



Sydney Catchment Authority

Annual Report

2012-13



Letter to Minister



31 October 2013
The Hon Katrina Hodgkinson MP
Minister for Primary Industries
Level 30 Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

We are pleased to submit the 2012–13 Annual Report of the Sydney Catchment Authority for presentation to the Parliament of New South Wales.

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

Yours sincerely

Mark Bethwaite AM
Chairman

Fiona Smith
Acting Chief Executive

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

Our Vision

Healthy catchments, quality water – always

Our Role

The role of the Sydney Catchment Authority is to capture, store and supply quality raw water and to manage and protect catchment areas and infrastructure. To do this, we have in place strategies to drive the business and values to guide and support our people.

About Us

The Sydney Catchment Authority (SCA) is a NSW State Government agency responsible for managing and protecting the drinking water catchments of Greater Sydney. We maintain 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.

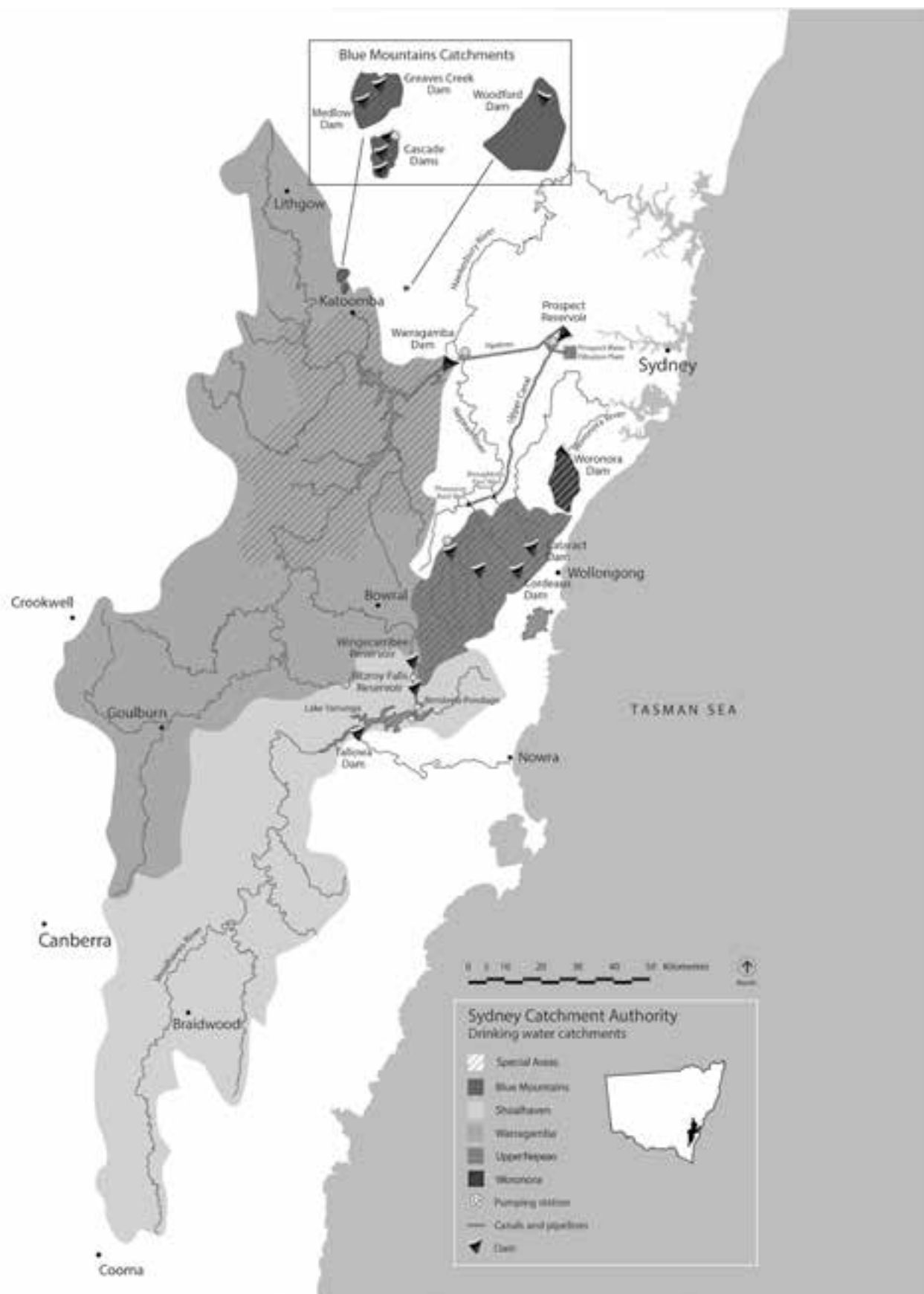
Responsible to the Minister for Primary Industries, the agency was established in 1999. The *Sydney Water Catchment Management Act 1998* (the Act) defines the roles, functions and objectives of the Sydney Catchment Authority.

Revenue is generated by supplying raw water to customers, including Sydney Water and the Shoalhaven, Goulburn-Mulwaree and Wingecarribee councils. Together they supply water to 4.5 million people, businesses and other users in Sydney, the Illawarra, Blue Mountains, Southern Highlands, Goulburn and Shoalhaven regions.

The SCA works 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 manage a network of 21 dams and weirs capable of holding more than 2.6 million megalitres of water. By drawing on the best science and engineering, we ensure the catchments and water supply infrastructure assets are well-managed and provide customers with an uninterrupted supply of high-quality water, delivering on our vision; Healthy Catchments, Quality Water – Always.

SCA's drinking water catchments



Report from the Chairman

Welcome to my first annual report as Chairman. I hope you enjoy reading about the Sydney Catchment Authority's (SCA) accomplishments in 2012-13. I would like to thank the previous Chairman and Board who provided many years of leadership and who have left a great legacy. Former Chairman, Robert Rollinson, provided guidance to all incoming Directors during the transition and I thank him in particular.

I would like to also thank Sarah Dinning, acting Chief Executive from February to October 2012, for her efforts throughout that period.

The SCA manages the water supply to more than 4.5 million people across south-eastern New South Wales. The importance of protecting this vital infrastructure cannot be underestimated. Our challenge is to anticipate what is needed to continue to supply the growing population of Greater Sydney with a sustainable water supply. Critical to this is the capacity to protect water at the source and to provide the infrastructure necessary for its storage and delivery to customers.

Throughout the year we continued our record of uninterrupted water supply to major customers and achieved 99.9 percent compliance with specified water quality characteristics. This is the strongest result in the SCA's history and confirms our commitment to our core business of supplying high quality water to customers.

Increased rainfall over the past two years has returned reservoirs to much higher supply levels with many dams spilling. At 30 June 2013, the storages were at 98.1 percent, the highest year end level since the SCA commenced operation in 1999. The Terrace Gardens at Warragamba Dam are open to the public during spills, allowing thousands of visitors to this iconic dam to watch the dam in operation.

Commercially, the SCA performed well with increased profit and dividends, largely due to an increase in water sold, with net profit before tax at a four-year high. The amount of water supplied over the past year (522 billion litres) increased, in part because the desalination plant was not operating over the period but also as a result of an increase in water sold of 10 percent over the previous year.

The SCA remains well placed financially to meet its capital program requirements. A significant milestone during 2012-13 was the finalisation of the Upper Canal Strategy to guide our approach to maintaining and upgrading the canal through to 2020. The Upper Canal is critical infrastructure and an essential component of the water supply system for Sydney. The Canal is 125 years old and requires significant investment to ensure its continued utility.

A heightened focus for the SCA has been sharing science and research. We hosted symposiums to showcase our science in relation to protecting water quality and quantity in the Sydney Basin and to learn what others are researching in this field. We have accelerated our science program in relation to longwall coal mining and coal seam gas extraction to better understand the risks these activities pose to water quality and quantity. The Board has adopted the principles developed by the former Board regarding longwall mining and coal seam gas as the Board considers that longwall mining within Dam Safety Notification Areas and under infrastructure and coal seam gas extraction in the Special Areas is inconsistent with the SCA's role, objectives and functions. Understanding the impacts of mining on our business will continue to be a key focus.

We are committed to actively seeking the community's views on the protection of the quality and quantity of water available for drinking water. This year we consulted with the community on the Sydney Water Catchment Management Regulation, along with the exhibition of a new Raw Water Supply Agreement with Sydney Water, required under the *Sydney Water Catchment Management Act 1998*. The Healthy Catchments Strategy 2012-16 was also placed on display for comment and finalised during the year.

Our operations rely on the skills and experience of our staff and we will continue our focus on providing a safe work environment. Our Safety and Wellbeing Strategy is showing outstanding results with proactive rehabilitation and injury management seeing days lost due to compensable injuries fall from 341 in 2011-12 to just 23 this year. We also developed our Safety and Wellbeing Strategy and Action Plan 2013-16, which involved a review of the existing safety framework.

This year we developed a program of organisational cultural change to be implemented across the SCA over coming years, with the leadership team setting the example. Central to the cultural change program was the launch of the Dignity and Respect Charter that outlines our commitment to providing dignity and respect for all our employees.

During the year the Corporate Incident Management Framework was reviewed. Incidents during the year included managing bushfire threats, dam spills and an unplanned release of water from Warragamba Dam. Our emergency response plans saw staff work promptly to manage these incidents.

The coming year will see a strong focus on long term

water planning as part of the SCA's participation in the development of the next Metropolitan Water Plan. A sound understanding of the impacts of the share of water allocated for the environment and the impacts on water available for supply will be critical to inform planning to meet future water demand in greater Sydney.

On our balance sheet are the SCA's iconic and valuable infrastructure assets. An equally important asset is the knowledge, experience and commitment of our staff. On behalf of the Board and our many stakeholders, I thank them for another year of dedicated service.



Mark Bethwaite AM
Chairman



Mark Bethwaite

Chief Financial Officer Report

The Sydney Catchment Authority (SCA) achieved profit after tax of \$35.676 million for the year. While lower than the previous financial year this was predominately due to a reduction in income tax deductions resulting in a significantly higher tax expense. Profit before income tax increased \$6.088 million (12.4 percent) over last year's pre-tax result.

Total revenues reduced \$6.611 million from the previous financial year. While the amount of water sold increased, a reduction in allowable revenue from the most recent regulatory price determination resulted in the lower revenue. The reduction in allowable revenue was due mainly to a change in regulatory approach in calculating return on assets and tax allowance.

Total expenses reduced by \$12.699 million. This was mainly due to the Accelerated Sewerage Program concluding in the prior financial year. Reductions in employment related expenses (\$1.539 million lower) and finance costs (\$2.072 million lower) also contributed to the reduction in total expenses.

The dividend for the year was \$26.757 million. This exceeded the targeted dividend agreed with the shareholder in the Statement of Financial Framework. The dividend is paid in the following financial year.

The SCA remains in a strong financial position and is well placed to meet current and long term water demands while maintaining critical water supply infrastructure and catchments.



Graham Collins

Group General Manager, Finance and Business Services



Graham Collins

Our Organisation

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

Details of Board members and committees are shown in the Appendices.

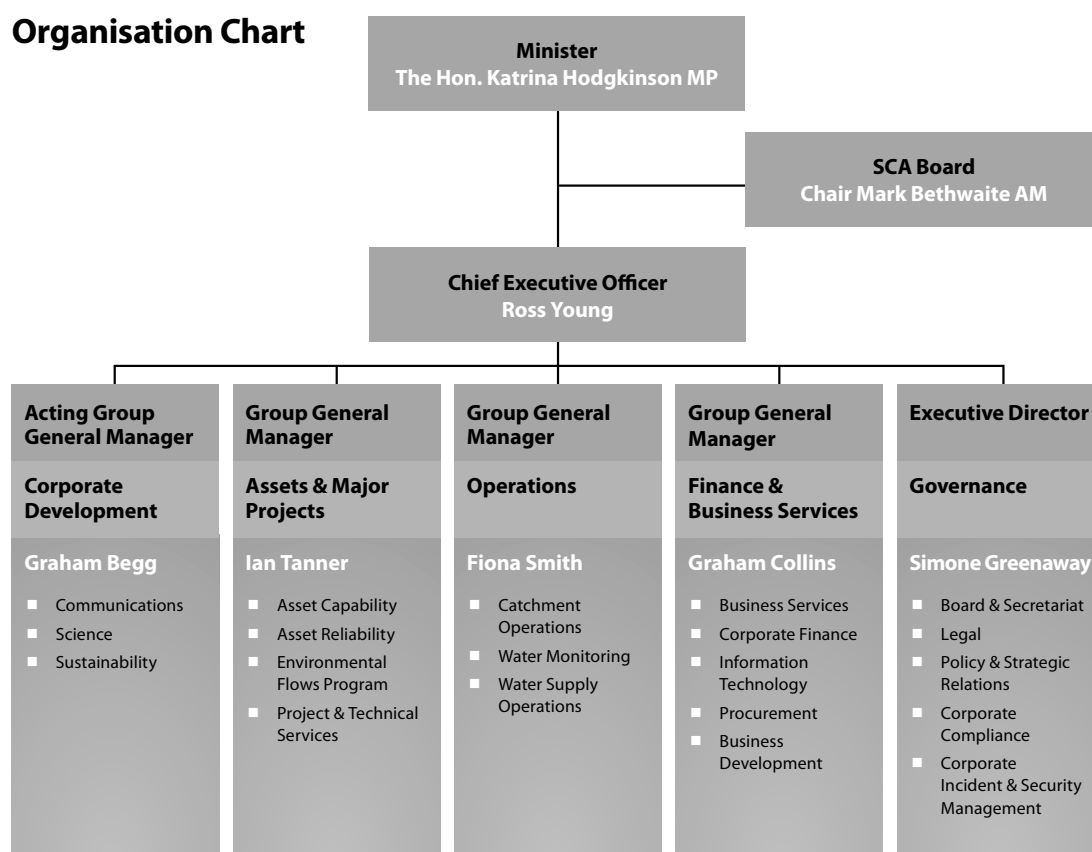
The functions of the Board, as defined by the Act, are to:

- 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 has the duty to ensure water supplied complies with appropriate quality standards. As at June 2013 the Board had the following standing committees:

- Audit and Risk Committee
- Asset Management Committee
- Health and Science Committee
- Catchments and Compliance Committee

Organisation Chart



Corporate Sustainability Strategy

The Sydney Catchment Authority's (SCA) activities during 2012–13 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.

Sydney Catchment Authority Corporate Sustainability Strategy 2010–15

Key Focus Areas

Reliable Water	Engaged People	Stakeholder Relationships
The SCA provides reliable water of agreed quality and quantity to customers to minimise risk to public health.	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.

Performance Indicators

■ 95% compliance with specified water quality characteristics. ■ 100% continuity of water supply.	■ Zero harm target. ■ 80% highly engaged employees.	■ 80% of customers and stakeholders satisfied with SCA.
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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 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.	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 SCA as an employer of choice. 3 Ensure 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.	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 SCA's interests in key local, state and national forums.
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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.

Business Viability	Industry Excellence	Resource Optimisation
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 achieves sustainable outcomes through the optimisation of its resources and innovative use of assets.
■ Achieve return on asset target.	■ 100% of management responses implemented within agreed timeframe.	■ Reduction in ecological footprint.
1 Position the organisation 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.	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.	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 and embrace new technology. 4 Manage lands to contemporary standards.

Our year in review – key focus areas (KFA)

KFA – Reliable Water

- The Healthy Catchments Strategy 2012-2016 was adopted in April 2013, to reduce the identified risks to water quality in the catchment
- Commissioned the Robertson and Kangaroo Valley sewerage schemes
- Installed two peat barriers, the second and final stage of Wingecarribee Dam Safety Upgrade Work completed
- Uninterrupted supply of water to major customers

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KFA – Engaged People

- Proactive rehabilitation and injury management led to a significant decrease in the time taken to return workers to pre-injury duties
- Supported by a mentoring program involving the Executive and senior managers we launched the Challenge of Leadership program, a 12-month management development program
- In January 2013 a new Dignity and Respect Charter was launched

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KFA – Stakeholder Relationships

- Prepared guiding principles for developments proposed within and adjacent to the Upper Canal and Warragamba Pipeline corridors
- Sustainable Grazing Program provided training for 570 graziers in the drinking water catchments
- The SCA and the NPWS jointly developed a new draft Special Areas Strategic Plan of Management

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KFA – Business Viability

- Introduced eFocus performance management system
- Conducted 11 internal audits to provide quality-assured reviews of our key business processes and internal controls
- Commenced developing the SCA's integrated Business Management System, which integrates the Water Quality, Information Security, Work Health and Safety, Asset, and Environmental Management systems

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KFA – Industry Excellence

- *Sydney Water Catchment Management Act 1998* amended to broaden the range of skills and expertise required on the Board of the SCA
- Provided an improved response rate to 176 development applications
- The SCA achieved full compliance with all requirements of the Water Access Licences, and Works and Use approvals required under the Water Sharing Plan
- The SCA achieved full or high compliance with the operating licence audit

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KFA – Resource Optimisation

- Our energy consumption for office buildings reduced by over 50 percent since 2007-2008
- Commenced development of an Environmental Management System
- Purchased 10 percent of our electricity from renewable resources gives SCA “Green Power” endorsement

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Our Performance

This table is a collection of data on performance indicators from across our operations against pre-determined targets, compared to other years.

Indicator	Target	2012-13	2011-12	2010-11	2009-10	2008-09
Staffing						
No. of staff FTE		265.5	263.3	246.3	240.9	271.9
% of highly engaged employees		67%	72%	-	75%	-
No. of workplace injuries	0	5	3	2	3	6
No. of lost time days		23	341	120	11	43
Financial						
Return on assets %	5.7%	6.5%	6.1%	6.1%	7.5%	5.7%
Capital Expenditure \$'000		17,699	19,954	27,580	54,357	79,757
Total						
Expenditure \$'000		146,417	159,116	141,756	141,300	143,543
Revenue \$'000		201,683	208,294	194,218	200,242	183,934
Profit before Tax \$'000		55,266	49,178	52,462	58,942	40,391
Income Tax \$'000		19,590	8,531	15,703	15,911	1,219
Profit \$'000		35,676	40,647	36,759	43,031	39,172
Water						
% compliance with specified water quality characteristics	95%	99.9%	99.7%	99.6%	99.7%	99.4%
% continuation of water supply	100%	100%	100%	100%	100%	100%
Water supplied to customers (millions of litres)		522,125	418,300	416,944	482,169	490,491
Total available storage at years end %		98.1%	96.7%	76.4%	57.6%	61.4%
Sustainability						
Amount of CO2 used			53,000 tonnes	51,500 tonnes	77,306 tonnes	151,300 tonnes
Electricity consumption (kilowatt hr '000)		10,105	27,904	27,290	24,659	101,307
Stakeholders						
No. of complaints received		7	11	7	5	18
No. of visits to SCA website		306,406	633,714	409,630	366,069	412,832
% of customers and stakeholders satisfied with SCA (survey carried out every 2 years)	80%	-	92%	-	-	-
Administrative						
% of management responses implemented within timeframes (Board actions)	100%	93%	96.15%	-	-	-

Our Financial Outcomes

Five year financial performance comparison

Financial performance indicator	2012-13 Actual	2011-12 Actual	2010-11 Actual	2009-10 Actual	2008-09 Actual
Total revenue (\$M)	201,683	208,294	194,218	200,242	183,934
Operating expenses (\$M)	83,790	97,124	85,487	84,642	93,145
Earnings before interest, tax, depreciation and amortisation (EBITDA) (\$M)	117,893	111,170	108,731	115,600	90,789
Depreciation, amortisation, impairments and loss on asset sales (\$M)	28,378	25,671	22,604	20,825	18,643
Finance costs (\$M)	34,249	36,321	33,665	35,833	31,755
Total expenses (\$M)	146,417	159,116	141,756	141,300	143,543
Net profit before tax (NPBT) (\$M)	55,266	49,178	52,462	58,942	40,391
Income tax expense (\$M)	19,590	8,531	15,703	15,911	1,219
Net profit after tax (NPAT) (\$M)	35,676	40,647	36,759	43,031	39,172
Dividend payable (\$M)	26,757	25,096	27,335	31,211	26,816
Return on assets (%)	5.94%	6.1%	6.1%	7.5%	5.7%
Interest-coverage (times)	2.61	2.35	2.56	2.64	2.27
Capital investment program (\$M)	17,699	19,954	27,580	54,357	79,757
Gearing ratio	35.09%	37.59%	40.00%	40.17%	41.70%

KFA: Reliable Water



To deliver safe, reliable water to our customers, the Sydney Catchment Authority effectively manages our assets and continues to protect and improve the health of the catchments. We do this by having in place robust risk strategies, strong compliance and enforcement systems, applying the best science and delivering on a highly effective asset management and investment framework.

The SCA has accelerated its science program in relation to mining activities occurring in the catchment which may pose a risk to water quality and quantity. In particular, the SCA has sought to gain a better understanding of the impacts of longwall and coal seam gas mining to enhance our evidence-based decision making.

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 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.

Work was undertaken this year on the Warragamba Pipeline.

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

Healthy Catchments Strategy 2012-2016

Our Healthy Catchments Strategy 2012-2016 was adopted in April 2013 following its public exhibition in 2012. It outlines seven initiatives to reduce the identified risks to water quality from past, current and future practices in the catchment. It is available for download from our website.

Healthy Catchments Program 2013

Implementation of the Healthy Catchments Program relies on a number of key stakeholders, including catchment management authorities, the Department of Planning and Infrastructure, the Department of Primary Industries, the Office of Environment and Heritage, local councils, landowners and the community.

