water – always.

On 1 January 2015 the Sydney Catchment Authority was merged with the State Water Corporation, forming WaterNSW, a State Owned Corporation. This followed the recommendations of an independent review of bulk water operations in NSW. On commencement of the *Water NSW Act 2014*, the *Sydney Water Catchment Management Act 1998* was repealed and the functions of the Sydney Catchment Authority transferred to WaterNSW.

**Organisational Chart
as at 31 December 2014**



Our Values

Trust

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

Responsible

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

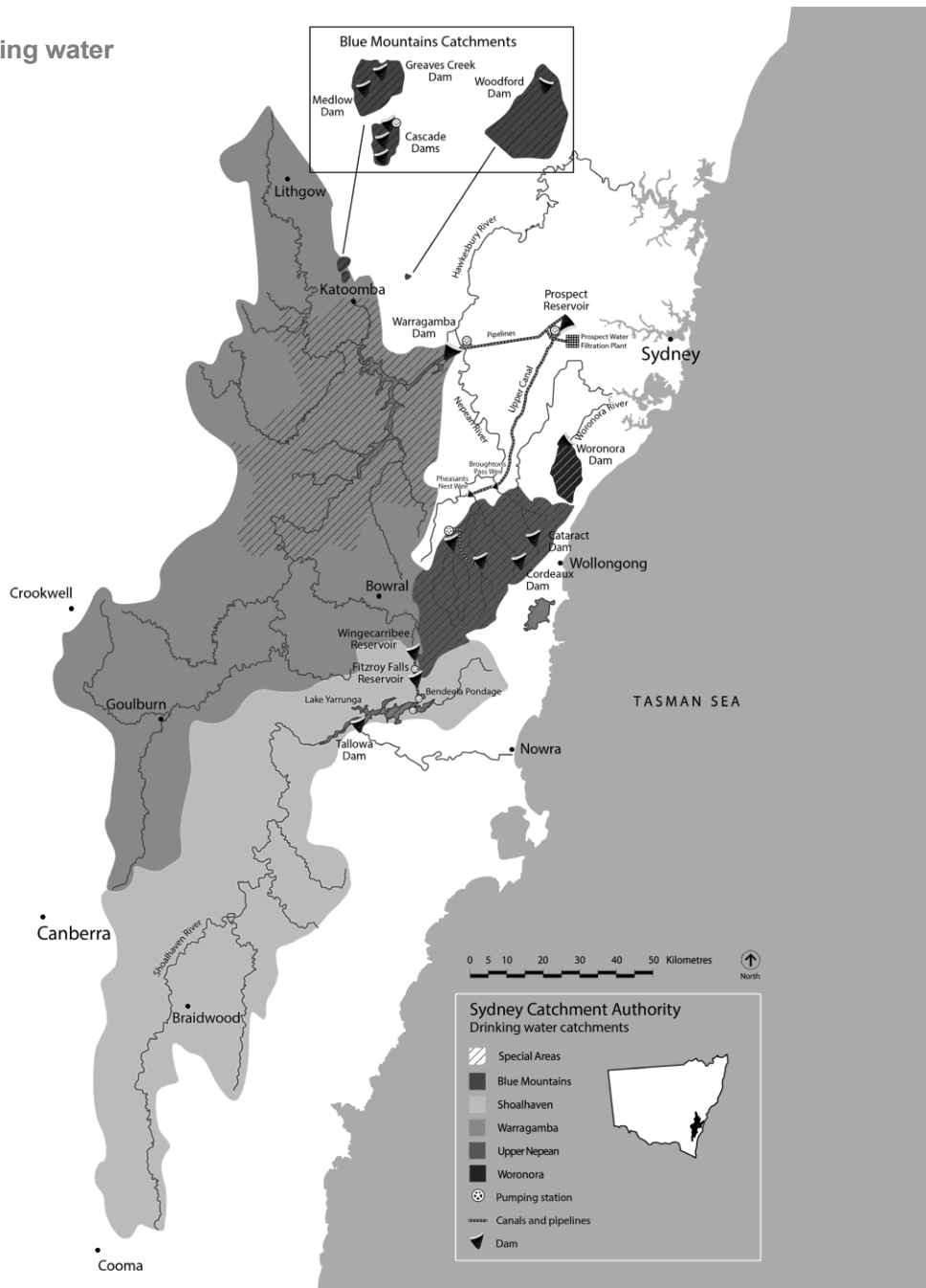
Confident

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

Respect

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

SCA's drinking water catchments



Highlights at a glance

- *100 percent continuous supply of high quality water* to our major customers (265,829 million litres)
- *100 percent compliance with Australian Drinking Water Guidelines* for health-related criteria
- *Full compliance* with all requirements of the Water Access Licences, and Works and Use Approvals required under the Water Sharing Plan
- *Major infrastructure improvements worth \$6.8 million* including completion of Prospect Reservoir upgrade
- *Maintenance works worth \$9.2 million* to ensure security and reliability of raw water supply

Financial Outcomes

5 Year Financial Performance Comparison Table

Financial Performance Indicator	1 Jul – 31 Dec 2014 Actual	2013-14 Actual	2012-13 Actual	2011-12 Actual	2010-11 Actual
Total revenue (\$'000)	107,021	209,231	201,683	208,294	194,218
Operating expenses (\$'000)	68,644	102,603	86,403	97,124	85,487
Earnings before interest, tax, depreciation and amortisation (EBITDA) (\$'000)	37,543	104,401	114,018	111,170	108,731
Depreciation, amortisation, impairments and loss on asset sales (\$'000)	17,347	32,710	28,378	25,671	22,604
Finance costs (\$'000) ¹	62,753	31,370	34,249	36,321	33,665
Total expenses (\$'000)	148,744	166,683	149,030	159,116	141,756
Net profit before tax (NPBT) (\$'000)	(41,723)	42,548	52,653	49,178	52,462
Income tax expense (\$'000)	9,108	16,669	19,887	8,531	15,703
Net profit after tax (NPAT) (\$'000)	(32,615)	25,879	32,766	40,647	36,759
Dividend payable (\$'000) ²	-	27,900	26,757	25,096	27,335
Return on assets (%) ³	N/A	4.8%	5.7%	6.1%	6.1%
Interest-coverage (times)	0.33	2.8	3.7	2.35	2.56
Capital investment program (\$'000)	6,797	32,273	17,698	19,954	27,580
Gearing ratio (%) ³	N/A	35 %	35%	38%	40%

Notes – reasons for major annual variations in table

1. Finance costs is higher due to debt portfolio fair value calculation at 31 Dec 14 before transferring of assets & liabilities to WaterNSW according to TPP 09-3
2. Dividend payable was settled before end of December 2014.
3. SCA was abolished by Water NSW Act 2014 on 31.12.14 and all assets, liabilities and rights were transferred to Water NSW giving zero balance Financial Position for SCA as at 31 Dec 2014.

Performance

This table is a collection of data on performance indicators from across our operations compared to other years. The targets are those set for the reporting period.

Indicator	Target	1/7/14 – 31/12/14	2013-14	2012-13	2011-12	2010-11
KFA: Reliable Water						
% compliance with specified water quality characteristics	95%	99.9%	99.94%	99.9%	99.7%	99.6%
% continuation of water supply	100%	100%	100%	100%	100%	100%
Water supplied to customers (millions of litres)	253,778	265,829	536,607	522,125	418,300	416,944
Total available storage at years end %	-	85.4%	82%	98.1%	96.7%	76.4%
KFA: Engaged people						
No. of staff FTE	295	268.8	265.8	265.5	263.3	246.3
% of highly engaged employees	80%	-	-	67%	72%	-
No. of workplace injuries	0	2	12	5	3	2
No. of lost time days**	0	80	265	23	341	120
KFA: Stakeholder Relationships						
No. of complaints received	0	3	13	7	11	7
No. of visits to SCA website	-	136,504	193,181	306,406	633,714	409,630
% of customers and stakeholders satisfied with SCA (survey carried out periodically)	80%	-	-	-	92%	-
KFA: Business Viability						
Return on assets	2.6%	N/A	4.8%	5.7%	6.1%	6.1%
Capital expenditure \$M	15.1	6.8	32.3	17.7	20	27.6
Total -						
Expenditure \$M	82.0	148.7	166.7	149.0	159.1	141.8
Revenue \$M	106.8	107.0	209.2	201.7	208.3	194.2
Profit before tax \$M	24.8	(41.7)	42.5	52.7	49.2	52.5
Income Tax \$M	7.0	(9.1)	16.7	19.9	8.5	15.7
Profit \$M	17.4	(32.6)	25.9	32.8	40.6	36.8
KFA: Industry Excellence						
% of management responses implemented within timeframes (Board actions)	100%	100%	90%	93%	96.15%	-
KFA: Resource Optimisation						
Amount of CO2 used tonnes	-	11,910	37,138	34,100	53,000	51,500
Electricity consumption (kilowatt hr '000)	-	3,421	10,332	10,105	27,904	27,290

** Refer to section on Compensable Injuries for details of injuries and days lost on pages 11-12

Corporate Sustainability Strategy

The Sydney Catchment Authority's (SCA) activities during the period 1 July 2014 to 31 December 2014 were measured against the Corporate Sustainability Strategy 2010–2015. The strategy embeds sustainability in our governance and structures, establishes and maintains systems to evaluate and report on performance and increases the participation, and ownership, of sustainability practices amongst our employees.

The strategy and its associated business plan ensure the ongoing supply of reliable, quality water to meet the needs of our stakeholders and the community – now, and into the future. The strategy defines Key Focus Areas (KFAs), objectives, strategies, and key performance indicators used to measure the success of our work.

Key Focus Areas					
Engaged People	Stakeholder Relationships	Business Viability	Industry Excellence	Reliable Water	Resource Optimisation
Employees are committed, trusted, valued, safe and accountable in supporting SCA's long-term success.	SCA has excellent partnerships with stakeholders, customers and the community.	The SCA is a viable, commercially successful organisation that is able to adapt to changing business environments and meet customer needs and seek new services and markets.	The SCA is recognised as a leader within the Australian water sector for its organisational practices.	The SCA provides reliable water of agreed quality and quantity to customers to minimise risk to public health.	The SCA achieves sustainable outcomes through the optimisation of its resources and innovative use of assets.
Performance Indicators					
• Zero harm target. • 80% highly engaged employees.	• 80% of customers and Stakeholders satisfied with SCA.	• Achieve return on asset target.	• 100% of management • Responses implemented within agreed timeframe.	• 95% compliance with specified water quality characteristics. • 100% Continuity of water supply.	• Reduction in ecological footprint.
Strategies					
1.1 Provide a safe and healthy workplace where everyone takes responsibility for a safety culture. 1.2 Support, develop and reward employees so they will recommend SCA as an employer of choice. 1.3 Ensure SCA's organisational structure, and decision making processes support a commercial culture and accountable workforce. 1.4 Provide leadership and a clear direction for staff to support their commitment.	2.1 Formalise the SCA's knowledge management capability to share knowledge internally and externally. 2.2 Understand, meet and effectively manage the needs and expectations of stakeholders, customers and the community. 2.3 Represent SCA's interests in key local, state and national forums.	3.1 Position the organisation to be the Water Supplier of Choice. 3.2 Manage risk and pursue opportunities to support a resilient organisation. 3.3 Strive for cost efficiency through optimising operational expenditure and ensuring capital expenditure is efficient. 3.4 Provide reliable and effective systems, processes and tools to support business operations.	4.1 Ensure accountability and ethical behaviour through sound corporate governance. 4.2 Achieve excellence through benchmarking activities. 4.3 Maintain compliance with statutory, regulatory and industry requirements. 4.4 Implement contemporary knowledge management and intellectual property practices.	5.1 Protect and improve the health of the drinking water catchment through the delivery of the Healthy Catchments Strategy and sound scientific research. 5.2 Manage assets for improved efficiency, sound operations and safety. 5.3 Operate water supply system to deliver water to agreed quantity and quality criteria. 5.4 Achieve current and future water quality and quantity needs through water supply planning and asset investment.	6.1 Investigate additional sources of renewable energy. 6.2 Improve the impact of the SCA's activities on the environment. 6.3 Utilise resources in innovative ways and embrace new technology. 6.4 Manage lands to contemporary standards.

Reliable Water

In order to deliver safe, reliable water to customers, the Sydney Catchment Authority (SCA) maintained assets and protected the health of the catchments.

The SCA had in place robust risk strategies and strong compliance and enforcement systems, applied the best science, and delivered to a highly effective asset management and investment framework.

Our Goal

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

Strategies

- 1. Protect and improve the health of the drinking water catchment through the delivery of the Healthy Catchments Strategy and sound scientific research.*
- 2. Manage assets for improved efficiency, sound operations and safety.*
- 3. Operate the water supply system to deliver water to agreed quantity and quality criteria.*
- 4. Achieve current and future water quality and quantity needs through water supply planning and asset investment.*

Key Achievements

- **100 percent continuous supply of high quality water** to our major customers (265,829 million litres)
- **99.9 percent conformance** with site specific water quality standards and 100 percent compliance with Australian Drinking Water Guidelines for health-related criteria
- **Major infrastructure improvements** worth \$6.8 million including completion of Prospect Reservoir upgrade
- **\$1.4 million funding to 41 rural landscape grants** for landholders to fence 85 kilometres of waterways, treat 3,226 hectares for erosion, and better manage 1,571 hectares of grazing land
- **Monitored 21 water supply dams** for compliance with dam safety requirements

Strategy 1 – Catchment Health

Healthy Catchments

Strategy and program

During the reporting period, the SCA continued to work with Local Land Services, the Department of Planning and Environment, the Department of Primary Industries, local councils, landowners and the community to deliver the Healthy Catchment Strategy and program. Key program highlights in this reporting period include:

- **Priority Pollutants Program.** Provided more than \$800,000 in infrastructure grants to target high priority sewage and stormwater infrastructure improvements in the catchment
- **Rural Landscape Program.** Committed \$1.4 million to assist landholders to treat erosion, protect riparian areas and manage grazing land to best practice. By 31 December 2014, 41 grants had been awarded.
- **Special Area enforcement.** During the reporting period, the SCA continued to undertake enforcement activities in Special and Controlled Areas. The enforcement activities resulted in the SCA issuing 15 warning letters, five penalty infringement notices and four statutory notices during the reporting period. See Appendix 9 for more information on compliance activities.
- **Maintaining a catchment science and evidence base.** During the reporting period, the SCA continued to undertake scientific research to support operational and catchment investment decisions. Key research activities include:
- **Monitoring and researching the numbers and viability, characteristics and risks to the raw water supply from *Cryptosporidium* and *Giardia* under the SCA Pathogen Strategy.**
- **Continuing a scientific trial to inform sustainable grazing practices** involving the collection of wet weather samples from two cattle grazing paddocks in the Southern Highlands.

More detailed information on the delivery and results of the Healthy Catchments Program can be found in the SCA's Annual Catchment Management Report 2014-15 (which will be available on the website after November 2015).

Strategy 2 – Managing Assets

During the reporting period, the SCA continued to manage its assets to ensure the efficient supply of water to our customers. Key highlights include:

- Water infrastructure systems were 100 percent available across all seven water supply systems and 100 percent continuity of supply to major customers, Sydney Water and councils during the reporting period
- continued to implement its Asset Management System to achieve ISO55001 compliance, as required by the IPART Operating Licence
- Delivery of \$9.2 million of maintenance works
- Delivery of \$6.8 million of capital investment works in water supply infrastructure assets

Strategy 3 – Water Quantity and Quality

Water quantity

- The SCA supplied 265,829 million litres of water to customers during the six months to 31 December 2014, 99.04 percent of which were supplied to Sydney Water.
- At 31 December 2014, available storage in the SCA's dams was 85.4 percent – an increase of 3.4 percent over the previous six months.

Managing water supply

The water supply system was configured to achieve a balanced drawdown of storages, to satisfy demand and meet environmental flow requirements. The preferred sources of supply during the year were from Warragamba, Cataract and Nepean dams.

Raw water supply was occasionally blended with water discharges from Cordeaux and Avon dams to improve the overall quality of raw water supplied for treatment.

Supply to the Blue Mountains was supplemented by transferring 1.5 megalitres from Lake Oberon to Upper Cascades Dam under the Fish River Water Supply Scheme. There were no transfers from the Shoalhaven system in 2014 as the combined storage of SCA dams remained above 75 percent.

Water quality

The SCA continued to supply reliable, high quality raw water to its customers, delivering 99.9 percent conformance on site specific water quality standards and 100 percent compliance with Australian Drinking Water Guidelines for health-related criteria.

Strategy 4 – Long Term Water Supply

During the reporting period the SCA continued to conduct long term water supply planning to ensure it meets its obligations to customers, and to protect and improve river health. Highlights included:

- Modelling input for Metropolitan Water Plan 2015, involving a simplified supply system model MetroNet for optimising supply system triggers and water supply portfolios.
- Hydrologic and hydraulic modelling input for Hawkesbury-Nepean Valley Flood Review (Stage 2), and examining flood management options and operation frameworks for Warragamba Dam.
- Continuing development of the NSW and ACT Regional Climate Model (NARClIM) in partnership with the Department of Planning and Environment and the University of NSW, to inform future water supply planning.

Engaged People

An important goal at the Sydney Catchment Authority (SCA) was to maintain a safe, engaged, enthusiastic and committed workforce. Clearly defined values, and workplace strategies related to safety, helped the SCA achieve this. The SCA also embraced diversity, welcomed new ideas and encouraged feedback.

The SCA maintained a range of workforce programs to ensure work health and safety was paramount, and its workforce was engaged and committed.

Our Goal

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

Strategies

1. *Provide a safe and healthy workplace where everyone takes responsibility for a safety culture.*
2. *Support, develop and reward employees so they will recommend the SCA as an employer of choice.*
3. *Ensure the SCA's organisational structure, and decision-making processes support a commercial culture and accountable workforce.*
4. *Provide leadership and a clear direction for staff to support their commitment.*

Key Achievements

- *Highest Staff Day in five years celebrates* SCA achievements and focuses on WaterNSW future
- *Action to identify and integrate 'best of breed'* SCA processes and systems into WaterNSW
- *4,994 hours of staff training*, equivalent to 2.65 days per staff member
- *H2O (High to Outstanding) Culture Program phase 1 implemented* across the organisation

Strategy 1 – Safe and Healthy Workplace

Maintaining a safe and healthy workplace is vital for the ongoing wellbeing of the SCA's people, contractors and members of the community who use and visit its facilities.

Work health and safety awareness

The SCA continued to maintain a comprehensive Work Health and Safety (WHS) Management System and implement its Safety and Wellbeing Strategy and Action Plan 2013-16. Highlights in the reporting period included:

- Conducting asbestos inspections across SCA sites, updating asbestos registers, and undertaking remediation works.
- Implementing the Marine Safety (Domestic Commercial Vessel) National Act 2012.
- Regular WHS training programs including asbestos awareness, and increasing the visibility of safety initiatives, audits, and hazard inspections through the weekly staff newsletter and Safety Alerts.
- Streamlining WHS reporting to the Board and Executive, providing more meaningful information analysing divisional performance by full time employees and the frequency of incidents.

Compensable injuries

There were 80 days lost for all compensable injuries between 1 July and 31 December 2014, including 64 days for injuries sustained during the previous financial year. Total days lost for the two compensable injuries sustained during the reporting period were 16, an average of eight lost days per compensable injury.

SCA compensable injury figures

Financial Year	Total Injuries	Total Lost Time Days	Average Lost Days per Compensable Injury
1 Jul – 31 Dec 14	2	80	40.0
2013-14	12	265	22.1
2012-13	5	23	4.6
2011-12	3	341	113
2010-11	2	120	60

Strategy 2 – Support, Develop and Reward Employees

The SCA continued to build and maintain the capability of its workforce by maintaining educational and support programs to encourage career development, and build skills and social responsibility. Highlights in the reporting period included:

- Enhancing the eFOCUS performance management system, an online tool that documents performance, reports and monitors, and facilitates manager-staff dialogue.
- Delivering training courses in the incident management program, effective stakeholder management, authorised officer training, and fraud and corruption prevention awareness.
- Continuing to support cadet and graduate programs through the Capturing Knowledge: Growing our Future 2010-2015 initiative.
- Offering work experience and placing interns, including supporting the studies of one intern through a SCA scholarship in partnership with the University of Western Sydney.
- Encouraging social responsibility by supporting WaterAid Australia, including sponsoring an educational field trip by Renee Briggs, Manager Document Services, to Timor-Leste in August 2014.

Workforce diversity

The SCA continued to implement its Equity and Diversity Management (E&DM) Plan 2011–2014, including its Equal Employment Opportunity Management Plan, Disability Action Plan, Multicultural Policies and Services Plan, and Aboriginal Employment Strategy. Highlights in the reporting period included:

- Developing an action plan to support its ongoing commitment to the prevention of bullying and harassment, with a focus on early intervention and resolution.
- Continuing to recognise people with disabilities through the Don't DIS my Ability campaign.
- Communicating the E&DM Plan through the internal SCA newsletter to raise awareness of the diversity of its workforce and encourage an inclusive workplace environment.

Multicultural Policies and Services Program (formerly EAPS)

The SCA continued to support cultural diversity in the workplace. Highlights in the reporting period included:

- Flexible working arrangements to enable staff to meet their religious observance and cultural obligations.
- Continuing its Aboriginal Cadetship Program and supporting a cadet's professional development in their role as an executive member of the Aboriginal Support Network.

With the formation of WaterNSW, the workforce diversity approaches of the SCA and State Water will be assessed to identify and integrate the best multicultural policies and services in the merged entity.

Strategy 3 – Commercial Culture and Accountable Workforce

Public Interest Disclosures

The SCA continued to implement its Public Interest Disclosures Policy and its procedure on Reporting Unethical and Improper Conduct to provide information and support internal reporting requirements to ensure compliance with the *Public Interest Disclosure Act 1994*. These documents are available on the SCA website.

During the reporting period the SCA's Disclosure Coordinator attended induction sessions to ensure all new employees received information covering the policy, privacy requirements and fraud and corruption prevention. No public interest disclosures were lodged during the reporting period.

Public interest disclosures 1 July – 31 December 2014

Number of public officials who made public interest disclosures	-
Number of public interest disclosures received	-
Primarily about corrupt conduct	-
Primarily about maladministration	-
Primarily about serious and substantial waste of public money	-

Privacy Management Plan

The SCA continued to implement its Privacy Management Plan and Action Plan (2013-2015) to ensure compliance with the *Privacy and Personal Information Protection Act 1998* and the *Health Records and Information Privacy Act 2002*.

The plan included strategies to ensure appropriate levels of protection for the personal and health information the organisation collects and holds. Highlights in the reporting period included participating as an official partner in the Information and Privacy Commission's Right to Know Week (28 September – 5 October 2014) to promote the organisation's commitment to providing open access to information.

Strategy 4 – Leadership and Direction

- Highest attended SCA annual Staff Day in five years, with 240 people including staff from State Water participating on 13 November 2014 in a day to recognise and acknowledge SCA people and achievements over the last 15 years, and help set the scene for bringing together the SCA and the State Water Corporation as WaterNSW.
- Implementing phase 1 of the H2O (High to Outstanding) Culture Program which aimed to develop a positive, safe and productive environment where employees enjoy coming to work.

Stakeholder Relationships

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

The SCA nurtured stakeholder relationships by operating in an open and ethical manner, providing best practice advice and information, and by maintaining effective partnerships with industry groups and forums.

Our Goal

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

Strategies

1. *Formalise the SCA's knowledge management capability to share knowledge internally and externally.*
2. *Understand, meet and effectively manage the needs and expectations of stakeholders, customers and the community.*
3. *Represent the SCA's interests in key local, state and national forums.*

Key Achievements

- **Completed upgrade of NorBe tool** used by 15 catchment councils and extended use to consultants
- **Community consultation completed** on Masterplan for Bendeela Recreation Area
- **Hosted 4000 students from 67 schools** visiting Warragamba Dam as part of the Schools Excursion Program
- **35,000 people** visit Warragamba Dam Visitor Centre
- **Redeveloped website wins 2014 Australian Web Awards** category for NSW Government
- **26 percent increase in Twitter followers** and almost double the amount of audience engagement

Strategy 1 – Sharing Knowledge

Research partnerships

The SCA maintained its membership of several national and international research organisations, helping staff learn and share knowledge on important water issues. These organisations included Water Research Australia, Water Services Association of Australia, eWater Source Modelling Community, Water Research Foundation, and the Water Environment Research Foundation.