More detailed information on the delivery of the Healthy Catchments Program in 2012-13 can be found in the SCA's Annual Catchment Management Report 2012-13 (on our website).

Improving sewage and stormwater management

Wingecarribee and Shoalhaven councils completed construction of the Robertson and Kangaroo Valley sewerage schemes this year. The commissioning of these plants concludes the Accelerated Sewerage Program, which saw over \$140 million invested to improve sewerage treatment in the catchments. The program resulted in loads of phosphorus and nitrogen from the nine plants reducing by 85 and 55 percent respectively.

In 2012-13 Lithgow Council inspected around 600 on-site sewerage systems as part of the on-site sewerage management program.

We developed the Priority Pollutants Program, to commence in the second half of 2013, providing up to \$1.9 million in grants for catchment councils to improve sewerage and stormwater infrastructure, reducing loads of nitrogen, phosphorus and pathogens reaching waterways.

Grazing Landscape Program

Working in partnership with the catchment

management authorities, the SCA developed a new Rural Landscape Program to improve management practices by grazing enterprises. The Rural Landscape Program will commence in July 2013.

Scientific research

Scientific evidence is an important input to the SCA's management decisions. Key research activities this year included:

Evaluation of interventions - wastewater systems

The SCA conducted a study on local water quality impacts to differentiate between onsite sewage systems and impacts caused by runoff from other land use activities such as grazing or urban stormwater runoff. The study focused on the presence, or lack, of common household substances in two catchment waterways – the Kangaroo River in the Kangaroo Valley and Caalang Creek in Robertson.

By testing for these common household substances we were able to determine that effluent from onsite sewage systems is making its way into waterways in both towns. This information will provide baseline data for assessing water quality improvements following the installation of new sewerage schemes in the two towns.

Evaluation of interventions - sewage treatment plants

The SCA is undertaking an investigation into *Cryptosporidium* infectivity in sewage effluent. We are evaluating how effective ultraviolet disinfection at sewage treatment plants (STPs) in the catchment is in reducing the risk of infective *Cryptosporidium* in catchment waterways.

The results of this study will be used to improve our understanding of risks from STPs and provide input to quantitative microbial risk assessments for waterborne pathogens in our catchments.

Scientific trial to inform sustainable grazing practices

Wet weather monitoring sites were established at two cattle grazing paddocks in the Southern Highlands in 2011. The two-year trial continued in 2012-13 and is collecting data to help calibrate and validate a pollutant export model for grazing lands.

Spatial Mining Monitoring Tool

The SCA has collated mining related data for the Special and Controlled Areas into a spatial monitoring tool. The tool shows historical, current and proposed mining leases, monitoring sites, previous coal extraction and coal seam gas activities.

Risk assessment

The SCA continually assesses the risks to water quality and human health. Assessments are reviewed and updated as new information and techniques become available.

- The SCA is conducting quantitative microbial risk assessments (QMRA) at two sites to estimate the risk to human health from waterborne pathogens for the population of Sydney. These studies will be used to determine the level of treatment required.
- A comprehensive scientific literature review on coal seam gas was completed to help understand the processes and risks associated with coal seam gas exploration and extraction in the drinking water catchments. The review compares the geology and conditions found in the Surat Basin in Queensland with the Sydney Basin. The Literature Review was completed in 2012-13, and has been sent to stakeholders for review and comment.
- A literature review of the potential impact of forestry activities on water quality, completed this year, will help inform the development of a forest module for the SCA's Pollution Source Assessment Tool.
- The Australian Drinking Water Guidelines contain a list of pesticides and synthetic organic compounds that may present risks to human health. We performed a survey to determine which of these chemicals are used in the catchment, where they are used and in what amounts, as well as a risk assessment based on the survey results and other factors, such as toxicity and how long they survive. This risk assessment was completed in 2012-13, with the results used as part of the review of our water monitoring program.

Current recommended practices

Two current recommended practice (CRP) manuals were finalised this year to assist councils

and consultants when proposing developments in the catchment. These were 'Horse Property Developments in the Sydney Drinking Water Catchment' (May 2013) and 'Using MUSIC (Model for Urban Stormwater Improvement Conceptualisation) in Sydney's Drinking Water Catchment' (December 2012).

The SCA also provided training to council officers during August 2012 in the use of the Designing and Installing On-Site Wastewater Systems CRP.

Rural Landscape Programs

In 2012-13 the Grazier Incentives Program, a partnership with catchment management authorities, awarded 41 grants to landholders to improve water quality best management practices on their grazing properties. Almost 2,598 hectares of catchment land was influenced to best practice standards.

During the year, 20 new Catchment Protection Scheme projects were delivered to address severe gully erosion. The projects protected waterways from 10, 744 hectares of upstream erosion within drainage units where streambank and gully erosion has been identified as a priority. Nine riparian management assistance projects were approved, which will help protect 34.3 kilometres of waterways from adjoining rural land uses.

As part of the Healthy Catchments Strategy 2012-2016, we have developed a new Rural Landscape Program that works in partnership with the catchment management authorities to improve land management practices to protect water quality. The Rural Landscape Program will replace the three previous programs, commencing in July 2013.

Preventing water pollution through compliance

The SCA is continually faced with the challenge of identifying and reducing water quality risks from unlawful activities and unauthorised access in the catchments. Our enforcement measures included patrolling Special Areas and inspecting high risk activities such as mining, construction of sewerage schemes and unauthorised development. We responded to trespassers and illegal activities by issuing 19 warning letters, 31 penalty infringement notices, 20 statutory notices, one clean-up notice and two catchment correction notices.

See appendix 10 for more information on compliance activities

2 Manage assets for improved efficiency, sound operations and safety.

Maintenance Delivery

The past financial year presented some significant challenges for asset reliability and maintenance activity due to backlog repairs from heavy rainfall events in early 2012 and subsequent rainfall events, the most recent in June 2013. These events stretched resources to support spill management at several dams as well as responding to many asset support requests that arose due to localised flooding and general water damage.

Notwithstanding these pressures, preventative maintenance targets were exceeded and there were no disruptions to water supply due to asset failures.

The contract maintenance work delivery results, indicated in the table below were achieved with a cost of \$4.9 million. Though fewer corrective jobs were issued than last year, the value of this work was over \$500,000 more.

The heavy rainfall events were a main contributor to the extra works and a backlog of lower priority jobs resulted in the achievement being below target.

Due to current and forecast pressures on maintenance services, the management and resourcing of the maintenance contract was restructured to:

- create clearer lines of communication and control
- create a dedicated group for larger maintenance jobs
- reduce backlog works
- increase standby and callout capability.

These actions have already been effective in reducing backlog routine maintenance by over 90 percent and backlog corrective maintenance by over 50 percent since December 2012. The Minor Asset Renewals

program continues to be a major contributor to controlling asset reliability and escalating maintenance costs due to assets ageing beyond their economic service life. Over \$1,000,000 was invested in minor equipment renewals, with the majority of this work being for valves and electrical equipment.

Strategic Asset Management

The SCA continued to implement the Asset Management System (AMS), focusing on continued liaison with all staff in delivering the Asset Management Strategy (AM Strategy) and Asset Management Plans (AM Plans). Considerable work was undertaken towards the development of the Asset Management Plan for Pipelines, with the plan due for finalisation during the 2014-15 business planning cycle.

Warragamba pipelines valves and controls upgrade program

In December 2012 the SCA presented to IPART a detailed upgrade program for valves along the Warragamba Pipelines, delivered in response to an output measure from the 2012 pricing determination. The 8-year \$10.5 million upgrade program involves the rehabilitation or replacement of all valves and their controls along the Warragamba Pipelines.

Maintenance Delivery				
WORK TYPE	ISSUED JOBS	COMPLETED JOBS	% ACHIEVED	% TARGET
Preventative	4633	4604	99	95
Corrective	733	651	89	95

Property

A comprehensive reconciliation of the SCA's land holdings was held on land transferred to the SCA in 1999 and other land boundary anomalies. The results were submitted to the Land and Property Information Office for update of the Government Property Register. During the reconciliation process the SCA identified land holdings considered to be surplus to requirements, with future sales planned for these properties to reduce our public liability risk and holding charges. The SCA did not dispose of any properties during 2012-13.

Prospect Dam Upgrade

Prospect Dam Safety Risk Assessment and Concept Upgrade Options studies were completed and the report was endorsed by the DSC. Detailed design of the upgrade works commenced in the year with construction to begin in late 2013.

Wingecarribee Dam Upgrade

A comprehensive safety review and risk assessment study completed on Wingecarribee Dam indicated that overtopping of the dam could occur due to blockage of the spillway by floating peat. Installation of two peat barriers, the second and final stage of Wingecarribee Dam Works, was completed during the year.

The dam now fully complies with the NSW Dams Safety Committee's requirements. Since 1998 the Wingecarribee Reservoir has been operated with storage volumes 23 percent to 35 percent less than full capacity to minimise the risk of blocking the spillway with floating peat and subsequent overtopping of the main wall. Floating peat within the storage had displaced about 25 percent of the reservoir's original storage capacity.

This project enables SCA to safely operate the Wingecarribee Reservoir up to full supply level. The project was completed in December 2012 under budget at a cost of \$11.1 million.

Mining

Mining companies continued to extract coal by longwall method near the Upper Canal, Cordeaux Reservoir, Woronora Reservoir, and Cataract Reservoir.

Monitoring and subsidence surveys were undertaken,

with results regularly assessed by the SCA to detect any unusual subsidence effects, impacts and environmental consequences.

The SCA Board has adopted positions on longwall mining and coal seam gas. The Board position is that the Authority will oppose any longwall mining:

- within Dams Safety Committee notification areas applying to prescribed dams managed by the Authority, or
- that is predicted to damage water supply infrastructure.

The Board's position on coal seam gas is that the Authority will oppose applications for exploration or extraction for the purpose of coal seam gas extraction within Special Areas.

The Board considers that longwall mining and coal seam gas extraction within these areas is inconsistent with the SCA's role, objectives and functions as defined in the *Sydney Water Catchment Management Act 1998*.

Mining advice to ensure protection of SCA assets and interests

The NSW Department of Planning and Infrastructure, the Planning Assessment Commission and the Department of Trade and Investment, Regional Infrastructure and Services are responsible for assessing and approving mining and coal seam gas activities. The SCA is involved in the assessment process for mining and coal seam gas activities due to our obligations to protect water quality and quantity, and infrastructure. The SCA reviews mining applications having the potential to impact on SCA catchments and infrastructure, and advises on approval conditions to protect our assets and interests in accordance with the SCA's Mining Principles and more recently the SCA's positions on longwall mining and coal seam gas activities.

Upper Canal mining activity surveys

During 2012-13, six monitoring surveys were carried out along the Upper Canal from Macquariedale Road to Nepean Creek, Appin. The survey data is used to monitor surface displacement caused by mining with corrective measures implemented when trigger levels are reached. Existing mitigation measures along the Upper Canal were assessed to be sufficient to cater for potential movement.

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

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

We have water supply agreements with all key customers including Sydney Water, Shoalhaven and Wingecarribee councils, along with a new agreement with Goulburn Mulwaree Council which commenced on 1 October 2012. This follows the completion in March 2012 of a pipeline linking Wingecarribee Dam with Goulburn Mulwaree's water supply.

The SCA supplied 522,125 million litres of water to customers this year – 99.2 percent to Sydney Water and 0.75 percent to Shoalhaven City Council, Goulburn Mulwaree Council and Wingecarribee Shire Council. The remainder was purchased by other customers.

Refer to Appendix 7 for individual customer quantities.

The SCA increased water supply from the Upper Nepean dams as well as Prospect Reservoir to minimise the impact of elevated colour being experienced in the water from Warragamba Dam.

Changing Dam Levels

At 30 June 2013, available storage in the SCA's dams was 98.1 percent – up 1.4 percent compared to the same time last year.

Inflows were discharged to the downstream rivers as reservoirs reached capacity and spilled, especially during rain events in January and June 2013. (See *Appendix 7 for the year's rainfall statistics.*)

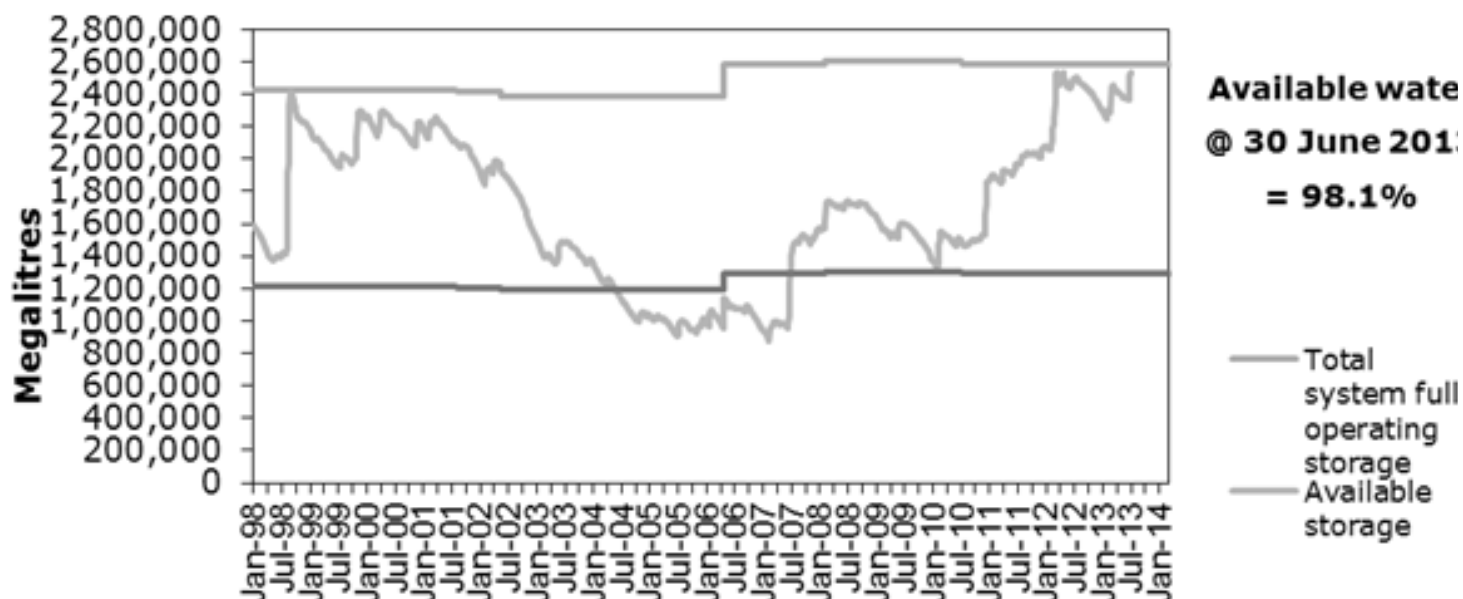
There were no transfers from the Shoalhaven system in 2012-13 as the combined storage of SCA dams remained above 75 percent throughout the year.

Fish River Supply Scheme

Due to sustained periods of dry weather during the first half of the 2012-13 financial year storage levels in the Blue Mountains dams declined to the point which required supply to be supplemented from the Fish River Water Supply Scheme. In total 1,014 megalitres was transferred from Lake Oberon to Upper Cascades to maintain storage levels in the Blue Mountains reservoirs.

SCADA Upgrade

The SCADA Upgrade project was developed to integrate various telemetry systems (Integrated Instrumentation Control Automation and Telemetry System, Hydrometric, Plant SCADA, and Nepean Weirs) into one SCADA network, enabling the SCA to monitor and remotely control assets within the one system.



Managing water quality

Large catchment inflows in 2011-12 influenced water quality in SCA storages in 2012-13, resulting in a number of minor water quality incidents.

These included:

- Elevated colour in Lake Burragorang required changes to treatment management processes for both SCA and Sydney Water.
- Elevated levels of Areal Standard Units of algae (an indicator of filter clogging potential) were observed in Bendeela Pondage, Upper Cascades Dam and Prospect Reservoir.
- Elevated levels of E. coli were observed in Nepean Dam, Bendeela Pondage and Broughtons Pass Weir following large inflow events.

We managed these incidents in consultation with NSW Health and our customers by changing outlet configuration or source waters to continue supplying best quality water.

Warragamba Dam spilled on three occasions during this reporting period. These were July 2012, and February and June 2013. The June event saw a major incident being declared. Four storages spilled including both of the SCA's gated dams (Warragamba and Wingecarribee).

These spills resulted in moderate damage to operational and monitoring equipment, as well as

minor structures at the Tallowa Dam Fishlift and some of the weirs on the lower Nepean River.

In managing these flood events, the SCA worked closely with customers and stakeholders including Sydney Water, State Emergency Services, Bureau of Meteorology, NSW Health, various councils within our area of operations and identified stakeholders downstream of our storages. There were no interruptions to the supply of raw water to customers.

Water Quality Management Framework

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

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

During 2012-13 the framework was better aligned with the 12 elements of the Australian Drinking Water Guidelines 2011 in consultation with major customers, NSW Office of Water and NSW Health. The finalised framework was endorsed by NSW Health and Sydney Water. SCA will report progress against planned actions in the Water Quality Improvement Plan which complements the framework.

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

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

Upper Canal Strategy

The Upper Canal is critical water supply infrastructure and an essential component of the water supply system for Sydney. Built in the 1880s, sections of the canal are approaching the end of their efficient operating life and significant investment will be required to maintain its current function.

During the year, the SCA developed an Upper Canal Strategy to guide the approach to the canal in the short, medium and long term. The strategy identified the various issues and risks facing the canal and canvassed options including reinstatement, refurbishment and replacement. The Strategy, which took into account feedback from stakeholders, recommended targeted upgrade works over the period to 2020. Options for the potential long term replacement of the canal, including a staged approach, were identified, with the decision and timing to be made in conjunction with future reviews of the Metropolitan Water Plan. The work includes rebuilding

of canal walls, installation of props, replacement of aqueduct seals, minor roadworks, drainage system improvements and replacement of boundary fencing.

Development of economic modelling capability in Water System Model WATHNET

Economic modelling capability has been developed for the SCA's WATHNET model. This will be a valuable input for the development of the next Metropolitan Water Plan. The model informs how we trigger supply and restriction measures, to secure adequate supply in possible droughts, while minimising cost to customers.

Climate research project

The SCA continued work this year on the interagency NSW & ACT Regional Climate Modelling (NARCLiM) project. Led by the NSW Office of Environment and Heritage and with the University of NSW (UNSW) undertaking the climate model downscaling, the project is assessing the potential implications of climate change for Greater Sydney's water supply.



Managing water quality is a major task for the SCA.

Sydney Catchment Authority's Capital Upgrade Program

Wingecarribee Dam Upgrade

In 2012-13, the SCA completed the upgrade of the dam wall filter and drainage trench to bring it in line with contemporary design standards and replaced the existing peat fence with a two stage floating barrier system (see page 20).

Prospect Dam Improvements

Prospect Dam is a 50,000 megalitre offline storage supplying critical backup supply to the Sydney metropolitan region. The Prospect Dam wall, built in 1888, requires work to its filter and drainage system to ensure the dam meets contemporary design standards. During the year detailed design work was completed and tenders sought for the construction stage. Construction work is due to commence in October 2013 and be completed in October 2014.

Kangaroo Tunnel Relining

The Kangaroo Pipeline was taken out of service on 27 March 2013 to facilitate the relining of the 1.5 kilometre long, 2.6 metre diameter tunnel between the Kangaroo Valley pumping station and the shaft, as well as the refurbishment of the fixed wheel gate at the Kangaroo Pipeline Control Structure. Eraring Energy also undertook refurbishment works during this time. SCA's work on the pipeline and fixed wheel gate are scheduled for completion by mid-November 2013.

Upper Canal Interim Works – Stage 1

The Upper Canal Interim Works Stage 1 project was developed to address the short-term reliability of the canal, while investigating the development of a medium to long term replacement program.

The work includes replacement of canal walls at six locations, safety upgrades to access roadways, the replacement of fencing, penstock and platforms, drainage rehabilitation and other minor work to improve the canal's reliability and performance. The works will commence in late 2013 and will be completed in 2015.

Cataract Tunnel – Stage 1

The three kilometre unlined Cataract Tunnel, which carries water from Broughtons Pass Weir to the Upper Canal was impacted by longwall mining activity causing subsidence of the tunnel and fracturing of the surrounding rock formation. Following the cessation of mining movements, studies were undertaken to evaluate options to rectify mining impact in the tunnel. A contract has now been awarded to undertake stage 1 rectification work which includes drilling and grouting to consolidate and stabilise the rock formation and ground mass. Work is scheduled to commence during the planned Upper Canal outage between July and September 2013, with funding approved by the Mine Subsidence Board (MSB).

Broughtons Pass Weir

Broughtons Pass Weir delivers Upper Nepean water via the Cataract Tunnel and the Upper Canal to Prospect water filtration plant. Longwall mining since 1998 in close proximity to the weir has impacted its structural integrity and on-going operational capability. With the cessation of mining activity, the Mine Subsistence Board agreed to fund a draft of concept design for post mining rehabilitation.

KFA: Engaged People



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

We have developed a range of workforce programs ensuring work health and safety is paramount, and our workforce is engaged and committed.

Our Goal

To ensure employees are committed, trusted, valued, safe and accountable in supporting 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 SCA as an employer of choice.
3. Ensure 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.

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

Safety is paramount to the SCA's long-term success, while maintaining a safe and healthy workplace is vital for the ongoing wellbeing of our people, contractors and members of the community who use and visit our facilities.

We regularly review and monitor conformance with our Work Health and Safety (WHS) Policy (formerly OH&S), conduct safety awareness campaigns and support injured employees in their rehabilitation and return to work.

In keeping with good practice and to demonstrate due diligence in the management of safety, we developed a comprehensive Work Health and Safety Management System for our workers. This involved a review of the existing WHS Management System Framework, procedures and registers, as well as the development of our Safety and Wellbeing Strategy and Action Plan 2013-16. In addition, due diligence and risk assessment workshops were conducted for the Executive and senior managers.

Safety Audits

Key components of the SCA's WHS Management System are risk management, internal audits and safety inspections, and a commitment to continual improvement. In 2012-13, internal audits were undertaken in the following areas:

- WHS Fire Arms – use, storage and training
- Broughtons Pass – Operation of Chlorine Plant
- WHS Incident Reporting
- Nepean Dam Pesticide and Chemical Storage
- Housekeeping of Storage Rooms
- Work Health Safety Management System (WHSMS)– Procedures.

Staff Safety Day (2012)

The Staff Safety Day in November 2012, featured team building sessions, an ergonomic practice workshop and a presentation of the new consultation arrangements relating to safety. The Chairman and Chief Executive, provided an overview of future directions for the SCA.

Consultation and Communication

The SCA continued to focus on safety performance through increased visibility of safety initiatives, audits, inspections, and related improvement programs. Work Health and Safety priorities were overseen by our WHS Executive Steering Committee, which reviewed policy and procedures and set priorities.

Staff are kept informed via our weekly newsletter iSCAN and Safety Alerts. Some of the topics discussed during the year included: Pedestrian Road Safety, Snake Hazards, Working in the Heat, using Automated External Defibrillators and the safe use of firearms.

WHS Learning

Staff attended a range of WHS training workshops during 2012-13, including:

- Confined Spaces
- First Aid
- Swift Water Rescue
- Launching and Towing Watercraft Safety
- WHS Committee in Health and Safety Representative as per the new the *WHS Act 2011* and Regulations – Consultation
- Certificate IV in Occupational Health and Safety BSB41407
- Bushfire Awareness
- Emergency Procedures
- Prevention of Bullying and Harassment.

Online training module topics included: lone/remote worker modules, drugs and alcohol in the workplace, building emergency procedures, office ergonomics, manual handling and influenza awareness.

Improved Reporting

The SCA developed and implemented a WHS database to record and track all WHS incidents. This database provides valuable information for monthly and quarterly reporting, including lead and lag indicators and trend analysis.

Employee Wellbeing

The SCA as part of its Safety and Wellbeing Strategy has implemented:

- Free Influenza vaccinations with 40 percent of employees participating
- Ergonomic assessments with 41 percent of employees assessed
- Hepatitis vaccinations made available for high risk workers
- Five automatic external defibrillator devices to complement our first aid and emergency response
- Participation in the Global Corporate Challenge, a workplace health and wellbeing program aimed at changing the behavior and improving the health of employees. On 23 May 2013, 63 staff took up the challenge to stay active for the duration of the 16-week event. Participants undertook walking, biking, swimming and other activities to increase their daily physical activity.

SCA compensable injury figures over four years

Financial Year	Total Injury	Total lost time days	Days lost per injury
2012-13	5	23	4.6
2011-12	3	341	113
2010-11	2	120	60
2009-10	3	11	3.7

During the period 2012-13 there was an increase in injuries, however a significant decrease in the time taken to return workers to pre-injury duties. This was achieved by proactive rehabilitation and injury management.

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

Maintaining the respect and confidence of our employees is a priority. To do this, we have in place a number of educational and support programs encouraging career development, skills building and social responsibility.

Managing performance and recognising staff achievements

During 2012-13 we implemented an online performance management tool called eFOCUS, to support our performance management program. eFOCUS provides enhanced reporting and monitoring capability.

Learning and Development Program

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

During 2012-13, we launched the Challenge of Leadership program, a 12-month management development program. This is supported by a mentoring program involving the Executive and senior managers. Twenty employees are participating in the program, which will lead to a Certificate IV in Frontline Management.

We continue to utilise and develop web-based and e-learning modules available on our intranet. During the reporting period, a total of 597 e-learning modules were completed on topics such as: Fraud and Corruption Prevention, Records Management and a range of safety modules.

Cadetship Program

The Cadetship Program was launched in January 2010 as part of the Capturing Knowledge: Growing our Future 2010-2015 initiative approved by our Board. It was introduced to address expected skill shortages in operational areas due to an ageing workforce and support the NSW Government's base level employment initiative.

The SCA currently has seven cadets supporting knowledge and skill transfer in identified skill shortage areas, while a further two cadets will commence employment in late 2013.

Graduate Program

While the SCA did not employ any new graduates in the reporting period, the program continued its 100 percent retention rate. Six graduates have been supported through ongoing development, assistance with further study and involvement in networking with other young professionals, with one graduate finishing the program this year.

Vocational Education Training and Work Experience

The SCA continues to offer structured work experience programs in partnership with Universities and through the Schools Vocational Education and Training (VET) program. During the reporting period, we offered work experience for four high school students, undergraduate work experience for a student majoring in Hydrology as well as placement of interns within our Science team.

NSW 40 Year Service Medallion

In June 2013 three SCA staff, Frank Giorgi, Ian Landon-Jones and Brian Waldron, were awarded the NSW Service Medallion, recognising their outstanding achievement of 40 years in NSW Government Service.

Equal Employment Opportunity (EEO)

The SCA's Equity and Diversity Management (E&DM) Plan 2011-2014 incorporates a full suite of equity and diversity programs including:

- An Equal Employment Opportunity (EEO) Management Plan
- A Disability Action Plan (DAP)
- Multicultural Policies and Services Plan
- Aboriginal Employment Strategy.

In January 2013 a new Dignity and Respect Charter was launched by the Chief Executive. The charter is prominently displayed in all work locations, and underpins our commitment for a workplace providing dignity and respect to our entire staff.

We delivered 53 corporate inductions during 2012-2013. These covered EEO awareness, rights and responsibilities, legal obligations, how to deal with grievances and practical strategies to prevent, identify and manage harassment and bullying in the workplace.

The Anti-Discrimination Board NSW was engaged in May 2013 to facilitate training in the Prevention of Bullying and Harassment which was delivered to all staff. The SCA Executive, senior managers and supervisory staff underwent additional training in Grievance Handling.

We continued our membership of the NSW Equal Employment Opportunity Practitioners Association (NEEOPA) where we network, share experiences and ideas in the principles of EEO, workforce diversity and work-life balance. Additional membership is held with the Diversity Council Australia.

Disability and equitable access

The SCA continues to recognise people with disabilities through its ongoing support of the Don't DIS my Ability" campaign. We hosted an event in November 2012, with a guest speaker who addressed

staff at Penrith, Campbelltown and Warragamba offices.

Multicultural Policy and Services Plan

We continue to support cultural diversity. This includes leave entitlements and flexible working hours for religious observance and cultural obligations, as well as providing work-experience opportunities under an Adult Migrant Program.

Harmony Day continues to be celebrated in the workplace, while cultural awareness training was delivered to all staff who regularly interact with the community. The training was delivered during August to November 2012. Other activities include the accreditation of four staff members under the Government's Community Language Allowance Scheme.

Aboriginal Employment Strategy

To support the Aboriginal Cadetship Program and to facilitate ongoing professional development, a SCA cadet was supported in their nomination for co-executive of the Aboriginal Support Network (ASN). The ASN is a NSW Government inter-departmental network supporting and promoting Aboriginal employment and held its quarterly meeting at our Warragamba Conference Centre in December 2012.

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

An efficient organisational structure allowing for sound and effective decision making is important for the SCA's long term success, and for the accountability of our staff.

Consulting with unions

A Joint Consultative Committee provides a forum for peak level discussions between the SCA, the Australian Services Union, and the Association of Professional Engineers, Scientists and Managers Australia. During the year the committee worked collaboratively to finalise the Sydney Catchment Authority Consolidated Award 2012-2013, which was subsequently ratified in the Industrial Relations Commission.

Privacy Management Plan

During 2012-13 we commenced a review of our Privacy Management Plan to comply with the Privacy and *Personal Information Protection Act 1998* and the *Health Records and Information Privacy Act 2002*. The plan is reviewed every two years and sets out strategies for an appropriate level of protection for the personal and health information we collect and hold.

Public Interest Disclosures

Consistent with changes to the *Public Interest Disclosure Act 1994*, the SCA developed a new

Public Interest Disclosures Policy during the year and updated its Reporting Unethical and Improper Conduct Procedure.

The SCA's Public Interest Disclosures Policy is available on its website. The procedures are available on the intranet and the Disclosures Officer visited staff in the workplace to raise awareness of the policy and procedure. The staff newsletter includes information about Public Interest Disclosures, when the policy or procedures are regularly reviewed. All new staff receive information and a briefing on the policy, and fraud and corruption prevention. The *Public Interest Disclosure Act* requires public authorities to report compliance for each six-month period. During 2012-13 no public interest disclosures were lodged.

Statistics on Public Interest Disclosures 2012-13

Number of public officials who made Public Interest Disclosures	0
Number of Public Interest Disclosures received	0
Primarily about Corrupt conduct	0
Primarily about Maladministration	0
Primarily about Serious and substantial waste of public money	0

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

Providing leadership and guidance to staff is vital in maintaining an engaged and committed workforce. We do this through information sessions, staff meetings, our internal newsletter, an annual staff safety day and regular updates to our policies and procedures.

During the reporting period the SCA's Executive and senior managers attended a number of workshops designed to highlight areas of responsibility and leadership, particularly around work health and safety due diligence requirements.

Our senior leadership team also participated in

feedback and action planning sessions to address issues identified in the 2012 employee survey.

The Executive team and five senior managers are mentoring participants in the Challenge of Leadership management development program.

Each has been assigned two mentees and are working with the employees to provide direction and support as they progress through the program.

The mentors attended both an initial and mid-program review workshop where they had opportunity to play key roles in the development of participants.

KFA: Stakeholder Relationships



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

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

Our Goal

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

Strategies

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

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

The SCA actively shares knowledge with the community, councils, industry and our staff. We do this through face-to-face meetings, teleconferencing, our staff intranet and the preparation and presentation of studies and reports.

Our website provides access to a wide range of information, including:

- weekly storage and supply reports – summarising catchment rainfall, supply and storage levels
- daily catchment rainfall figures
- environmental flow information
- publications
- visitor information.

We also share knowledge by making available through our website reports and studies highlighting our policies and direction.

Sydney Water Catchment Management Regulation review

The SCA is responsible for administering the Sydney Water Catchment Management Regulation 2008.

The regulation is subject to a statutory review every five years under the *Subordinate Legislation Act 1989*, and was due to be repealed on 1 September 2013. During 2012-13 we made arrangements to review the regulation with minor amendments.

Under the *Subordinate Legislation Act*, we are required to consult with the public and stakeholders prior to making a new regulation. The proposed draft Sydney Water Catchment Management Regulation 2013, and an accompanying Regulatory Impact Statement, was exhibited for public and stakeholder comment from 15 May to 14 June 2013.

Raw Water Supply Agreement with Sydney Water

Following the negotiation of a new Raw Water Supply Agreement with Sydney Water, we publicly exhibited the draft agreement according to the requirements of the *Sydney Water Catchment Management Act 1998*.

The agreement is expected to commence in the second half of 2013.

Stakeholder Newsletter

Our quarterly newsletter SCAN features articles about our work protecting the health of the catchments, operating the dams, major infrastructure projects and upgrades, our science and research activities and other key topics. It also includes interviews with our staff, special case studies and photos on major events.

SCAN is distributed to key stakeholders and subscribers, and to the wider community through council offices, libraries, our website and tourist information centres.

This year's editions focused on infrastructure improvements, temporary exhibitions, the catchments' biodiversity and the February 2013 Warragamba Dam spill.

Warragamba video gallery

Giving an inside look at our dams, 'Caring for the quiet beast' is a short documentary developed this year that shows how our surveyors and dam safety experts monitor changes to ensure it continues to operate safely.

"Beneath Lake Burragorang" was also developed this year to explain the seasonal changes taking place within the layers of the lake, and how we monitor these changes to ensure Warragamba Dam operators can select the best quality water to send to Sydney.

Both documentaries were made available on our website and screen at the Warragamba Dam Visitor Centre

Guidelines for development adjacent to the Upper Canal and Warragamba Pipelines

During 2012-13 the SCA prepared guiding principles for developments proposed within and adjacent to the Upper Canal and Warragamba Pipeline corridors, where land has been identified and/or released for residential or commercial purposes.

These guidelines were made available to the community on our website.

NorBE

State Environmental Planning Policy (Sydney Drinking Water Catchment) 2011 requires local councils, as consent authorities, to ensure any development proposed in the catchment has a neutral or beneficial effect on water quality (NorBE). We provided ongoing support to councils with the use of the NorBE Tool through helpdesk support, phone support, face-to-face visits and the quarterly e-newsletter 'NorBE Notes'.

Advice to local councils

We provided advice on planning proposals prepared by a number of councils on Local Environmental Plans (LEPs) and associated Development Control Plans (DCPs), as well as individual planning proposals affecting drinking water catchments or water supply infrastructure. The advice provided included use of our Strategic Land and Water Capability Assessment (SLWCA) constraint mapping to determine risk to water quality. This resource is available on the NSW Land and Property Informations' Spatial Information Exchange (SIX) viewer for councils, and on our website for the public.

Landholders

We work closely with landholders by providing ongoing advice on legislation and information which helps them better manage their landholdings.

Science Bites seminar series

This internal information exchange seminar series shares the expertise, experience and professional enthusiasm of our staff.

Topics this year included grazing management, on-site wastewater systems, the use of spatial data, water monitoring, asset management and long-term water supply planning.

Local Government Reference Panel

We share and exchange information with 15 local councils in the catchment through the Local Government Reference Panel.

The panel met throughout 2012–13 to consider reports and provide feedback on a range of matters including:

- The NSW Government's Aquifer Interference Policy
- Warragamba Dam March 2012 spill
- The SCA and the water supply system
- The role of the SCA in the NSW planning system
- Proposed NSW planning system reforms – Implications for the SCA
- The SCA Healthy Catchments Strategy



Assessing runoff at a dairy farm wash down.

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

Engaging with stakeholders, customers and the community to understand their views is an important part of the SCA's work and helps inform our decisions. We undertake consultation through all the different stages of our projects, ensuring stakeholder and community feedback is considered before, during, and at the end of our projects and policy reviews.

Stakeholder communications

We are committed to effectively managing the needs and expectations of our stakeholders, including our customers, as well as metropolitan and catchment communities. We do this by providing advice, important water resource information and access to online applications and tools. Our challenge is to provide appropriate, relevant and accessible information.

Key activities this year included:

Web redevelopment

Redevelopment of our website commenced in September 2012. This involved consultation with external and internal stakeholders through workshops and surveys.

The revamped website will include interactive mapping, dynamic multimedia content and daily data feeds of dam storage, rainfall and environmental flows.

The site will also host information portals for key clients including students and teachers, councils and developers, dam visitors, and landholders.

Ongoing media liaison

We continued to work with metropolitan and regional media this year to promote SCA activities and water issues more broadly. Promotional activities included media coverage of key infrastructure projects, such as the Wingecarribee Dam upgrade and works to upgrade the Warragamba pipeline. A segment about Warragamba Dam was also filmed for inclusion on a popular children's television quiz program.

We responded to a number of media queries throughout the year, with topics ranging from longwall mining and coal seam gas to spills from Warragamba Dam. During the spills we responded to numerous media requests and facilitated access to the site for

media crews. Also prominent in the media this year were a number of responses to the threat of bushfires, either through the announcement of hazard reduction burns through the cooler months, or the temporary closure of recreation areas due to high-risk weather conditions and the declaration of total fire bans.

School excursion program

This year more than 7,300 school students from kindergarten to Year 12 visited Warragamba Dam to participate in our school excursion program. The program – which includes hands-on activities, the interactive Water for Life exhibition, and an escorted tour of the dam – delivers on curriculum-linked objectives including how we address the challenges posed by risks to water quality and quantity.

The education program also provided capacity building events for teachers at the NSW Geography Teachers Association and the NSW Science Teachers Annual Conference.

Sustainable Grazing Program

The Sustainable Grazing Program – delivered in partnership with the NSW Department of Primary Industries (DPI) – provided training for 570 graziers in the water catchments. A total of 33 courses were delivered this year, covering a combination of grazing land management and water quality linked topics.

Consultation activities

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

Consultation activities for 2012–13 included:

Bendeela masterplanning

We are developing a masterplan for Bendeela Recreation Area, a rustic picnic and camping ground near Kangaroo Valley. One community reference group meeting was held, and two community workshops were undertaken as part of the master planning process.

Cataract Tunnel remediation

Following the completion of longwall mining, we will be carrying out rectification works in the Cataract Tunnel near Brookes Point Road in Appin, with work beginning in July 2013.

During 2012-13, we engaged residents in the planning and construction phase of the project through doorknocking, mailouts, signage and meetings with impacted and interested residents.

Prospect Dam upgrade

Consultation on the Prospect Dam Downstream Improvement works began this year in preparation for work to start in 2013-14, which will include the closure of the Prospect Reservoir grounds. We discussed the impacts of the works with Fairfield, Blacktown and Holroyd councils, Sydney Water, Roads and Maritime Services, Western Sydney Parklands Trust and organisations operating within the grounds of Prospect Reservoir.

Healthy Catchments Strategy

From August to September 2012, the Healthy Catchments Strategy 2012-16 was placed on public exhibition. Eight submissions were received and considered in the finalisation of the Strategy.

Upper Canal works

We are undertaking works on the Upper Canal in a number of locations, including near Appin, Austral, Catherine Fields, Horsley Park and Menangle Park. We engaged residents in preparation for work to begin in July 2013 through on-site meetings with potentially impacted residents.

Advice to the Department of Planning and Infrastructure

We provided input to the review of the new planning system for NSW Green and White Papers and draft Exposure Planning Bill. We prepared formal submissions and provided briefings and comments to the Department of Planning and Infrastructure and Department of Trade and Investment.

SCA representation on mining and coal seam gas proposals

We continue to assess and make representations on mining and coal seam gas proposals having the potential to affect the Special Areas and water

supply infrastructure. Representations are made consistent with the SCA's Mining Principles and more recently our Board's specific positions on longwall mining and coal seam gas activities. Representations were made to the Department of Planning and Infrastructure and the Planning Assessment Commission. Meetings were also held with the Planning Assessment Commission on the Gujarat NRE No. 1 coal mine preliminary works modification application and the Apex Energy coal seam gas exploration project modification application. The Commission conditionally approved the Gujarat NRE No. 1 modification application and we were satisfied with the scope and details of the approval. The Commission refused the Apex Energy modification application and acknowledged the significance of the Special Areas and that developments in the Special Areas should be considered with additional caution.

Interagency consultation

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

Sydney Water

We maintain a close working relationship with Sydney Water to provide safe drinking water to Sydney, Illawarra and the Blue Mountains. The Raw Water Supply Agreement with Sydney Water was publicly exhibited in 2012-13, and is expected to be finalised in 2013-14.

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

Shoalhaven City Council

We supply raw water to Shoalhaven City Council and release water from Tallowa Dam to supply the Shoalhaven area. Requirements for supply of raw water to Kangaroo Valley water filtration plant were retained in the review of agreements between the SCA and Eraring Energy for the operation and maintenance of the Shoalhaven Scheme.

Wingecarribee Shire Council

We supply raw water to Wingecarribee Shire Council for the supply of (treated) drinking water to communities in the Southern Highlands.

We engaged with the Council regarding revised operating rules for Wingecarribee Dam following completion of dam upgrades during 2012-13.

Goulburn Mulwaree Council

A raw water supply agreement with Goulburn Mulwaree Council was in place from 1 October 2012. However, as storage levels in Goulburn Mulwaree's water supply dams remained adequate to meet demand, there were no transfers of water from Wingecarribee Dam other than for infrastructure maintenance purposes.

Catchment councils

The Chief Executive met with a number of councils located within the catchment areas, including Lithgow City Council, Blue Mountains City Council, Penrith City Council, Hawkesbury City Council, Goulburn Mulwaree Council and Wollondilly Shire Council.

Catchment Management Authorities

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

We have a memorandum of understanding in place with these CMAs providing for regular strategic and operational forums. These forums assist the agencies to cooperatively manage issues relating to natural resource management and landholder programs in the catchments, and enhance information sharing and the coordination of catchment management initiatives.

We worked during the year with the Hawkesbury-Nepean and Southern Rivers CMAs to deliver landholder projects under the Catchment Protection Scheme, the Grazier Incentives Program and the Riparian Management Assistance Program. Commencing in 2013-14, these programs will be replaced by a single, streamlined Rural Landscape Program.

NSW Health

NSW Health plays a regulatory and advisory role in relation to public health and water quality and advocates the multi-barrier approach to water quality management. As required under the *Sydney Water Catchment Management Act 1998*, we have in place a memorandum of understanding (MoU) with NSW Health, formally outlining the cooperative relationship between the two agencies in managing water quality – including research, reporting and information sharing. During 2012–13, we met regularly with NSW Health in relation to managing water quality issues to protect public health, and the implementation of the

revised Australian Drinking Water Guidelines (2011).

NSW Office of Water

The SCA has a suite of access licences and works approvals under the Water Sharing Plan for the Greater Metropolitan Unregulated River Water Sources. During 2012-13, we continued to liaise with NSW Office of Water regarding any events which had the potential to affect releases.

Environment Protection Authority

The SCA has in place a memorandum of understanding with the Environment Protection Authority (EPA), as required under the *Sydney Water Catchment Management Act 1998*.

We liaise through regular strategic and operational forums, which assist the agencies to cooperatively manage issues relating to potential pollution threats to water quality, land management, enforcement, science and research, environmental monitoring and policy development.