Local government

The SCA worked in partnership with local government stakeholders to deliver catchment health outcomes throughout the region. Highlights in the reporting period included:

- Completing an upgrade of the SCA's NorBE tool used to ensure development proposed in the catchment has a neutral or beneficial effect on water quality, enabling consultants to access the NorBE tool and councils to assess a wider range of development types.
- Conducting training sessions for councils and consultants on the upgraded NorBE tool.
- Providing advice to the Department of Planning and Environment on major projects that could potentially impact on water supply.
- Providing advice on 18 planning proposals and Development Control Plans to councils.

Strategy 2 – Meeting Stakeholder, Customer and Community Needs

The SCA continued to engage with stakeholders, customers and the community to understand their views and help inform its decisions, and to ensure feedback is considered before, during and at the end of projects and policy reviews. Highlights in the reporting period included:

Stakeholders and customers

- Hosting over 35,000 visitors and 4000 students between July and December 2014 at the Warragamba Dam Visitor Centre.
- Staging a new exhibition 'Who Cares about the Catchment?' exploring the local champions and partnerships between the SCA and the community.
- Responding to media queries throughout the year, with topics ranging from longwall mining and coal seam gas to fish passage at Tallowa Dam, dam levels and public access to Warragamba Dam.
- Maintaining a close working relationship with Sydney Water to provide safe drinking water to Sydney, Illawarra and the Blue Mountains.

Community consultation

- **Bendeela Recreation Area** – reviewed and analysed public feedback and submissions on the draft Masterplan from the community information day and the submissions through the public exhibition process, and finalised the Community Consultation Report.
- **Prospect Dam upgrade** – kept the local community informed of the works, and worked closely with organisations operating within the reservoir's grounds. At the conclusion of the project in December 2014 communicated with all stakeholders to acknowledge their patience and contribution to the project being completed on time and on budget.

Local Government

Reference Panel

- The SCA continued to share and exchange information with 15 local councils in the catchment through the Local Government Reference Panel. In October 2014, LGRP members were invited to participate in an online survey to share their experience and insights about the panel as a platform for ongoing communication and information sharing between catchment councils and the SCA.

- The LGRP met once in the reporting period, in December 2014, to consider reports and provide feedback on capacity building initiatives for councils as part of the SCA's Priority Pollutants Program, an update on the revised NorBE tool, key learnings from the National Stormwater Conference, results of the LGRP members survey, and an update on the SCA's transition to WaterNSW.

Strategy 3 – Representing the SCA's Interests

The SCA continued to participate in key forums at the national, state and local level to engage on matters that affect water quality, share knowledge and promote its activities. The SCA also managed risk through its involvement in established committees and ongoing liaison with various security and emergency management contacts and other aspects of its business.

The SCA met regularly with the following organisations during the reporting period: NSW Health, NSW Environment Protection Authority, South East Local Land Services, NSW Office of Water, Origin Energy, NSW State Emergency Services, Australian Bureau of Meteorology, and Metropolitan Water Directorate.

The SCA maintained its membership of the following associations: Australian Water Association (AWA), Water Services Association of Australia (WSAA), Australian National Committee on Large Dams (ANCOLD), and Committee for Economic Development of Australia (CEDA).

Business Viability

The Sydney Catchment Authority (SCA) ensured business viability by overseeing a sound control framework that included risk and business continuity initiatives.

The SCA aimed to deliver effective business and administrative services and operations supported by reliable systems, processes and tools.

Our Goal

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

Strategies

1. *Position the SCA to be the Water Supplier of Choice.*
2. *Manage risk and pursue opportunities to support a resilient organisation.*
3. *Strive for cost efficiency through optimising operational expenditure and ensuring capital expenditure is efficient.*
4. *Provide reliable and effective systems, processes and tools to support business operations.*

Key Achievements

- *Joint readiness with Sydney Water and NSW Health* to respond to and recover from incidents tested
- *Revenue higher than budgeted*, with relatively dry year driving higher sales

Strategy 1 – Water Supplier of Choice

The Sydney Catchment Authority positioned itself to respond to the changing environment of the water sector in NSW and continued to be the water supplier of choice. With the passing of the *Water NSW Act 2014*, on 1 January 2015 the SCA and the State Water Corporation merged to form a single entity responsible for the capture, storage and release of water across NSW.

During the reporting period the SCA continued to deliver quality raw water, maintaining 100 percent compliance with Australian Drinking Water Guidelines.

The SCA continued to deliver the Healthy Catchments Program as part of the Healthy Catchments Strategy 2012-16, working in partnership with Local Land Services, the Department of Planning and Environment, the Department of Primary Industries, local councils, landowners and the community.

Strategy 2 – Managing Risk

The SCA continued to implement the Risk Management Framework (RMF) which provided a basis for consistently managing risk to support achievement of business objectives. The framework reflected ISO 31000:2009 the international risk management standard and NSW Treasury Policy TPP09-05 Internal Audit and Risk Management. Highlights in the reporting period included:

- Reviewing and redeveloping the Framework to ensure a harmonised framework was available at the commencement of WaterNSW on 1 January 2015.
- Maintaining certification under the international information security management standard ISO 27001:2005 and its focus on continual improvement.

- **Fraud and Corruption Prevention Strategy** - Reviewing the fraud and corruption prevention awareness training program, with approximately 50 percent of staff trained between July and December 2014 and the balance expected by June 2015.
- **Insurance** - Continuing Treasury Managed Fund (TMF) cover for workers compensation and all other general insurance including worker's compensation as per current NSW legislation; legal liability inclusive of public liability, professional indemnity, directors and officers, and product liability; personal accident coverage for voluntary workers; property inclusive of buildings, plant and equipment, catchment infrastructure works including dams and pipelines; and motor vehicles cover for loss or damage.
- **Internal Auditing** - Board approval for the 2014-15 internal audit program including reviews of workplace health and safety, water billing, mining governance, environmental management, RMS DRIVES, fraud and corruption risk assessment, and fleet management.
 - Internal audit findings and management responses reported to the Board Committee on Audit, Financial Risk and Compliance which monitored overall implementation of management responses together with the Safety, Operations, Environment and Catchment Protection Committee, the Infrastructure Planning and Development Committee and the Health, Science and Water Quality Committee of the Board.
 - Attestation statement for July to December 2014 confirmed that the SCA continued to comply in all material respects with the core requirements of the NSW Treasury Circular 09/08 Internal Audit and Risk Management Policy for the NSW Public Sector. The SCA's internal audit functions and the Audit, Financial Risk and Compliance Committee charter aligned with the policy.

No Exceptions

Internal Audit and Risk Management Statement for the 2014 -2015 (July – December 2014) Financial Year for the Sydney Catchment Authority

I, Terry Charlton, Chairman of Water NSW (the transferee of the assets, rights and liabilities of the former Sydney Catchment Authority, pursuant to the Water NSW Act 2014), am of the opinion that as at 31 December 2014, the former Sydney Catchment Authority had internal audit and risk management processes in operation that were, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, Terry Charlton, Chairman of Water NSW (the transferee of the assets, rights and liabilities of the former Sydney Catchment Authority, pursuant to the Water NSW Act 2014), am of the opinion the Audit, Financial Risk and Compliance Committee for the former Sydney Catchment Authority was constituted and operated in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit, Financial Risk and Compliance Committee are:

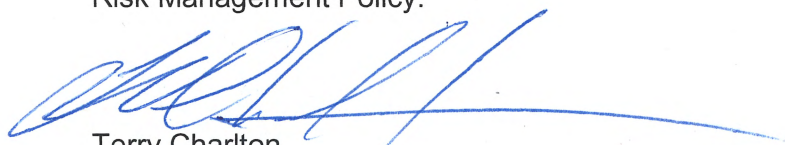
- Chris Westworth, Independent Chair, March 2014 – ongoing
- Carmel Krogh, Independent Member, March 2014 - ongoing
- Nicholas Brunton, Non-independent Member, March 2014 - ongoing

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

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to the Treasury on behalf of the Treasurer.

Board Resolution

The Board of Water NSW resolved at its meeting of 26 June 2015 to approve the Chairman's statement, in his capacity as Chairman of Water NSW (the transferee of the assets, rights and liabilities of the former Sydney Catchment Authority, pursuant to the Water NSW Act 2014), for annual report disclosure in relation to the former SCA's compliance with the Internal Audit and Risk Management Policy.



Terry Charlton
Chairman
26 June 2015

No Exceptions

Information Security Management System Attestation for the Period the 1 July 2014 and the 31 December 2014 Financial Year for the Sydney Catchment Authority

I, Terry Charlton, Chairman of the Board of WaterNSW and the former Sydney Catchment Authority, am of the opinion that as at 31 December 2014, the former Sydney Catchment Authority had information security management processes in operation that were, in all material respects, compliant with the core requirements set out in the *NSW Government Digital Information Security Policy*. These processes provided a level of assurance that enabled the senior management of the Sydney Catchment Authority to understand, manage and satisfactorily control information security risk exposures.

I, Terry Charlton, Chairman of Water NSW (the transferee of the assets, rights and liabilities of the former Sydney Catchment Authority, pursuant to the Water NSW Act 2014), am of the opinion that the security controls in place to mitigate identified risks to the digital information and digital information systems of the former Sydney Catchment Authority were adequate for the foreseeable future.

I, Terry Charlton, Chairman of Water NSW (the transferee of the assets, rights and liabilities of the former Sydney Catchment Authority, pursuant to the Water NSW Act 2014), am of the opinion that where necessary, in accordance with the *Digital Information Security Policy for the NSW Public Sector*, certified compliance with *AS/NZA ISO/IEC 2001 Information technology – security techniques – Information security management systems – Requirements* had been maintained by all parts of the Sydney Catchment Authority.

Board Resolution

The Board of Water NSW resolved at its meeting of 26 June 2015 to approve the Chairman's attestation, in his capacity as Chairman of Water NSW (the transferee of the assets, rights and liabilities of the former Sydney Catchment Authority, pursuant to the Water NSW Act 2014), in relation to the Sydney Catchment Authority's compliance with the NSW Government Information Security Management Policy as at 31 December 2014.



Terry Charlton
Chairman

26 June 2015

Managing incidents

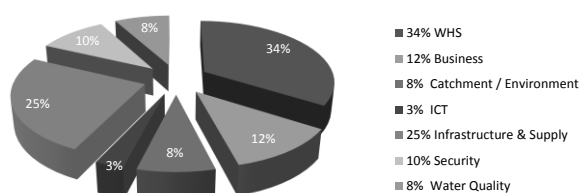
The SCA continued to participate in joint exercises with Sydney Water and NSW Health. In December 2014, the SCA, Sydney Water and NSW Health participated in an exercise to test joint readiness to respond to and recover from incidents.

There were 77 reported incidents between 1 July and 31 December 2014, most of a minor nature.

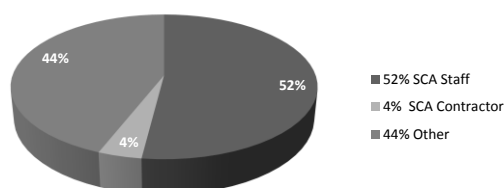
Two incidents were managed as emergency incidents:

- Contractors at Lower Cascades Dam sustained burns and attended hospital. An internal investigation was held along with a complete review of Safe Work Method Statements processes.
- SCA staff member fell at the Penrith office and attended hospital.

SCA Incidents: July-December



WHS Incidents: July-December



Note: The category of 'other' incidents includes a range of reported incidents where there is potential to result in injury (near miss) or where there has been an injury sustained by a member of the public. These include reports of possible asbestos material being uncovered; injuries and near misses to members of the public; water damage to SCA property; activation of alarm systems.

Strategy 3 – Cost Efficiency

As a monopoly supplier of raw water to Sydney Water and other customers, the SCA is subject to pricing regulation by the Independent Pricing and Regulatory Tribunal (IPART) of NSW.

The current IPART determination commenced on 1 July 2012 and will end in 30 June 2016. The determination sets out the maximum prices the SCA can charge its customers as well as putting limits on its operating and capital expenditure. The SCA has implemented the outcomes of the pricing determination through its budget. Financial targets in the annual Statement of Financial Framework are also set to ensure the determination outcomes are met.

The SCA has robust processes in place to ensure that over the period of the IPART determination, it will not exceed the capital and operating expenditure allowance while meeting or exceeding NSW Treasury's financial targets. It is intended that the merger with State Water Corporation will deliver a stronger organisation that will ensure the highest quality and most efficient service to customers across NSW.

Economic factors affecting performance

The SCA's operating expenditure budget contains a component for energy costs that may be incurred if the SCA is required to pump from the Shoalhaven system. These costs were significantly lower than forecast due to no pumping transfers taking place as the total dam storage level remained above the 75 percent trigger for transfers from the Shoalhaven. Highlights during the reporting period included:

- Revenue, although down on the same period last year, was higher than budgeted, with the relatively dry year driving higher sales.
- Lower energy costs due to the *Clean Energy Legislation (Carbon Tax Repeal) Bill 2014* being passed by Federal Parliament on 17 July 2014, with backdated effect to 1 July 2014.
- Approval from the NSW Treasurer to rebate to SCA customers all of the revenue incorporated in the SCA's 2012 IPART Price Determination for 2014-15 that was allocated to cover cost increases due to the carbon tax.

Strategy 4 – Systems, Processes and Tools

Fleet management

The SCA owned 83 motor vehicles. Between 1 July and 31 December 2014, 28 new vehicles were purchased at a cost of \$1.055 million. The vehicles these replaced sold for \$0.9 million. All passenger and light commercial vehicles were updated at two years or 40,000 kilometres.

Procurement systems and management

The SCA gained accreditation under the NSW Procurement Board's Agency Accreditation Scheme for goods and services at Level 2B. This complements the SCA's accreditation for construction procurement and provides flexibility to adapt to a changing operational environment, while ensuring compliance with probity and best practice procurement processes.

Disputation and security of payment

- There have been no disputes raised on contracts during the period of this report.
- There have been no claims under the Construction Industry Security of Payments legislation.

Industry Excellence

The Sydney Catchment Authority (SCA) had in place strategies to ensure it achieved industry excellence and maintained its role as a recognised leader in the Australian water sector.

The SCA Board's responsibility was to provide strong corporate governance for the organisation to ensure accountability and transparency. The SCA conducted ongoing benchmarking activities (to measure and improve our performance) and was committed to innovation.

The SCA delivered services in an accountable and ethical way, and complied with statutory, regulatory and industry requirements.

Our Goal

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

Strategies

1. *Ensure accountability and ethical behaviour through sound corporate governance.*
2. *Achieve excellence through benchmarking activities.*
3. *Maintain compliance with statutory, regulatory and industry requirements.*
4. *Implement contemporary knowledge management and intellectual property practices.*

Key Achievements

- **97 development applications assessed** – 100 percent within statutory timeframes
- **Tallowa Dam five-yearly surveillance report** endorsed by NSW Dams Safety Committee
- **100 percent full to high compliance** in IPART's audit of the SCA's Operating Licence compliance
- **Full compliance** with all requirements of the Water Access Licences, and Works and Use Approvals

Strategy 1 – Corporate Governance

The Sydney Catchment Authority Board maintained a corporate governance framework including accountability for direction setting, risk assessment and mitigation, internal control and audit. Ethical behaviour was driven from the top down, starting with the Board.

Values and behaviours were articulated through the Board and SCA codes of conduct, training, and promoting awareness of the codes.

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

Board members, in accordance with Section 7 of the *Sydney Water Catchment Management Act 1998*, were appointed by the Minister. Members of the Board performed their duties in accordance with the Board Charter and its Code of Conduct. Most members who served over the reporting period were common to the Boards of both the State Water Corporation and the SCA, in anticipation of the creation of WaterNSW from 1 January 2015.

Board members were required to:

- have qualifications and experience relevant to catchment management and protection; or water quality and public health; or running a commercial entity; or water supply planning and asset management
- have practical knowledge of and experience in: agriculture and industry in the catchment area; or local government and planning in the catchment area
- have other expertise the Minister considers necessary to achieve the SCA's objectives.

The functions of the Board, as defined by the Act, were to:

- determine the SCA's policies and long-term strategic plans

- endeavour to ensure the SCA meets all public health and environmental requirements set out in the operating licence and any relevant instrument
- oversee the effective, efficient and economical management of the SCA
- prepare the Annual Report required under the *Annual Reports (Statutory Bodies) Act 1984* and any other reports required under the Act.

In exercising these functions, the Board had the duty to ensure water supplied complied with appropriate quality standards. At December 2014 the Board had the following standing committees:

- Health, Science and Water Quality
- Audit, Financial Risk and Compliance
- Infrastructure Planning and Development
- Safety, Operations, Environment and Catchment Protection.

Code of Conduct

Members of the SCA Board discharged their duties under the *Sydney Water Catchment Management Act 1998* and relevant NSW statutes. The Board followed the principles contained in the Board Code of Conduct, which forms part of the Board Charter and Guidelines. These principles included respecting people, acting responsibly, honestly and responsively, and in the public interest. The Board Code of Conduct is available on the SCA website.

Board performance statement

In accordance with sound corporate governance principles, the Board was committed to undertaking regular reviews of its performance and seeks out opportunities to improve its performance. For details on Board members, attendance at meetings and the SCA's Senior Officers, refer to Appendix 1.

Strategy 2 – Benchmarking

The SCA undertook the following benchmarking activities in the reporting period:

- Continuing to use the SCA's Business Improvement System to capture all positive and negative issues and events across the organisation, and to identify and inform where efforts could be directed to improve performance and efficiency.
- Participating in an industry working group led by the Water Services Association of Australia to develop and test methods and tools to assess the level of treatment required to meet proposed health-based targets in the next review of the Australian Drinking Water Guidelines.
- Participating in the National Water Initiative national performance report, an annual independent, public report on urban water utilities to benchmark pricing and service quality.

Strategy 3 – Complying with Requirements

Operating Licence compliance

The Sydney Water Catchment Management Act 1998 required IPART to report annually to the Minister on the audit of the SCA's Operating Licence. The report on the 2013-14 operational audit by IPART was tabled in NSW Parliament on 19 January 2015.

The report indicated that the SCA performed well, achieving 100 percent full to high compliance in the audit. The SCA achieved full compliance for four of the six clauses audited relating to water supply sufficiency, catchment management and environmental management. It achieved high compliance for two clauses relating to water quality.

IPART made one supplementary recommendation to a recommendation made in 2012-13 relating to the water quality management system and the documentation of critical control points. IPART noted that the SCA was progressing three recommendations from the 2012-13 audit. In response, the SCA had begun to refine documentation and provide better clarity on process controls.

Water Sharing Plan compliance

The SCA achieved full compliance with all requirements of the Water Access Licences, and Works and Use Approvals required under the Water Sharing Plan for the Greater Metropolitan Region Unregulated River Water Sources 2011.

Notifications were provided to the Office of Water in accordance with the operating protocol, for any planned or unplanned events that had the potential to result in noncompliance with approval conditions. There were six notifiable events during the period.

Rate of response to development applications

The SCA provided concurrence on 97 development applications during the reporting period, with none provided outside of statutory timeframes. The SCA also responded to 38 additional matters relating to developments that were outside the Sydney drinking water catchment, withdrawn/refused by council or neighbourhood notifications.

Monitoring of SCA prescribed dams and major infrastructure

Performance monitoring of the SCA's 21 prescribed dams continued in compliance with NSW Dams Safety Committee (DSC) requirements. All dams were found to be performing satisfactorily. Six survey programs were carried out in the reporting period with no extraordinary movements detected. Other key dam safety activities undertaken in the reporting period included:

- **Five-yearly surveillance reports** – Tallowa Dam five-yearly surveillance report was submitted to the NSW Dams Safety Committee and the DSC endorsed the report. Surveillance reports for Avon, Upper Cascade and Lower Cascade dams were drafted and the reports were to be submitted to the DSC by June 2015. The five-yearly comprehensive inspection of Upper Cordeaux Dam No 2 was undertaken and the report was to be finalised by June 2015. A draft of the Warragamba Dam surveillance report was close to completion, and the inspection and finalisation of the report was expected to be completed by June 2015.
- **Dam safety emergency preparedness** - review of the 21 Dam Safety Emergency Plans (DSEPs) commenced and the plans were to be updated in the first half of 2015. The draft testing procedure for the Wingecarribee Dam radial gate was completed by December 2014. The testing of the gate was expected to be completed before June 2015.

Number of development applications assessed

	1 Jul – 31 Dec 2014	2013-14	2012-13	2011-12	2010-11
Number of development applications assessed	97	191	176	171	340
Proportion (of total received) of development proposals assessed by SCA within statutory timeframes (%)	100	97.9	99	96.5	92.4
Proportion (of total received) of development proposals where SCA concurrence withheld (%)	-	-	-	-	-

- **Safety reviews** – Stage 2 of Cataract and Cordeaux dam safety reviews were undertaken. A specification for tender for the safety reviews of Fitzroy Falls Dam and Kangaroo Pipeline Control was completed. Studies were underway to confirm the flood security status of Nepean and Tallow dams.
- **General surveillance and monitoring** – all required engineer inspections and non-routine monitoring items were completed and follow-up actions undertaken where necessary. Interconnectivity testing of Nepean, Cordeaux and Woronora dams was completed. Assessments were underway of downstream drainage clearing works required to enable Prospect Reservoir's main V notch to be operational again.

Strategy 4 – Knowledge Management and Intellectual Property

The SCA continued to apply contemporary knowledge management and intellectual property practices to protect the organisation's investment and to ensure information and knowledge was shared appropriately. Highlights in the reporting period included:

- Continuing knowledge management improvements to scientific data and modelling and collaborating with the broader scientific community and key stakeholders and forums.
- Managing a large library of still and moving images, including historical and contemporary documentation of Sydney's water assets and natural resources.

Resource Optimisation

The Sydney Catchment Authority (SCA) was committed to doing all it could to minimise energy and resource use without impacting on the environment or the safety or quality of the water it supplied. In doing so, it faced a number of challenges.

The SCA maintained programs to manage environmental risks from activities and ensure all activities were carried out in accordance with those programs.

The SCA's Environmental Management Program 2012-2015 provided a summary of the activities undertaken to manage risks to the environment and to meet the requirements of the Sydney Water Catchment Management Act 1998 and Operating Licence 2012-2017.

Our Goal

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

Strategies

1. *Investigate additional sources of renewable energy.*
2. *Improve the impact of the SCA's activities on the environment.*
3. *Utilise resources in innovative ways to embrace new technology.*
4. *Manage lands to contemporary standards.*

Key Achievements

- **190 gigalitres of water released for environmental flows**
- **1,820 hours monitoring and surveillance** of Special Areas, resulting in 5 penalty notices and 18 warning letters issued
- **23,600 hectares of land** around Braidwood controlled for weeds, pests and erosion
- **Significantly lower electricity consumption** than for the same period the previous year
- **50 applicants granted access to Special Areas** for scientific research and cultural heritage

Strategy 1 – Renewable Energy

The SCA identified which of its sites were suitable for solar PV on a solar lease or power purchase agreement, as part of an Office of Environment and Heritage process that may lead to a solar leasing supply panel and access to a solar leasing industry market. During the reporting period, the SCA also monitored renewable energy developments in the wind power and mini hydro markets.

Strategy 2 – Environmental Impacts

The SCA achieved sustainable outcomes in its environmental management programs addressing environmental impact management, water conservation, energy management and waste reduction through the optimisation of resources and the innovative use of assets. Highlights in the reporting period included:

- **Environmental Management System** – substantial progress towards developing a fully implemented EMS by 30 June 2015 and certification by 30 June 2017 to meet the Operating Licence requirement. In the 2013-14 Operating Licence Audit in September 2014 it was noted that the EMS was 85 percent complete. A pre-certification audit of the SCA's EMS in November 2014 indicated that the system was complete except for the development of the EMS Manual.
- **Environmental site inspections** – Four SCA projects and one third-party project were inspected. Four corrective actions were identified on one inspection, all of which were completed. Eight improvement opportunities were also identified and were under consideration.
- **Staff training and awareness** – seven agency staff and contractors and six new SCA staff who commenced employment in environmental roles participated in the SCA's corporate induction program session on environmental awareness, systems and performance.