Office of Environment and Heritage

The SCA and National Parks and Wildlife Service (NPWS) have joint responsibility for managing the Special Areas to protect water quality and ecological integrity. The SCA has responsibility for the quality and quantity of water in catchment areas while NPWS is the primary conservation agency in NSW and owns two thirds of the land in the Special Areas. The shared vision for management of the Special Areas is documented in the Special Areas Strategic Plan of Management (SASPoM). Joint management arrangements provide mechanisms for liaison, coordination and decision making between the SCA and NPWS to meet the objectives of the SASPoM.

In 2012–13, we jointly developed a new draft Special Areas Strategic Plan of Management following a review of the 2007 document.

The revised SASPoM describes the strategic management objectives that will inform land management priorities. The revised SASPoM builds on the long relationship between the agencies and provides an enhanced process for ongoing collaboration on work programming, evaluation and reporting. The new SASPoM is expected to be released for public exhibition in late 2013. We meet regularly on strategic issues related to the SASPoM through an Executive Steering Group. Operational matters are discussed and coordinated through the Special Areas Operations Group, a forum of agency staff delivering the works programs. These groups met regularly throughout the year and provided input to the draft revised SASPoM.

Eraring Energy

A deed of agreement exists between the SCA and Eraring Energy over the use of the Shoalhaven Water Supply and Electricity Generating Scheme. We

undertook a review of the Agreement for Operations and Maintenance of the Kangaroo-Fitzroy Project of the Shoalhaven Scheme, and developed a 10-year outage plan.

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

The SCA participates in key forums to share knowledge and promote its activities. Mutually supportive networks at the national, state and local level provide an opportunity for us to engage early on matters that affect water quality.

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

Metropolitan Water CEOs

The SCA participates on the forum for Water Chief Executives who are responsible for water policy in NSW.

Multi-agency forums

During the year we participated in a wide variety of interagency forums established to manage particular issues or policy matters. These included the Hawkesbury-Nepean Flood Management Review and the Metropolitan Water Plan. The SCA participates on both a CEOs' committee and a senior officers' group to coordinate the wide range of tasks involved in reviewing the Metropolitan Water Plan 2010 and preparing the next plan, which is anticipated to be finalised in 2015.

Metropolitan Water Education Group

The SCA is represented on the interagency Metropolitan Water Education Group, supporting communication and engagement activities for the Metropolitan Water Plan (MWP). In 2012-13, activity centred on the creation of community engagement materials to support the MWP Warragamba Environmental Flows Options Assessment.

SCA sponsor Hydrology and Water resources symposium

The Hydrology and Water resources symposium

is a national event held every 18 months to present developments in water resources management to delegates from Australia and overseas. A number of our staff presented at the symposium in Sydney and published three technical papers at the event, held in November 2012.

Science symposiums

In February 2013 the SCA hosted a symposium to showcase the science we are undertaking to protect water quality and quantity in the Sydney basin. Executive Director of the Water Research Foundation, Rob Renner, presented the keynote address outlining the challenges faced by drinking water providers in the United States of America. This was followed by presentations from our staff on the status of science in the SCA, the impacts of longwall mining and coal seam gas extraction, pollutant sources, wastewater systems and health-based targets for pathogens. Representatives from regulators, academic institutions, the private sector and the water industry attended the symposium.

We hosted a symposium for Water Quality Research Australia (WQRA) in June 2013 at the Joan Sutherland Performing Arts Centre. Researchers presented findings from WQRA projects on pathogens, cyanobacteria, recreational waters and extreme events to the SCA and other government agencies.

Research partnerships

We are a member of several national and international research organisations, helping us learn and share knowledge on important water issues.

Our memberships include:

- Water Quality Research Australia (WQRA) – a research centre focusing on nationally applicable collaborative research about drinking water quality, recycled water and wastewater management.
- eWater Source Modelling Community – a publically

owned not-for-profit partnership supporting the implementation and use of Source as the new national hydrological modelling platform in Australia.

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

Water industry associations

We are a member of several Australian water industry associations. Our memberships include:

- Australian Water Association (AWA) – supporting the Australian water sector in the delivery of effective and sustainable water management practices.
- Water Services Association of Australia (WSAA) – the peak industry body bringing together and supporting the Australian urban water industry. The SCA's membership of WSAA also provides access to the Water Research Foundation, the Water Environment Research Foundation, and the Technology Approval Group (TAG). TAG provides a link between companies who have developed technologies but cannot or do not have the capability or resources to further develop their product or introduce or break into the water industry markets. TAG provides a forum and processes for accelerating market uptake of these

new technologies if they prove to be of value to members.

Metropolitan Water Plan

The SCA is an active member of the interagency group developing the Metropolitan Water Plan (MWP). The SCA's WATHNET model is used to underpin decision making in the MWP.

KFA: Business Viability



The Sydney Catchment Authority (SCA) continues to ensure our business viability by overseeing a sound control framework that includes risk and business continuity initiatives.

We aim to deliver effective business and administrative services and operations supported by reliable systems, processes and tools.

Our Goal

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

Strategies

1. Position the organisation 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.

SCA Statement for Annual Report Disclosure



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Exceptions

Internal Audit and Risk Management Statement for the 2012-2013 Financial Year for the Sydney Catchment Authority

I, Mark Bethwaite, Chairman of the Board of the Sydney Catchment Authority, am of the opinion that the Sydney Catchment Authority has internal audit and risk management processes in operation that are, excluding the exception described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, Mark Bethwaite, Chairman of the Board of the Sydney Catchment Authority am of the opinion that the internal audit and risk management processes for the Sydney Catchment Authority depart from the following core requirement set out in Treasury Circular NSW TC 09/08 and that (a) the circumstances giving rise to the departure has been determined by the Portfolio Minister and (b) the Sydney Catchment Authority has implemented the following practicable alternative measures that will achieve a level of assurance equivalent to the requirement:

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
Core Requirement 3.3 – selection of independent Chair and Members of the Audit and Risk Committee	- Requirements are satisfied under the <i>Sydney Water Catchment Management Act 1998</i> - Part 2 of the <i>Sydney Water Catchment Management Act 1998</i> sets out the requirements for the constitution and independence of the SCA Board. - Specifically, under Section 7 all Board members are appointed by the Minister; Schedule 1 of the Act sets out the provisions that govern the constitution and procedure of the Board, including appointment of the Chair, terms of office, remuneration, vacancies, disclosure of pecuniary interests, quorums, voting and other matters.

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

- John Macarthur-Stanham, Chair (December 2012 –ongoing)
- Anissa Lawrence, Member (December 2012 - ongoing)
- Nigel Milan, Member (December 2012 - ongoing)
- Mark Bethwaite, Member (December 2012 - June 2013)



These processes, including the practicable alternative measures implemented, provide a level of assurance that enables the senior management of the 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 exception with the policy to the Treasury on behalf of the Treasurer.

Board Resolution

The Board of the Sydney Catchment Authority resolved at its meeting of 26 July 2013 to approve the Chairman's attestation and statement for annual report disclosure in relation to the SCA's compliance with the Internal Audit and Risk Management Policy

A handwritten signature in black ink, appearing to read "Mark Bethwaite".

Mark Bethwaite
Chairman
26 July 2013

1 Position the organisation to be the Water Supplier of Choice.

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

SCADA further developed

To assist in managing an increasingly dynamic water supply system (including daily variable environmental flow releases), we continued the development of a

comprehensive SCADA (Supervisory Control and Data Acquisition) system.

The system will give us greater capability to monitor and control water supply infrastructure and monitor water supplies.

The core SCADA system and 179 out of 188 field sites were operational in June 2013. The remaining nine sites will be integrated in 2013.

2 Manage risk and pursue opportunities to support a resilient organisation.

In 2012-13 the SCA continued to implement the Enterprise Risk Management Framework which reflects ISO 31000 the international risk management standard and NSW Treasury TPP09-05 Internal Audit and Risk Management Policy. The framework provides a sound basis for consistently managing risk to support achievement of business objectives.

In line with good risk management practice, the SCA commenced a review of its corporate risk register and associated risk management plans. It is expected that the review will be completed in the first half of 2013-14.

In keeping with its commitment to ensure key assets and infrastructure are protected, the SCA has undertaken additional security related work during 2012-13. This included the review and upgrade of security arrangements at Warragamba Dam and the SCA's Visitor Centre located at Warragamba. Work continues to be undertaken at SCA sites to ensure fencing, gates and CCTV surveillance are installed to meet ongoing security needs.

The SCA was once again re-certified under the international information security management standard ISO27001:2005 following a comprehensive independent audit. A process of continual improvement remains in place and improvement actions are included in our security strategy.

Fraud and Corruption Prevention Strategy

The SCA's Fraud and Corruption Prevention Strategy continues to be a key element of our approach to risk management. Its aim is to prevent, detect, report

and investigate fraud and corruption. The Strategy was reviewed during the year, a new action plan developed and the staff awareness training program was also reviewed, updated and launched.

As required by the Strategy a comprehensive fraud and corruption risk assessment was undertaken. The risk assessment noted improvements to the SCA's fraud and corruption control environment as a result of treatment action taken since the 2010 risk assessment. The assessment identified one additional enhancement the SCA could make to further improve its control environment.

There were no reported incidents of suspected fraud or corruption by staff during 2012-13.

Insurance

From the time when the SCA commenced full operations in July 1998 insurance for assets and business risks has been arranged through a broker and placed into the commercial insurance market.

In response to a NSW Treasury Circular a review was undertaken to determine if existing insurance arrangements were comparable in price and cover to those offered through the Treasury Managed Fund. The outcome of this review was that from 31 May 2013 insurance cover has been provided through the Treasury Managed Fund.

Internal auditing

A key component of the SCA's risk management strategy is our internal audit program. This function is outsourced to provide independent, quality-assured reviews of our key business processes and internal

controls. In 2012-13, internal auditors reviewed the following business areas:

- workplace health and safety
- visitor and public safety
- procurement
- environmental management
- security management
- accounts payable
- accounts receivable
- GST/ FBT
- legislative and policy register review
- debt management
- fraud and corruption risk assessment.

Internal audit findings and management responses are reported to the SCA Board's Audit and Risk Committee, which monitors implementation of management responses. The SCA attestation statement for 2012-13 confirmed that the SCA continues 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 and Risk Committee Charter align with the policy.

The attestation and statement note that the Minister for Primary Industries has approved one exception in relation to Part 3.3 of the Policy, regarding the selection of independent chairs and members of the Audit and Risk Committee from a panel of prequalified individuals.

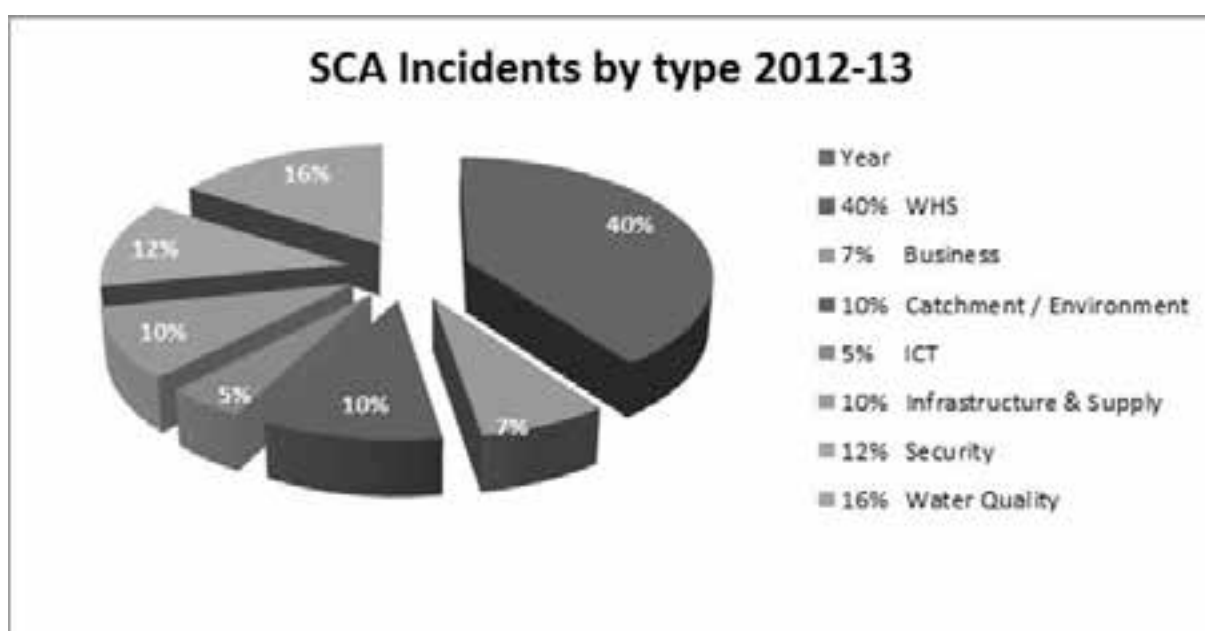
These requirements are satisfied by independent Board appointment procedures required under the *Sydney Water Catchment Management Act 1998*.

Building resilience, managing incidents and business continuity

The SCA focuses on building organisational resilience to routine and non-routine risks, and participates in national water sector initiatives in this area. We define incidents as occurrences or situations which could cause harm.

There were 175 incidents reported during 2012-13 (slightly lower than the previous year). The majority of incidents were of a minor nature. There were 11 major incidents and one emergency reported. The SCA emergency control centre was activated for three incidents in 2012-13. During the year there was an unplanned opening of the Warragamba Dam crest gates. While investigations are still proceeding, the likely cause was due to a false signal from a lake level transmitter. A summary of incidents by type appears in the figure below.

During the year the Corporate Incident Management Framework and supporting procedures were reviewed. Continuous improvement actions were identified and are being progressed. The SCA participated in joint exercises with Sydney Water and NSW Health, as well as a joint exercise with Eraring Energy to test agency readiness to respond to incidents.



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

The SCA has robust processes in place to ensure its operating and capital expenditure is prudent and efficient.

These processes govern the way projects are developed and managed to ensure they align with the Corporate Sustainability Strategy and deliver business benefits.

These processes enabled the SCA to manage its capital and operating expenditure within the IPART targets as well as meet its financial target as set out in its annual Statement of Financial Framework.

Our results met or exceeded NSW Treasury's financial targets.

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

To continue operating as a viable and successful business, the SCA needs reliable and effective systems, processes and tools.

Fleet management

The SCA owns 82 motor vehicles. During 2012-13, 48 new vehicles were purchased at a cost of \$1,685,000. The vehicles these replaced sold for \$1,428,863. All passenger and light commercial vehicles are updated at two years or 40,000 kilometres.

Electronic Document Management System

The SCA maintains a centralised electronic document management system, with records centrally located and available to employees at all locations, meaning information can be accessed quickly and actioned between staff immediately.

New Complaints / Compliments recording system implemented

The SCA's Electronic Document Management System was updated in 2011-12 to include complaint and compliment handling, with systems further enhanced in 2012-13.

The system assists the SCA to understand, meet and effectively manage the needs and expectations of stakeholders, customers and the community.

Finance and Business System

A review of finance and business systems was completed in 2011-12. Improvements implemented in 2012-13 included an integrated solution linking

our corporate procurement system (iPOS), general ledger (SunSystems) and the contract management components of the Maximo asset maintenance system. This provides the ability to capture spend by contract and asset values as well synchronising data in all systems.

Employee Information Systems

During 2012-13 the Comprehensive Human Resource Integrated Solution (CHRIS21) was further developed in the areas of work Health and Safety Management. There was also further integration of our online performance management module known as eFOCUS.

Business Management System

In June 2012 the SCA embarked on the development of a Business Management System (BMS) integrating six individual systems built on a Quality Management System framework consistent with international standard ISO9001. The six systems that will comprise the SCA's integrated Business Management System are Water Quality, Information Security, Work Health and Safety, Asset, Environmental and Quality management.

Information Management

This year, the SCA undertook further work on the Information Management and Communications Technology Strategic Plan, as well as finalised the disaster recovery plan. SCA supported a number of projects, including the integration of Sydney Water hydrometric sites into the SCA SCADA network and the implementation of the technical components of the Integrated Enterprise SCADA.

KFA: Industry Excellence



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

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

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

The SCA delivers services in an accountable and ethical way and complies 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.

An SCA Science Symposium shared our research with stakeholders and industry.

1 Ensure accountability and ethical behaviour through sound corporate governance.

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

Values and behaviours are articulated through codes of conduct, training, and promoting awareness of the codes.

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

The SCA takes accountability and ethical behaviour seriously. It defines our approach to business and is deeply instilled across the organisation. During the year the SCA adopted a Charter of Dignity and Respect to guide organisational behaviour (*For more information see Appendix 1*).

Appointments to the SCA Board

In 2012 the *Sydney Water Catchment Management Act 1998* was amended to broaden the range of skills and expertise required on the Board of the SCA. The selection criteria for Board membership recognises a wider range of expertise including a requirement for expertise in relation to water supply planning and asset management and expertise in running a commercial business.

The Minister appointed new members to the SCA Board in November 2012 and May 2013.

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

SCA Board Members

(as at June 30)

Mark Bethwaite AM – Chairman

(from 27/5/13, Board member since 21/11/12)



Left to right (top):
Mark Bethwaite
AM, Ross Young,
Dr Nicholas
Brunton

Ross Young – Chief Executive (from 2/10/12)

From 21/11/12:

Dr Nicholas Brunton

Geoffrey Kettle

Carmel Krogh

Anissa Lawrence

Nigel Milan AM

John Macarthur-Stanham

From 27/5/13:

Professor Andrew Wilson



Left to right (top):
Geoffrey Kettle,
Carmel Krogh,
Anissa Lawrence



Left to right (top):
Nigel Milan AM,
John Macarthur-
Stanham, Prof
Andrew Wilson

During 2012-13 the following members also participated on the Board:

- Robert Rollinson – Chairman (to 22/5/13)
- Sarah Dinning – Acting Chief Executive (to 2/10/12)
- John Asquith (to 22/8/12)
- Stephen Corbett (to 22/8/12)
- Kenneth Wheelwright (to 22/8/12)
- Larry Whipper (to 22/8/12)

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

Code of Conduct

Members of the SCA Board discharge their duties under the *Sydney Water Catchment Management Act 1998* and relevant NSW statutes. The Board follows the principles contained in the Board Code of Conduct, which forms part of the Board Charter and Guidelines. These principles include: respecting people, acting responsibly, honestly and responsively, and in the public interest. The Board Code of Conduct is provided in Appendix 1 and is available on the SCA's website.

Board performance statement

In accordance with sound corporate governance principles, the Board is committed to undertaking an annual review of its performance and seeks out opportunities to improve its performance. During the year the Board Audit and Risk Committee referred performance matters to the Board. As a result, the Board developed an evaluation process to assess performance annually.

SCA Board Committees

The SCA has a number of committees to support sound governance in the management of our operations. The Board has an Audit and Risk Committee and an Asset Management Committee, and during the year it restructured the Catchments and Water Quality Committee, creating the Health and Science Committee and the Catchments and Compliance Committee. The Catchments and Compliance Committee also adopted the functions of the Prosecutions Committee, which was abolished. *Please refer to Appendix 1 for more details of the SCA Board Committees.*

Organisational Committees

Science Executive Steering Committee

This committee met regularly during 2012-13, directing the priorities and implementation of our Science Strategic Plan. The progress of all science projects is reported to the committee twice a year, with an evaluation of scientific achievements and the status of scientific knowledge and tools reported annually.

Work Health and Safety (WHS) Executive Steering Committee

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

Project Review Panel

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

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

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

Grants Committee

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

2 Achieve excellence through benchmarking activities.

IWA/WSAA Asset Management Benchmarking

This international asset management benchmarking exercise, conducted by the International Water Association (IWA) and the Water Services Association of Australia (WSAA) commenced in April 2012 with onsite validation occurring in July. Finalised in September 2012, the exercise culminated with an industry best practice conference in November 2012.

The SCA recorded a mature level of asset management practice, and an improved result compared to the 2008 assessment. Once again the SCA either topped or achieved top quartile assessment against each of the seven functions.

A number of improvement initiatives were identified for the SCA's asset management practices and procedures. These include:

- the finalisation of Asset Management Plans for all categories of assets
- finalisation of the SCA's Quality Management System and incorporation of improvement planning
- the potential for modified Configuration Management procedures
- additional Asset Management Awareness training and competencies.

Development of health-based targets for drinking water

The SCA is part of an industry working group led by the Water Services Association of Australia (WSAA). This group is helping to develop and test methods and tools to assess the level of treatment required to meet proposed health-based targets. The working group will formulate risk assessment procedures promoting the consistent application of the tools across Australia.

3 Maintain compliance with statutory, regulatory and industry requirements.

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.

In accordance with the operating protocol, notifications were provided to the Office of Water for any planned or unplanned events having the potential to result in noncompliance with approval conditions. On each occasion, the SCA and Office of Water agreed on a strategy to compensate for any shortfall of daily requirements.

We also notified the Office of Water of planned raw water transfers from Wingecarribee Reservoir to maintain the storage level within safe operating limits (as required for the Wingecarribee Dam safety upgrade works).

Operating Licence compliance

The *Sydney Water Catchment Management Act 1998* requires IPART to annually audit the SCA's compliance with its Operating Licence, and provide an audit report annually to the Minister. The report for the 2011-12 audit was tabled in Parliament by the Minister on 22 February 2013.

The report indicated the SCA performed especially well against the Operating Licence requirements in 2011-12. Of the conditions assessed, we achieved full compliance for 93 percent and high compliance for 7 percent.

In 2012-13, IPART issued an Operating Licence to the SCA for the period 2012-2017.

The licence streamlines the SCA's obligations under the licence. Details of the SCA's obligations under the Reporting Manual are outlined in Appendix 12.

Rate of response to development applications

The SCA has rigorous processes for undertaking our concurrence assessments for high risk developments in the catchment.

The SCA provided our concurrence on 176 development applications this year, with two provided outside of statutory timeframes.

This represents a 2.5 percent improvement to our rate of response to development applications.

In addition to providing concurrence advice, the SCA also responded to:

- 71 requests from councils for advice on Section 96 modifications
- 26 requests from councils for further advice on amendments to DAs (where the applicant has modified the proposal prior to determination)
- 39 requests to execute s88B instruments and one request for an s88B instrument to be withdrawn.

Monitoring surveys of SCA prescribed dam and major infrastructure

Performance monitoring of the SCA's 21 prescribed dams continued in this year in compliance with the NSW Dams Safety Committee (DSC) requirements. All dams were found to be performing satisfactorily.

Eighteen survey programs were carried out in 2012-13 to measure structural changes with no extraordinary movements detected, and all structures monitored found to be performing satisfactorily. The other key dam safety activities undertaken during the year included:

Five-yearly Surveillance Reports

The DSC reviewed and endorsed the Glenquarry Cut Control Structure and Wingecarribee Dam surveillance reports. Surveillance reports for Greaves Creek, Lake Medlow and Woodford Creek dams were submitted to the DSC towards the end of the year. Comprehensive inspections of Avon, Middle Cascade, Upper Cascade and Nepean dams were also undertaken.

Dam Safety Emergency Plans (DSEPs)

DSEPs for all the 21 prescribed dams were reviewed and updated by the SCA's dam safety team, incorporating new emergency response trigger alert levels (white, amber and red), introduced by the NSW Dam Safety Committee.

Number of development applications assessed in 2012-13

	2012-13	2011-12	2010-11
Number of development applications assessed	176	171	340
Proportion (of total received) of development proposals assessed by SCA within statutory timeframes (%)	99	96.5	92.4
Proportion (of total received) of development proposals where SCA concurrence withheld (%)	0	0	0

4 Implement contemporary knowledge management and intellectual property practices.

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

We take part in numerous urban water industry networks, focussing on asset management including civil, mechanical, electrical and SCADA.

Discussions are also centred around work health and safety, communications, and the financial aspects of business to improve our processes.

Information management

As a complex organisation with a range of functions, the SCA collects and uses many different types of data. The SCA began development of an Information Management Framework during the year. The framework will identify and define the various areas that contribute to effective information management, ensure appropriate policy coverage and avoid overlaps which may occur without such a framework.

Intellectual property

The SCA has a range of established procedures in place for managing intellectual property, covering both SCA-owned and externally-owned assets. The main types of SCA-owned intellectual property assets include the various copyrights it may hold on publications, images, databases and maps, as well as the outputs of its extensive scientific research program. The SCA also owns a range of software, video and sound recordings and logos.

During the year, the SCA investigated options for developing an over-arching intellectual property policy to ensure consistency with wider NSW Government requirements.

KFA: Resource Optimisation



The Sydney Catchment Authority (SCA) is committed to ensuring we do all we can to minimise energy and resource use without impacting on the environment or the safety or quality of the water we supply. In doing so, we will face a number of challenges.

In accordance with clause 7.1.4 of the SCA Operating Licence 2012-2017, the SCA must maintain programs to manage environmental risks from activities and ensure all activities are carried out in accordance with those programs.

The SCA's Environmental Management Program 2012-2015 provides 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 Sydney Catchment Authority (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.

1 Investigate additional sources of renewable energy.

The SCA continued to identify and implement energy saving measures designed to reduce our carbon footprint this year.

The SCA's energy consumption in office buildings has reduced by more than 55 percent since 2007-08. This is due to the five star NABERS (National Australian Built Environment Rating System) rating of the Penrith office. The SCA is on track to meeting its target of reducing building energy consumption to 2000-01 levels (540,853 kilowatt hours) by 2019-20. Total electrical energy consumption in 2012-13 was 10,105,670 kilowatt hours, 64 percent less than for the previous year. Total energy used for water supply infrastructure was 9,381,519 kilowatt hours.

The SCA continued Energy Management and Sustainability initiatives this year, focussing on maintaining a five star rating under the Energetics One 2 Five Rating System.

Key energy management achievements and activities for 2012-13 included:

- Subscribed 70 vehicles to the Greenfleet program
- Fulfilled our obligations under the Federal Energy Efficiency Opportunities (EEO) and National Greenhouse Energy Reporting System (NGERS) Legislation.
- Calculated and documented estimated pump

costs at Prospect Dam as an Operating Procedure.

- Resolved metering problems at Tallowa Dam by tracing it to a lost aerial which was replaced by the Energy Australia Metering Agent.
- Changing the air conditioning equipment at Burrawang Office building saving around \$1,409.

Braidwood Land

An approach to the management of Braidwood land has been recommended and will be further investigated pending outcomes of the Legislative Council Committee on State Development's inquiry into the adequacy of water storages in NSW. This inquiry may directly influence the status of Welcome Reef Dam, with options to be re-evaluated following this inquiry.

Burrawang Pumping Station

The SCA had previously engaged NSW Public Works to carry out an electrical condition assessment at Burrawang Pumping Station as part of a three-staged approach for the upgrade project.

It is anticipated, upon delivery of recommendations in the report for Stage 1, the SCA could see between 12 and 16 percent savings in energy consumption at this site.

Electricity consumption since 2009-10 (in kilowatt hours)				
	2012-13	2011-12	2010-11	2009-10
Office buildings	517,233	516,760	533,541	612,170
Public buildings	100,165	108,849	128,403	113,245
Other facilities	85,402	67,466	79,721	79,602
Water supply infrastructure	9,381,519	27,191,895	26,529,340	23,834,578
Shoalhaven drought transfers	0	0	0	0
Infrastructure roadways	21,351	19,905	19,542	19,471
Total electricity	10,105,670	27,904,875	27,290,547	24,659,066

2 Improve the impact of the SCA's activities on the environment.

The SCA has environmental management programs covering activities including environmental impact management, water conservation, energy management and waste reduction. We have achieved sustainable outcomes in these programs through the optimisation of our resources and the innovative use of assets.

Environmental Management System

The SCA Operating Licence 2012-2017 requires the SCA to develop and implement an Environmental Management System by June 2015. Until this time, the SCA is required to maintain programs to manage risks to the environment from carrying out activities and must ensure all activities are carried out in accordance with those programs.

The SCA has a strong commitment to good environmental practices, commencing development of its Environmental Management System (EMS) during the year. A series of staff workshops were held to identify and assess the environmental impacts of our activities, and evaluate the effectiveness of current controls.

Environmental auditing

The Annual Environmental Audits are a component of the SCA's Environmental Management Program 2012-2015 and this year three SCA projects were subject to an independent audit consisting of both a desktop and on-site component. The audit found the proposed management actions outlined in the Environmental Audit Report 2011-12 have been adequately addressed by the SCA increasing oversight of third party activities.

This was addressed with the SCA establishing formal Working Groups and monthly meetings with third parties. The SCA also undertook unplanned inspections of third party sites to ensure compliance with environmental assessments.

Environmental site inspections

The SCA continued to implement its Environmental Inspection Procedure in 2012-13 to improve environmental practice and reduce the impact of its activities on the environment. Eight environmental

inspections were undertaken in 2012-13, with the projects selected on the basis of the type of works, nature of the risk and the duration of the work.

There were two corrective actions recommended for one of the third party project sites inspected, both of which have been completed. Nine improvement opportunities were identified and all were addressed within six months of the inspections being completed.

Staff training

In 2012-13, 48 new staff commenced employment at the SCA, all of whom participated in the SCA Corporate Induction Program which includes a session on environmental awareness. A comprehensive environmental assessment training program was provided between February and April 2012. A total of 144 staff were trained.

Environmental Flows Program Monitoring and evaluation program

To monitor and evaluate environmental flows in the Woronora, Shoalhaven and Nepean rivers, the SCA measures a range of parameters downstream of the dams and at comparable reference sites. The monitoring encompasses river water quality, the condition of pools, and the condition of macroinvertebrate and periphyton communities.

We also monitor the use of the fishways and changes to the entire fish community of the river (populations and distributions) attributable to the environmental flows.

Early results of the year's monitoring include:

- Water quality is generally good and water temperatures downstream of dams were generally consistent with inflows
- There continues to be a richer macroinvertebrate community downstream of dams at sites subject to environmental flows than at sites on rivers flowing into the dams.
- The stratification of river pools subject to environmental flows continued to be similar to reference sites
- Fish have proved responsive to the new environmental flows and installation of fishways at

the weirs along the Nepean River and at Tallowa Dam. A joint program with NSW Department of Primary Industries is tracking these improvements. The new flows and fishways have seen a wide range of species moving more readily through the rivers, from the very small, such as smelt and gudgeons, to the large, including bass and eels.

- Fish tag reading equipment at Tallowa Dam, damaged during floods, was repaired and repairs have commenced to the damaged equipment on the Nepean River fishways (See p. 22). This will reinstate the ability to remotely track the movement of tagged fish through fishways and along rivers.

Warragamba Dam E-Flows Options Assessment

The 2010 Metropolitan Water Plan (MWP) confirmed an action to 'undertake investigations to enable a decision on a new environmental flow release regime for Warragamba Dam to be included in the next Metropolitan Water Plan. A key element of the investigations includes measures to improve the health of the Hawkesbury-Nepean River through the assessment of environmental flows as a potential contribution.

Planned environmental releases

Environmental and riparian flow requirements are set out in the SCA's Water Access Licences and Works and Use approvals under the Water Sharing Plan for the Greater Metropolitan Region Unregulated River Water Sources 2011.

This year, the total volume of water released as environmental flows was 317 GL, while a further 365 ML was released from the Wingecarribee Reservoir for riparian users. The SCA achieved full compliance under the Water Sharing Plan in 2012-13.

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

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

The SCA has maintained 100 per cent compliance with the requirements of the Combined Approvals under the Water Sharing Plan and Water Management Licence in 2012-13.

Sydney Catchment Authority Sustainability Report

The SCA tracks its carbon and ecological footprints through the use of an internationally recognised methodology developed by the University of Sydney. This enables the SCA to identify where its carbon emissions are highest and where reductions in our ecological footprint can potentially be made. The SCA is joining a benchmarking process along with other water utilities across Australia using the same methodology to track their ecological footprint.

Reducing energy consumption

The SCA has a number of strategies in place to minimise energy consumption.

Major energy saving initiatives are generally conducted as part of major electrical upgrade projects (e.g. Burrawang Pumping Station Electrical Upgrade) and reported as part of the project status update. Smaller energy savings initiatives are monitored by the SCA's Energy Coordinator.

Greenhouse gas emissions

In 2012-13:

- 10 percent of the SCA's electricity purchased (excluding energy for operational/water supply pumping) was Green Power. This allows the SCA to use the "Green Power" customer logo.
- a total of 960 kilowatt hours (kWh) of energy was generated from SCA sites from the solar street lights in the Warragamba Dam precinct.
- the SCA's use of electricity, fuel and gas resulted in a total of 8,518 greenhouse gas emissions

(CO2 equivalent). The table on page 56 shows the breakdown of greenhouse gas emissions per energy type.

Waste Reduction and Purchasing Policy (WRAPP) Plan

The Waste Reduction and Purchasing Policy (WRAPP) requires all NSW government agencies to develop and implement a plan to reduce waste, increase recycling and increase the purchase of recycled materials.

Agencies must demonstrate their progress in implementing their waste management plans by reporting to the Office of Environment and Heritage biennially.

The SCA WRAPP plan was revised in December 2012. Most key reporting areas have been considered and a number of the proposed actions have commenced. Not all timeframes for commencement have been met under the new plan with priority given to proposed actions which are necessary for completing the WRAPP progress report.

The actions that have commenced under the WRAPP Plan key reporting areas include:

- the proposed actions to reduce waste to landfill
- the commitment to continual improvement in waste management through waste education in public spaces and liaising with building managers and cleaning staff to ensure correct recycling for office waste

Energy comparisons for the past two financial years in Gigajoules

	Total energy (GJ)		Change in GJ%	Costs of energy (\$)	
	2012-13*	2011-12	2012-13*	2012-13*	2011-12
Electricity	36,380	100,954	-63.96	1,562,797	1,773,622
Petrol	1,695	1,849	-8.35	61,170	67,811
Auto distillate (diesel)	6,244	6,112	2.16	211,858	209,027
Bio fuel (B20)	0	0	0	0	0
Wood	0	0	0	0	0
Gas	0	13.4	-100	0	683
Total	44,319	108,928	-59.31	1,835,825	2,051,143

Greenhouse gas emissions comparisons (CO2 tonnes equivalent)

Energy type	Greenhouse gas emissions		Greenhouse gas emissions %		% change
	2012-13	2011-12	2012-13	2011-12	2012-13
Electricity	7968.6	24,141	93.6	97.8	-66.99
Petrol	113.4	124	1.3	0.5	-8.35
Auto distillate (diesel)	436.0	427	5.1	1.7	2.16
Bio fuel (B20)	0	0	0	0	0
Wood	0	0	0	0	0
Gas	0	0.8	0	0	-100
Total	8518	24,693	100	100	-65.50

- the proposed actions for data collection and reporting including relevant groups implementing processes to ensure timely reports are provided for WRAPP and annual reporting purposes
- communication actions such as providing a summary of waste audit findings to staff, publishing articles on waste management initiatives on the SCA intranet and in the staff newsletter iSCAN, and publishing fact sheets on the Sustainability intranet page.

A communications / education plan has been developed to increase awareness and assist in implementing WRAPP actions, particularly where staff involvement is required.

Waste audit

The 2012-13 biennial waste audit was undertaken by an independent auditor over five consecutive days in February 2013. The scope of this year's audit included the Campbelltown, Warragamba and Penrith offices, while the Burrawang office was included for the first time.

A total of 288 kilograms of waste and recycling was collected for sorting, and calculated to provide annual results. The results from the waste audit indicate that there was a higher amount of waste produced during 2012-13 than in 2011-12, with more paper and other recyclables present than in previous years.

Recyclable paper and cardboard represents the largest category in the total waste stream at 53

percent, followed by non-recyclable paper at 19 percent and organic /compostable materials at 16 percent.

Educational material, comprising a suite of waste fact sheets were reviewed and published on our intranet and in the staff newsletter. Reducing paper waste and contamination in the mixed recycle stream has been an ongoing challenge for the SCA and will be a key focus in waste management initiatives for 2014.

Waste diverted from landfill (recycled)

Of the total waste generated by the SCA this year, 50.7 percent was diverted from landfill through the different recycling systems we have in place. The most recovered material was paper at 82 percent, a decline from last year's recovery rate of 95.2 percent but higher than the government average of 80 percent.

Contamination has consistently been the highest in the mixed recycling bins. However, this year contamination dropped from 12.8 percent to 11.5 percent. Contamination in paper recycling bins increased to 2.6 percent from 0.6 percent recorded in the December 2011 audit and 2.2 percent recorded in the March 2011 audit.

The 2012-13 audit also found the total amount of waste recycled per FTE staff member was 29.5 kg, which is an increase compared to 2011-12 with 27kg.

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The 2012-13 audit also found the total amount of waste recycled per FTE staff member was 29.5 kg, which is an increase compared to 2011-12 with 27kg.

Waste diverted to landfill

Of the total waste generated by the SCA this year, 49.3 percent was diverted to landfill. This comprised food, kitchen and vegetation waste and non-recyclable paper, cardboard and plastic. The percentage of waste sent to landfill has increased this year compared with the previous audit in December

2011 (42.3 per cent diverted to landfill).

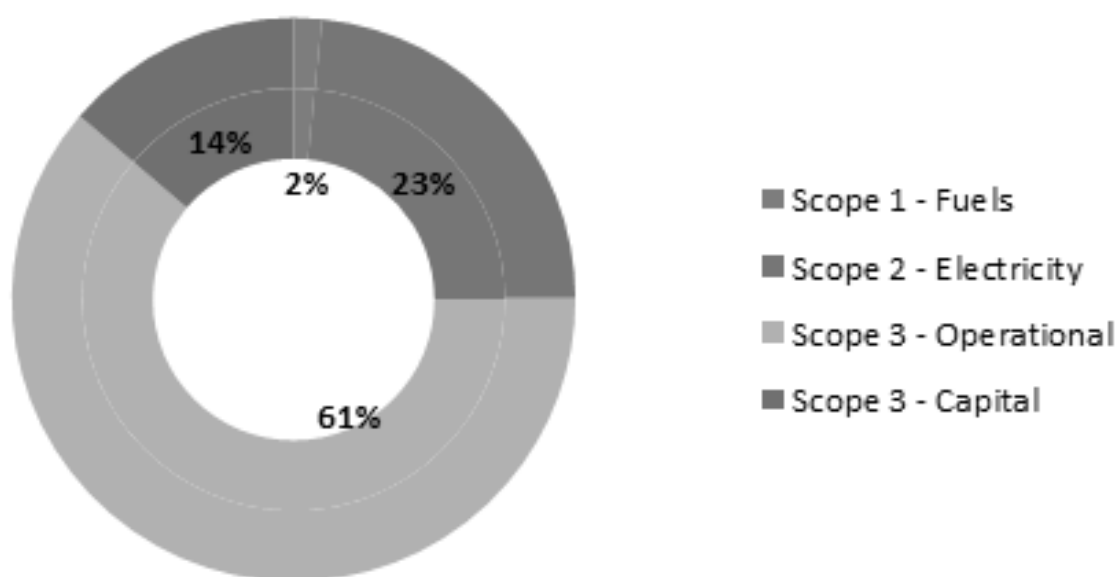
The 2012-13 audit also found the amount of waste to landfill per FTE staff member was 28.7kg, which is atypically high compared to the previous three audits with between 20–21kg.

Carbon and Ecological Footprint

In 2012-13, the SCA's carbon footprint was 34,153 tonnes of carbon dioxide equivalent (CO₂-e), down from 53,100 tonnes the previous year.

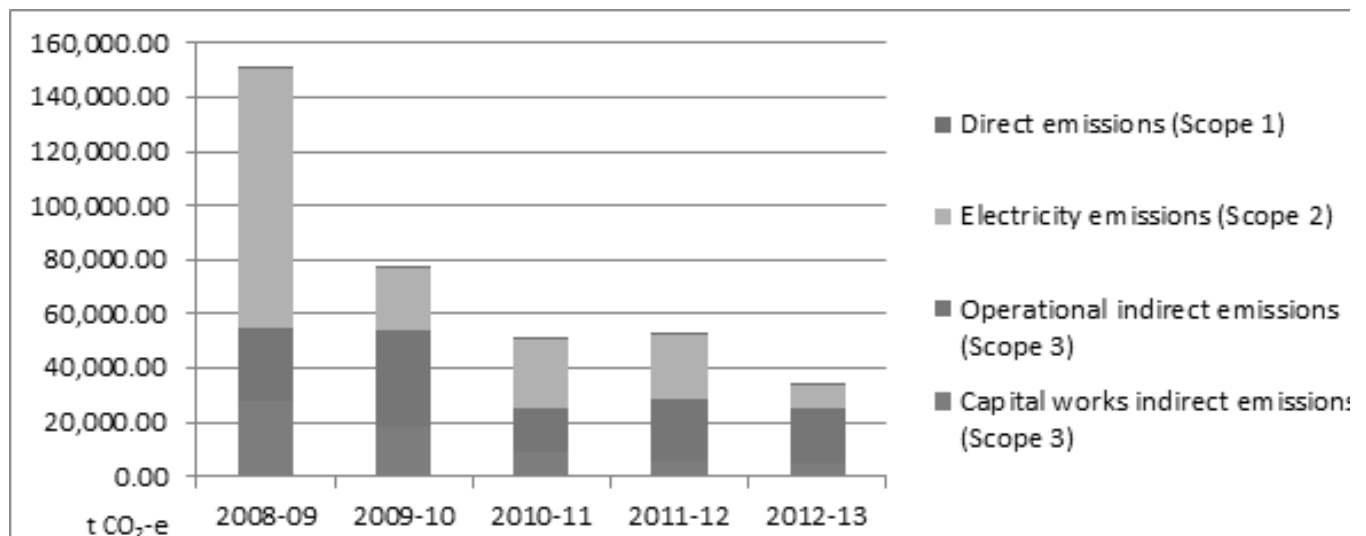
Only two percent of SCA's carbon emissions came from direct emissions, which consisted primarily of fuel used by SCA's motor vehicles and plant and equipment. Electricity use (23 percent) made up a substantially smaller portion of the SCA's total carbon footprint in 2012-13 compared to 2011-12 (46 percent). Total indirect emissions from the SCA's supply chain accounted for 75 percent of the SCA's total carbon footprint (Scope 3 emissions). Of this amount, the operations supply chain accounted for 61 percent of our carbon footprint up from 42 percent in 2011-12. Another 14 percent of our carbon footprint was due to emissions embedded in capital works, including upgrades and repairs to our infrastructure. This reflects the energy used to produce construction material and provide services essential for the SCA to carry out its business.