Environmental flows

Environmental and riparian flow requirements were set out in the SCA's Water Access Licences and Works and Use Approvals reflecting the provisions of the Water Sharing Plan for the Greater Metropolitan Region Unregulated River Water Sources 2011. Highlights in the reporting period included:

- Maintaining 100 percent compliance with the requirements of the Combined Approvals under the Water Sharing Plan.
- Releasing 190,818 million litres in environmental flows, and releasing 184 million litres from Wingecarribee Reservoir for riparian users.
- Concluding the Warragamba e-flows investigation, assisting in the evaluation of a range of possible environmental flow regimes as part of the portfolio of options for consideration for the next review of the Metropolitan Water Plan.
- Agreement by the NSW Office of Water with a proposal to review the current environmental flow monitoring program to determine future monitoring requirements, to be conducted by WaterNSW in 2015.

Strategy 3 – Embracing New technology

Enhancements to the asset management system in September 2014 significantly improved the SCA's ability to capture and store asset and maintenance data for ongoing asset management and maintenance analysis, reporting and planning.

Integration with the maintenance contractor's computer system enabled work orders to be sent to mobile devices held by field staff, and information returned from mobile devices on work carried out, failure reports, measurement values, asset condition, and asset remaining life assessments.

Strategy 4 – Managing Lands to Contemporary Standards

The SCA continued to manage its land and Special Areas to protect and optimise water quality, and to conserve the ecological integrity and natural and cultural values of the area.

Managing the Special Areas

The SCA jointly managed the Special Areas with the NSW National Parks and Wildlife Service (NPWS) in accordance with the Special Areas Strategic Plan of Management 2007 (SASPoM). The Special Areas cover 365,000 hectares of mostly intact native bushland around the water storages and water supply infrastructure where public access is restricted to protect water quality. Highlights in the reporting period included:

- Revising the draft SASPoM in response to issues raised in an earlier public exhibition period. The updated plan outlined the strategic issues within the Special Areas, strategic management objectives and provided a framework to develop four-year land management priorities.
- Granting consent to enter Special Areas to 50 applicants for cultural heritage, scientific research by universities, and development activities, and undertaking two joint compliance operations with support from local enforcement agencies.

Managing recreational areas

The SCA continued its management of picnic recreation facilities at 13 locations throughout the catchment, including at most major dams.

Highlights in the reporting period included:

- Continuing preparations to re-open the Warragamba Dam wall for public access on weekends, following the near completion of dam upgrade works.
- Continuing planning, approvals and contractual preparations to upgrade the Woronora Dam recreation area effluent system.

Managing SCA owned lands

The SCA owns 67 freehold properties covering 23,600 hectares in Braidwood. During the reporting period the SCA:

- Continued to work closely with the NSW Soil Conservation Service to identify and assess priority erosion sites for treatment.
- Implemented erosion control programs and conducted surveillance to control illegal activities such as trail bike riding.
- Continued its 2012-16 Fencing Program by replacing six kilometres of fences (5km of new fences and 1km of repairs).

The SCA proactively worked to reduce weeds on its lands. Key activities during the reporting period included:

- responding to a new aquatic weed *Ludwigia* on Prospect Reservoir

- regular water hyacinth patrols at Lake Yarrunga with no reported detections,
- progressing the Wingecarribee weeds project
- developing a weed management response plan for access and disposal in National Parks with the NPWS.

The SCA and NPWS jointly responded to several wildfires in the reporting period. The SCA-funded Catchment Remote Access Firefight Team (CRAFT) also attended several wildfire events across Special Areas. SCA crews attended two wildfires in swamps in the Cataract catchment. The SCA continued to implement its fire trail maintenance program.

Disposal of property

The SCA did not dispose of any properties during the period 1 July to 31 December 2014.

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Sydney Catchment Authority

Financial statements
1 July 2014 to 31 December
2014



INDEPENDENT AUDITOR'S REPORT

Sydney Catchment Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Sydney Catchment Authority (the Authority), which comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the period 1 July 2014 to 31 December 2014, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 December 2014, and of its financial performance and its cash flows for the period 1 July 2014 to 31 December 2014 in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Board's Responsibility for the Financial Statements

The members of the Board are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Board determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- that the Authority carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

A handwritten signature in black ink, reading 'James Sugumar'. The signature is fluid and cursive, with a long horizontal stroke at the end.

James Sugumar
Director, Financial Audit Services

4 June 2015
SYDNEY

SYDNEY CATCHMENT AUTHORITY

STATEMENT BY MEMBERS OF THE BOARD

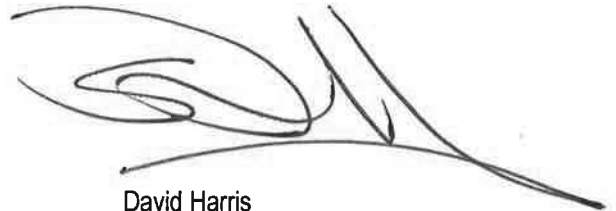
Under section 41C (1B) and (1C), we state that, in our opinion, the accompanying financial statements and notes thereto:

- a) exhibit a true and fair view of the financial position of the Sydney Catchment Authority as at 31 December 2014 and its financial performance for the period 1 July 2014 to 31 December 2014
- b) comply with applicable Australian Accounting Standards (including Australian Accounting Interpretations), the *Public Finance & Audit Act 1983*, the Public Finance & Audit Regulation 2010, and the Treasurer's Directions.

We further state that we are not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.



Chris Westworth
Director
Water NSW



David Harris
Chief Executive
Water NSW

4 June 2015

Sydney Catchment Authority
Statement of comprehensive income
For six months ended 31 December 2014

		Consolidated Entity* 1 July 2013 to 30 June 2014 \$'000	Parent Entity 1 July 2014 to 31 December 2014 \$'000	Parent Entity 1 July 2013 to 30 June 2014 \$'000
	Note			
Revenue				
Revenue from water sales	4	205,240	105,312	205,240
Other revenue	4	3,991	1,709	3,991
Total Revenue		209,231	107,021	209,231
Expenses				
Employee and personnel services expense	5	(46,981)	(30,856)	(37,877)
Other operating expenses	6	(87,207)	(54,974)	(87,207)
Loss on disposal of property, plant & equipment		(1,125)	(161)	(1,125)
Finance costs	7	(31,370)	(62,753)	(31,370)
Total Expenses		(166,683)	(148,744)	(157,579)
Profit / (loss) before income tax		42,548	(41,723)	51,652
Income tax equivalent (expense) / benefit	8	(16,669)	9,108	(16,669)
Profit/(loss) after tax		25,879	(32,615)	34,983
Other comprehensive income				
Items will not be reclassified to profit or loss				
Revaluation of property, plant and equipment	13	27,533	-	27,533
Defined benefit plan actuarial gains / (losses)	17	5,973	-	-
Actual return on fund assets less interest income	17	3,131	-	-
Income tax on other comprehensive income	8	(8,260)	-	(8,260)
Total other comprehensive income		28,377	-	19,273
Comprehensive income		54,256	(32,615)	54,256
Attributable to equity holders of the Parent		54,256	(32,615)	54,256

*Consolidated entity information has not been prepared for 1 July 2014 to 31 December 2014 because the subsidiary was abolished on 24 February 2014.

The statement of comprehensive income should be read in conjunction with the accompanying notes.

Sydney Catchment Authority

Statement of financial position

As at 31 December 2014

	Note	Consolidated Entity* 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	9	41,228	-	41,228
Trade and other receivables	10	37,848	-	37,848
Other non-financial assets	11	1,106	-	1,106
Total current assets		80,182	-	80,182
Non-current assets				
Intangible assets	12	3,337	-	3,337
Property, plant and equipment	13	1,462,689	-	1,462,689
Total non-current assets		1,466,026	-	1,466,026
TOTAL ASSETS		1,546,208	-	1,546,208
LIABILITIES				
Current liabilities				
Trade and other payables	14	93,915	-	93,915
Other liabilities	15	495	-	495
Borrowings	16	13,002	-	13,002
Current tax liabilities	8	12,851	-	12,851
Provisions	17	27,900	-	27,900
Total current liabilities		148,163	-	148,163
Non-current liabilities				
Borrowings	16	426,120	-	426,120
Other liabilities	15	1,315	-	1,315
Provisions	17	522	-	522
Deferred tax liabilities	8	140,516	-	140,516
Total non-current liabilities		568,473	-	568,473
TOTAL LIABILITIES		716,636	-	716,636
NET ASSETS		829,572	-	829,572
EQUITY				
Retained earnings and net asset transfers		507,656	-	507,656
Asset revaluation reserve		321,916	-	321,916
TOTAL EQUITY		829,572	-	829,572

*Consolidated entity information has not been prepared for 1 July 2014 to 31 December 2014 because the subsidiary was abolished on 24 February 2014.

The statement of financial position should be read in conjunction with the accompanying notes.

Sydney Catchment Authority

Statement of changes in equity

For the period 1 July 2014 to 31 December 2014

	Note	Retained Earnings and Net Asset Transfers ¹		Asset Revaluation Reserve		Total Equity	
		31		31		31	
		December 2014 \$'000	30 June 2014 \$'000	December 2014 \$'000	30 June 2014 \$'000	December 2014 \$'000	30 June 2014 \$'000
Parent entity							
Balance at beginning of the period		507,656	504,906	321,916	302,643	829,572	807,549
Comprehensive Income							
Profit/(loss) for the period		(32,615)	34,983	-	-	(32,615)	34,983
Revaluation of property, plant and equipment	13	-	-	-	27,533	-	27,533
Income tax on other comprehensive income	8	-	-	-	(8,260)	-	(8,260)
Comprehensive income for the year (restated)		(32,615)	34,983	-	19,273	(32,615)	54,256
Transfers between equity items							
Transfer of revaluation increments on disposal of assets		-	-	-	-	-	-
Transfers between equity items		-	-	-	-	-	-
Transactions with owners in their capacity as owners							
Increase (decrease) in net assets from equity transfers		-	(4,333)	-	-	-	(4,333)
Dividend paid to equity holders	17	-	(27,900)	(34,400)	-	(34,400)	(27,900)
Transferred to Water NSW on equity transfer	24	(475,041)	-	(287,516)	-	(762,557)	-
Transactions with owners in their capacity as owners		(475,041)	(32,233)	(321,916)	-	(796,957)	(32,233)
Balance at the end of the period		-	507,656	-	321,916	-	829,572

¹Includes net assets of \$491.646 million contributed on creation of the entity in 1999 plus operational earnings/(losses) since that date.

The statement of changes in equity should be read in conjunction with the accompanying notes.

Sydney Catchment Authority

Statement of changes in equity

For the period 1 July 2014 to 31 December 2014

	Note	Retained Earnings and Net Asset Transfers ¹		Asset Revaluation Reserve		Total Equity	
		31 December 2014 \$'000	30 June 2014 \$'000	31 December 2014 \$'000	30 June 2014 \$'000	31 December 2014 \$'000	30 June 2014 \$'000
Consolidated entity²							
Balance at beginning of the period²		-	504,906	-	302,643	-	807,549
Comprehensive Income							
Profit for the period		-	-	-	-	-	-
Defined benefit superannuation actuarial gains (losses)	17	-	25,879	-	-	-	25,879
Actual return on fund assets less interest income	17	-	5,973	-	-	-	5,973
Revaluation of property, plant and equipment	13	-	3,131	-	-	-	3,131
Income tax on other comprehensive income	8	-	-	-	27,533	-	27,533
Comprehensive income for the year (restated)		-	-	-	(8,260)	-	(8,260)
Transfers between equity items							
Transfer of revaluation increments on disposal of assets		-	34,983	-	19,273	-	54,256
Transfers between equity items							
Transactions with owners in their capacity as owners							
Increase (decrease) in net assets from equity transfers		-	(4,333)	-	-	-	(4,333)
Dividend paid to equity holders	17	-	(27,900)	-	-	-	(27,900)
Transactions with owners in their capacity as owners							
Balance at the end of the period		-	507,656	-	321,916	-	829,572

¹Includes net assets of \$491,646 million contributed on creation of the entity in 1999 plus operational earnings/(losses) since that date.

²Consolidated entity information has not been prepared for 1 July 2014 to 31 December 2014 because the subsidiary was abolished on 24 February 2014.

The statement of changes in equity should be read in conjunction with the accompanying notes.

Sydney Catchment Authority

Statement of cash flows

For the period 1 July 2014 to 31 December 2014

	Note	Consolidated Entity* 1 July 2013 to 30 June 2014 \$'000	Parent Entity 1 July 2014 to 31 December 2014 \$'000	Parent Entity 1 July 2013 to 30 June 2014 \$'000
Cash flows from operating activities				
Cash receipts from customers		198,675	125,554	198,672
Interest received		1,102	673	1,102
Cash paid to suppliers and employees		(95,916)	(52,604)	(95,913)
Interest paid		(31,283)	(16,986)	(31,283)
Other costs of finance paid		(75)	(38)	(75)
Income tax (paid)/refunds received		(15,542)	(21,023)	(15,542)
Net cash from operating activities	9	56,961	35,576	56,961
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment		1,767	942	1,767
Payments for property, plant & equipment		(31,176)	(6,841)	(31,176)
Net cash used in investing activities		(29,409)	(5,899)	(29,409)
Cash flows from financing activities				
Proceeds from / (Repayment of) borrowings		(1,500)	14,790	(1,500)
Dividends paid		(26,757)	(62,300)	(26,757)
Net cash used in financing activities		(28,257)	(47,510)	(28,257)
Net increase/(decrease) in cash and cash equivalents		(705)	(17,833)	(705)
Cash & cash equivalents at beginning of period	9	41,933	41,228	41,933
Cash & cash equivalents transferred via equity transfer	24	-	(23,395)	-
Cash and cash equivalents at end of period	9	41,228	-	41,228

*Consolidated entity information has not been prepared for 1 July 2014 to 31 December 2014 because the subsidiary was abolished on 24 February 2014.

The statement of cash flows should be read in conjunction with the accompanying notes.

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

1 Reporting entity

The Sydney Catchment Authority (the 'Authority') was a statutory body domiciled in Australia and constituted under the *Sydney Water Catchment Management Act 1998* (the Act). The address of the Authority's head office is Level 4, 2-6 Station Street, Penrith NSW 2750.

The Authority's responsibilities included the supply of bulk water, the management and protection of the catchment areas and catchment infrastructure, as well as the regulation of certain activities within catchment areas.

For the purpose of financial reporting, the Board has determined the Authority as a for-profit entity.

The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

2 Basis of preparation

a. Going Concern

The *Water NSW Act 2014* abolished the Sydney Catchment Authority on 31 December 2014 and transferred the assets, liabilities and activities of the Authority to Water NSW on 1 January 2015.

This is the last set of financial statements for the Authority.

b. Statement of compliance

The financial statements are general purpose financial statements prepared in accordance with:

- Australian Accounting Standards (which include Australian Accounting Interpretations)

- the *Public Finance and Audit Act 1983* and Regulation; and
- other applicable financial reporting directions issued by the Treasurer

The financial statements comply with all applicable Australian Accounting Standards and Australian Interpretations.

The financial statements were authorised for issue by the Board on 4 June 2015

c. Reporting periods

The following reporting periods are included in these financial statements:

- The current year balance of the parent entity covers the period 1 July 2014 to 31 December 2014
- The comparative balances of the parent entity cover the 12 month period from 1 July 2013 to 30 June 2014
- The comparative consolidated balances cover the period 1 July 2013 to 30 June 2014

As a consequence the balances disclosed throughout these financial statements are not comparable.

d. Consolidated financial statements

The consolidated financial statements for the comparative period of the Authority comprise the Authority (parent) and its subsidiary, the Sydney Catchment Authority Division (together referred to as the "consolidated entity").

The subsidiary was abolished on 24 February 2014. As such, the financial statements for the current period comprise only the parent entity.

e. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value
- Property, plant and equipment are measured at fair value
- Borrowings are measured at fair value at 31 December 2014. In the comparative period borrowings were measured at amortised cost using the effective interest method
- Defined benefit superannuation liabilities are stated at the present value of accrued defined benefit obligations less the fair value of fund assets.
- Long-term provisions are stated at the present value of the future estimated obligation.

f. Fair value

A number of the Authority's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The valuation technique used by the Authority to measure fair value maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The Authority categorises the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices in active markets for identical assets / liabilities that the Authority can access at the measurement date.

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

- Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3: Inputs that are not based on observable market data (unobservable inputs).

The Authority recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurements is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Refer to Notes 13(a) and 23 for further disclosures regarding the fair value measurement of financial and non-financial assets.

g. Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Authority's functional currency. Amounts in the financial statements have been rounded off to the nearest thousand dollars unless otherwise stated.

h. Use of estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on

historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised. If the revision affects both current and future periods, estimates are recognised in both periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial statements and estimates in the next year are included in the following notes:

- Note 8 – Deferred tax assets and deferred tax liabilities
- Note 17 – Employee benefits and other provisions, including defined benefit superannuation obligations
- Note 13: Fair value of property, plant and equipment

i. Comparative figures

Certain comparative amounts are sometimes reclassified to conform with the current year's presentation or in the application of a new or revised Australian Accounting Standard. Where this occurs, the nature, amount and reason for the reclassification is included in the notes to the financial statements.

j. Changes in accounting policies

Except for borrowings, which are measured at fair value at 31 December 2014, all accounting policies in Note 3 have been consistently applied to all periods in these financial statements.

3 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below.

a. Basis of consolidation

The comparative consolidated financial statements include the financial statements of the parent to 30 June 2014 and its subsidiary to 24 February 2014 when the Division was abolished.

Intra-entity balances and transactions and any unrealised income and expenses arising from intra-entity transactions, are eliminated in preparing the consolidated financial statements.

b. Revenue

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer; the amount of revenue can be reliably measured, and it is probable that the future economic benefits will flow to the Authority.

i) Sale of water

The Authority provides water services to its customers under its Operating Licence and Bulk Water Supply Agreement. The revenue earned from these services comprises a service availability charge and a usage charge. Water sales revenue from the usage charge is recognised when the customer assumes control of the water. The service availability charge constitutes a fixed charge covering the cost of making the water available to the customers and is recognised at the end of each month on a straight line basis.

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

ii) Interest revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 'Financial Instruments: Recognition and Measurement'.

iii) Rental income

Rental income from leased properties is recognised on a straight line basis over the term of the lease. Incentives granted over leased properties are recognised as an integral part of the total rent income.

iv) Fines and Penalties

Fines and penalties issued in accordance with the requirements of the *Sydney Water Catchment Management Act 1998* are recognised as revenue when issued. Revenue earned from the fines and penalties are retained by the Authority.

v) Rendering of other services

Service revenue is recognised on an accrual basis and in accordance with the substance of the agreement covering such transactions.

c. Government grants

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

Government grants in the form of a non-monetary asset are accounted for at fair value.

d. Income tax

The Authority is subject to the National Tax Equivalent Regime (NTER) which is based on the *Income Tax Assessment Act 1936 and 1997 (as amended)*. Tax equivalents are payable to the Office of State Revenue.

Income tax on profit or loss comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

During 2014, the Division was required under the *Government Sector Employee Act 2014* to transfer their employees and the related provisions for employees to DTIRIS. As a result of this transfer, the employee provision balances are now treated as a trade payable with DTIRIS for taxation purposes as opposed to a provision in prior years.

In 2013 the Australian Taxation Office ("ATO") confirmed its preference to treat employee provisions as non-deductible and thus give rise to deferred tax assets. In keeping with the spirit of the ATO's position on this matter the SCA has taken the view that the substance of the new arrangement with DTIRIS is consistent with the substance of the Authority's former arrangement with the Division.

i) Current tax.

Current tax is the expected tax payable or receivable on the taxable income for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the

carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

e. Financial instruments

i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits at call and other short-term, highly liquid investments which are readily convertible to known amounts of cash and for which are subject to insignificant risk associated with changes in value.

ii) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost, or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in profit or loss

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

for the year when impaired, derecognised or through the amortisation process. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

iii) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Authority will not be able to collect all amounts due.

Previous impairment losses are reversed through profit or loss during the year if there is objective evidence supporting the reversal.

iv) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Authority and other amounts that remain unpaid at reporting date. They are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

v) Offsetting financial instruments

Financial instruments are offset and the net amount recognised in the statement of financial position when, and only when there is a legal right to offset the amounts and there is an intention to either settle on a net basis or to realise the assets and settle the liability simultaneously.

vi) Derecognition of financial assets and liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Authority transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where the Authority has not transferred substantially all the risks and rewards, and the Authority has not retained control.

Where the Authority has neither transferred nor retained substantively all the risks and rewards or transferred control, the asset is recognised to the extent of the Authority's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

f. Borrowings

Borrowings are recognised initially at the fair value of the consideration received, which incorporates any transaction costs associated with the borrowing. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised costs using the effective interest method.

Amortised cost is calculated by taking into account any differences between the initial fair value and the final redemption value of borrowings, such as discounts and premiums. These differences are amortised to profit or loss as part of the finance costs over the period of the loan on an effective interest basis.

Gains or losses are recognised in profit or loss when liabilities are derecognised, such as through a debt restructuring or early repayment of debt, as well as through the amortisation process.

Where there is an unconditional right to defer settlement of the borrowings for at least 12-months after the reporting date; and management intends to defer the settlement, the borrowings are recognised as a non-current liability. All other borrowings are recognised as a current liability.

g. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that it is necessary to complete and prepare the asset for its intended use.

All other borrowing costs are expensed in the period in which they are incurred.

h. Goods and services tax

Revenue, expenses and assets are recognised net of the amount of associated Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("the ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Statement of Financial Position.

The Division and the Authority were grouped for GST purposes until 24 February 2014. Therefore GST component was not included in inter-entity charges during that period.

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows from investing and financing activities recoverable from or payable to the ATO are classified as cash flows from operating activities.

Where applicable, commitments are disclosed inclusive of GST.

i. Property, plant and equipment

i) *Acquisition of property, plant and equipment*

All items of property, plant and equipment are initially recognised at the cost of acquisition. Cost is the amount of cash and cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction.

Assets acquired at no cost, or for nominal consideration, are initially recognised at fair value at the date of acquisition (see also assets transferred as a result of an equity transfer – Note 3(p)).

Where payment for an asset is deferred beyond normal credit terms its cost is the cash price equivalent.

Salaries and wages directly attributable to bring an asset to the location and condition necessary for it to operate in the manner intended by management is capitalised. The amount recognised is based on employee timesheets which have been approved by management.

Construction costs are capitalised initially as work in progress. The costs are subsequently reclassified as completed assets when construction has ended and the asset becomes operational and available for use in the manner intended by management.

Borrowing costs are also capitalised to the cost of constructed assets where applicable. (Refer note 3(g)).

ii) *Subsequent expenditure on property, plant and equipment*

Subsequent expenditure on property, plant and equipment is capitalised when it is probable that the future economic benefits associated with the expenditure will flow to the Authority.

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

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

iii) *Capitalisation thresholds*

Property, plant and equipment costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

iv) *Restoration costs*

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

v) *Revaluation of property, plant and equipment*

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximises relevant observable inputs and minimises unobservable inputs. Also refer to Notes 2(f) and 23 for further information regarding fair value.

The Authority revalues each class of property, plant and equipment that are subject to revaluation, at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate to fair value. When revaluing assets, any balance 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 revaluation reserve,

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

except that, to the extent that an increment reverses a revaluation decrement previously recognised as an expense to profit or loss, the increment is recognised immediately as revenue in profit or loss.

Revaluation decrements are recognised immediately as expenses in profit or loss, except that, to the extent that a credit balance exists in the revaluation reserve in which case, the revaluation decrements are debited directly to the revaluation reserve.

v) Depreciation of property, plant and equipment

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

All material identifiable components of assets are separately depreciated over their shorter useful lives.

The useful lives of assets by class are set out in the following table:

Asset class	Useful life
Infrastructure systems	40 to 100 years
Buildings	40 to 100 years
Plant and equipment	2 to 20 years
Vehicles	8 years
Leasehold improvements	Shorter of assets useful life and lease term
Information systems	3 to 10 years

Land is not a depreciable asset.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted where appropriate. There have been no

significant changes to useful lives upon transfer to Water NSW.

vii) Disposal of property, plant and equipment

Gains or losses on disposals are determined by comparing proceeds with the asset's carrying amount. The net gain or loss on the disposal of assets is included in the profit or loss.