SCA's full supply chain carbon footprint 2012-13



Total Carbon footprint 34,153 t CO₂-e

SCA's carbon footprint 2008-2013



Ecological footprint

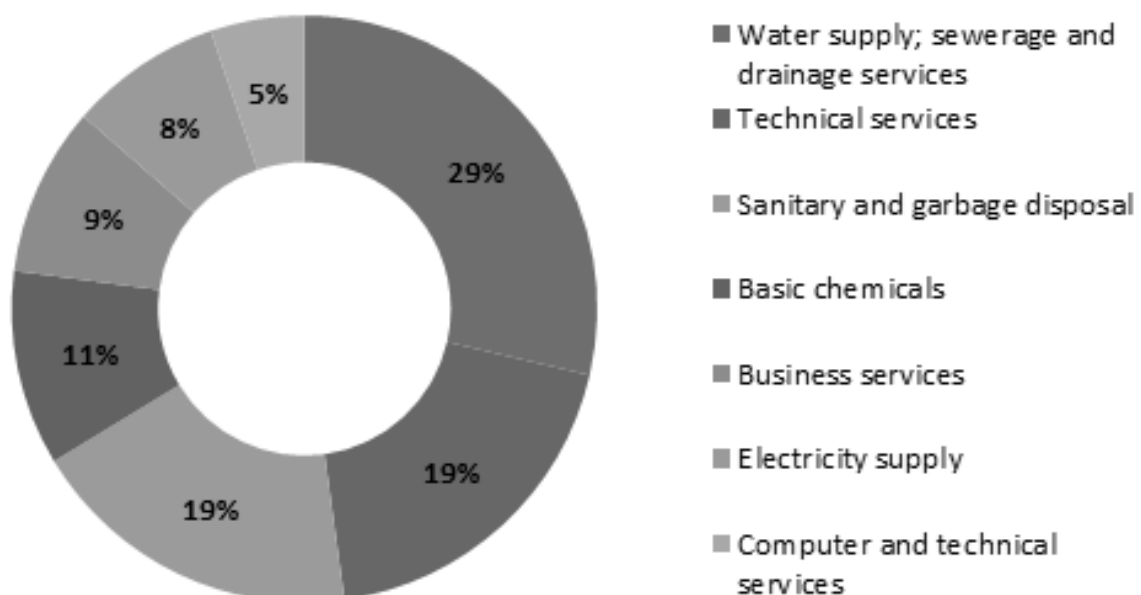
Our ecological footprint represents the land area taken up by our infrastructure, including water supply reservoirs, land disturbed to produce the material we use, and land forecast to be disturbed as a result of our greenhouse gas emissions from our carbon footprint.

In 2012-13, the SCA's ecological footprint was 59,731 hectares, and was dominated by land use and electricity usage. Supply chain operations and capital

represented only six percent of the total footprint. The ecological footprint for 2012-13 represents a reduction from the previous year of 62,400 hectares. This reduction in carbon footprint was largely achieved through lower electricity use in 2012-13.

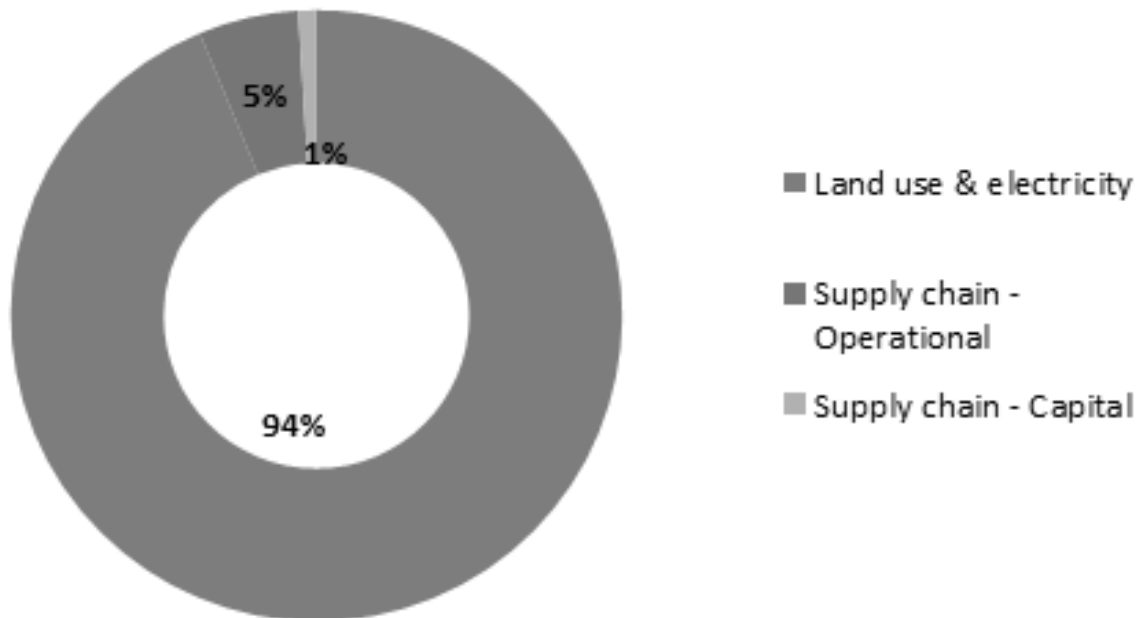
The SCA's carbon and ecological footprints fluctuate from year to year as a result of varied capital works program and the need to transfer water from its Shoalhaven system. The SCA aims to reduce our footprint as we continue to improve our sustainability practices.

Breakdown of main carbon commodities for operational



Total 15,403 t CO₂-e

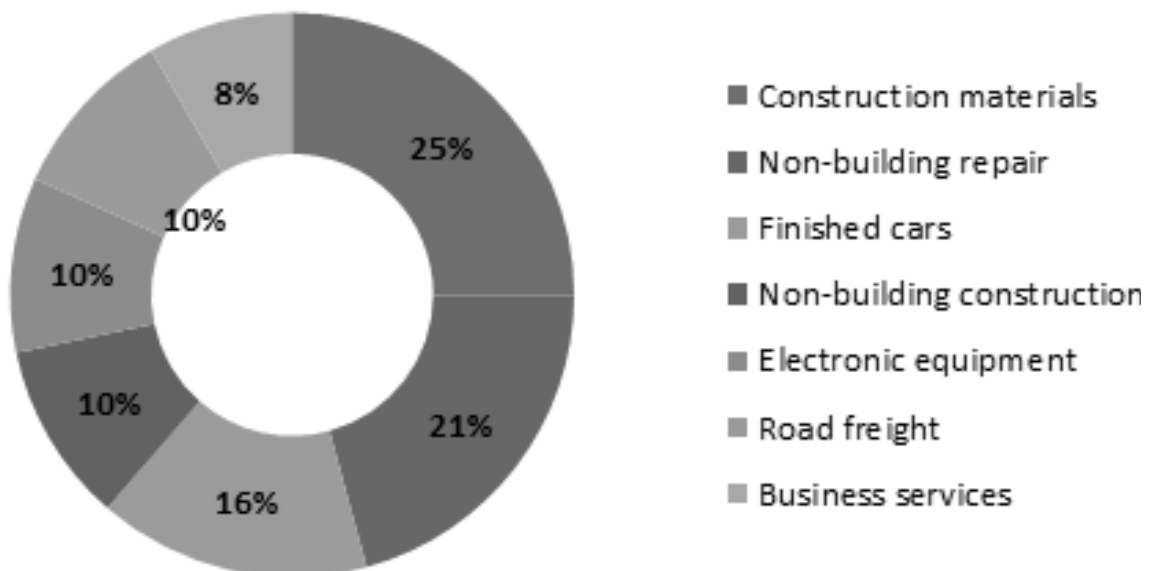
SCA's full supply chain ecological footprint 2012-13



Total Ecological footprint 59,731 ha

SCA's ecological footprint 2008-2013					
	2008-09	2009-10	2010-11	2011-12	2012-13
Total ecological footprint – land disturbance (ha)	74,700	64,000	62,100	62,400	58,795

Breakdown of main carbon commodities for capital



Total 3,987 t CO₂-e

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)
2008-09	681.00	95,725.00	26,948.81	27,943.42
2009-10	608.00	22,671.00	35,803.57	18,223.56
2010-11	540.00	25,488.00	16,517.39	8,967.80
2011-12	550.00	24,140.00	22,501.92	5,860.23
2012-13	549.27	7,968.00	20,951.00	4,685.00

Breakdown of carbon emissions for 2012-13

Scope	Source	t CO ₂ -e	% Total
Scope 1 - Fuels	Fuels	549.27	1.61%
Scope 2 - Electricity	Electricity	7,968.62	23.33%
Scope 3 - Operational	Operational	20,951.00	61.34%
Scope 3 - Capital	Capital	4,685.00	13.72%
	Total	34,153.89	100.00%

Summary Ecological Footprint 2011-2012

	Source	Impact (ha)	% total impact
Direct impacts	Land use & electricity	58,224.00	93.77%
Indirect	Supply chain - Operational	3,426.18	5.27%
Indirect	Supply chain - Capital	728.62	0.96%
	Total	59,731.00	100.00%

The water footprint

The SCA has also calculated its water footprint, or the amount of water embodied in all products and services consumed in 2012-13. Our water footprint is calculated using the same methodology as is used to calculate our tonnes of carbon dioxide equivalent and ecological footprint.

The water footprint refers to the amount of water used to produce a commodity for consumption and includes water used in the various steps of the production chain.

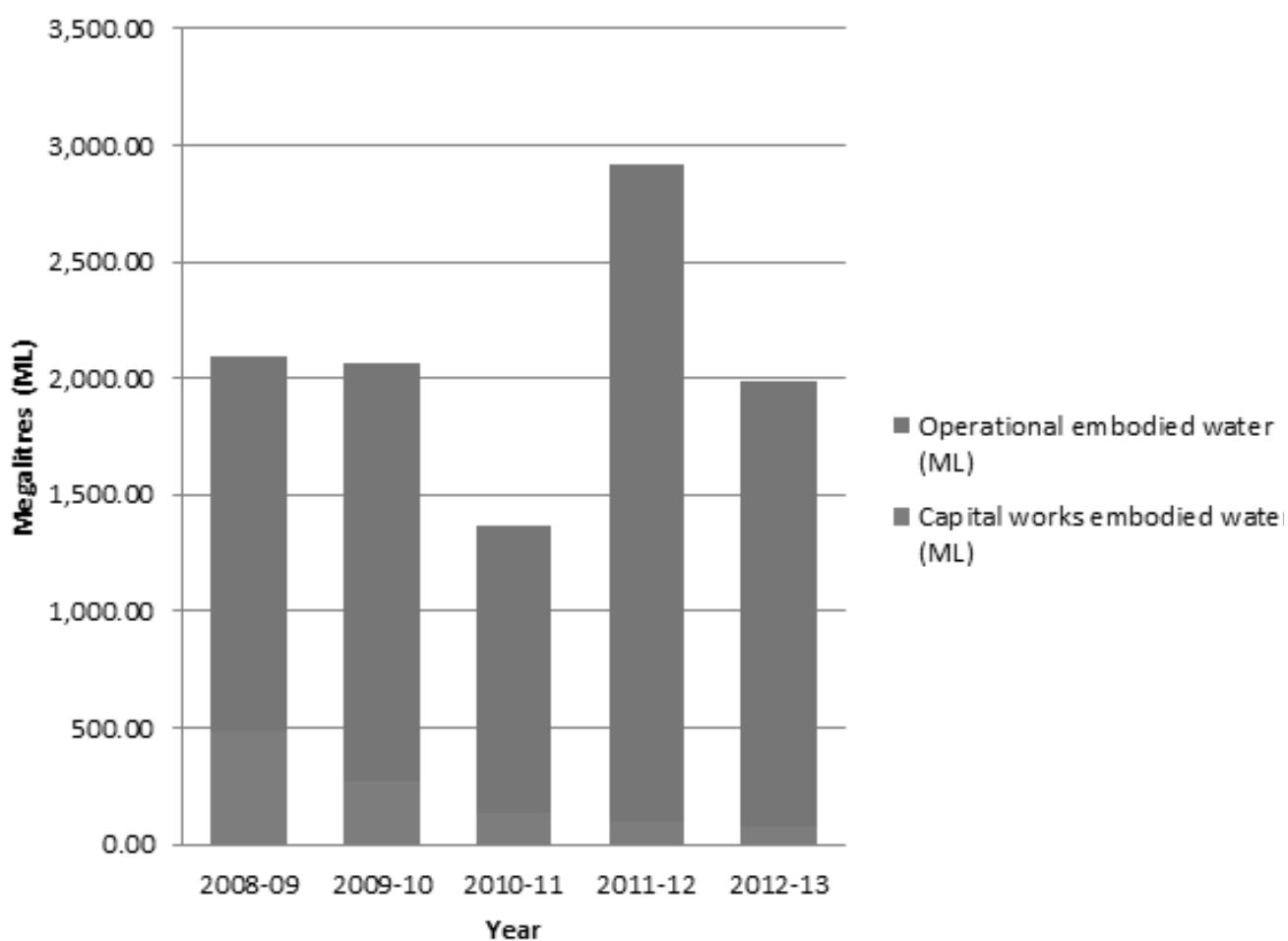
Calculating our water footprint allows us to identify

water intensive activities and to better understand the total environmental impact of our business activities. In 2012-13 the SCA's total embodied water use was 1,986 megalitres down from 2,918 megalitres in the previous year. This was largely achieved through reduced electricity use and a reduction in intensive water supply chain operations. The SCA aims to reduce our footprints and continue to improve our sustainability practices.

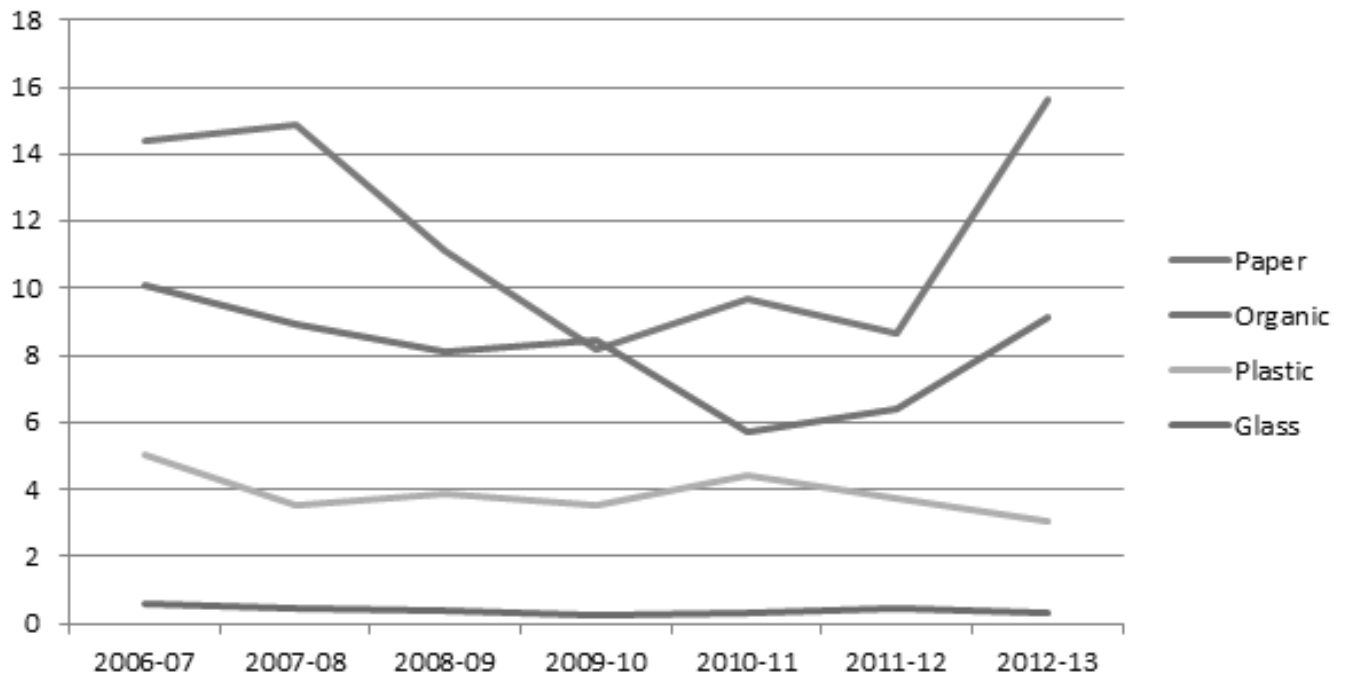
Breakdown of embodied water use and yearly comparison (in megalitres)

Year	Capital works embodied water (ML)	Operational embodied water (ML)	Total embodied water use (ML)
2008-09	482	1,613	2,095
2009-10	275	1,789	2,064
2010-11	139	1,232	1,371
2011-12	97.3	2,821	2,918.3
2012-13	76.9	1,909	1,985.9

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



Volume and type of waste sent to landfill (kg/employee/year)



Financial Statements

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Sydney Catchment Authority



Consolidated financial statements for the year ended 30 June 2013



SYDNEY CATCHMENT AUTHORITY

STATEMENT BY BOARD

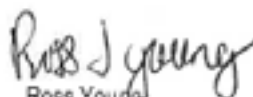
Under section 41C(1B) and (1C), we state that, in our opinion, the accompanying financial statements and notes thereto:

- a) exhibit a true and fair view of the financial position of the Sydney Catchment Authority as at 30 June 2013 and its financial performance for the year then ended
- b) comply with applicable Australian Accounting Standards (including Australian Accounting Interpretations), the *Public Finance & Audit Act 1983*, the *Public Finance & Audit Regulation 2010*, and the Treasurer's Directions.

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



Mark Bethwaite AM
Chairman



Ross Young
Chief Executive
Deputy Chairman

19 September 2013

Sydney Catchment Authority Statement of comprehensive income

For the year ended 30 June 2013

	Note	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Revenue					
Revenue from water sales	4	198,311	205,109	198,311	205,109
Other revenue	4	3,372	3,185	3,372	3,185
Revenue		201,683	208,294	201,683	208,294
Expenses					
Employment related expenses	5	(33,375)	(34,914)	(266)	(225)
Other operating expenses	5	(78,502)	(87,374)	(106,562)	(146,013)
Loss on disposal of property, plant and equipment		(291)	(507)	(291)	(507)
Finance costs	6	(34,249)	(36,321)	(34,249)	(36,321)
Expenses		(146,417)	(159,116)	(141,368)	(183,066)
Profit before income tax		55,266	49,178	60,315	25,228
Income tax equivalent expense	7	(19,590)	(8,531)	(19,590)	(8,531)
Profit		35,676	40,647	40,725	16,697
Other comprehensive income					
Items will not be reclassified to profit or loss					
Revaluation of property, plant and equipment	11	26,489	106,907	26,489	106,907
Defined benefit plan actuarial gains (losses)	16	5,049	(23,950)	-	-
Income tax on other comprehensive income	7	(8,029)	(32,058)	(8,029)	(32,058)
Other comprehensive income					
Comprehensive income		59,185	91,546	59,185	91,546
Attributable to equity holders of the Parent		59,185	91,546	59,185	91,546

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



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 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Authority and the consolidated entity. The consolidated entity comprises the Authority and the entity it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the consolidated entity as at 30 June 2013, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010
- comply with International Financial Reporting Standards as disclosed in Note 2 (a).