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

j. Intangible assets

Intangible assets are only recognised if it is probable that future economic benefits will flow to the Authority and the cost of the asset can be reliably measured. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed and development costs are only capitalised when certain criteria are met.

Intangible assets are subsequently measured at fair value only if there is an active market for the assets. As there is no active market for the Authority's intangible assets, the assets are carried at cost less any accumulated amortisation.

The useful lives of the Authority's intangible assets are set out in the following table:

Class	Useful life
Software	3 – 25 years

k. Impairment of assets

At each reporting date, the carrying amounts of assets are reviewed to determine whether there is an indication that any of the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of assets is estimated. Where the carrying amount of an asset is greater than its recoverable amount, the asset is considered impaired.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. These groups of assets are known as a cash generating unit (CGU).

The CGU of the Authority has been determined by management to be the whole of the water delivery network due to the integrated functionality of individual components that form that network.

Fair value in AASB 136 *Impairment of Assets* is defined consistently with AASB 13 *Fair Value Measurement*. The only difference between an asset's fair value under both standards is the direct incremental costs attributable to the disposal of the asset. These costs have been determined by management to be negligible. Because the recoverable amount of a revalued asset is close to, or greater than its revalued amount, it is unlikely that revalued assets will ever be impaired.

l. Employee benefits

The accounting policy for employee benefits covers the period from 1 July 2013 to 24 February 2014 when the Division was abolished and the employees and associated assets and

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liabilities were transferred to DTIRIS. (Refer to Note 21).

i) *Wages and salaries, recreation leave, and associated on-costs*

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12-months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Recreation leave, which is not expected to be settled wholly before 12-months after the end of the annual reporting period in which the employees render the related service, is required to be measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on Australian Government bonds are used to discount the recreation leave. The yields match as closely as possible the estimated timing of expected payments. Recreation leave which is expected to be settled wholly within 12 months is not required to be discounted.

The bond rate used to discount recreation leave to its present value at the reporting date ranged from 2.4 percent to 4.0 percent (2013: 3.8 percent).

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

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

ii) *Long service leave*

The liability for long service leave is measured at present value using the Projected Unit Credit (PUC) valuation method in accordance with AASB 119 *Employee Benefits*. Market yields on Australian Government bonds are used to discount long-term long service leave. The yields match as closely as possible the estimated timing of expected payments.

The bond rates used to discount long service leave ranged from 2.4 percent to 4.0 percent (2013: 2.5 percent to 4.3 percent).

If benefits are expected to be settled wholly within 12-months of the end of the reporting period, then they are measured at the undiscounted amount of the benefit.

iii) *Defined contribution superannuation plans*

A defined contribution superannuation plan is a post-employment benefit plan which the consolidated entity pays fixed contributions into a separate entity but has no legal or constructive obligation to pay any further amounts.

Contributions to defined contribution superannuation plans are recognised as an expense in the periods during which services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv) *Defined benefit superannuation plans*

Defined benefit superannuation plans provide defined lump sum benefits based on years of service and final average salary.

The net obligation in respect of defined benefits plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed by a qualified actuary using the PUC method. When the calculation results in a potential asset, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains or losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in the Statement of Comprehensive Income. The net interest expense (income) on the net defined benefit liability (asset) for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The gains and losses on the settlement of a defined benefit plan are recognised when the settlement occurs.

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AASB 119 *Employee Benefits* does not specify whether the current and non-current portions of the liability be disclosed because at times the distinction can be arbitrary. Management has determined that the liability be disclosed as non-current as this best reflects when the liability will most likely be settled.

Assumptions underlying defined benefit superannuation expenses and liability are disclosed in Note 17(a).

v) Termination benefits

Termination benefits are expensed at the earlier of when the consolidated entity can no longer withdraw the offer of those benefits and when the consolidated entity recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12-months of the end of the reporting period, then they are discounted.

m. Dividend

Targeted dividend agreed by the Board of SCA and the relevant Ministers in May of each financial year establish a present obligation for the future payment of a dividend. Accordingly, a provision for the full amount of the dividend is recognised in the Statement of Financial Position.

The provision for dividend is calculated in accordance with requirements of TPP 14-04 *Financial Distribution Policy for Government Businesses*. The amount paid by the Authority in relation to the six-months to 31 December 2014 was \$34.4 million (2014: \$27.9 million)

n. Other provisions

A provision exists when there is a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources

will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the estimate of the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

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

i) Restorations

A provision for restoration is recognised when where there is an obligation to bring premises back to their original state at the end of a lease term. Each estimate is based on the details of the individual property concerned and terms related to the lease.

ii) Restructurings

A provision for restructuring is recognised only when the Authority has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. At 31 December 2014, management has not approved any detailed or formal restructuring plan, including staff redundancies.

o. Equity and reserves

The asset revaluation reserve is used to record increments and decrements related to the revaluation of property;

plant and equipment (refer to Note 3(i)).

Retained earnings and net asset transfers predominately relate to the accumulation of current and prior year earnings after income tax as well as equity transfers (refer to Note 3(p)).

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards.

p. Equity transfers

The transfer of net assets between NSW public sector entities as a result of an administrative restructure are designated as contributions by owners and recognised as an adjustment to retained earnings and net asset transfers. This treatment is consistent with the requirements set out in AASB 1004 *'Contributions'* and Australian Interpretation 1038 *'Contributions by Owners Made to Wholly-Owned Public Sector Entities'*.

Transfers involving statutory bodies are specifically addressed TPP 09-3 *'Contributions by owners made to wholly-owned Public Sector Entities'*, which requires that transferred assets be recognised at fair value to the transferee.

As a result of the Water NSW Act 2014, effective 31 December 2014, the Authority transferred all of its assets and liabilities to State Water Corporation. In accordance with the requirements of TPP 09-3: *Contributions by owners made to wholly-owned Public Sector Entities*, all assets and liabilities transferred at fair value. The following summarises the valuation adjustments arising directly from the transfer:

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For the six months ended 31 December 2014

	Non-financial assets	Borrowing
Prior to 31.12.14 \$ '000	284	446,431
TPP 09-3 FV adjust \$ '000	(284)	47,757
Values at 01.01.15 \$ '000	-	494,188

q. Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and benefits.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are subsequently allocated between the principal component and the interest expense.

Payments made under operating leases are recognised in profit or loss on a straight line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense, over the term of lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

r. New standards and interpretations not yet adopted.

Certain new Accounting Standards and Interpretations have been published that are not mandatory for the 31 December 2014 reporting period.

The Authority has assessed the impact of these standards and interpretations and considers the impact to be insignificant.

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For the six months ended 31 December 2014

4. Revenue

	Consolidated Entity 1 July 2013 to 30 June 2014 \$'000	Parent Entity 1 July 2014 to 31 December 2014 \$'000	Parent Entity 1 July 2013 to 30 June 2014 \$'000
Revenue			
Revenue from water sales			
Raw water sales - fixed charge	160,259	83,636	160,259
Raw water sales - variable charge	43,530	21,985	43,530
Other raw water sales	1,451	741	1,451
Rebate related to repeal for carbon price mechanism ¹	-	(1,050)	-
Revenue from water sales	205,240	105,312	205,240
Other revenue			
Consultancies	1,379	275	1,379
Rent and conference centre hire	753	475	753
Interest revenue	1,102	673	1,102
Grants	33	16	33
Other	724	270	724
Other revenue	3,991	1,709	3,991
Total revenue	209,231	107,021	209,231

¹The Federal Government repealed the carbon price mechanism from 1 July 2014. As water prices remain locked in for the next two years, the Authority's customers are being refunded by way of two agreed annual repayments instead. The total amount to be paid rebates 100 percent of the savings from the repeal of the carbon price mechanism to its customers. This represents a constructive obligation, because the repeal of the legislation has created a valid expectation in other parties that the Authority will discharge the obligation to rebate money related to carbon price mechanism.

5. Employee and personnel services expense

	Consolidated Entity 1 July 2013 to 30 June 2014 \$'000	Parent Entity 1 July 2014 to 31 December 2014 \$'000	Parent Entity 1 July 2013 to 30 June 2014 \$'000
Employee related costs¹			
Salaries and wages (including recreation leave)	20,167	-	-
Superannuation ²	3,406	-	-
Long service leave	303	-	-
Employment related taxes	1,349	-	-
Workers compensation insurance	127	-	-
Board remuneration	328	129	328
	25,680	129	328
Personnel services costs²			
Personnel services expense - Division	-	-	16,248
Personnel services expense - DTIRIS	23,158	31,585	23,158
	23,158	31,585	39,406
Capitalisation of employee related and personnel services expense	(1,857)	(858)	(1,857)
Total employee and personnel services expense	46,981	30,856	37,877

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

5. Employee and personnel services expense (continued)

Note 1: Employee related expenses for the comparative reporting period covers the period 1 July 2013 up to 24 February 2014 when the Division was abolished and the employees and associated assets and liabilities were transferred to DTIRIS (see Note 21).

Note 2: Refer to Note 21 for information related to personnel services expenses.

6. Operating expenses

	Consolidated Entity 1 July 2013 to 30 June 2014 \$'000	Parent Entity 1 July 2014 to 31 December 2014 \$'000	Parent Entity 1 July 2013 to 30 June 2014 \$'000
Operating expenses			
Administration	4,696	2,194	4,696
Contractors and consultancies	33,992	15,031	33,992
Depreciation and amortisation	31,585	17,186	31,585
Energy	1,556	518	1,556
Grants	1,065	562	1,065
Information Management	1,258	636	1,258
Insurance	2,002	1,081	2,002
Licence Fees	3,212	1,565	3,212
Materials	3,653	1,941	3,653
Property	4,041	2,282	4,041
Write off capital works in progress	-	11,898	-
Transport	147	80	147
Total operating expenses	87,207	54,974	87,207

Reconciliation of total maintenance expenses

	Consolidated Entity 1 July 2013 to 30 June 2014 \$'000	Parent Entity 1 July 2014 to 31 December 2014 \$'000	Parent Entity 1 July 2013 to 30 June 2014 \$'000
Salaries and wages maintenance expense ¹	1,885	-	-
Personnel services maintenance expense (See Note 5)	1,111	1,576	2,995
Other maintenance expenses included above	12,262	6,871	12,262
Total maintenance expenses	15,257	8,447	15,257

NSW Treasury Guidelines for Capitalisation of Expenditure on Property, Plant and equipment (TPP 06-6) requires the total maintenance expense to be dissected into personnel services related maintenance and other maintenance.

Note 1: Employee related maintenance expenses for the comparative reporting period covers the period 1 July 2013 up to 24 February 2014 when the Division was abolished and the employees and associated assets and liabilities were transferred to DTIRIS (see Note 21).

Sydney Catchment Authority
Notes to the financial statements
For the six months ended 31 December 2014

7. Finance costs

	Consolidated Entity 1 July 2013 to 30 June 2014 \$'000	Parent Entity 1 July 2014 to 31 December 2014 \$'000	Parent Entity 1 July 2013 to 30 June 2014 \$'000
Finance costs			
Interest expense on loans	24,640	12,075	24,640
Less: Borrowing costs capitalised ¹	16	-	16
Interest expense recognised in profit or loss	24,656	12,075	24,656
Other costs of finance			
Government guarantee fee	5,074	2,692	5,074
Amortisation of deferred discount (income) on loans	738	159	738
Loss on debt management	880	59	880
Fair value adjustment to borrowings ²	-	47,757	-
Unwinding of discount on provision for restoration	22	11	22
Other costs of finance	6,714	50,678	6,714
Finance costs	31,370	62,753	31,370

Note 1: A borrowing rate of 5.77 percent was used to calculate borrowing costs applicable to qualifying asset in the comparative period. No borrowing costs were capitalised in the six months to 31 December 2014.

Note 2: In accordance with TPP 09-3, the transfer of the assets and liabilities from the Authority to Water NSW is classified as a contribution by owners. This requires assets and liabilities to be transferred to Water NSW at their fair value. Borrowings are measured and held in accordance with TPP 08-1 at amortised cost, using the effective interest method. To comply with the requirements of TPP 09-3, the liability was adjusted to fair value at the date of transfer. The adjustment was recognised to profit or loss as a "fair value adjustment to borrowings" immediately prior to the transfer of the liability to Water NSW.

8. Income tax

Income tax expense recognised in the statement of comprehensive income

	Consolidated Entity 1 July 2013 to 30 June 2014 \$'000	Parent Entity 1 July 2014 to 31 December 2014 \$'000	Parent Entity 1 July 2013 to 30 June 2014 \$'000
Current tax expense			
Current tax expense relating to current financial year	19,299	10,843	19,299
Adjustment for prior year in relation to accrual deductions	225	-	225
Tax effect of under / overs in prior year	35	475	35
Deferred tax expense			
Origination and reversal of temporary differences	(2,890)	(20,426)	(2,890)
Income tax equivalent (benefit) expense	16,669	(9,108)	16,669

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

8. Income tax (continued)

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

	Consolidated Entity 1 July 2013 to 30 June 2014 \$'000	Parent Entity 1 July 2014 to 31 December 2014 \$'000	Parent Entity 1 July 2013 to 30 June 2014 \$'000
Profit (loss) before tax	42,548	(41,723)	51,652
Income tax expense using statutory rate of 30 percent	12,764	(12,517)	15,496
Effect of:			
Non-deductible expenses	(220)	3,535	(220)
Other temporary differences	1,134	(601)	1,134
Under / (over) provided in prior years	259	475	259
Tax exempt income	2,732	-	-
Income tax equivalent (benefit) expense	16,669	(9,108)	16,669

Income tax recognised in other comprehensive income

	Consolidated Entity 1 July 2013 to 30 June 2014 \$'000	Parent Entity 1 July 2014 to 31 December 2014 \$'000	Parent Entity 1 July 2013 to 30 June 2014 \$'000
Income tax recognised directly to equity			
Asset revaluation reserve	8,260	-	8,260
Income tax recognised directly to equity	8,260	-	8,260

Current tax liabilities

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Current tax liabilities	12,851	-	12,851
Current tax liabilities	12,851	-	12,851

Deferred tax balances

	Opening balance	Recognised in income	Recognised in equity	Closing balance
The Authority for the six months to 31 December 2014				
Temporary differences				
Property, plant and equipment	143,489	(2,268)	-	141,221
Borrowings	-	(14,344)	-	(14,344)
Employee provisions	(1,225)	(3,417)	-	(4,642)
Other provisions and accruals	(1,713)	(429)	-	(2,142)
Other	(35)	32	-	(3)
Transferred via equity transfer	-	-	-	(120,090)
Deferred tax balance	140,516	(20,426)	-	-

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

8. Income tax (continued)

	Opening balance	Recognised in income	Recognised in equity	Closing balance
Consolidated / The Authority - 30 June 2014				
Temporary differences				
Property, plant and equipment	137,102	(1,873)	8,260	143,489
Allowance for impairment of receivables	(489)	(736)	-	(1,225)
Other provisions and accruals	(1,461)	(252)	-	(1,713)
Other	(6)	(29)	-	(35)
Deferred tax balance	135,146	(2,890)	8,260	140,516

Deferred tax liabilities are recognised in the statement of financial position as follows:

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Deferred tax liabilities	140,516	-	140,516
Deferred tax liabilities	140,516	-	140,516

There were no deferred tax assets that were unrecognised during the current or previous reporting year. Where the right exists, deferred tax assets and deferred tax liabilities are offset.

Recognition of deferred tax balances after 1 January 2015

Deferred tax assets and deferred tax liabilities have been transferred to Water NSW on 1 January 2015 at fair value. This is based on the fact that the Authority's tax bases have been transferred in their entirety to Water NSW, and that Water NSW will benefit from, and be liable for, the reversal of these timing differences in the future. A NTER private ruling obtained by Water NSW confirms that the assets, rights and liabilities transferred to Water NSW by the Authority will inherit the tax attributes of the Authority including, but not limited to, cost bases.

9. Cash and cash equivalents

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Cash and cash equivalents			
Cash at bank and on hand	429	-	429
NSW Treasury Corporation Hourglass (Cash) Facility	40,799	-	40,799
Cash and cash equivalents	41,228	-	41,228

Cash and cash equivalents recognised within the statement of financial position is reconciled to cash in the statement of cash flows as follows:

Closing cash per statement of cash flows	41,228	-	41,228
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Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

9. Cash and cash equivalents (continued)

Reconciliation of profit after tax to net cash from operating activities in the statement of cash flows

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Profit (loss) after tax	25,879	(32,615)	34,983
Depreciation and amortisation	31,585	17,186	31,585
Loss on disposal of property, plant and equipment	1,124	161	1,124
Write off capital works in progress	-	11,898	-
Superannuation movements direct to equity	9,104	-	-
Suppliers and employees	(2,569)	655	(2,565)
Finance costs	65	46,011	65
Receivables	(9,354)	22,410	(9,358)
Income tax	1,127	(30,130)	1,127
Net cash from operating activities	56,961	35,576	56,961

Refer to Note 23 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

10. Trade and other receivables

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Trade and other receivables			
Trade receivables	34,689	-	34,689
Less: Allowance for impairment	(116)	-	(116)
Trade receivables	34,573	-	34,573
Other receivables	3,275	-	3,275
Trade and other receivables	37,848	-	37,848

T-Corp have advised that the debt management fee receivable balance of \$284k previously recognised as a receivable by the Authority will be extinguished on the termination of the debt management agreement between T-Corp and the Authority, at the time of dissolution of the Authority. The amount has been written off as it will no longer meets the asset recognition requirements (i.e. represents nil value to Water NSW at the time of transfer).

Movements in the allowance for impaired receivables

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Allowance for impairment in trade receivables			
Carrying amount at the beginning of the year	20	116	20
Allowance for impairment recognised in profit or loss	99	-	99
Amounts written off as uncollectable	(3)	-	(3)
Amounts reversed during the year	-	(107)	-
Transferred via equity transfer	-	(9)	-
Carrying amount at the end of the year	116	-	116

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Notes to the financial statements

For the six months ended 31 December 2014

10. Trade and other receivables (continued)

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 23.

11. Other non-financial assets

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Other non-financial assets			
Lease incentives	75	-	75
Prepaid expenses	747	-	747
Other	284	-	284
Other non-financial assets	1,106	-	1,106

12. Intangible assets

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Cost (gross carrying amount)	6,789	-	6,789
Accumulated amortisation and impairment	(3,452)	-	(3,452)
Net carrying amount	3,337	-	3,337

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Software			
Net carrying value at the beginning of the year	3,076	3,337	3,076
Additions	1,675	937	1,675
Amortisation	(1,414)	(676)	(1,414)
Transferred via equity transfer	-	(3,598)	-
Net carrying amount at the end of the year	3,337	-	3,337

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Development costs			
Net carrying value at the beginning of the year	-	-	-
Additions	-	139	-
Amortisation	-	(14)	-
Transferred via equity transfer	-	(125)	-
Net carrying amount at the end of the year	-	-	-

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For the six months ended 31 December 2014

13. Property, plant and equipment

	Work in Progress \$'000	Infrastructure Systems and buildings \$'000	Land \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Information Systems \$'000	Total \$'000
Non-specialised assets								
Specialised assets								
At 1 July 2014 - Fair value								
Gross carrying amount	45,344	1,336,668	59,895	22,347	3,663	3,307	3,613	1,474,837
Accumulated depreciation and impairment	-	(4,120)	-	(5,031)	(594)	(424)	(1,979)	(12,148)
Carrying value at the beginning of the period	45,344	1,332,548	59,895	17,316	3,069	2,882	1,634	1,462,689
At 31 December 2014 - Fair value								
Gross carrying amount	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment	-	-	-	-	-	-	-	-
Carrying value at the end of the period	-	-	-	-	-	-	-	-
At 31 December 2014								
Carrying value at the beginning of the year	45,344	1,332,548	59,895	17,316	3,069	2,882	1,634	1,462,689
Additions	6,796	16,800	-	1,031	1,097	-	929	26,653
Disposals	-	(6)	-	(47)	(1,031)	-	(19)	(1,103)
Depreciation	-	(14,879)	-	(931)	(232)	(155)	(300)	(16,497)
Revaluation, impairments and write offs	(11,898)	-	-	-	-	-	-	(11,898)
Transfers and reclassifications	(20,934)	-	-	-	-	-	-	(20,934)
Transferred via equity transfer	(19,308)	(1,334,463)	(59,895)	(17,369)	(2,903)	(2,727)	(2,244)	(1,438,909)
Carrying value at the end of the period	-	-	-	-	-	-	-	-

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For the six months ended 31 December 2014

13. Property, plant and equipment (continued)

	Work in Progress \$'000	Infrastructure Systems and buildings \$'000	Land \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Information Systems \$'000	Total \$'000
Specialised assets								
Non-specialised assets								
At 1 July 2013 - Fair value								
Gross carrying amount	35,344	5,374,271	60,474	23,343	4,236	4,036	3,222	5,504,926
Accumulated depreciation and impairment	-	(4,047,658)	-	(9,918)	(1,357)	(1,178)	(2,620)	(4,062,731)
Carrying value at the end of the year	35,344	1,326,613	60,474	13,425	2,879	2,858	602	1,442,195
At 30 June 2014 - Fair value								
Gross carrying amount	45,344	1,336,668	59,895	22,347	3,663	3,307	3,613	1,474,837
Accumulated depreciation and impairment	-	(4,120)	-	(5,031)	(594)	(424)	(1,979)	(12,148)
Carrying value at the end of the year	45,344	1,332,548	59,895	17,316	3,069	2,882	1,634	1,462,689
At 30 June 2014								
Carrying value at the beginning of the year	35,344	1,326,613	60,474	13,425	2,879	2,858	602	1,442,195
Additions	32,273	9,803	46	6,024	2,585	330	1,570	52,631
Disposals	(240)	(936)	(4,338)	(13)	(1,940)	-	-	(7,467)
Depreciation	-	(27,094)	-	(1,778)	(455)	(306)	(538)	(30,171)
Revaluation & impairment	-	23,820	3,713	-	-	-	-	27,533
Transfers and reclassifications	(22,033)	342	-	(342)	-	-	-	(22,033)
Carrying value at the end of the year	45,344	1,332,548	59,895	17,316	3,069	2,882	1,634	1,462,689

Sydney Catchment Authority
Notes to the financial statements
For the six months ended 31 December 2014

13. Property, plant and equipment (continued)

a) Fair value measurement of non-financial assets

Fair value hierarchy

This note explains the judgements and estimates made in determining the fair value of property, plant and equipment. To provide an indication about the reliability of the inputs used in determining the fair value, the Authority has divided property, plant and equipment into the three separate levels prescribed under Australian Accounting Standards. An explanation of each level is provided at Note 2(f).

At 31 December 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Land	-	-	-	-
Infrastructure systems and buildings	-	-	-	-
Other property, plant and equipment	-	-	-	-
	-	-	-	-

Transfers into and out of fair value hierarchy levels are recognised by the Authority at the end of the reporting period. There were no transfers between Levels 1 and 2 or between Levels 2 and 3 during the reporting period.

The following table presents the changes in Level 3 items for the year ending 31 December 2014 for recurring fair value measurements:

	Infrastructure systems & buildings \$'000	Land \$'000	Other Property, plant and equipment \$'000	Total \$'000
Opening balance at 1 July 2014	1,332,548	59,895	70,246	1,462,689
Additions	16,800	-	9,853	26,653
Depreciation	(14,879)	-	(1,618)	(16,497)
Disposals	(6)	-	(1,097)	(1,103)
Revaluations, impairments and write offs	-	-	(11,898)	(11,898)
Other reclassifications and transfers	-	-	(20,934)	(20,934)
Transferred on equity transfer	(1,334,463)	(59,895)	(44,552)	(1,438,909)
Closing balance at 31 December 2014	-	-	-	-

Valuation techniques and inputs used to determine the fair value of infrastructure systems and buildings

Infrastructure systems and buildings are revalued using the income approach. This approach which is consistently applied from year to year, is undertaken in accordance with the accounting policy requirements of TPP 14-01 'Valuation of Physical 'Non-Current Assets at Fair Value' (TPP14-1). Infrastructure systems and buildings are revalued on an annual basis with the latest revaluation undertaken at 31 December 2014. As the fair value of assets as determined in the latest revaluation did not differ materially from the carrying value at the same reporting date, the revaluation adjustment was not recognised. In undertaking the revaluation, assistance was obtained from an independent and qualified member of the American Society of Appraisers.

The income approach to revaluing assets uses a discounted cash flow methodology and the following key methods and assumptions to arrive at fair value:

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

13. Property, plant and equipment (continued)

- The estimate of future cash flows derived from internal financial forecasts approved by the Board
- Expectations about possible variations in the amount and timing of future cash flows which reflect the most likely outcome as determined by management
- The time value of money is represented by the current market risk free rate and the price bearing the uncertainty inherent in the asset, as encapsulated in the Weighted Average Cost of Capital (WACC)
- The regulatory asset base is used as a proxy for the terminal value

As buildings are located within designated special areas they are considered an integral part of infrastructure assets and revalued using the same income approach.

The forward financial forecast used in the revaluation model is considered a Significant Unobservable Input. The forecast which is approved by the Board is developed by management through a comprehensive annual business planning and budgeting process. The approved budget takes into consideration limits set in the Authority's Price Determination.

While financial estimates may change from year-to-year over the five year projection period, they are capped to limits set in the current Price Determination. In determining the future cash flows to include in the valuation model, management also deducts expenditure that increases the service potential of assets existing at reporting date.

The following cash flows were used in the revaluation model at the time of undertaking the revaluation:

	Year 1 \$'000	Year 2 \$'000	Year 3 \$'000	Year 4 \$'000	Year 5 \$'000
Undiscounted cash flows	89,800	86,000	92,200	97,200	102,200

Changes to the cash flows estimates in the revaluation model will result in a higher or lower fair value measurement. Where the change is an increase (decrease) in estimated cash flows, the fair value of assets will increase (decrease). As the cash flow estimates are discounted by the WACC, the significance of the change in cash flows is largest in Year 1 when the effect of the discounting is smallest. The significance of the change reduces each year and is smallest in Year 5 when the effect of discounting is largest.

A change in the WACC will also change the measurement of fair value for a given set of estimated future cash flows. The following table presents the impact of a change to the WACC on the cash flows disclosed above:

	Actual Revaluation	Scenario A: + 1%	Scenario B: - 1%
Weighted Average Cost of Capital (WACC)	8.32%	9.32%	7.32%
Fair value	1,432,378	1,376,878	1,490,897

In revaluing infrastructure systems and buildings, the assets current use is considered their highest and best use.

There were no changes in the valuation techniques adopted for infrastructure system and buildings during the year.

Valuation techniques and inputs used to determine the fair value of land

Following initial recognition at cost, land is carried at fair value in accordance with TPP 14-1. Land is subject to an independent revaluation at least every three years. However, the carrying amount of land is reviewed each year to ensure that it does not differ materially from fair value.

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

13. Property, plant and equipment (continued)

The most recent revaluation of land was undertaken at 31 December 2014. As the fair value of the land did not differ materially from the carrying value at that date, no revaluation adjustment was recognised in the financial statements.

The consultant that undertook the valuation is a Certified Practising Valuer and an Associate Member of the Australian Property Institute. The legislative restrictions over Authority lands means it has no development potential and can only be used for water catchment purposes.

When undertaking a revaluation of land, the current use of the asset is also considered its highest and best use. When revaluing land, only sales of vacant, undeveloped and remotely located land was considered by the Valuer. This is because local government requires a formed access and electricity connection as a prerequisite to a building entitlement being granted. The provision of access and electricity to remote vacant lands is expensive such that the cost of doing so outweighs any potential benefit of further development.

There were no changes to the approach undertaken to revalue land during the year.

Valuation techniques and inputs used to determine other property, plant and equipment

Other property, plant and equipment is valued at fair value in accordance with Australian Accounting Standards and guidance within TPP 14-1. For non-specialised assets, TPP 14-1 allows for recognition at depreciated historical cost as an acceptable surrogate for fair value. Depreciated historical cost is considered an appropriate surrogate because any difference between fair value and depreciated historical cost is unlikely to be material. Further, the benefit of ascertaining a more accurate estimate of fair value does not justify the additional costs of obtaining it.

In revaluing other property, plant and equipment, the assets current use is considered their highest and best use.

There were no changes to the valuation technique adopted for other property, plant and equipment during the year.

b) Asset values measured at historical cost¹

	31 December 2014		30 June 2014	
	Historical Cost \$'000	Fair Value \$'000	Historical Cost \$'000	Fair Value \$'000
Work in progress	19,308	19,308	45,344	45,344
Infrastructure systems and buildings	781,632	1,334,463	661,842	1,332,548
Land	102,247	59,895	107,527	59,895
Plant and equipment	17,369	17,369	17,316	17,316
Motor vehicles	2,903	2,903	3,069	3,069
Leasehold improvements	2,727	2,727	2,882	2,882
Information systems	2,244	2,244	1,634	1,634
Carrying value at historical cost	928,430	1,438,909	839,614	1,462,688

Note 1: Prior to the transfer of assets and liabilities to Water NSW

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

14. Trade and other payables

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Current			
Trade payables	1,688	-	1,688
Other accrued expenses	20,808	-	20,808
Accrued interest on loans	6,898	-	6,898
Personnel services payable to DTIRIS	64,521	-	64,521
Trade and other payables	93,915	-	93,915

Financial risk management policies in relation credit risk, liquidity risk and market risk are disclosed in Note 23.

15. Other liabilities

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Current			
Deferred income	495	-	495
Current other liabilities	495	-	495
Non-Current			
Lease incentives and deferred lease liability	1,150	-	1,150
Deferred income	138	-	138
Other	27	-	27
Non-current other liabilities	1,315	-	1,315

16. Borrowings

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Current borrowings			
Fixed interest loans	12,900	-	12,900
Premium (discount) on loans	102	-	102
Current borrowings	13,002	-	13,002
Non-current borrowings			
Fixed interest loans	426,246	-	426,246
Premium (discount) on loans	(126)	-	(126)
Non-current borrowings	426,120	-	426,120

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

16. Borrowings (continued)

Borrowings have been measured in this final set of financial statements to comply with the requirements of NSW Treasury Accounting Policy TPP 09-3: *Contributions by owners made to wholly-owned Public Sector Entities* (TPP 09-3). TPP 09-3 requires that assets and liabilities transferred between public sector entities through equity be reflected in the books of both the transferee and transferor at their fair value to the transferee, i.e. Water NSW. Borrowings have been transferred to Water NSW on 1 January 2015 at fair value to comply with the requirements of TPP 09-3.

Financial risk management policies in relation credit risk, liquidity risk and market risk as well as approved financing facilities are disclosed in Note 23.

17. Provisions

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Current			
Expected to be settled within 12-months			
Dividend ^{1,2}	27,900	-	27,900
Current provisions	27,900	-	27,900
Non-current provisions			
Restoration ³	522	-	522
Other Provisions ⁴	-	-	-
Non-current provisions	522	-	522

Note 1: Under the National Taxation Equivalent Regime, the Authority is not required to operate a dividend franking account.

Note 2: In accordance with the Financial Distribution Policy for Government Business TPP 14-04 and Section 59B of the *Public Finance and Audit Act 1989*, the Treasurer accepted on behalf of the voting shareholders a dividend recommendation of \$34.4 million. The dividend was paid in one instalment on 30 December 2014. Accordingly there is no provision for dividend at reporting date.

Note 3: The provision for restoration is based on long term estimates to restore leased premises discounted to their present value. There is some uncertainty in relation to whether the actual restoration costs will ultimately be incurred and whether there will be a material change to the discount rate applied to estimate the liability.

Note 4: The Federal Government repealed the Carbon Tax effective 1 July 2014. As water prices remain locked in for the next two years, the Authority's customers are being refunded by way of two agreed rebate repayments instead. The total amount to be paid rebates 100 percent of the savings from the repeal of the Carbon Tax to its customers. This represents a constructive obligation, because the repeal of the legislation has created a valid expectation in other parties that the Authority will discharge the obligation to rebate money related to carbon tax.

Sydney Catchment Authority
Notes to the financial statements
For the six months ended 31 December 2014

17. Provisions (Continued)

Movement in provisions other than employee benefits

	Restoration Provision \$'000	Dividend Provision \$'000
At 31 December 2014		
Carrying amount at the beginning of the year	522	27,900
Additional provisions recognised	-	34,400
Amounts used	-	(62,300)
Unwinding of discount rate	12	-
Transferred on equity transfer	(534)	-
Carrying amount at the end of the year	-	-

(a) Defined benefit superannuation schemes

Nature of the benefits provided by the fund

On 24 February 2014, the employee benefits of the Division were transferred to DTIRIS. Details of the transfer as well as the amounts transferred are set out in Note 21. Accordingly, the comparative following disclosures related to defined benefit superannuation covers the period 1 July 2013 up to 24 February 2014 when the liability was transferred to DTIRIS.

The Pooled Funds holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-Contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal. All the Schemes are closed to new members.

Description of significant events

There were no fund amendments, curtailments or settlements during the period.

Reconciliation of the net defined benefit liability for the comparative period

	SASS to 24 February 2014 \$'000	SANCS to 24 February 2014 \$'000	SSS to 24 February 2014 \$'000	Total to 24 February 2014 \$'000
Net defined benefit liability at beginning of year	6,320	1,419	37,678	45,417
Current service cost	287	110	558	955
Net interest on net defined benefit liability	153	34	931	1,118
Actual return on fund assets less interest income	(841)	(188)	(2,102)	(3,131)
Actuarial (gain) loss from change in financial assumptions	(182)	31	(4,863)	(5,014)
Actuarial (gain) loss arising from liability experience	(338)	63	(684)	(959)
Employer contributions	(307)	(110)	(295)	(712)
Transfer to DTIRIS on 24 February 2014 (see Note 21)	(5,092)	(1,359)	(31,223)	(37,674)
Net defined benefit liability at end of year	-	-	-	-

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

17. Provisions (Continued)

Reconciliation of the fair value of fund assets for the comparative period

	SASS to 24 February 2014 \$'000	SANCS to 24 February 2014 \$'000	SSS to 24 February 2014 \$'000	Total to 24 February 2014 \$'000
Fair value of fund assets at beginning of the year	9,789	2,280	30,131	42,200
Interest income	235	56	739	1,030
Actual return on fund assets less interest income	841	188	2,102	3,131
Employer contributions	307	109	296	712
Contributions by participants	147	-	242	389
Benefits paid	(328)	(211)	(90)	(629)
Taxes, premiums & expenses paid	139	(5)	(109)	25
Transfer to DTIRIS on 24 February 2014 (see Note 21)	(11,130)	(2,417)	(33,311)	(46,858)
Fair value of fund assets at end of the year	-	-	-	-

Reconciliation of the defined benefit obligation for the comparative period

	SASS to 24 February 2014 \$'000	SANCS to 24 February 2014 \$'000	SSS to 24 February 2014 \$'000	Total to 24 February 2014 \$'000
Present value of obligation at beginning of year	16,109	3,699	67,809	87,617
Current service cost	287	110	558	955
Interest cost	388	90	1,670	2,148
Contributions by participants	147	(1)	243	389
Actuarial (gain) loss from change in financial assumptions	(182)	31	(4,863)	(5,014)
Actuarial (gain) loss arising from liability experience	(338)	63	(684)	(959)
Benefits paid	(328)	(211)	(90)	(629)
Taxes, premiums & expenses paid	139	(5)	(109)	25
Transfer to DTIRIS on 24 February 2014 (see Note 21)	(16,222)	(3,776)	(64,534)	(84,532)
Present value of obligation at end of year	-	-	-	-

Expense recognised in profit or loss in the comparative period

	SASS to 24 February 2014 \$'000	SANCS to 24 February 2014 \$'000	SSS to 24 February 2014 \$'000	Total to 24 February 2014 \$'000
Current service cost	287	110	558	955
Net interest	153	34	931	1,118
Defined benefit cost	440	144	1,489	2,073

Cumulative amount recognised in statement of comprehensive income in the comparative period

	SASS to 24 February 2014 \$'000	SANCS to 24 February 2014 \$'000	SSS to 24 February 2014 \$'000	Total to 24 February 2014 \$'000
Actuarial (gains) losses on liabilities	(520)	94	(5,547)	(5,973)
Actual return on fund assets less interest income	(841)	(188)	(2,102)	(3,131)
Total amount recognised in comprehensive income	(1,361)	(94)	(7,649)	(9,104)

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

17. Provisions (Continued)

Other disclosures

Additional disclosures related to the defined benefit superannuation assets and liabilities made in accordance with AASB 119 are presented in the financial statements of DTIRIS.

18. Segment reporting

The Authority operates within the water industry as one business segment that provides bulk water to the Sydney Water Corporation and other wholesale customers. The Authority also undertakes other catchment related activities as required by the *Sydney Water Catchment Management Act 1988*.

The operations of the Authority reside wholly within the State of New South Wales.

19. Commitments

The commitments of the Authority at reporting date will transfer to Water NSW from 1 January 2015 following the dissolution of the Authority.

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as a liability are expected to be payable as follows:

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Within one year	5,943	5,883	5,943
Later than one year but not later than five years	291	1,502	291
Later than five years	-	3	-
Capital commitments	6,234	7,388	6,234

Amounts disclosed as capital commitments includes GST of \$0.7 million (2014: \$0.6 million) recoverable from the Australian Taxation Office. Capital commitments relate to the construction and enhancement of property, plant and equipment.

Operating lease commitments

Operating lease commitments contracted for at the reporting date but not recognised as a liability are expected to be payable as follows:

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

19. Commitments (continued)

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Within one year	2,047	2,117	2,047
Later than one year but not later than five years	8,110	8,199	8,110
Later than five years	9,372	8,530	9,372
Operating lease commitments	19,529	18,846	19,529
Representing non-cancellable operating leases	19,529	18,846	19,529

Amounts disclosed as operating lease commitments includes GST of \$1.7 million (2014: \$1.8 million) recoverable from the Australian Taxation Office.

Operating leases relate to office rent with occupancy terms range from one to twelve years with renewal options for similar periods. All leases have been negotiated on commercial terms.

20. Contingent liabilities and contingent assets

At reporting date, there were several legal matters outstanding, none of which are considered material or require disclosure as contingent liabilities. The Authority is not aware of any material contingent assets.

21. Related parties

Sydney Catchment Authority Division

From 24 February 2014 employment contracts of personnel assigned to the Authority became administered by DTIRIS in accordance with the requirements of the *Government Sector Employment Act 2013*. DTIRIS recognised employee related liabilities transferred from the Division at the carrying value at the time of the transfer. An equivalent receivable and liability was also recognised between DTIRIS and the Authority respectively. Personnel services payable to DTIRIS is disclosed in Note 14.

All applicable personnel charges of DTIRIS are charged to the Authority from 24 February 2014 up to the date of dissolution of the Authority. These charges include all salaries, superannuation, leave, on-costs and all related payroll tax and fringe benefit tax charges so as recover all costs of providing personnel related services to the Authority. Personnel services expense is disclosed in Note 5.

DTIRIS does not add a mark up to the cost of providing personnel services to the Authority.

The employees of DTIRIS assigned to work at the Authority (including the associated employee related assets and liabilities) were transferred directly to Water NSW on 1 January 2015 at the same time as the other assets and liabilities are transferred.

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

21. Related parties (continued)

Water NSW

The *Water NSW Act 2014* mandated the assets, liabilities and activities of the Authority to be transferred to State Water Corporation (SWC) in their entirety. SWC has been renamed Water NSW. Refer Note 2 (a) for further information.

In preparation for the merger an Executive Strategy team was established to advise on the strategies to achieve improvements in priority areas consistent with the objectives of the future consolidated business. The team consisted of members of Executive from the Authority and SWC.

Officers holding responsibility for planning, directing and controlling the activities of the Authority

Board members of the Authority during the current and previous reporting year included:

- Terry Charlton (C Chairman (Appointed 1 March 2014)
- Dr Nicholas Brunton
- Carmel Krogh
- Chris Westworth
- Professor Andrew Wilson
- Rob Aldis (appointed on 15 September 2014)

The following officers acted in the capacity of Chief Executive in the current or previous reporting year:

- David Harris A/Chief Executive (Appointed 12 May 2014)
- Fiona Smith A/Chief Executive (27 September 2013 to 11 May 2014)

The following officers have responsibility for planning, directing and controlling the activities of the Authority:

- | | |
|-----------------------|--|
| - Graham Attenborough | A/General Manager, Water (From 27 September 2013) |
| - Elli Baker | Chief Financial Officer, Water NSW (Appointed 12 May 2014) |
| - Graham Begg | General Manager, Catchments (Appointed 9 September 2013) |
| - Carl Broockmann | A/General Manager, Assets (From 23 May 2014) |
| - Graham Collins | General Manager, Finance & Business Services |
| - Simone Greenaway | General Manager, Governance |
| - Fiona Smith | Executive General Manager, Sydney Catchment Authority (from 12 May 2014) |
| - Ian Tanner | Director, Water Planning Strategy (Appointed on 23 May 2014) |
| - Michael MacLean | Senior Manager, People & Culture |

From time to time employees of the Division or DTIRIS held the role of Chief Executive and General Manager in an acting capacity, for periods of less than one month.

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

21. Related parties (continued)

Remuneration of key management personnel

	Consolidated Entity 1 July 2013 to 30 June 2014 \$'000	Parent Entity 1 July 2014 to 31 December 2014 \$'000	Parent Entity 1 July 2013 to 30 June 2014 \$'000
Short term employee benefits	309	89	309
Long term employee benefits	-	-	-
Post term employee benefits	19	8	19
Remuneration of key management personnel	328	97	328

From 24 February 2014, the personnel services function previously undertaken by the Sydney Catchment Authority Division (a controlled entity of the Authority) was transferred to NSW Department of Trade and Investment, Regional Infrastructure and Services (DTIRIS).

The Authority's share of directors fees (including superannuation) was paid by Members of the Board by State Water Corporation (SWC). The amounts paid were fully recovered from the Authority via a monthly charge.

22. Auditors' remuneration

	Consolidated Entity 1 July 2013 to 30 June 2014 \$'000	Parent Entity 1 July 2014 to 31 December 2014 \$'000	Parent Entity 1 July 2013 to 30 June 2014 \$'000
Financial audit of Sydney Catchment Authority	162	150	162
Financial audit of Sydney Catchment Authority Division	8	-	8
Auditors remuneration	170	150	170

The fee payable for the audit of the Sydney Catchment Authority Division was assumed by the Authority.

23. Financial instruments

a) Risk management framework

The Authority's principal financial instruments are presented below. These financial instruments arise directly from operations of the Authority, or are required by the Authority to finance its operations. The Authority does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

The Authority's main risks arising from financial instruments are outlined below, together with the Authority's objectives, policies and processes for measuring and managing the risks.

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

23. Financial instruments (continued)

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing identified risks. Risk management policies are established to identify and analyse the risks faced by the Authority, as well as to set limits and controls and monitor identified risks. Compliance with policies is reviewed by the Standing Committee on Audit, Financial Risk and Compliance and internal auditors on a continuous basis.

The following tables group financial instruments of the Authority and consolidated entity by category.

			Carrying Amount 31 December 2014 \$'000	Carrying Amount 30 June 2014 \$'000
	Note	Category		
Financial assets				
Cash and cash equivalents	9	Not applicable	-	41,228
Trade and other receivables ¹	10	Loans and receivables	-	34,689
Financial assets			-	75,917

			Carrying Amount 31 December 2014 \$'000	Carrying Amount 30 June 2014 \$'000
	Note	Category		
Financial liabilities				
Trade and other payables ¹	14	Amortised cost	-	93,915
Borrowings	16	Fair Value ²	-	439,122
Financial liabilities			-	533,037

Note 1: Excludes statutory receivables payables as well as prepayments and deferred income and which fall outside the scope of AASB 7 'Financial Instruments: Disclosures'.

Note 2: Refer to Note 16 - Borrowings

b) Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Authority. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Authority, including cash, receivables, and authority deposits. No collateral is held by the Authority and no financial guarantees have been granted.

Credit risk associated with financial assets, other than receivables, is managed through the selection of counterparties and the establishment of minimum credit rating standards. Authority deposits held with NSW Treasury Corporation (T-Corp) are guaranteed by the State.

Cash and cash equivalents

Cash comprises cash on hand and bank balances held within the NSW Treasury Banking System. Prior to transfer of assets and liabilities to Water NSW the Authority held cash and cash equivalents of \$23.4 million at 31 December 2014 (2014: \$41.2 million). The banking institutions within the NSW Treasury Banking System are rated AA to AAA, based on rating agency Standard & Poor's ratings.

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

23. Financial instruments (continued)

Trade and other receivables

All trade receivables are recognised at amounts receivable at reporting date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Authority will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made terms that do not exceed 30 days.

All credit and recovery risks associated with trade debtors have been provided for in the Statement of Financial Position.

The Authority's credit risk is minimised as it transacts mainly with Sydney Water Corporation within the government controlled water supply industry. Where the counterparty is a non-Government owned corporation the parties credit worthiness is first established to derive appropriate risk limits before the Authority's standard payment terms and conditions are offered.

The ageing of trade receivables past due but not impaired as well as trade receivables considered compared is detailed below:

	Carrying Amount 31 December 2014 \$'000	Carrying Amount 30 June 2014 \$'000
Past due but not impaired ^{1,2}		
Less than 3-months overdue	-	7
Between 3-months and 6-months overdue	-	48
More than 6-months overdue	-	-
Current assets	-	55

The ageing of trade receivables individually considered impaired is detailed below:

	Carrying Amount 31 December 2014 \$'000	Carrying Amount 30 June 2014 \$'000
Considered impaired ^{1,2}		
Less than 3-months overdue	-	68
Between 3-months and 6-months overdue	-	36
More than 6-months overdue	-	-
Current assets	-	104

Note 1: Figures disclosed report 'gross receivables'.

Note 2: The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

23. Financial instruments (continued)

Authority deposits

T-Corp has established a Term Bank Deposit Distribution service which aims to secure competitive interest rates by various well rated banking institutions. The term deposits allow the Authority to deposit a given amount of money for a fixed period of time at an agreed fixed interest rate. The Authority had no outstanding term deposits at reporting date.

c) Liquidity risk

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority continuously manages risk by monitoring its future cash flows and maturities and holding adequate amounts of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of readily accessible standby facilities.

The Authority has obtained approval under the *Public Authorities (Financial Arrangement) Act 1987* for the following borrowing limits (note, the balance used at 31 December 2014 represents the balance prior to transfer to Water NSW):

	Approved facility	Balance used	Available balance
31 December 2014			
Long term borrowing facility	510,000	501,886	8,114
"Come & Go" facility	30,000	-	30,000
Cheque cashing authority ¹	2	-	2
Tape negotiation authority ¹	30,000	-	30,000
Credit card facility	95	3	92
Borrowing facility	570,097	501,889	68,208

	Approved facility	Balance used	Available balance
30 June 2014			
Long term borrowing facility	470,000	439,122	30,878
"Come & Go" facility	30,000	-	30,000
Cheque cashing authority ¹	2	-	2
Tape negotiation authority ¹	20,000	-	20,000
Credit card facility	95	14	81
Borrowing facility	520,097	439,136	80,961

NSW Treasury has advised the Parent that an approval for financial accommodation in accordance with Section 8(2) of the *Public Authorities (Financial Arrangements) Act 1987* is not required.

The Authority's Debt Management Framework and Policy establishes prudential limits on the percentage of debt, which can mature in any one twelve month financial year. Planned future capital expenditure will be funded in part, through T-Corp borrowings. Future committed expenditure is disclosed in Note 19.

During the current and prior reporting year there were no defaults or breaches on any loan payable. No assets have been pledged as collateral. The Authority's exposure to liquidity risk is deemed insignificant based on prior periods data and current assessment of risk. The contractual maturity of the Authority's non-derivative fixed rate financial liabilities for the comparative period is shown in the following table:

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

23. Financial instruments (continued)

30 June 2014	Carrying Amount	Total	Maturity dates		
			Less than 1 year	1-5 years	More than 5 years
Trade and other payables	93,915	93,915	93,915	-	-
Borrowings	439,122	561,041	48,939	297,878	214,225
Non-derivative financial liability	533,037	654,956	142,854	297,878	214,225

T-Corp who managed the Authority's borrowings advised that a contractual maturity analysis at 31 December 2014 was not available.