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

The Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

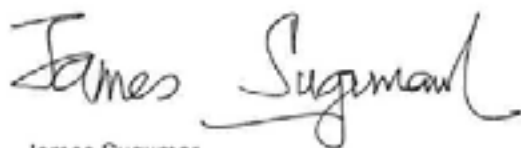
My opinion does *not* provide assurance:

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

Independence

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

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



James Sugumar
Director, Financial Audit Services

19 September 2013
SYDNEY

Sydney Catchment Authority

Statement of financial position

For the year ended 30 June 2013

	Note	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	8	41,933	27,969	41,933	27,969
Trade and other receivables	9	18,139	20,651	18,121	20,635
Other non-financial assets	10	805	4,446	853	3,948
Current tax assets	7	-	8,860	-	8,860
Current assets		60,877	61,926	60,907	61,412
Non-current assets					
Property, plant and equipment	11	1,442,195	1,427,129	1,442,195	1,427,129
Intangible assets	12	3,076	3,836	3,076	3,836
Non-current assets		1,445,271	1,430,965	1,445,271	1,430,965
ASSETS		1,506,148	1,492,891	1,506,178	1,492,377
LIABILITIES					
Current liabilities					
Trade and other payables	13	25,252	28,976	80,742	89,203
Other liabilities	14	250	323	250	323
Borrowings	15	2,200	13,900	2,200	13,900
Current tax liabilities	7	8,834	-	8,834	-
Provisions	16	42,979	40,968	26,757	25,096
Current liabilities		79,515	84,167	118,783	128,522
Non-current liabilities					
Borrowings	15	436,804	455,652	436,804	455,652
Other liabilities	14	986	1,192	986	1,192
Provisions	16	39,736	45,345	498	476
Deferred tax liabilities	7	137,069	126,977	137,069	126,977
Non-current liabilities		614,595	629,166	575,357	584,297
LIABILITIES		694,110	713,333	694,140	712,819
NET ASSETS		812,038	779,558	812,038	779,558
EQUITY					
Retained earnings		509,395	495,349	509,395	495,349
Asset revaluation reserve		302,643	284,209	302,643	284,209
EQUITY		812,038	779,558	812,038	779,558

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

Sydney Catchment Authority **Statement of changes in equity** For the year ended 30 June 2013

Consolidated entity		2013 \$'000	Retained Earnings	2012 \$'000	2013 \$'000	2012 \$'000	Asset Revaluation Reserve	2013 \$'000	2012 \$'000	Total Equity	2013 \$'000	2012 \$'000
Balance at the beginning of the year	Note	495,349	503,702	503,702	284,209	209,406		779,558		713,108		
Comprehensive Income												
Profit for the year		35,676	40,647	-	-	-		35,676		40,647		
Revaluation and impairment of property, plant and equipment	11	-	-	-	26,489	106,907		26,489		106,907		
Defined benefit superannuation actuarial gains (losses)	16	5,049	(23,960)	(23,960)	-	-		5,049		(23,960)		
Income tax on other comprehensive income	7	-	-	-	(8,029)	(32,058)		(8,029)		(32,058)		
Comprehensive income for the year		40,725	16,687	16,687	18,460	74,849		59,185		91,546		
Transfers between equity items												
Transfers from reserves to retained earnings		26	46	46	(26)	(46)		-		-		
Transfers between equity items		26	46	46	(26)	(46)		-		-		
Transactions with owners in their capacity as owners												
Increase (decrease) in net assets from equity transfers		52	-	-	-	-		52		-		
Dividend recognised to equity holders	16	(26,757)	(25,096)	(25,096)	-	-		(26,757)		(25,096)		
Transactions with owners in their capacity as owners		(26,705)	(25,096)	(25,096)	-	-		(26,705)		(25,096)		
Balance at the end of the year		509,395	495,349	495,349	302,643	284,209		812,038		779,558		

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

Sydney Catchment Authority
Statement of changes in equity
For the year ended 30 June 2013

Parent entity		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	Total Equity
	Note							
Balance at the beginning of the year		495,349	503,702	284,209	209,406	779,558	713,108	
Comprehensive income								
Profit for the year		40,725	16,697	-	-	40,725	16,697	
Revaluation and impairment of property, plant and equipment	11	-	-	26,489	106,907	26,489	106,907	
Income tax on other comprehensive income	7	-	-	(8,029)	(32,058)	(8,029)	(32,058)	
Comprehensive income for the year		40,725	16,697	18,460	74,849	59,185	91,546	
Transfers between equity items								
Transfers from reserves to retained earnings		26	46	(26)	(46)	-	-	
Transfers between equity items		26	46	(26)	(46)	-	-	
Transactions with owners in their capacity as owners								
Increase (decrease) in net assets from equity transfers		52	-	-	-	52	-	
Dividend recognised to equity holders	16	(26,757)	(25,096)	-	-	(26,757)	(25,096)	
Transactions with owners in their capacity as owners		(26,705)	(25,096)	-	-	(26,705)	(25,096)	
Balance at the end of the year		509,395	495,349	302,643	284,209	812,038	779,558	

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

Sydney Catchment Authority

Statement of cash flows

For the year ended 30 June 2013

		Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
	Note				
Cash flows from operating activities					
Cash receipts from customers		208,681	212,019	208,683	212,030
Interest received		972	889	972	889
Cash paid to suppliers and employees		(88,535)	(103,561)	(88,537)	(103,572)
Interest paid		(31,730)	(31,591)	(31,730)	(31,591)
Other costs of finance paid		(75)	(175)	(75)	(175)
Income tax (paid)/refunds received		167	(18,144)	167	(18,144)
Net cash from operating activities	8	89,480	59,437	89,480	59,437
Cash flows from investing activities					
Proceeds from sale of property, plant & equipment		1,428	1,910	1,428	1,910
Payments for property, plant & equipment		(19,290)	(18,888)	(19,290)	(18,888)
Net cash used in investing activities		(17,862)	(16,978)	(17,862)	(16,978)
Cash flows from financing activities					
Repayment of borrowings		(32,558)	(9,806)	(32,558)	(9,806)
Dividends paid		(25,096)	(27,335)	(25,096)	(27,335)
Net cash used in financing activities		(57,654)	(37,141)	(57,654)	(37,141)
Net increase in cash and cash equivalents		13,964	5,318	13,964	5,318
Cash & cash equivalents at beginning of year	8	27,969	22,651	27,969	22,651
Cash & cash equivalents at end of year	8	41,933	27,969	41,933	27,969

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

Sydney Catchment Authority

Notes to the financial statements

For the year ended 30 June 2013

1. REPORTING ENTITY

The Sydney Catchment Authority (the 'Authority') is a statutory body domiciled in Australia and constituted under the *Sydney Water Catchment Management Act 1998* (the Act). The address of the Authority's head office is Level 4, 2-8 Station Street, Penrith NSW 2750.

The consolidated financial statements of the Authority for the year ended 30 June 2013 comprise the Authority (parent) and its subsidiary, the Sydney Catchment Authority Division (together referred to as the 'consolidated entity').

The Board have determined the Authority as a for profit entity for the purpose of financial reporting. The Authority is primarily involved in 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.

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

2. BASIS OF PREPARATION

a) Statement of compliance

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

- Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation; and
- 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 also comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board on 19 September 2013.

b) Basis of measurement

The consolidated 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
- Certain classes of property, plant and equipment are measured at fair value.
- Borrowings are 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
- Non-current as well as long-term provisions expected to be settled later than 12-months from reporting date are stated at the present value of the future estimated obligations for the relevant liabilities

c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Authority's functional currency.

Amounts in the consolidated financial statements have been rounded off to the nearest thousand dollars unless otherwise stated.

d) Use of estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies as well as the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is disclosed in the relevant notes to the financial statements.

e) Changes in accounting policies

From 1 July 2012, the consolidated entity applied amendments to AASB 101 *Presentation of Financial Statements* outlined in AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*. The change in accounting policy only relates to disclosure and has had no impact on net profit. The changes have been applied retrospectively and require the consolidated entity to separately present items of other comprehensive income that may be reclassified to profit or loss in the future

Sydney Catchment Authority

Notes to the financial statements

For the year ended 30 June 2013

from those that will never be reclassified to profit or loss. These changes are included in the statement of profit or loss and other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. All accounting policies have been consistently applied to all years presented in the consolidated financial statements, unless otherwise stated.

Comparative amounts in the consolidated statement of profit or loss and other comprehensive income are sometimes reclassified to conform with the current year's presentation. Where this occurs, the nature, amount and reason for the reclassification is included in the notes to the financial statements.

a) Basis of consolidation

The consolidated financial statements include the financial statements of the parent and its subsidiary at 30 June 2013 and the financial performance of the parent and its subsidiary for the year ended 30 June 2013.

Subsidiaries are all those entities over which the parent has the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred.

Where necessary, the accounting policies of the subsidiary have been changed to ensure consistency with the policies adopted by the parent. Intra-entity 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 and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured.

In respect of the significant categories of revenue earned, recognition criteria must also be met. These are outlined below.

i. Sale of water

The Authority provides water services under its Operating Licence and Bulk Water Supply Agreement to customers in its area of operations. Revenue from the rendering of these services comprises of a service availability charge and a usage charge. The service availability charges constitute a fixed charge covering the cost of making the water available to the Authority's customers. Usage charges reflect revenue derived from the consumption and use made of the Authority's water.

The rendering of other services provided by the Authority is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

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 is recognised on a straight line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income.

iv. Royalty revenue

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

v. Fines and Penalties

Fines and penalties issued in accordance with the requirements of the Act are recognised as revenue when issued. Revenue earned from the fines and penalties are not required to be remitted to NSW Treasury.

c) Government grants

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and the conditions associated with the grant will be met.

Grants that compensate for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

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

d) Income tax

As a for-profit entity, the Authority is subject to notional taxation. An 'equivalent' or 'notional' income tax is payable to the NSW Government through the Office of State Revenue. Taxation liability is assessed according to the National Tax Equivalent Regime (NTER) that replaced the former State Tax Equivalent Regime of the NSW Treasury from 1 July 2001. The NTER closely mirrors the Commonwealth *Income Tax Assessment Acts 1936 and 1997* (as amended) and is

Sydney Catchment Authority

Notes to the financial statements

For the year ended 30 June 2013

administered by the Australian Taxation Office (ATO).

The Subsidiary is a not-for-profit entity that is tax exempt. Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity or in other comprehensive income.

i. Current tax

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

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 measurement of deferred tax reflects the tax consequences that would follow the manner in which the consolidated entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to

the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

e) Financial instruments

i. Cash and cash equivalents

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

ii. Trade and other receivables

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

Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

iii. Impairment of financial assets

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

iv. Trade and other payables

Trade and other payables represent liabilities for goods and services received prior to the end of the financial year that remained unpaid. The liabilities are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

v. Borrowings

Interest-bearing 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 stated 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 liability for at least 12-months after the reporting date, and management expects to defer the settlement, the borrowings are recognised as a non-current liability.

Sydney Catchment Authority

Notes to the financial statements

For the year ended 30 June 2013

vi. *Derivative financial instruments*

The Authority enters into a small number of derivative financial instruments from time-to-time to manage its exposure to interest rate risks arising from its financing activities. The portfolio is managed on behalf of the Authority by NSW Treasury Corporation.

Derivative financial instruments are not held for trading purposes.

Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value. As the Authority's derivatives are not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

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

vii. *Offsetting financial instruments*

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

viii. *Derecognition of financial assets and liabilities*

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

- And substantially all the risks and rewards have been transferred; or
- Control is no longer retained.

Where neither the risks and rewards nor control are transferred, the asset is recognised only to the extent of the consolidated entity's involvement in the asset

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

f) *Borrowing costs*

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

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

g) *Goods and services tax*

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

The Parent and Subsidiary are grouped for GST purposes and as such, inter-entity charges do not include a component for GST.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the statement of financial position.

Cash flows are grossed up in the Statement of Cash Flows to include the

amount of GST collected from customers and paid to suppliers. The GST component of cash flows from investing and financing activities which is recoverable from or payable to the taxation authority is classified as cash flows from operating activities.

Commitments are disclosed inclusive of GST where applicable.

h) *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, or where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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

Salaries and wages directly attributable to bring an asset to the location and condition necessary for it to be capable of operating in the manner intended by management are capitalised. The amount recognised is based on approved timesheets.

Construction costs for infrastructure assets are capitalised initially as work in progress within property, plant and equipment. Subsequently, the costs

Sydney Catchment Authority

Notes to the financial statements

For the year ended 30 June 2013

within work in progress are reclassified as completed assets when construction has ended and the asset becomes operational and available for use in the manner intended.

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

ii. Restoration costs

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

iii. Capitalisation thresholds

Property, plant and equipment and intangible assets with a value of \$5,000 (2012: \$5,000) and above individually (or forming part of a network costing more than \$5,000) are capitalised.

iv. Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP07-1) (as amended by NSWTC12/05 'Fair Value of Specialised Physical Assets'). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence,

including current market selling prices for the same or similar assets. Where there is no available market evidence, the assets are revalued on a value in use basis, using an income approach. The income approach aligns with the accounting requirements set out in AASB 136 *Impairment of Assets*. (Refer Note 3(j)).

Revaluations are undertaken at least every five years or with sufficient regularity to ensure that the carrying amount of each class does not differ materially from its fair value at reporting date. The last full revaluation of land and buildings was completed on 30 June 2010 and was based on an independent assessment. Assets valued under the income approach are assessed annually.

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

Where land and buildings are revalued, any balances of accumulated depreciation at the revaluation date with respect of those assets are credited to the asset accounts to which they relate. The net accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to revaluation surplus, except that to the extent that an increment reverses a revaluation decrement previously recognised as an expense to profit or loss, the increment is recognised immediately as revenue.

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

v. Subsequent expenditure associated with property, plant and equipment

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the entity.

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

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

vi. Depreciation of property, plant and equipment

Depreciation is provided for all property, plant and equipment, except land which is not depreciated.

Depreciation is calculated on a straight-line basis so as to allocate the value of the asset, net of any residual value, over its estimated useful life.

All materially separately identifiable components of assets are depreciated over their shorter useful lives. Land is not a depreciable asset.

The useful lives of assets by class are outlined below:

Asset class	Useful life
Infrastructure systems	40 to 150 years
Buildings	40 to 100 years
Plant and equipment	2 to 20 years
Motor vehicles	7 years
Leasehold	Shorter of assets

Sydney Catchment Authority

Notes to the financial statements

For the year ended 30 June 2013

improvements	useful life and lease term
information systems	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

vii. Disposal of property, plant and equipment

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

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

i) Intangible assets

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

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

All intangible assets relate to software. Software is amortised using the straight line method over a period of 2 - 5 years. The consolidated entity does not control any intangible assets with indefinite useful lives.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible

assets, the assets are carried at cost less any accumulated amortisation.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

j) Impairment of assets

At each reporting date, the carrying amount of assets are reviewed to determine whether there is an indication that any assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated. 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 is considered to be the whole of entity level as all the system asset categories work together as an integrated asset to generate cash flows as opposed to individual assets.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

If the recoverable amount of an asset (or CGU) is less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

k) Employee benefits

i. Wages and salaries, recreation leave, and associated on-costs

Liabilities for wages and salaries (including non-monetary benefits) and recreation leave that are due to be settled within 12-months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled. Long-term recreation leave that is not expected to be taken within 12-months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on Australian Government bonds are used to discount long-term recreation leave.

Sydney Catchment Authority

Notes to the financial statements

For the year ended 30 June 2013

The bond rate used to discount long-term recreation leave to its present value at the reporting date was 3.76 percent (2012: 3.04 percent). This rate represents the yield that matches as closely as possible the estimated timing of expected payments.

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

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

ii. Long service leave

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

The bond rates used to measure the liability for long service leave ranged from 2.5 percent to 4.3 percent (2012: 3.0 percent to 3.4 percent). Amounts expected to be settled within twelve months of reporting date are not discounted.

iii. Defined contribution superannuation plans

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

as an expense when employees have rendered service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Contributions to a defined contribution plan that is due more than 12-months after the end of the period in which the employees render the service are discounted to their present value.

iv. Defined benefit superannuation plans

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

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. When determining the liability consideration is given to future salary and wage levels, experience of employee departures and periods of service. Prepaid contributions are recognised as an asset to the extent that cash refund/reduction in future payments is available.

AASB 119 *Employee Benefits* does not specify whether the current and non-current portions of assets and liabilities arising from post-employment benefits are required to be disclosed because at times the distinctions may

be arbitrary. The liability is disclosed as non-current as this best reflects when the liability is likely to be settled. Expected future payments are discounted using market yields at reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

Past service costs are recognised immediately as an expense in profit or loss unless the changes to the superannuation fund are conditional on employees remaining in service for a vesting period in which case, the past service costs are amortised on a straight-line basis over the vesting period.

Assumptions underlying defined benefit superannuation expenses and liability are disclosed in Note 16.

v. Termination benefits

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

Termination benefits falling due more than twelve months after reporting date are discounted to present value.

Sydney Catchment Authority

Notes to the financial statements

For the year ended 30 June 2013

l) Dividend

The existence of a Statement of Financial Framework signed by the Authority and the relevant Ministers prior to reporting date creates an obligation. The dividend is taken to be determined before the end of the reporting period and a provision for the full amount of the dividend for that year is recognised.

The Dividend payable is calculated in accordance with requirements of TPP 09-6 'Financial Distribution Policy for Government Businesses' and amounts to 75 percent of profit after tax excluding unrealised gains or losses associated with personnel service expense.

m) Other provisions

A provision exists when there is a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

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

i. Restorations

A provision for restoration exists where there is an obligation to bring premises back to their original state at the end of a lease term. Each estimate is based on the details of the individual property concerned and terms related to the lease. The provision for restoration is discounted to its present value using the yields on government bonds matching as closely as possible the estimated timing of the payment.

ii. Restructurings

A provision for restructuring is only recognised when the consolidated entity has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly.

Future operating losses are not provided for.

n) Equity and reserves

The asset revaluation reserve is used to record increments and decrements on the revaluation of property, plant and equipment. This accords with the revaluation policy outlined in Note 3(h) (iv). Retained earnings represent an accumulation of current and prior year earnings after income tax.

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

o) Equity transfers

The transfer of net assets between NSW public sector agencies as a result of an administrative restructure is designated as a contribution by owners and recognised as an adjustment to retained earnings. This treatment is consistent with the requirements set out in AASB 1004 'Contributions' and

Australian Accounting Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

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

p) Leases

i. Leased assets

Assets held by the consolidated entity under leases which transfer to the consolidated entity substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the consolidated entity's statement of financial position.

ii. Lease payments

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

Sydney Catchment Authority

Notes to the financial statements

For the year ended 30 June 2013

of interest on the remaining balance of the liability.

q) New standards and interpretations not yet adopted.

A number of new standards and interpretations are effective for annual periods beginning after 1 July 2012 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the consolidated entity are set out below. The consolidated entity does not plan to adopt these standards early.

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The consolidated entity has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2015 and work is still underway to finalise the remaining phases of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*.

AASB 10 Consolidated Financial Statements

AASB 10 establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 *Consolidation and Separate Financial Statements*.

The revised control model broadens the situations when an entity is considered to be controlled by another entity and includes additional guidance for applying the model to specific situations. When this standard is first adopted for the year ended 30 June 2014, there will be no impact on the

transactions and balances recognised in the financial statements.

AASB 127 Separate Financial Statements

As a consequence of issuing AASB 10, a revised version of AASB 127 has been issued. AASB 127 now only deals with separate financial statements. There will be no new impact on the financial statements because they introduce no new requirements.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted by other accounting standards.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

The consolidated entity is yet to undertake a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively.

AASB 119 Employee benefits

AASB 119 changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains or losses will not

impact the consolidated entity as the accounting requirement aligns to the one currently adopted for financial reporting. However, the consolidated entity needs to assess the impact of the change in measurement principles of expected return on plan assets. AASB 119 (2011) is effective for annual reporting periods beginning on or after 1 January 2013.

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

4. Revenue

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Revenue				
a) Revenue from water sales				
Raw water sales to Sydney Water	197,002	203,935	197,002	203,935
Other raw water sales	1,309	1,174	1,309	1,174
Revenue from water sales	198,311	205,109	198,311	205,109
b) Other revenue				
Consultancies	604	716	604	716
Rent and conference centre hire	1,240	1,193	1,240	1,193
Interest revenue	972	889	972	889
Grants	33	-	33	-
Other	523	387	523	387
Other revenue	3,372	3,185	3,372	3,185
Revenue	201,683	208,294	201,683	208,294

5. Other expenses excluding finance costs

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Other expenses excluding finance costs				
Employee related expenses¹				
Salaries and wages ²	27,501	27,431	-	-
Superannuation	2,326	2,432	-	-
Long service leave	790	2,598	-	-
Employment related taxes	1,961	1,754	-	-
Workers compensation insurance	531	474	-	-
Board remuneration	266	225	266	225
Employee related expenses	33,375	34,914	266	225
Other operating expenses				
Administration	3,806	3,875	3,806	3,875
Contractors and consultancies	31,089	42,379	59,149	101,018
Depreciation and amortisation	28,087	25,164	28,087	25,164
Energy	1,626	1,864	1,626	1,864
Grants	342	178	342	178
Information Management	519	1,300	519	1,300
Insurance	3,190	3,144	3,190	3,144
Licence Fees	2,988	2,775	2,988	2,775
Materials	2,999	2,309	2,999	2,309
Property	3,732	4,249	3,732	4,249
Transport	124	137	124	137
Other operating expenses	78,502	87,374	106,562	146,013

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

5. Other expenses excluding finance costs (continued)

¹ During the year, the employee related costs of \$1,798,000 (2012: \$1,434,000) were capitalised.

² Includes recreation leave expense and redundancy expenses.

Maintenance expenses included in other expenses excluding finance costs

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Employee related maintenance expense	2,485	2,283	-	-
Other maintenance expenses	10,165	10,191	10,165	10,191
Maintenance expense	12,650	12,474	10,165	10,191

6. Finance costs

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Finance costs				
Interest expense on loans	26,446	27,267	26,446	27,267
Less: Borrowing costs capitalised	(41)	(117)	(41)	(117)
Interest expense recognised in profit or loss	26,405	27,150	26,405	27,150
Government guarantee fee	5,821	5,141	5,821	5,141
Loss (gain) on derivatives	(61)	2,413	(61)	2,413
Amortisation of deferred discount (income) on loans	1,043	1,330	1,043	1,330
Loss on debt management	1,020	267	1,020	267
Unwinding of discount on provision for restoration	21	20	21	20
Finance costs	34,249	36,321	34,249	36,321

A borrowing rate of 5.96 percent (2012: 6.06 percent) was used to calculate borrowing costs applicable to qualifying assets. This rate is the weighted average interest rate of the borrowings portfolio at reporting date.

7. Income tax

Income tax expense recognised in the Statement of Comprehensive Income

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Current tax expense				
Current tax expense relating to current financial year	17,252	3,530	17,252	3,530
Prior year adjustments in relation to R&D	234	254	234	254
Other prior year adjustments	41	23	41	23
Deferred tax expense				
Origination and reversal of temporary differences	2,063	4,724	2,063	4,724
Income tax equivalent expense	19,590	8,531	19,590	8,531

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

7. Income tax (continued)

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

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Profit before tax	55,266	49,178	60,315	25,228
Income tax expense using statutory rate of 30 percent	16,579	14,753	18,094	7,568
Effect of:				
Expenses not deductible in determining taxable profit	(1,008)	(249)	(1,008)	(249)
Other temporary differences	2,229	934	2,229	934
Under / (over) provided in prior years	275	278	275	278
Tax exempt income	1,515	(7,185)	-	-
Income tax equivalent expense	19,590	8,531	19,590	8,531
Income tax recognised directly to equity				
Asset revaluation reserve	(8,029)	32,073	(8,029)	32,073
Income tax recognised directly to equity	(8,029)	32,073	(8,029)	32,073

Current tax assets

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Current tax assets	-	8,860	-	8,860
Current tax assets	-	8,860	-	8,860

Current tax liabilities

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Current tax liabilities	8,834	-	8,834	-
Current tax liabilities	8,834	-	8,834	-

Deferred tax liabilities

	Opening balance	Recognised in income	Recognised in equity	Closing balance
Consolidated entity & parent entity - 30 June 2013				
Temporary differences				
Property, plant and equipment	(128,618)	(454)	(8,029)	(137,101)
Allowance for impairment of receivables	4	(1,439)	-	(1,435)
Other provisions and accruals	741	720	-	1,461
Accelerated sewerage programme	-	-	-	-
Other	896	(890)	-	6
	(126,977)	(2,063)	(8,029)	(137,069)

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

7. Income tax (continued)

Deferred tax liabilities

	Opening balance	Recognised in income	Recognised in equity	Closing balance
Consolidated entity & parent entity - 30 June 2012				
Temporary differences				
Property, plant and equipment	(95,576)	(983)	(32,059)	(128,618)
Allowance for impairment of receivables	13	(9)	-	4
Other provisions and accruals	1,614	(873)	-	741
Accelerated sewerage programme	3,153	(3,153)	-	-
Other	602	294	-	896
	(90,194)	(4,724)	(32,059)	(126,977)

Presented in the statement of financial position as follows:

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Deferred tax liabilities	137,069	126,977	137,069	126,977
Deferred tax liabilities	137,069	126,977	137,069	126,977

Unrecognised deferred tax assets

There were no unrecognised deferred tax assets in the current or previous reporting year.