The amounts disclosed above are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables includes both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

Trade and other payables are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12 'Payment of Accounts'.

For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

For small business suppliers, where payment is not made within a specified time period, simple interest must be paid automatically unless an existing contract specified otherwise. For payments to other suppliers, the Chief Executive (or delegated authority) may automatically pay the supplier simple interest. The rate of interest applied to a payment is based on the current T-Corp Hourglass rate in the month preceding the payment of the simple interest to the supplier. No interest was paid during the current or previous reporting year for the late payment of accounts.

d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's exposures to market risk are primarily through interest rate risks related to borrowings and other price risks associated with the movement in the unit price of the Hour Glass (Cash) Facility. The Authority has negligible exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting year). The sensitivity analysis is based on risk exposures in existence at the reporting date. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Authority's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, through T-Corp. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

23. Financial instruments (continued)

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Fixed rate instruments			
Call loans to Authorities	-	-	-
Commonwealth guaranteed	22,796	-	22,796
Loans State guaranteed	245,261	-	245,261
Loans to Authorities	171,065	-	171,065
Fixed rate instruments	439,122	-	439,122

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Variable rate instruments			
Cash and cash equivalents	41,228	-	41,228
Variable rate instruments	41,228	-	41,228

The Authority's exposure to interest rate risk is set out below. A reasonably possible change of +/- 100 basis points is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

	Profit or loss		Equity	
	+ bp100	- 100bp	+ 100bp	- 100bp
Variable rate instruments - 31 December 2014				
Cash and cash equivalents	-	-	-	-
	-	-	-	-

	Profit or loss		Equity	
	+ bp100	- 100bp	+ 100bp	- 100bp
Variable rate instruments - 30 June 2014				
Cash and cash equivalents	412	(412)	412	(412)
	412	(412)	412	(412)

T-Corp manages interest rate risk exposures applicable to specific borrowings of the Authority in accordance with a debt portfolio mandate agreed between the two parties. T-Corp receives a fee for this service. Prior to the transfer of assets and liabilities to Water NSW the carrying value of borrowings managed by T-Corp stood at \$502 million (2014: \$439 million). The reason for the increase is that the borrowings are carried at fair value at 31 December 2014 immediately prior to the transfer of the liability to Water NSW, while they were carried at amortised cost at 30 June 2014 in accordance with AASB

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

23. Financial instruments (continued)

Other price risk - T-Corp Hour-Glass Facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The entity has no direct equity investments. The entity holds units in the following Hour-Glass investment trusts:

Facility		31 December 2014 \$'000	30 June 2014 \$'000
Cash Facility	Up to 1.5 years	-	40,799

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 in the Facility. Unit prices are calculated and published daily.

T-Corp as trustee for the hourglass facility is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, T-Corp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. T-Corp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the Authority'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 the investment Facility, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95 percent probability). The Facility is designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by T-Corp) multiplied by the redemption value as at 30 June each year for the Facility.

	Change in unit price	Impact on profit/loss	
		31 December 2014 \$'000	30 June 2014 \$'000
T-Corp Hour-Glass Investment	+/- 1%	-	408

Currency risk

Currency 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. The Authority's exposure to foreign currency risk is immaterial. The Authority limits currency risk by hedging the foreign currency transactions in excess of \$100,000 within two days of the exposure arising. At the reporting date, there are no foreign currency exposures attached to any financial assets or financial liabilities

Sydney Catchment Authority
Notes to the financial statements
For the six months ended 31 December 2014

23. Financial instruments (continued)

e) Fair value measurement

Fair value recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable and as set out in Note 2(f):

	Level 1	Level 2	Level 3	Total
31 December 2014	\$'000	\$'000	\$'000	\$'000
Financial assets				
T-Corp Hourglass Investment (Cash) Facility	-	-	-	-
	-	-	-	-
	Level 1	Level 2	Level 3	Total
31 December 2014	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Call loans	-	-	-	-
Fixed loans	-	-	-	-
	-	-	-	-
	Level 1	Level 2	Level 3	Total
30 June 2014	\$'000	\$'000	\$'000	\$'000
Financial assets				
T-Corp Hourglass Investment (Cash) Facility	-	40,799	-	40,799
	-	40,799	-	40,799

The value of the Hourglass Investment is based on the Authority's share of the value of the underlying assets of the Facility, based on the market value. The Facility is valued using redemption pricing. There were no transfers of financial instruments between levels 1 or 2 during the current and previous reporting years.

Fair value compared to carrying amount

Financial instruments are generally recognised at amortised cost, with the exception of the T-Corp Hour-Glass facilities, which are measured at fair value. Except where specified below, the amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

The following table details the carrying amounts and fair values of assets and liabilities at reporting date:

	31 December 2014 Carrying Amount	31 December 2014 Fair Value	30 June 2014 Carrying Amount \$'000	30 June 2014 Fair Value \$'000
Financial assets				
Cash at bank and on hand	-	-	41,228	41,228
Trade and other receivables	-	-	34,689	34,689
Cash - T-Corp Hourglass Facility	-	-	40,799	40,799
Financial liabilities				
Trade and other payables	-	-	93,915	93,915
Borrowings	-	-	439,122	483,768

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

23. Financial instruments (continued)

f) Capital management

Consistent with *NSW Treasury Policy Capital Structure Policy for Government Businesses* [TPP02-7] which is a component of the NSW Government's Commercial Policy Framework, the Authority's objectives are to determine an appropriate capital structure to enable an appropriate return on equity and efficient investment decisions to be made on a commercial basis.

Under the policy, an appropriate capital structure is considered using the following criteria:

- Provision of an acceptable stream of dividends to the Authority's Shareholder
- Maintenance of an appropriate investment grade rating,
- Capacity to finance the approved capital program through internally generated cash flow and debt
- Provision of sufficient flexibility for relevant contingencies

The Authority's agreed capital structure is reviewed every year as part of the Statement of Financial Framework process. The purpose of such a review is to confirm whether or not the current capital structure continues to be appropriate and, if not, to negotiate revised arrangements between the Board and NSW Treasury.

Gearing levels

The Authority monitors its gearing levels. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Statement of Financial Position plus net debt.

	Consolidated Entity 30 June 2014 \$'000	Parent Entity 31 December 2014 \$'000	Parent Entity 30 June 2014 \$'000
Total borrowings	439,122	-	439,122
Less cash and cash equivalents	(41,228)	-	(41,228)
Net debt	397,894	-	397,894
Total equity	829,572	-	829,572
Total capital employed	1,227,466	-	1,227,466
Gearing ratio ¹	31.36%	-	31.36%

Note 1: Calculated as: (Interest bearing debt - cash & cash equivalents) / (interest bearing debt + equity). However, previous year cash & cash equivalent was not taken into the calculation.

Dividend policy

The Board has prepared the Statement of Financial Framework for the year ending 30 June 2015 on a dividend payout ratio of 100 percent of profit after tax for 2014-15 to 2017-18. For 2014-15, a special dividend of \$17 million will also be paid. The special dividend represents a return of retained profits for 2012-13 and 2013-14 as outlined in the 2014-15 budget.

Sydney Catchment Authority

Notes to the financial statements

For the six months ended 31 December 2014

23. Financial instruments (continued)

The Authority has paid the current year dividend of \$34.4M from its asset revaluation reserve. This was due to there being insufficient retained earnings to pay the dividend as a result significant unrealised losses including that of a \$47.8M unrealised loss on revaluation of the Authority's borrowings immediately prior to transfer to Water NSW (refer Note 2(a)).

In paying the dividend, the Authority's assets exceeded its liabilities immediately before the dividend declaration and the excess was sufficient for the dividend payment; the dividend was considered fair and reasonable to the equity holders of the Authority and the creditors of the Authority were not materially prejudiced by the payment.

24. Transfer of assets and liabilities to Water NSW

On 1 January 2015 the Water NSW Act 2014 commenced. The act abolished the Sydney Catchment Authority on 31 December 2014 and transferred the assets, rights and liabilities of Sydney Catchment Authority to Water NSW, previously known as State Water Corporation. Given the abolition of the Sydney Catchment Authority on that date, nil balances are disclosed in the statement of financial position as at 31 December 2014. Staff of the Sydney Catchment Authority were employed by the NSW Department of Trade and Investment, Regional Infrastructure and Services (DTIRIS) under the Government Sector Employment Act 2013. The Water NSW Act 2014 facilitated the transfer of such staff to Water NSW effective 1 January 2015.

This was an administrative restructure, which was treated as a contribution by owners and recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. The carrying value of assets and liabilities held by the Sydney Catchment Authority transferred to Water NSW is disclosed below.

	1 January 2015
Net assets transferred	\$'000
Cash	23,395
Receivables	21,518
Other non-financial assets	1,974
Property, plant and equipment	1,438,909
Intangibles	3,723
Trade and other payables	(98,484)
Other liabilities	(1,772)
Current tax liabilities	(3,146)
Provisions	(1,584)
Borrowings	(501,886)
Deferred tax liability	(120,090)
Net assets transferred to Water NSW on equity transfer	762,557

25. After balance date events

The *Water NSW Act 2014* abolished the Sydney Catchment Authority on 31 December 2014 and transferred its assets, rights and liabilities to Water NSW on 1 January 2015. Aside from this transaction, there are no significant events subsequent to balance date.

End of audited financial statements.

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Appendices

Appendix 1 – SCA Board and Senior Officers

Qualifications of current Board at 31 December 2014

Terry Charlton - Chair (1 March 2014 – 31 August 2015)



Terry Charlton is the former Managing Director of Snowy Hydro Limited and former Commissioner Snowy Mountains Hydro-electric Authority.

Previously, he served as the President, Edison Mission Energy, UK, Europe, Middle East and Africa which followed a long standing career with Tubemakers of Australia.

Mr Charlton is the Board Chairman and is an a member of the attendee at the Safety, Operations, Environment and Catchment Protection Committee, Audit, Financial Risk & Compliance Committee, Infrastructure, Planning & Development Committee and Health, Science & Water Quality Committee meetings.

Dr Nicholas Brunton (3 March 2014 – 2 March 2017)



Dr Nicholas Brunton is Practice Leader for Environmental and Planning Law Group, Henry Davis York Lawyers, Sydney. He is a Member of the Advisory Board for

the Australian Centre for Climate Change and Environmental Law at the University of Sydney and has expertise in environmental risk management for large organisations and pollution management.

Dr Brunton was Chair of the Board's Catchments and Compliance Committee and a member of the Health and Science Committee. He is currently Chair of the Board's Safety, Operations, Environment and Catchment Protection Committee and a member of the Audit, Financial Risk & Compliance Committee and, Infrastructure, Planning & Development Committee and Health, Science & Water Quality Committee.

Carmel Krogh (3 March 2014 – 2 March 2017)



Carmel Krogh is the Director of Shoalhaven Water and has over 30 years' experience as a professional in the water industry. She was previously Group General Manager

Water and Waste at Eurobodalla Shire Council and an Infrastructure Advisor for AusAID.

Ms Krogh was the Chair of the Board's Asset Management Committee and a member of the Health and Science. Ms Krogh is Chair of the Committee. She is currently Chair of the Board's Infrastructure, Planning & Development Committee and a member of the Audit, Financial Risk & Compliance and Committee, Safety, Operations, Environment and Catchment Protection Committee and Health, Science and Water Quality Committee.

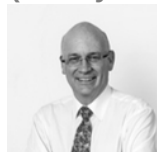
Professor Andrew Wilson (26 March 2013 – 22 July 2016)



Professor Andrew Wilson is Director of the University of Sydney node of the Menzies Centre for Health Policy and Professor of Public Health in the School of Public Health. He has also served as Chief Health Officer for NSW. He has specialist qualifications in clinical medicine and public health, and a PhD in epidemiology.

Professor Wilson is currently Chair of the Board's Health, Science and Water Quality Committee and a member of the Infrastructure Planning & Development Committee and the Safety, Operations, Environment and Catchment Protection Committee.

Chris Westworth (23 July 2013 – 22 July 2016)



Chris Westworth currently works as a consultant on a variety of financial reporting, financial structuring, auditing and compliance matters for Westworth Kemp Consultants.

Prior to his current employment, he enjoyed a successful tenure with Ernst & Young over a period of 25 years, working in a number of positions including Audit Partner and Oceania Professional Practice Director.

Mr Westworth is currently Chair of the Board's Audit, Financial Risk and Compliance Committee and a member of the Infrastructure Planning and Development Committee, Safety, Operations, Environment and Catchment Protection Committee and Health, Science & Water Quality Committee.

Rob Aldis **(15 September 2014 – 14 September 2017)**



Rob Aldis is the former Managing Director of engineering services company Evans Peck and has more than 40 years' experience in the Engineering and Construction

Sector, particularly in relation to water supply infrastructure. He is also currently Director of the Advisory Board for Infrastructure Partnerships Australia.

Mr Aldis is a member of the Board's Infrastructure Planning and Development Committee and Safety, Operations, Environment and Catchment Protection Committee.

David Harris – A/Chief Executive **(12 May 2014 – ongoing)**



WaterNSW was formed on 1 January 2015 and is Australia's biggest water supplier and is the major supplier of raw water in NSW. The company delivers raw

water from 42 large dams, pipelines and the State's rivers. WaterNSW develops water infrastructure solutions to water supply and reliability issues and then plans, develops and maintains that infrastructure. WaterNSW also promotes improvements in achievable water quality standards and contributes to the protection of public health and the environment through enhanced catchment protection practices in declared catchments. David Harris is the CEO of WaterNSW. Previously David was for a short time CEO of both State Water Corporation and the Sydney Catchment Authority, the two entities that

were merged to form WaterNSW. David has over 20 years experience in the Australian water industry and has been involved in various key policy and market reforms in the water, energy and utilities industries over that time. From 2002 to 2013 David was a key member of the Executive leadership of Snowy Hydro Limited.

Mr Harris is a member of the Board's Infrastructure, Planning and Development Committee, Health, Science and Water Quality Committee, Audit, Financial Risk and Compliance Committee and Safety, Operations, Environment and Catchment Protection Committee.

Safety, Operations, Environment and Catchment Protection Committee

Members: Nicholas Brunton (Chair), Andrew Wilson, Rob Aldis and David Harris.

Meetings held: 25 September 2014, 12 December 2014.

Health, Science and Water Quality Committee

Members: Andrew Wilson (Chair), Nicholas Brunton, Carmel Krogh and David Harris.

Meetings held: 25 September 2014, 27 November 2014.

Infrastructure Planning and Development Committee

Members: Carmel Krogh (Chair), Chris Westworth, Rob Aldis and David Harris.

Meetings held: 25 July 2014, 28 November 2014.

Audit, Financial Risk and Compliance Committee

Members: Chris Westworth (Chair), Nicholas Brunton, Carmel Krogh and David Harris.

Meetings held: 29 August 2014, 18 September 2014, 25 September 2014, 27 November 2014, 12 December 2014.

Board attendance **1 July – 31 December 2014**

	Meetings held	Meetings attended
Terry Charlton	5	5
Nicholas Brunton	5	4
Carmel Krogh	5	5
Andrew Wilson	5	4
Chris Westworth	5	5
[#] Rob Aldis	3	3
David Harris	5	5

[#]Rob Aldis appointed 15 September 2014

SCA Board meetings held:

25 July 2014, 29 August 2014, 18 September 2014, 28 November 2014, 12 December 2014.

Board committee meeting attendance 1 July – 31 December 2014

	Health, Science & Water Quality		Audit, Financial Risk & Compliance		Infrastructure Planning & Development		Safety, Operations, Environment & Catchment Protection	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Terry Charlton	2	2	5	5	2	2	2	2
Nicholas Brunton	2	2*	5	5*	2	2	2	2*
Carmel Krogh	2	2*	5	5*	2	2*	2	2
Andrew Wilson	2	2*	5	4	2	2	2	2*
Chris Westworth	2	1	5	5*	2	2	2	2
[#] Rob Aldis	2	2	3	3	1	1*	2	2*
David Harris	2	2*	5	5*	2	2*	2	2*

*Committee member

[#]Rob Aldis appointed 15 September 2014

Other Board members attended committee meetings during the period. Their attendance is recorded in the table above.

SCA Executive team

The Executive team of the SCA, led by the Chief Executive, manage the SCA in accordance with the policies and other decisions determined by the Board and the Minister. This includes:

- Preparing proposed plans, policies, strategies, budgets and reports for approval by the Board.
- Establishing, maintaining and ensuring compliance with internal controls, compliance systems, management and information systems and accounting records.
- Ensuring the SCA meets all workplace health and safety requirements.
- Regular reporting to the Board on matters associated with performance and the efficient and effective management of the SCA and the achievement of its objectives.

Salaries and Numbers of SCA Senior Executive Managers

	1 Jul - 31 Dec 2014		2013-14	
Executive Band	Range	Average Remuneration	Range	Average Remuneration
Band 4	\$430,451 - \$497,300	\$171,591	\$422,501 - \$488,100	\$168,425
Band 3	\$305,401 - \$430,450	\$315,828	\$299,751 - \$422,500	\$310,000
Band 2	\$242,801 - \$305,400	\$263,674	\$238,301 - \$299,750	\$254,175
Band 1	\$170,250 - \$242,800	\$197,599	\$167,100 - \$238,300	\$192,162

Note:

- The average salary notified for band 4 is below the remuneration range for band 4. This is a direct result of the SCA only paying an agreed proportion of Mr Harris total remuneration package. The remainder of his package is paid by State Water.
- The average remuneration notified for Band 2 has been calculated by only allocating Ms Baker as 0.4 of the headcount. Ms Baker remuneration reported is only that component that is paid by SCA. State Water also pays Ms Baker a component of remuneration.
- The average remuneration notified in Band 1 has been calculated by allocating an employee as 0.46 of the headcount.
- Remuneration includes employer superannuation amount.

	1 Jul - 31 Dec 2014		2013-14	
Executive Bands	Male	Female	Male	Female
Band 4	1	-	1	-
Band 3	-	1	-	1
Band 2	3	1	4	1
Band 1	14	4	14	4
Totals	18	6	19	6

Note: The number include SCA employees between grades 16-19 who are classified as transitional former senior executives for the purposes of this reporting requirement and are to be taken as to be public service senior executives and employed in the equivalent band.

The estimated percentage of total employee-related expenditure that relates to senior executives for the period 1 Jul – 31 Dec 2014 is 14.25% compared to 15.54% in 2013-14

Qualifications of SCA Senior Executive Managers

As at 31 December 2014 the SCA Senior Executive Managers were:

Name	Position	Qualifications
David Harris	Acting Chief Executive	BEc, LLB (Hons)
Fiona Smith	Acting Executive General Manager	BSc (Resource Mgt), MBA, GAICD
Graham Attenborough	Acting General Manager Water	BE, MBA
Graham Begg	General Manager Catchments	BE, BSc, MBA
Carl Broockmann	Acting General Manager Assets	BE
Elli Baker	Executive General Manager Shared Services	BE, MFin, CFA, GAICD
Graham Collins	General Manager Finance and Business	BBus, CPA
Simone Greenaway	General Manager Governance	BEc, MEc, EMPA, GAICD
Ian Landon-Jones	Principal Advisor Technical	BE, MEngSc, MIEAust, CPEng,
Michael MacLean	Senior Manager People and Culture	MBus (HRM)
Ian Tanner	Director Water Planning Strategy	BSc (Civil Eng)
Edwin Chan	Senior Manager Economics and Business Planning	BAgrEc (Hons), MCom, MLogMan
Kenneth Elliott	Senior Legal Counsel	BA, LLB
Malcolm Hughes	Senior Manager Planning and Environment	BSc(Hons), MEnvPlanning, Certified Practising Planner
Penelope Knights	Science Director	BSc (Hons), PhD
Deborah Low	Senior Manager Communications	BA (Comm), ASDA
Ingrid McAlpin	Senior Manager Information Management and Communications Technology	B.App.Sc, Dip Ed., MBA, MIT
Kevin McKinlay	Senior Manager Corporate Incidents & Security	Adv Cert Personnel Mgmt
Steven McMahon	Senior Manager Asset Reliability	DipEng, AdvDipMgt
Anthony Paull	Program Manager Environmental Flows	BTP, MEnvStud, GDipManagement
Maheswaran Selvaratnam	Senior Manager Strategic Supply Planning	BE, MEng
Brian Simmons	Acting Senior Manager Water Supply Operations	Cert Mech Eng
Stephen Waite	Senior Manager Programs & Compliance	BCom, DipEd
Ross Wallis	Senior Manager Regional Operations	B.App.Sc (Nat Res & Biol)

Appendix 2 – Legislative Framework and Legal Issues

Significant Legislation

The Water NSW Act 2014 was passed by the NSW Parliament and received royal assent on 11 November 2014. The Act was commenced on 1 January 2015 by proclamation dated 17 December 2104. The legislation provided for the continuation of the legal entity of State Water Corporation to become Water NSW and to assume the functions of the former Sydney Catchment Authority.

As of 1 January 2015 the SCA was abolished and its assets rights and liabilities were transferred to WaterNSW, a statutory state-owned corporation. The Water NSW Act consolidated, with modifications, into one piece of legislation the provisions of the Sydney Water Catchment Management Act 1998 and the State Water Corporation Act 1989.

The objectives and functions of WaterNSW were refined to reflect and consolidate the functions of the SCA and State Water Corporation into a single entity. The entity is now responsible across NSW for the capture, storage and release of water in an efficient and economical manner, the supply of water, management and protection of declared catchment areas, infrastructure planning, design, modelling, construction and maintenance of works.

However the Water NSW Act 2014 does not authorise WaterNSW to exercise its functions in the area of operations of Sydney Water Corporation, Hunter Water Corporation or a Water Supply Authority.

The Water NSW Act continues the separate operating licences of the SCA and State Water Corporation with their respective focus on the management and protection of the Sydney catchment and functions in respect of rural and regional areas.

The legislation contains provisions which carried over the regulatory functions that had previously been imposed on the SCA. These functions are now exercised through a regulatory authority. The regulatory authority is either the Minister or a statutory body or agency which is nominated by the Minister. On 19 December 2014 the Minister appointed WaterNSW as the regulatory authority for the purpose of the Water NSW Act by means of the Water NSW – Appointment of Regulatory Authority Order 2014.

Current legal matters

No legal matters were reported for the period 1 July to 31 December 2014.

Appendix 3 – Access to Information

Proactive release of information

Under section 7 of the *Government Information (Public Access) Act 2009* (GIPA Act), agencies must regularly review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months. As this report covers only the six months from 1 July to 31 December 2014, and the previous review of proactive release of information was conducted in June 2014, there was no review of release of government information for this reporting period.

Government Information (Public Access) Act 2009 applications received by the SCA

The SCA received one formal access application under the *Government Information (Public Access) Act 2009* between 1 July and 31 December 2014. The determination on this application was that the information was not held.

Number of applications by type of applicant and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm /deny whether information is held	Application withdrawn
Media	-	-	-	-	-	-	-	-
Members of Parliament	-	-	-	-	-	-	-	-
Private sector business	-	-	-	-	-	-	-	-
Not for profit organisations or community groups	-	-	-	-	-	-	-	-
Members of the public (application by legal representative)	-	-	-	1	-	-	-	-
Members of the public (other)	-	-	-	-	-	-	-	-

* More than one decision can be made about a particular access application. If so, each decision must be recorded. This also applies to the following table.

Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm /deny whether information is held	Application withdrawn
Personal information applications*	-	-	-	-	-	-	-	-
Access application (other than personal information applications)	-	-	-	1	-	-	-	-
Access application that are partly personal information application and partly other	-	-	-	-	-	-	-	-

* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Invalid applications

Reason application is invalid	No of applications
Application does not comply with formal requirements (section 41 of the Act)	-
Application is for excluded information of the agency (section 43 of the Act)	-
Application contravenes restraint order (section 110 of the Act)	-
Total number of invalid applications received	-
Invalid applications that later become valid applications	-
Total	-

Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to the Act

	Number of times consideration used*
Overriding secrecy laws	-
Cabinet information	-
Executive Council information	-
Contempt	-
Legal profession privilege	-
Excluded information	-
Documents affecting law enforcement and public safety	-
Transport safety	-
Adoption	-
Care and protection of children	-
Ministerial code of conduct	-
Aboriginal and environmental heritage	-
Total	-

* More than one public interest consideration can apply to a particular access application and, if so, each consideration is recorded (but only once per application). This also applies in relation to the following table.

Other public interest considerations against disclosure - matters listed in table to section 14 of the Act

	Number of occasions when application not successful
Responsible and effective government	-
Law enforcement and security	-
Individual rights, judicial processes and natural justice	-
Business interests of agencies and other persons	-
Environment, culture, economy and general matters	-
Secrecy provisions	-
Exempt documents under interstate Freedom of Information legislation	-
Total	-

Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	1
Decided after 35 days (by agreement with applicant)	-
Not decided within time (deemed refusal)	-
Total	1

Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	-	-	-
Review by Information Commissioner*	-	-	-
Internal review following recommendation under section 93 of Act	-	-	-
Review by Administrative Decision Tribunal	-	-	-
Total	-	-	-

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that the Information Commissioner has made a recommendation to vary or uphold the original decision.

Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	-
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	-

Appendix 4 - Staffing

Overseas visit by staff

Name of officer: Renee Briggs
 Dates of visit: 10-14 August 2014
 Destination: Timor-Leste
 Cost to SCA: \$3,500
 Event: Educational visit to WaterAid program sites in Timor-Leste as part of the staff sponsored partnership between SCA and WaterAid.

Movement in Wages, Salaries and Allowances

The Sydney Catchment Authority adjusted salaries and allowances by 2.27% for the reporting period in line with NSW Government Wages Policy.

Categories of staff over four years

	1/7/14- 31/12/14	2013-14	2012-13	2011-12
Chief Executive	1	1	1	1
SCA Executive (1)	6	6	4	5
Contract staff (2 and 3)	1	1	1	2
Award staff	285.40	280	273	265
Total numbers (4)	293.40	288	279	273
Total full-time equivalent (FTE numbers) (5)	268.8	265	265.05	263.3

Footnotes to table

	1/7/14- 31/12/14	2013-14	2012-13	2011-12
(1) Women in this category	3	3	2	3
(2) Women in this category	-	-	-	1
(3) Temporary employees in this category	1	1	-	-
(4) No of employees in this category with an FTE of less than 1	40	38	25	19
(5) Full-time equivalent for employees in footnote 4	15.40	15	11.05	9.3

Workforce diversity tables

Percentage of total staff representation

	Benchmark or target (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)
Women	50	37.4	37.7	38.7	39.5	38
Aboriginal people and Torres Strait Islanders	2.6* ¹	2.3	1.9	1.5	1.5	1.7
People whose first language was not English	19*	20.1	18.5	18.2	18.2	17
People with a disability	12	2.9	3.9	3.8	2.6	3
People with a disability requiring work-related adjustment ²	1.5	-	-	0.9	0.5	0.6

* Targets changed from December 2009 (previously 2 percent and 20 percent respectively)

¹ Minimum target by 2015

² Minimum annual incremental target set from December 2010 – (2011=1. 1, 2012=1.3, 2013=1.5)

Distribution index

	Benchmark or target (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)
Women	100	90	87	90	89	89
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	105	112	112	109	108
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

As At 30 June 2014

Note: Public Service Commission report not available until later in 2015. These figures will be included in the WaterNSW Annual Report.

External appointments percentages

	1/7/14- 31/12/14	2013-14	2012-13	2011-12
No of external appointments (new employees) ¹	9	26	22	25
No of responses to Equal Employment Opportunity questionnaires received	5	23	20	24
Women ²	33%	48%	50%	32%
Aboriginal people and Torres Strait Islanders ³	-	4.3%	-	4%
People from a non-English speaking background ³	-	39%	20%	8%
People with a disability ³	-	-	10%	8%
People from a racial, ethnic or ethno-religious minority group ³	-	30%	15%	12.5%

1. This information was based on external appointments for each financial year (it has not been reduced by terminations).

2. Based on the number of new external appointments

3. Category percentages are based on the number of Equal Employment Opportunity questionnaires received

Personnel and industrial relations policies and procedures

Learning and Development

- Conference Attendance and Presentation - Procedure
- Induction Procedure
- Learning and Development Procedure
- Study Assistance Procedure

Performance Management

- Disciplinary Procedure
- Grievance Resolution Procedure
- Performance Management Procedure

Recruitment Selection

- Job Vacancies Procedure

Employment Conditions and Award

- Breastfeeding at Work Procedure
- Carers Leave Procedure
- Code for Gifts and Benefits
- Code of Conduct Procedure
- Dignity & Respect Charter and Framework
- Excess Staff Procedure

- FACS Leave Procedure
- Flexible Work Arrangements Procedure
- Job Evaluation Procedure
- Maternity Leave Procedure
- Part-Time Work Procedure
- Prevention of Bullying and Harassment
- Public Interest Disclosures Policy - Reporting Unethical or Improper Conduct
- Purchased Leave Procedure
- Recreational Leave Management Procedure
- SCA Consolidated Award 2015-16
- Salary Packaging Procedure
- Secondary Employment Procedure
- Unethical or Improper Conduct Procedure
- Work Experience Procedure
- Working Safely from Home Procedure

Staff Welfare

- Employee Assistance Program
- Sick Leave Management Procedure

Appendix 5 – Stakeholder Engagement

Complaints received 1 July – 31 December 2014

The SCA received a total of three complaints between July to December 2014. One complaint was resolved and two complaints remained open as at 31 December 2014.

Of the unresolved complaints, one related to security at Prospect Reservoir, which was resolved in January 2015. The other complaint that carried over from the previous year related to public access to Warragamba Dam wall. This was later resolved satisfactorily in 2015.

Where appropriate the SCA has committed to undertake improvement activities in response to complaints received during the year including:

- Improving the amenities and maintenance at recreational areas. These improvements have resulted in the SCA receiving a compliment on the cleanliness and condition of recreational areas. A further two compliments were also received in early 2015.
- Works underway to improve public access to Warragamba Dam wall. From 22 March 2015 Warragamba Dam wall could be accessed on weekends and public holidays between 10am and 4pm, except Christmas Day and Good Friday. A mobility bus is also available on the first Sunday of every month and public holidays (except Christmas Day and Good Friday)

Appendix 6 – Water Supply

Water supply to customers 1 July – 31 December 2014 (millions of litres)

	Jul-Dec 2014	2013-14	2012-13	2011-12	2010-11
Sydney Water*	263,274	531,904	518,021	414,623	413,192
Wingecarribee Shire Council	2,427	4,385	3,775	3,480	3,477
Shoalhaven City Council	41	91	96	72	71
Goulburn Mulwaree Council	30	55	53	-	-
Direct users – Upper Canal	25	89	41	55	89
Direct users – Warragamba	23	55	45	40	75
Others	9	28	94	30	40
Total	265,829	536,607	522,125	418,300	416,944

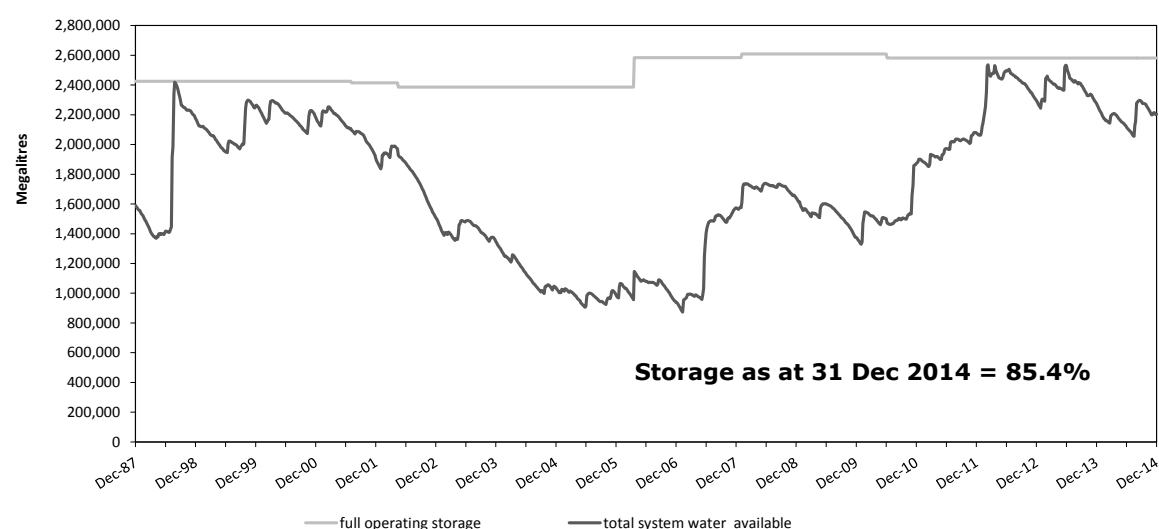
*Supply to Sydney Water is less when the Sydney Desalination Plant is in operation. Sydney Desalination Plant was commissioned in 2010 and supplies water directly to Sydney Water when total dam storage levels fall below 70 percent, continuing until total dam storage levels reach 80 percent. Annual supplies to Sydney Water from Sydney Desalination Plant were 61,290 ML in 2011-12, 77,102 ML in 2010-11 and 19,952 ML during commissioning in 2009-10. The desalination plant did not operate in 2013 and 2014.

SCA water supply summary 1 July – 31 December 2014 (excludes Pheasants Nest and Broughtons Pass weirs)

	Operating Capacity (ML)	Available storage as at 30/6/2014		Available storage as at 31/12/2014		Change in storage volume (ML)	Release to Supply (ML)	E-Flows (ML)
	(ML)	(ML)	%	(ML)	%	(ML)	(ML)	(ML)
Cataract	97,190	62,650	64.5	56,650	58.3	-6,000	25,899	7,251
Cordeaux	93,640	69,960	74.7	71,350	76.2	1,390	10,717	4,022
Avon	146,700	126,260	86.1	125,660	85.7	-600	19,485	5,901
Nepean	67,730	40,540	59.9	50,570	74.7	10,030	22,742	11,282
Woronora	71,790	56,740	79.0	57,010	79.4	270	7,395	2,607
Warragamba	2,027,000	1,710,550	84.4	1,772,720	87.5	62,170	183,707	4,802
Prospect	33,330	17,510	52.5	29,660	89.0	12,150	3,271	-
Wingecarribee	24,130	20,130	83.4	21,750	90.1	1,620	2,427	736
Fitzroy Falls	9,950	3,900	39.2	8,560	86.0	4,660	-	5,558
Tallowa	7,500	7,500	100.0	7,500	100.0	-	8,706	144,263
Blue Mountains	2,890	2,180	75.3	2,280	79.0	100	2,787	-
Releases from weirs	-	-	-	-	-	-	-	4396
Total	2,581,850	2,117,920	82.0	2,203,710	85.4	85,790	287,136	190,818

* Release to supply includes 12,600 ML to refill Prospect Reservoir following drawdown for dam safety works and 8,700 ML released from Tallowa Dam for supply to Shoalhaven City Council, which is not billed as per Water Sharing Plan conditions

Water Storage Trend 1998 to December 2014



Appendix 7 – Financial Performance

Operational expenditure and income 1 July – 31 December 2014 – summary

	Actual \$'000	Budget \$'000	Variance \$'000
Revenues	107,021	106,697	324
Expenditure	148,744	82,114	66,630
Profit before tax	-41,723	24,583	(66,306)

Funds granted to non-government community organisations

There were no SCA grants to community groups between 1 July and 31 December 2014.

Credit card certification

As required by Treasurer's Direction 205.01, the Chief Executive of the Sydney Catchment Authority certifies that credit card usage was in accordance with the relevant government policy, Premier's Memoranda and Treasurer's Directions

Consultancies

Consultancies over \$50,000

No consultancies equal to or more than \$50,000 were paid between 1 July and 31 December 2014.

Consultancies less than \$50,000

No consultancies under \$50,000 were paid between 1 July and 31 December 2014.

All consultancies have been reported exclusive of GST.

Cost of Annual Report

There were no external costs incurred in the production of the Final Annual Report.

Financial outcomes

Performance in relation to budget 1 July – 31 December 2014

	Actual \$,000	Budget \$,000	Variance \$,000	%	Explanation
Revenue	107,021	106,697	324	0.3	Within expectations.
Operations & services expenditure	68,644	48,835	19,809	40	Write-off of Shoalhaven Capital Work (\$11.9M) and Personal services were higher than anticipated due to the recognition of movement in defined benefit superannuation provision (-\$9.9M) through profit and loss.
Other areas of expenditure	80,100	33,279	46,821	141	Higher than expected expenditure on finance costs due to market revaluation on debt portfolio.
Profit before tax	-41,723	24,583	(66,306)	(270)	Loss mainly due to higher finance costs and write-off of capital work
Dividend and tax equivalent expense	25,292	24,582	710	3	No material impact

Operational expenditure Actuals vs Budget

	Actuals 1 Jul – 31 Dec 14 (\$'000)	Budget 1 Jul – 31 Dec 14 (\$'000)
Employee related	30,856	19,853
Administration	2,194	2,894
Licence fee	1,565	1,627
Contractors & Consultancies	15,031	15,930
Information management	636	639
Property	2,282	2,019
Grants	562	339
Materials	1,941	2,152
Transport	80	82
Energy	518	2,139
Insurance	1,081	1,161
Loss (Gain) on Disposal	161	458
Depreciation and amortisation	17,186	17,992
Write off capital works in progress	11,898	-
Financing charges	62,753	14,829
Total	148,744	82,114

Capital expenditure 1 July – 31 December 2014 – summary

	Actual \$'000	Budget \$'000	Variance \$'000
Capital expenditure	6,797	15,129	(8,332)

Capital Expenditure Actuals 1 Jul 14 – 31 Dec 14

Project	Expenditure (\$'000)
Warragamba environmental flows investigation	7
Warragamba Dam Reliability Upgrade	50
Upgrade works for public access to Warragamba Dam	106
Replacement Warragamba Conference Centre heritage roof	(40)
Warragamba Pipeline ancillary valves upgrade	165
Warragamba Dam Valve House major refurbishment	0.4
Avon Dam – replace destratification compressor	0.4
Avon Nepean telecommunications repairs	46
Upper Nepean environmental flows works	(2)
Metropolitan Dams Electrical System (Stage 2)	8
Upper Canal Interim Works Stage 1	734
Prospect Dam Improvement Works	971
Prospect Reservoir Outlet Tower & Lower Valve House	152
Shoalhaven Roads Program	106
Bendeela camping ground upgrade	91
Bendeela toe drain refurbishment	164
Burrawang Pumping Station Electrical System Upgrade (Stage 2)	350
Working plant and equipment - acquisition	34
Catchment infrastructure asset renewals	69
Catchment upgrade and replacement of plant and equipment	29
Fire Trails upgrade	17
Hydrometric Renewals Program	549
New autosampler sites	185
Water Supply Asset Renewals	682
Special Areas and Braidwood lands fencing	235
IT Assets Renewals Program	400
Fixed Assets Register Upgrade	6
Upgrade of telecommunication network	72
Data Centre relocation	42
Regulatory Economics Model rebuild	45
Mobility Strategy	0.4
Upgrade NorBE	286
Spatial software	67
Plant SCADA upgrade	59
WaterNSW ICT merger - horizon 1	55
Motor vehicle fleet procurement	1,055
Total Capital Expenditure	6,797

Investment Performance

Annualised return on T-Corp investment facilities at 31 December 2014

Term of underlying liability	T-Corp facility	1 year	3 year	5 year	7 year
0-2 years	Hour-glass cash facility trusts	2.85	3.46	4.12	4.51
2-4 years	Hour-glass strategic cash facility trust	3.10	3.82	4.37	-
4-7 years	Hour-glass medium term growth facility trust	6.66	9.06	6.92	5.75
7+ years	Hour-glass long term growth facility trust	9.31	15.38	8.81	4.99

The nature and terms of SCA's underlying liabilities is such that funds are invested in the Hour-glass cash facility. The following table reports the annualised performance of this facility against benchmark, the USB Bank Bill Index.

Annualised performance of T-Corp Hour-glass cash facility trust

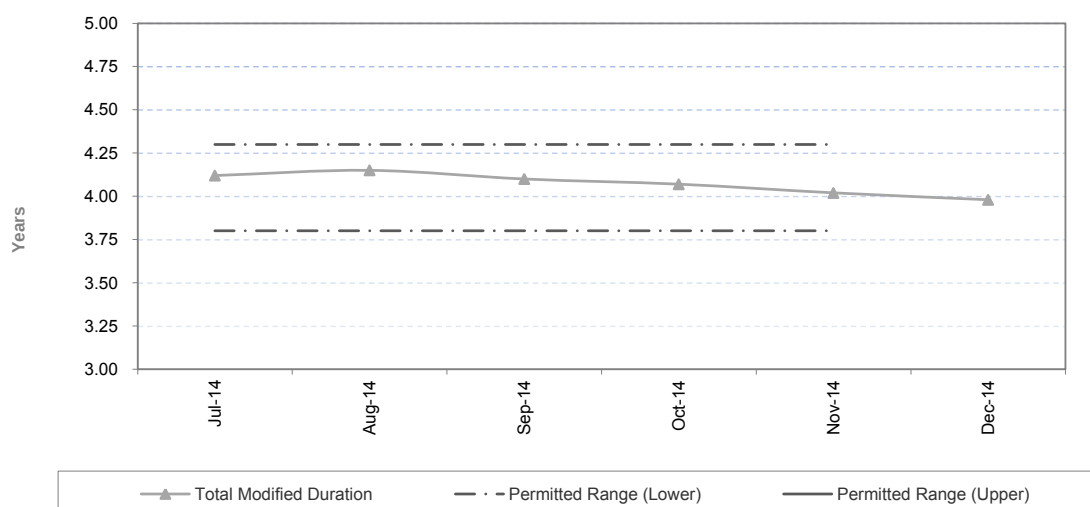
	1 year	3 year	5 year	7 year
Actual performance	2.85	3.46	4.12	4.51
Benchmark performance	2.69	3.17	3.83	4.31
Variance	0.16	0.29	0.29	0.20

Liability Management Performance

Core debt portfolio position relative to benchmark by month 1 July - 31 December 2014

	Benchmark modified duration	Permitted range (lower)	Permitted range (upper)
July 2014	4.12	3.8	4.3
August 2014	4.15	3.8	4.3
September 2014	4.10	3.8	4.3
October 2014	4.07	3.8	4.3
November 2014	4.02	3.8	4.3
December 2014	3.98	n/a	n/a

Core Debt Portfolio Position Relative to Benchmark



Payment of Accounts

Aged analysis at the end of each quarter 1 July – 31 December 2014

	Current \$'000	<30 days overdue \$'000	30 to 60 days overdue \$'000	61 to 90 days overdue \$'000	> 90 days overdue \$'000
All suppliers					
September	21,305	153	-	-	-
December	29,503	146	-	-	-
Small business suppliers					
September	40	-	-	-	-
December	15	-	-	-	-

Accounts due or paid within each quarter 1 July – 31 December 2014

Measure	September	December	Total Jul-Dec 14
All suppliers			
Number of accounts due for payment	1,466	1,453	2,919
Number of accounts paid on time	1,448	1,433	2,881
Actual percentage of accounts paid on time (by number)	98.77	98.62	98.70
Dollar amount of accounts due for payment	21,458	22,191	43,649
Dollar amount of accounts paid on time	21,305	22,046	43,351
Actual percentage of accounts paid on time (by dollar amount)	99.29	99.35	99.32
Number of payments for interest on overdue accounts	-	-	-
Interest paid on overdue accounts	-	-	-
Small business suppliers			
Number of accounts due for payment	33	21	54
Number of accounts paid on time	33	21	54
Actual percentage of accounts paid on time (by number)	100	100	100
Dollar amount of accounts due for payment	59	22	81
Dollar amount of accounts paid on time	59	22	81
Actual percentage of accounts paid on time (by numbers)	100	100	100
Number of payments for interest on overdue accounts	-	-	-
Interest paid on overdue accounts	-	-	-

Payment Performance Statement

The payment of accounts is closely monitored to ensure accounts are paid in accordance with NSW Treasury directions. Purchase cards are used to ensure the prompt payment of one-off small value invoices, in line with Treasury Circular TC 11/15.

SCA Water Charges

SCA charges to Sydney Water Corporation

Charging Component	Unit	Price
Fixed Availability Charge	\$/day	454,543.80
Volumetric Charge (When the SDP Plant is in a Plant Operation Period)	\$/ML	103.23
Volumetric Charge (When the SDP Plant is in a Shutdown or Restart Period)	\$/ML	84.33

SCA charges to councils

Customer	Charging Component	Unit	Price
Goulburn Mulwaree Council	Fixed Availability Charge	\$/Month	1,177.35
	Volumetric Charge	\$/ML	211.93
Shoalhaven City Council	Fixed Availability Charge	\$/Month	588.68
	Volumetric Charge	\$/ML	211.93
Wingecarribee Shire Council	Fixed Availability Charge	\$/Month	22,369.78
	Volumetric Charge	\$/ML	211.93

SCA charges for unfiltered water

Charging Component	Nominal Diameter	Unit	Price
Fixed Availability Charge for connection of nominal diameter	20 mm	\$/Year	102.20
	25 mm	\$/Year	159.69
	30 mm	\$/Year	229.95
	32 mm	\$/Year	261.63
	40 mm	\$/Year	408.80
	50 mm	\$/Year	638.77
	80 mm	\$/Year	1,635.24
	100 mm	\$/Year	2,555.06
	150 mm	\$/Year	5,748.88
	200 mm	\$/Year	10,220.22
	>200 mm	\$/Year	(nominal diameter) ² x 20mm charge/400
Volumetric Charge		\$/kL	1.15

SCA charges for bulk raw water

Charging Component	Unit	Price
Volumetric Charge	\$/kL	0.67

Appendix 8 - Heritage

Listing of SCA heritage assets and table

The Sydney Catchment Authority is responsible for managing heritage items including water storages and associated infrastructure, weirs, homesteads, bridges and sites of significance to indigenous communities.

The SCA and Department of Planning and Environment jointly manage heritage in the Special Areas. The SCA and Sydney Water continue to jointly manage the Historical Research and Archive Facility, which provides an important historical resource for the two agencies and the general public.

During the reporting period the SCA continued to develop conservation management plans for all its State Heritage items. The SCA's Section 170 Heritage and Conservation Register at 31 December 2014 is shown right.

Item	Heritage Significance	Item Number
Arnprior	State	4580166
Avon Dam	State	4580027
Cataract Dam	State	4580028
Cordeaux Dam	State	4580029
Glen D'or	Local	4580057
Khama Lea	Local	4580059
La Vista	Local	4580164
Mayfield	State	4580058
Medlow Dam	State	4580041
Nepean Dam	State	4580032
Ooranook	Local	4580165
Upper Nepean Scheme	State	4580004
Upper Nepean Scheme – Broughtons Pass Weir	State	4580035
Upper Nepean Scheme – Hudson's Emergency Scheme	State	4580026
Upper Nepean Scheme – Nepean Tunnel	State	4580033
Upper Nepean Scheme – Pheasants Nest Weir	State	4580036
Upper Nepean Scheme – Upper Canal	State	4580005
Upper Nepean Scheme – Prospect Reservoir	State	4580067
Virginia	State	4580060
Warragamba Emergency Scheme	State	4580051
Warragamba Emergency Scheme – Megarrity's Bridge	State	4580053
Warragamba Emergency Scheme – Warragamba Weir	State	4580052
Warragamba Emergency Scheme – Water Pumping Station	State	4580064
Warragamba Supply Scheme	State	4580161
Warragamba Supply Scheme – 18 Ton Cableway	State	4580046
Warragamba Supply Scheme – Crest Gantry Crane	State	4580019
Warragamba Supply Scheme – Early Dam Model	State	4580054
Warragamba Supply Scheme – Haviland Park	State	4580049
Warragamba Supply Scheme – Main Dam Wall	State	4580061
Warragamba Supply Scheme – Pipelines 1 and 2	State	4580021
Warragamba Supply Scheme – Production Office	State	4580162
Warragamba Supply Scheme – Suspension Bridge	State	4580047
Warragamba Supply Scheme – Valve House	State	4580017
Windmill Hill Group, including ruins	State	4580168
Wingecarribee Swamp	State	4580138
Woodford Dam	Local	4580044
Woronora-Penshurst Pipeline	Local	4580022
Woronora Dam	State	4580034

Appendix 9 – Regulatory Compliance

Compliance activity over five years

Protection of the Environment Operations Act 1997

	2014*	2013-14	2012-13	2011-12	2010-11
Clean up notices	-	4	1	1	2
Notices requiring information and records (s192)	-	6	7	2	1
Penalty infringement notices	-	-	-	2	-
Prevention notices (s96)	2	4	-	-	1
Littering reports referred to Office of Environment & Heritage	-	-	2	2	6

Sydney Water Catchment Management Regulation 2013

	2014*	2013-14	2012-13	2011-12	2010-11
Penalty infringement notices	5	7	31	43	52
Warning letters	15	17	19	15	8
Prosecutions	-	-	-	-	-
Catchment correction notices (s62b)	-	1	2	3	-
Notices (s62s & 62v) requiring information and records	2	9	12	17	-

*6 month period 1 July 2014 – 31 December 2014

Appendix 10 – SCA Sustainability Report

The SCA is committed to resource efficiency and energy consumption across all its areas of operation. The SCA has also continued to meet its reporting requirements in relation to energy consumption and the National Water Initiative (NWI) Environmental Indicators. This report gives an overview of the outcomes of the SCA's focus on environmental sustainability between 1 July

and 31 December 2014. The SCA's carbon footprint can be reported for the six month period; however the SCA's ecological footprint can only be reported on an annual basis and will therefore be excluded.

During the reporting period, the general trends in greenhouse gas emission decreased compared to the same six month period the previous year.

Breakdown of carbon footprint and yearly comparison (t CO₂-e)

Year	Direct Emissions (Scope 1)	Electricity Emissions (Scope 2)	Operational Indirect Emissions (Scope 3)	Capital Works Indirect Emissions (Scope 3)
2009-10	608	22,671	35,803	18,223
2010-11	540	25,488	16,517	8,967
2011-12	550	24,140	22,501	5,860
2012-13	549	7,968	20,951	4,685
2013-14	547	8,142	20,978	7,471
2014 (1 Jul -31 Dec)	277	2651	6,057	2,925

Breakdown of carbon emissions for 1 July – 31 December 2014

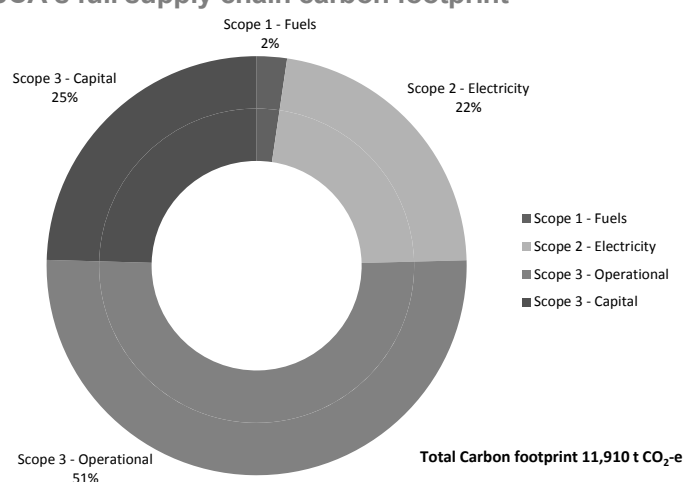
Scope	Source	t CO ₂ -e	% Total
Scope 1	Fuels	277	2.3%
Scope 2	Electricity	2651	22.3%
Scope 3	Operational	6057	50.9%
Scope 3	Capital	2925	24.6%
	Total	11,910	100.00%

Greenhouse gas emissions comparisons (CO2 tonnes equivalent)

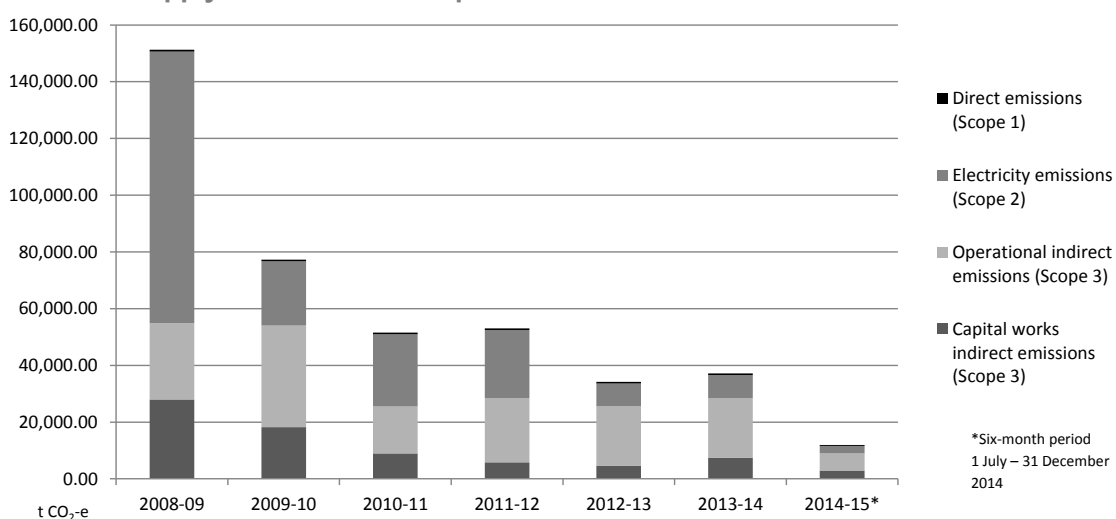
Energy type	Greenhousegas emissions %		Greenhousegas emissions %		% change ^^
	2014^	2013-14	2014^	2013-14	
Electricity	2,651	8,142	90.5%	93.7%	-34.9%
Petrol	44	96	1.5%	1.10%	-8.3%
Auto distillate(diesel)	233	452	8.0%	5.2%	3.10%
Bio fuel (B20)	-	-	-	-	-
Gas	-	-	-	-	-
Total	2,928	8,690	100%	100%	-32.60%

^ Six-month period 1 July – 31 December 2014 ^^ First half of 2014-15 is extrapolated to represent a 12 month financial year

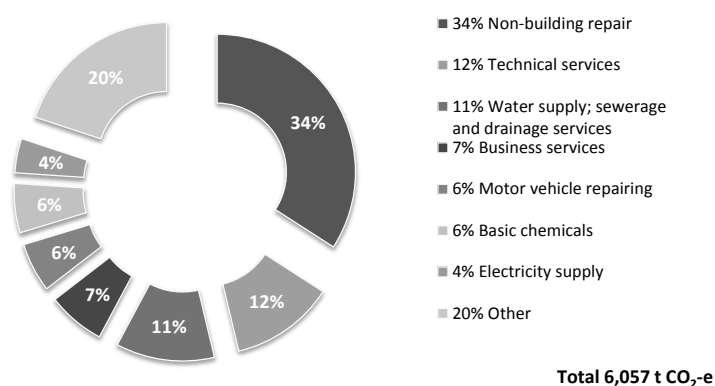
SCA's full supply chain carbon footprint



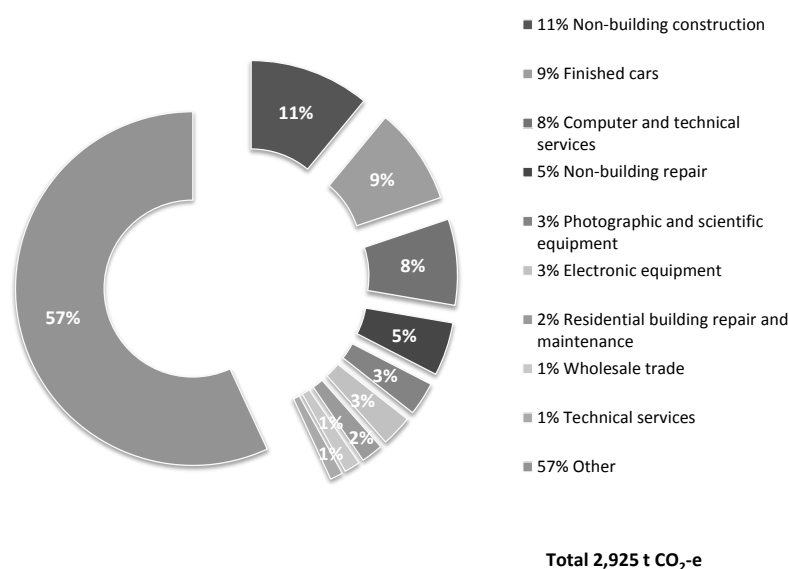
SCA's full supply chain carbon footprint 2009-2014



Breakdown of the main carbon commodities for operational



Breakdown of the main carbon commodities for capital



National Water Initiatives environmental indicators

Item No.	NWI Indicator	Tonnes of CO ₂ -e	Tonnes of CO ₂ -e/ML
E9.1	GHG Emissions – Water	2,615	0.010
E11.1	Net GHG Emissions – Other	313	0.001
E12.1	Total Net	2,928	0.011
ML Supplied	265,829	-	-

Energy comparisons for the past two financial years in gigajoules

Energy	Total Energy (GJ)		Costs in Energy (\$)	
	2014^	2013-14	2014^	2013-14
Electricity	12,315	37,198	514,877	1,548,509
Petrol	657.57	1,434	23,893	55,485
Auto distillate (diesel)	3342.15	6,466	115,421	236,565
Bio Fuel	0	0	0	0
Gas	0	0	0	0
Total	16,315	45,098	654,191	1,840,559

^ Six-month period 1 July – 31 December 2014

Electricity use

Total electricity consumption in the reporting period was 3,420,853 kilowatt hours, significantly lower than for the same period the previous year. Total energy used for water supply infrastructure was 3,084,004 kilowatt hours.

The decrease in electricity consumption can be mainly attributed to a decrease in the need for pumping due to the amount of available storage in the system.

Consumption at SCA office buildings was 3.5 percent lower when compared on a pro-rata basis to the previous year. This can be mainly attributed to energy usage reductions at the Campbelltown and Burrawang offices. The electricity consumption data for the office buildings shows that the SCA has continued to meet its target of maintaining electricity consumption to that of 2000-01 level of 540,853 kilowatt hours.

Electricity consumption for the past four years in kilowatt hours

	2014 [^]	2013-14	2012-13	2011-12	2010-11
Office buildings	230,796	478,472	517,233	516,760	533,541
Public buildings	57,619	92,632	100,165	108,849	128,403
Other facilities	37,617	70,131	85,402	67,466	79,721
Water supply infrastructure	3,084,004	9,669,613	9,381,519	27,191,895	26,529,340
Shoalhaven drought transfers	-	-	-	-	-
Infrastructure roadways	10,817	21,772	21,351	19,905	19,542
Total electricity	3,420,853	10,332,620	10,105,670	27,904,875	27,290,547

[^] Six-month period 1 July – 31 December 2014

The Penrith office was awarded a 4.5 star NABERS (National Australian Built Environment Rating System) rating in 2008. The building's environment management plan outlines actions targeted toward a 5 star rating for energy and water and a 4.5 rating for waste management, which is due for validation under a NABERS assessment in October 2015.

Energy management initiatives

The SCA continued to implement energy management initiatives, aiming to maintain its 5 star rating under the Energetics One 2 Five Rating System. Key achievements and activities between 1 July and 31 December 2014 include:

- Continued purchasing 10 percent Green Power (excluding energy for operational/water supply pumping).
- 81 vehicles in the Greenfleet program.

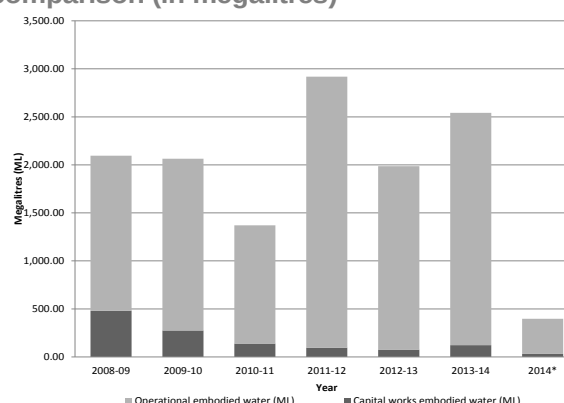
- Continued to fulfil requirements under the National Greenhouse Energy Reporting System legislation.
- Continued to monitor industry development in mini-hydropower generation through the attendance of industry seminars and workshops.
- Identified viable solar sites for power generation at various SCA sites.
- Working with Penrith office building manager to prepare an Environmental Management Plan which includes various energy management initiatives.

The water footprint

The water footprint represents the amount of water embodied in all SCA products and services consumed both directly and indirectly by the SCA's activities. The SCA's water footprint between 1 July and 31 December 2014 is calculated using the same methodology used to calculate the tonnes of carbon dioxide equivalent and ecological footprint.

Breakdown of embodied water use and yearly comparison (in megalitres)

Year	Capital works embodied water (ML)	Operational embodied water (ML)	Total embodied water use (ML)
2009-10	275	1,789	2,064
2010-11	139	1,232	1,371
2011-12	97	2,821	2,918
2012-13	76	1,909	1,985
2013-14	123	2,419	2,542
2014 (1 July - 31 Dec)	31	366	397



* Six-month period 1 July – 31 December 2014

of a waste audit. The next WRAPP report is due in August 2015.

The SCA continued to implement recommendations from the waste audit and actions outlined in the SCA's WRAPP Plan including:

- Exploring opportunities to further reduce waste and expand collection systems.
- Investigating waste separation and collection systems at offices.
- Undertaking waste education activities including publishing waste management initiatives on the SCA intranet and internal newsletter, and including waste information in corporate inductions.
- Commencing the development of a data collection system for waste information.
- Implementing an integrated waste and cleaning contract at SCA's Penrith office.

Potable water use

The Penrith office water supply is supplemented by unmetered rainwater from rooftop tanks. The use of potable water in the Penrith office slightly decreased this year to an average estimated 323.75 kilolitres per quarter, down from 324.5 kilolitres per quarter last year. This decrease was due to the higher use of rainwater as the main supply in the Penrith building.

Waste management and resource efficiency

Waste management at the SCA is based on the philosophy of 'reduce, re-use, recycle'. As required by government policy, the SCA's last biennial Waste Reduction and Purchasing Policy (WRAPP) report was submitted to the Office of Environment and Heritage in August 2013 following the completion

Appendix 11 – Reporting Requirements

Operating Licence requirements reported to IPART

The SCA's Operating Licence for 2012-2017 specifies reporting requirements under the licence in a separate reporting manual.

One requirement in the Reporting Manual included as part of the Annual Report is condition 7.2.1 which requires the SCA to submit an Environment Management report to IPART by 1 September each year. The environmental management report

includes the SCA's requirements in relation to energy, waste and environmental conditions that apply to the SCA in the undertaking of its business activities and will be provided to IPART by 1 September 2015. Environmental management information that will be provided in relation to the reporting period is shown from page 26.

All other requirements of the Reporting Manual are met by providing a range of other regular reports to IPART, including an Annual Catchment Management Report and an Annual Water Quality Monitoring Report.

Treasury Compliance Checklist

Requirement	Legislative Reference	Reporting Requirement 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 2 members of statutory body or, if without members, by the CEO	pg.1
Application for extension of time	ARSBA s13(5)	- Where there has been an extension, particulars of extensions of time	pg. 1
Charter	ARSBR Sch.1	- Manner in which and purpose for which agency was established - Principal legislation under which statutory body operates	pg.4
Aims and objectives	ARSBR Sch.1	- What agency sets out to do - Range of services provided - Clientele/community served	pg.4
Access	ARSBR Sch.1	- Address of principal office/s - Telephone number of principal office/s - Business & 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 - Organisation chart indicating functional responsibilities	App.1 pg.78-79 pg.22-23 App.1 pg.79-80 App.1 pg.81 pg.4
Summary review of operations	ARSBR Sch.1	- Narrative summary of significant operations - Financial and other quantitative information for programs or operations	KFA's pg.9-28
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 & purpose of the project including aims and target clients	App.7 pg.90
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.2 pg.82
Economic or other factors	ARSBR Sch.1	- Affecting achievement of operational objectives	pg.20

Management and activities	ARSB 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 mgt. 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	KFA's pg.9-28 pg.10, App.7 pg.92
Research and development	ARSB Sch.1	- Completed and continuing research and developmental activities including resources allocated - Unless will adversely affect business	pg.9-10
Human resources	ARSB Sch.1	- Number of officers and employees by category & compare to prior three years - Exceptional movements in wages, salaries or allowances - Personnel policies & practices - Industrial relations policies & practices	App.4 pg.85-87
Consultants	PM 2002-07 ARSB Sch.1	- For each engagement costing equal to or greater than \$50,000: • Name of consultant • Title of project (shown in a way that identifies the nature of the work) • Actual costs - For engagements costing less than \$50,000: • 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 used	App.7 pg.90
Disability Plans	GSEA Sch. 1 DSA s9, ARSB Sch.1 ARSB c20 TC 14/27	- Statement setting out the progress in implementing disability plan if required under the Disability Services Act 1993 (only for those required per GSEA) - Small statutory bodies need only report on a triennial basis	pg.12
Promotion	ARSB Sch.1	- Overseas visits by employees and officers with main purposes highlighted	App.4 pg.85
Consumer Response	ARSB Sch.1	- Extent and main features of complaints - Services improved/changed in response to complaints/suggestions	App.5 pg.88

Workforce Diversity	PSC Circular 2014-09 ARSBR Sch.1	- Statutory bodies must report statistics for both the representation and distribution of employees in diversity groups, in the same format as the report provided to each agency by the Public Service Commission. - Additionally, statutory bodies must report on the workforce diversity achievements during the reporting year and the key workforce diversity strategies proposed for the following year.	App.4 pg.86-87
Payment of Accounts	TC 11/21 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 • Total dollar amount paid in quarter • (Can use proper sampling techniques) - Details of action taken to improve performance	App.7 pg.94
Time for Payment of Accounts	ARSBR Sch.1; TC 11/21	- Where interest was paid due to late payments, list of instances and reasons for delay which caused late payment.	App.7 pg.94
Land Disposal	ARSBR Sch.1	- If value greater than \$5,000,000 & not sold by public auction or tender - list of properties - for each case, name of person who acquired the property & proceeds - Details of family or business association between purchaser & 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 Government Information (Public Access) Act 2009.	pg.28
Risk management and insurance activities	ARSBR Sch.1	- Report on the risk management & insurance arrangements and activities affecting the agency.	pg.16-20
Internal audit and risk management policy attestation	TPP 09-5 TC 09/08	- Governing board of statutory body must report compliance with core requirements of the policy for the financial year. - Must use the relevant template provided on NSW Treasury website. - Must co-locate the statement with the existing disclosure on 'risk management and insurance activities.'	pg.18
Multicultural Policies and Services Program (formerly EAPS)	ARSBR Sch.1	- Statement setting out the key multicultural strategies proposed for the following year - Progress in implementing the statutory body's multicultural policies and services plan - Information as to the multicultural policies and services plans of any bodies reporting to the agency	pg.12
Occupational Health and Safety	ARSBR Sch.1	- Statement setting out OHS performance - Details of injuries and prosecutions under Occupational Health and Safety Act 2000	pg.11-12

Appendices

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.10 pg.101
Budgets	ARSBA s7(1)(a)(iii) ARSBR c7-8	- 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	App.7 pg.90-91
Financial Statements	ARSBA s7(1)(a)(i) -(iia)	- Inclusion of Financial Statements - Controlled Entities' Financial statements - Audit Opinion on Financial Statements - Response to significant issues raised by Auditor-General	pg.29-75
Identification of audited financial statements	ARSBR c5	- At start and finish	pg.29, pg.76
Additional matters for inclusion in annual reports	ARSBR c10	- Statement of the action taken by the body in complying with the requirements of the Privacy and Personal Information Protection Act 1998 (PPIPA) and statistical details of any review conducted by or on behalf of the body under Part 5 of the PPIPA. Does not apply to SOCs. - After balance date events having a significant effect in succeeding year on: ● Financial operations ● Other operations ● Clientele/community served - 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 CD-ROM) - The internet address at which the report may be accessed (disclosure of the statutory body's homepage address is sufficient).	pg.13 Pg.76 App.7 pg.90 Back Cover Back Cover
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	App.7 pg.93
Liability management performance	ARSBR c13; TC 09/07	- Only if debt is greater than \$20m - 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 -	App.7 pg.93

Performance and numbers of senior executives	ARSB c14 PSC Circular 2014-09	- Number of senior executives employed at the end of the reporting year broken down by band and then gender within each band, compared with the numbers at the end of the previous reporting year - Average total remuneration package of senior executives in each band at the end of the reporting year, compared with the average at the end of the previous reporting year - The percentage of total employee-related expenditure in the reporting year that relates to senior executives, compared with the percentage at the end of the previous reporting year	App.1 pg.80-81
Implementation 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.	pg.20
Credit card certification	TD 205.01	- Credit Card certification to be attached	App.7 pg.90
Government Information (Public Access) Act 2009	GIPAA s125(4), (6) GIPAAR c7, Sch 2; c12, Sch 3	- Details of the agency's review under s7(3) of the Act during the year and details of any information made publicly available as a result of the review - Total number of access applications received during the year (including withdrawn applications but not including invalid applications) - Total number of access applications received that agency refused, either wholly or in part, because the application was for disclosure of information for which there is conclusive presumption of overriding public interest against disclosure - Statistical information as described in Sch 2 - Each agency referred to in Sch 3 of the Regulation (subsidiary agency) is declared to be part of and included in the parent agency specified in Sch 3.	App.3 pg.82-85
Digital information security policy attestation	PM2012-15	- Governing board of statutory body must attest annually to the adequacy of its digital information and information systems security. - Annual Attestation Statement must be presented in the Annual Report.	pg.19

Public Interest Disclosures (PID)	PIDA s31, PIDR c4, PM2013-13	- Separately report on: • PIDs made by public officials in performing their day to day functions as public officials • PIDs not covered above that are made under a statutory or other legal obligation • All other PIDs. - For each PID, a public authority should disclose the following information: • Number of public officials who have made a PID to the public authority • Number of PIDs received by the public authority in total and the number of PIDs received by the public authority relating to each of the following: ○ corrupt conduct ○ maladministration ○ serious and substantial waste of public or local government money ○ government information contraventions ○ local government pecuniary interest contraventions • Number of PIDs finalised • Whether the public authority has a PID policy in place • Actions taken to ensure staff awareness responsibilities under s6E(1)(b) of the PIDA have been met.	pg.13
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Acronyms

ANCOLD	Australian National Committee on Large Dams
AWA	Australian Water Association
CEDA	Committee for Economic Development of Australia
CRAFT	Catchment Remote Access Flight Team
DSC	NSW Dam Safety Committee
DSEPs	Dam Safety Emergency Plans
EAPS	Ethnic Affairs Priorities Statement
EMS	Environmental Management System
E&DM	Equity and Diversity Management Plan
H2O	High to Outstanding
IPART	Independent Pricing And Regulatory Tribunal
LGRP	Local Government Reference Panel
NABERS	National Australian Built Environment Rating System
NARCLiM	NSW and ACT Regional Climate Modelling Project
NorBE	Neutral or Beneficial Effect
NPWS	National Parks and Wildlife Service
NWI	National Water Initiative
RMS	Roads and Maritime Services Driver and Vehicle System
SASPoM	Special Areas Strategic Plan of Management
TMF	Treasury Managed Fund
WHS	Workplace Health and Safety
WRAPP	Waste Reduction and Purchasing Policy
WSAA	Water Services Association of Australia

Electronic copies of the Sydney Catchment Authority's annual report is available at www.sca.nsw.gov.au

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Telephone + 61 2 4774 4433

Hours 10am to 4pm daily
Except Christmas Day and Good Friday

Other dams, reservoirs and camping grounds

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Operational offices

Blue Mountains
Burrawang
Campbelltown
Warragamba Dam

Emergency reporting (fires, chemicals, spills)

Telephone 1800 061 069

Australian Business Number

ABN 36 682 945 185