8. Cash and cash equivalents

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Cash and cash equivalents				
Cash at bank and on hand	10,921	468	10,921	468
NSW Treasury Corporation Hourglass (Cash) Facility	31,012	27,501	31,012	27,501
Cash and cash equivalents	41,933	27,969	41,933	27,969

Cash and cash equivalent assets recognised in the Statement of financial position are reconciled at the end of the reporting year to the statement of cash flows as follows:

Closing cash per statement of cash flows	41,933	27,969	41,933	27,969
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Details of financial risk management policies in relation to credit risk, liquidity risk and market risk are disclosed in Note 22.

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

8. Cash and cash equivalents (continued)

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

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Profit after tax	35,676	40,647	40,725	16,697
Depreciation and amortisation	28,087	25,164	28,087	25,164
Loss on disposal of property, plant and equipment	291	507	291	507
Superannuation actuarial gains (losses)	5,049	(23,950)	-	-
Suppliers and employees	(9,864)	17,761	(9,867)	17,750
Finance costs	2,507	4,303	2,507	4,303
Receivables	7,976	4,618	7,979	4,629
Income tax	19,758	(9,613)	19,758	(9,613)
Net cash from operating activities	89,480	59,437	89,480	59,437

9. Trade and other receivables

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Trade and other receivables				
Trade receivables	16,538	17,683	16,520	17,667
Less: Allowance for impairment	(20)	(13)	(20)	(13)
Trade receivables	16,518	17,670	16,500	17,654
Other receivables	1,621	2,981	1,621	2,981
Trade and other receivables	18,139	20,651	18,121	20,635

Details of financial risk management policies in relation to credit risk, liquidity risk and market risk are disclosed in Note 22.

Movements in the provision for impaired receivables

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Allowance for impairment in trade receivables				
Carrying amount at the beginning of the year	13	42	13	42
Allowance for impairment recognised in profit or loss	7	5	7	5
Amounts written off as uncollectable	-	(34)	-	(34)
Amounts recovered during the year	-	-	-	-
Carrying amount at the end of the year	20	13	20	13

There are no balances within 'other receivables' that are impaired or past due.

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

9. Trade and other receivables (continued)

Ageing analysis of receivables individually determined to be impaired

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Impaired receivables				
0 to 3 months	-	-	-	-
3 months to 6 months	-	-	-	-
Over 6 months	2	-	2	-
	2	-	2	-

Impaired receivables collectively determined to be impaired relate to fine and penalty debtors. At 30 June 2013, \$17,000 (2012: \$13,000) fine and penalty debtors were impaired.

Ageing analysis of receivables past due but not impaired

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Receivables past due but not impaired				
Less than 3 months	58	183	58	183
3 months to 6 months	19	3	19	3
Over 6 months	5	-	5	-
	82	186	82	186

Receivables past due but not impaired mainly relate to independent customers of the parent. The customer's have no history of default.

10. Other non-financial assets

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Other non-financial assets				
Lease incentives	113	167	113	167
Prepaid expenses	408	4,264	456	3,781
Prepaid salaries and wages	-	15	-	-
Other	284	-	284	-
Other non-financial assets	805	4,446	853	3,948

Sydney Catchment Authority
Notes to the financial statements
For the year ended 30 June 2013

11. Property, plant and equipment

	Work in Progress \$'000	Infrastructure Systems \$'000	Land & Buildings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Information Systems \$'000	Total \$'000
Consolidated and parent entity								
At 1 July 2012 - Fair value								
Gross carrying amount	30,492	5,329,456	160,785	23,198	4,374	3,935	2,903	5,555,143
Accumulated depreciation and impairment	-	(4,054,366)	(60,806)	(8,361)	(1,223)	(904)	(2,354)	(4,128,014)
Carrying value at the end of the year	30,492	1,275,090	99,979	14,837	3,151	3,031	549	1,427,129
At 30 June 2013 - Fair value								
Gross carrying amount	35,344	5,272,655	162,090	23,343	4,236	4,036	3,222	5,504,926
Accumulated depreciation and impairment	-	(3,985,523)	(62,136)	(9,918)	(1,357)	(1,178)	(2,620)	(4,062,732)
Carrying value at the end of the year	35,344	1,287,133	99,954	13,425	2,879	2,858	602	1,442,195
Consolidated and parent entity - 30 June 2013								
Carrying value at the beginning of the year	30,492	1,275,090	99,979	14,837	3,151	3,031	549	1,427,129
Additions	17,699	9,923	52	193	1,801	102	450	30,220
Disposals	(129)	(129)	-	(20)	(1,611)	-	-	(1,889)
Depreciation	-	(22,967)	(1,330)	(1,576)	(462)	(275)	(397)	(27,027)
Revaluation & impairment	-	25,236	1,253	-	-	-	-	26,489
Transfers and reclassifications	(12,718)	-	-	(9)	-	-	-	(12,727)
Carrying value at the end of the year	35,344	1,287,133	99,954	13,425	2,879	2,858	602	1,442,195

Sydney Catchment Authority
Notes to the financial statements
For the year ended 30 June 2013

11. Property, plant and equipment

	Work in Progress \$'000	Infrastructure Systems \$'000	Land & Buildings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Information Systems \$'000	Total \$'000
Specialised assets								
Non-specialised assets								
Consolidated and parent entity								
At 1 July 2012 - Fair value								
Gross carrying amount	30,492	5,329,456	160,785	23,198	4,374	3,935	2,903	5,555,143
Accumulated depreciation and impairment	-	(4,054,366)	(60,806)	(8,361)	(1,223)	(904)	(2,354)	(4,128,014)
Carrying value at the end of the year	30,492	1,275,090	99,979	14,837	3,151	3,031	549	1,427,129
At 30 June 2013 - Fair value								
Gross carrying amount	35,344	5,272,655	162,090	23,343	4,236	4,036	3,222	5,504,926
Accumulated depreciation and impairment	-	(3,985,523)	(62,136)	(9,918)	(1,357)	(1,178)	(2,620)	(4,062,732)
Carrying value at the end of the year	35,344	1,287,133	99,954	13,425	2,879	2,858	602	1,442,195
Consolidated and parent entity - 30 June 2013								
Carrying value at the beginning of the year	30,492	1,275,090	99,979	14,837	3,151	3,031	549	1,427,129
Additions	17,699	9,923	52	193	1,801	102	450	30,220
Disposals	(129)	(129)	-	(20)	(1,611)	-	-	(1,889)
Depreciation	-	(22,987)	(1,330)	(1,576)	(462)	(275)	(397)	(27,027)
Revaluation & impairment	-	25,236	1,253	-	-	-	-	26,489
Transfers and reclassifications	(12,718)	-	-	(9)	-	-	-	(12,727)
Carrying value at the end of the year	35,344	1,287,133	99,954	13,425	2,879	2,858	602	1,442,195

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

11. Property, plant and equipment (continued)

Revaluation of infrastructure systems and specialised buildings

Because of the specialised nature of water industry assets, the recoverable amount is determined by the stream of income derived from the use of the assets working together as one cash-generating unit, rather than the realisable value of the assets themselves ("value-in-use"). The approach to calculating the value in use is considered to be the same as the discounted cash flow model applied under the income approach referred to in AASB 116 *Property, Plant and Equipment*.

The cash generating unit test calculates the recoverable amount of the assets. Future cash flows for revenue and expenses are estimated over the following five years plus the cash generating unit's closing regulatory asset base (the "terminal value"). Net cash flows are subsequently discounted back to its present value using a discount rate equivalent to the consolidated entity's weighted average cost of capital.

Major assumptions underlying the calculation are:

- Weighted cost of capital 7.8 percent (2012: 7.5 percent)
- Risk free rate of 3.8 percent (2012: 3.6 percent)
- Closing regulatory asset base of \$1,564 million (2012: \$1,218 million)
- Inflation rate of 2.5 percent (2012: 2.8 percent)

Estimates of future revenues are based on prices determined by the Independent Pricing and Regulatory Tribunal ("IPART"). Beyond that, estimates are based on expected prices to be determined by IPART in the next pricing determination. Estimates of future expenses are based on budgeted expenses, adjusted for non-cash items. The terminal value represents the value of assets accrued after the five year forecasting period.

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

Revaluation of land and non-operational buildings

Land and non-operational buildings are valued on a fair value basis with reference to their highest and best use. Where an active and liquid market exists for the assets, their fair values have been derived from quoted market prices. Where it was deemed that an active and liquid market does not exist, fair value of the assets have been determined by reference to the best available market evidence of price at which the assets could be exchanged between knowledgeable and willing parties in an arm's length transaction.

Land and building's fair value was independently revalued CB Richard Ellis at 30 June 2013. The reference market rate used to determine the fair value of land was vacant, undeveloped, remotely located lands as these lands are considered to be closest in nature to other land held, in particular the restrictions imposed on the redevelopment of the land holdings. Asset values had not materially changed from the value at the same time last year and consequently, a revaluation adjustment was not recognised.

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

11. Property, plant and equipment (continued)

In the absence of market-based evidence and where the item is rarely sold (except as part of a continuing business) an income approach to revaluation is used. (AASB 116, Para 33). The income approach adopts a valuation process similar to that undertaken in accordance with AASB 136 Impairment (refer above). The Parent's infrastructure systems and operational buildings are subject to revaluation using the income approach.

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

Asset values measured at historical cost

	2013		2012	
	Historical Cost \$'000	Fair Value \$'000	Historical Cost \$'000	Fair Value \$'000
Consolidated entity and parent entity				
Work in progress	35,344	35,344	30,492	30,492
Infrastructure systems	723,376	1,287,133	821,695	1,275,090
Land and buildings	124,556	99,954	124,866	99,979
Plant and equipment	13,425	13,425	14,837	14,837
Motor vehicles	2,879	2,879	3,151	3,151
Leasehold improvements	2,858	2,858	3,031	3,031
Information systems	602	602	549	549
Carrying value at historical cost	903,040	1,442,195	998,621	1,427,129

12. Intangible assets

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Cost (gross carrying amount)	5,114	5,618	5,114	5,618
Accumulated amortisation and impairment	(2,038)	(1,782)	(2,038)	(1,782)
Net carrying amount	3,076	3,836	3,076	3,836
	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Software				
Net carrying value at the beginning of the year	3,836	1,219	3,836	1,219
Additions	300	3,438	300	3,438
Amortisation	(1,060)	(821)	(1,060)	(821)
Net carrying amount at the end of the year	3,076	3,836	3,076	3,836

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

13. Trade and other payables

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Current				
Trade payables	1	38	1	38
Other accrued expenses	17,395	20,910	17,395	20,910
Accrued interest on loans	7,705	7,895	7,705	7,895
Accrued salaries and wages (including on-costs)	151	133	(7)	3
Personnel services expense owed to Subsidiary	-	-	55,648	60,357
Trade and other payables	25,252	28,976	80,742	89,203

Trade and other payables represent non-interest bearing liabilities expected to be settled no later than 12-months from reporting date. Because of this they are reported on an undiscounted basis. Due to the short term nature of the liabilities, the carrying amount approximates each liability's fair value. Details regarding the consolidated entity's financial risk management policies in relation credit risk, liquidity risk and market risk are disclosed in Note 22.

14. Other liabilities

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Current				
Deferred income	250	315	250	315
Other	-	8	-	8
Current other liabilities	250	323	250	323
Non-Current				
Lease incentives	779	936	779	936
Deferred income	179	236	179	236
Other	28	20	28	20
Non-current other liabilities	986	1,192	986	1,192

15. Borrowings

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Current borrowings at amortised cost				
Fixed interest loans	2,202	13,927	2,202	13,927
Premium (discount) on loans	(2)	(27)	(2)	(27)
Current borrowings	2,200	13,900	2,200	13,900

Sydney Catchment Authority

Notes to the financial statements

For the year ended 30 June 2013

15. Borrowings (continued)

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Non-current borrowings at amortised cost				
Fixed interest loans	437,198	458,010	437,198	458,010
Premium (discount) on loans	(394)	(4,262)	(394)	(4,262)
Non-current borrowings at amortised cost	436,804	453,748	436,804	453,748
Derivative financial instruments	-	1,904	-	1,904
Non-current borrowings	436,804	455,652	436,804	455,652

All loans are raised by NSW Treasury Corporation on behalf of the Parent. Loans are negotiated with either a floating rate, where the rate is reset periodically in accordance with the requirements of the Parent or at a fixed rate where interest is set over the term of the loan. All borrowings are unsecured.

Fair value of borrowings

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Consolidated entity and parent entity				
Fixed interest loans	480,663	521,954	480,663	521,954
Derivatives liabilities (assets)	-	2,398	-	2,398
Fair value of borrowings	480,663	524,352	480,663	524,352

Contractual maturity analysis of borrowings - undiscounted cash flows

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Non-derivative borrowings				
Less than 1 year	26,504	83,096	26,504	83,096
Between 1 and 5 years	325,926	322,988	325,926	322,988
More than 5 years	214,185	200,878	214,185	200,878
Non-derivative borrowings	566,615	606,962	566,615	606,962
Derivative borrowings (assets)				
Less than 1 year	-	2,398	-	2,398
Derivative borrowings	-	2,398	-	2,398

Details regarding the consolidated entity's financial risk management policies in relation credit risk, liquidity risk and market risk as well as approved financing facilities are disclosed in Note 22.

All financing facilities were approved in accordance with Section 8(2) of the *Public Authorities (Financial Arrangements) Act 1987*.

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

16. Provisions

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Current				
Expected to be settled within 12-months				
Employee benefits ¹	3,788	3,701	-	-
Dividend ²	26,757	25,096	26,757	25,096
Fringe benefits tax ³	45	36	-	-
	30,590	28,833	26,757	25,096
Current				
Expected to be settled later than 12 months				
Employee benefits	12,389	12,135	-	-
	12,389	12,135	-	-
Current provisions	42,979	40,968	26,757	25,096
Non-current provisions				
Employee benefits	39,238	44,869	-	-
Restoration ⁴	498	476	498	476
Non-current provisions	39,736	45,345	498	476

¹ Assumptions underlying the provision for employee entitlements is outlined in Note 3(k)

² Under the National Taxation Equivalent Regime (NTER), the parent is not required to operate a dividend franking account.

³ The amount provided for Fringe Benefit Tax is based on the actual liability at 31 March 2013. There is inherent uncertainty over what the actual liability will be until the Return is prepared in 31 March 2014.

⁴ Estimates are based on long term estimates to restore leased premises and the estimate discounted to their present value. Uncertainty exists in relation to actual restoration costs that will ultimately be incurred and whether there will be a material change to the discount rate applied to the estimate.

Movement in provisions other than employee benefits

	Fringe Benefit Tax Provision \$'000	Restoration Provision \$'000	Dividend Provision \$'000
Consolidated entity - 30 June 2013			
Carrying amount at the beginning of the year	36	476	25,096
Additional provisions recognised	175	-	26,757
Unused provision reversed	(24)	-	-
Amounts used	(142)	-	(25,096)
Unwinding of discount rate	-	22	-
Carrying amount at the end of the year	45	498	26,757

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

16. Provisions (continued)

	Restoration Provision \$'000	Dividend Provision \$'000
Parent entity - 30 June 2013		
Carrying amount at the beginning of the year	476	25,096
Additional provisions recognised	-	26,757
Amounts used	-	(25,096)
Unwinding of discount rate	22	-
Carrying amount at the end of the year	498	26,757

(b) Defined benefit superannuation schemes

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

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

State Authorities Non-Contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership. All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Consolidated Entity 2013 \$'000
Present value of benefits at beginning of the year	14,667	3,659	61,664	79,990
Current service cost	400	153	513	1,066
Interest cost	429	107	1,871	2,407
Contributions by fund participants	220	-	348	568
Actuarial gains (losses)	678	(272)	(2,023)	(1,617)
Benefits paid	(1,177)	(136)	105	(1,208)
Present value of benefits at the end of the year	15,217	3,511	62,478	81,206

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Consolidated Entity 2012 \$'000
Present value of benefits at the beginning of the year	14,362	3,372	40,479	58,213
Current service cost	361	151	342	854
Interest cost	732	170	2,115	3,017
Contributions by fund participants	221	-	346	567
Actuarial gains (losses)	1,198	286	19,790	21,274
Benefits paid	(2,207)	(320)	(1,408)	(3,935)
Present value of benefits at the end of the year	14,667	3,659	61,664	79,990

Sydney Catchment Authority

Notes to the financial statements

For the year ended 30 June 2013

16. Provisions (continued)

Reconciliation of the fair value of fund assets

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Consolidated Entity 2013 \$'000
Fair value of fund assets at the beginning of the year	8,858	1,952	24,695	35,505
Expected return on fund assets	724	161	2,094	2,979
Actuarial gains (losses)	731	157	2,544	3,432
Employer contributions	433	146	346	925
Contributions by Fund participants	220	-	348	568
Benefits paid	(1,177)	(136)	104	(1,209)
Fair value of fund assets at the end of the year	9,789	2,280	30,131	42,200

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Consolidated Entity 2012 \$'000
Fair value of fund assets at the beginning of the year	10,419	2,121	24,939	37,479
Expected return on fund assets	871	176	2,122	3,169
Actuarial gains (losses)	(873)	(176)	(1,627)	(2,676)
Employer contributions	427	151	323	901
Contributions by Fund participants	221	-	346	567
Benefits paid	(2,207)	(320)	(1,408)	(3,935)
Fair value of fund assets at the end of the year	8,858	1,952	24,695	35,505

Reconciliation of the assets and liabilities recognised in the consolidated entity's statement of financial position

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Consolidated Entity 2013 \$'000
Present value of defined benefit obligation at end of year	15,217	3,511	62,478	81,206
Fair value of fund assets at the end of the year	(9,789)	(2,280)	(30,131)	(42,200)
Liability in statement of financial position	5,428	1,231	32,347	39,006

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Consolidated Entity 2012 \$'000
Present value of defined benefit obligation at end of year	14,667	3,659	61,664	79,990
Fair value of fund assets at the end of the year	(8,857)	(1,953)	(24,695)	(35,505)
Liability in statement of financial position	5,810	1,706	36,969	44,485

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

16. Provisions (continued)

Expense recognised in profit or loss

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Consolidated Entity 2013 \$'000
Current service cost	400	153	513	1,066
Interest cost	429	107	1,871	2,407
Expected return on fund assets (net expenses)	(724)	(160)	(2,094)	(2,978)
Expense (income) recognised in profit or loss	105	100	290	495

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Consolidated Entity 2012 \$'000
Current service cost	361	151	342	854
Interest cost	732	170	2,115	3,017
Expected return on fund assets (net expenses)	(871)	(176)	(2,122)	(3,169)
Expense (income) recognised in profit or loss	222	145	335	702

Cumulative amount recognised in consolidated entity's statement of comprehensive income

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Consolidated Entity 2013 \$'000
Actuarial gains	(53)	(429)	(4,567)	(5,049)
Amount recognised in comprehensive income	(53)	(429)	(4,567)	(5,049)

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Consolidated Entity 2012 \$'000
Actuarial losses	2,071	462	21,417	23,950
Amount recognised in comprehensive income	2,071	462	21,417	23,950

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

16. Provisions (continued)

Fund assets

The percentage invested in each asset class at reporting date:

	Consolidated Entity 2013	Consolidated Entity 2012
Australian equities	30.4%	28.0%
Overseas equities	26.1%	23.7%
Australian fixed interest securities	6.9%	4.9%
Overseas fixed interest securities	2.2%	2.4%
Property	8.3%	8.6%
Cash	13.1%	19.5%
Other	13.0%	12.9%

Fair value of fund assets

All Fund assets are invested by SAS Trustee Corporation at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on fund assets

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Consolidated Entity 2013 \$'000
Actual return on fund assets	1,505	318	4,229	6,052
	1,505	318	4,229	6,052

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Consolidated Entity 2012 \$'000
Actual return on fund assets	(8)	-	1	(7)
	(8)	-	1	(7)

Sydney Catchment Authority

Notes to the financial statements

For the year ended 30 June 2013

16. Provisions (continued)

Valuation method and principal actuarial assumptions at the reporting date

Valuation method

The projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Economic assumptions

	2013 Per Annum	2012 Per Annum
Salary increase rate (excluding promotional increases) - 2013/14	2.25%	2.5%
Salary increase rate (excluding promotional increases) - 2014/15	2.25%	2.5%
Salary increase rate (excluding promotional increases) - 2015/16 to 2019/20	2.00%	2.5%
Salary increase rate (excluding promotional increases) - 2020/21 onwards	2.50%	2.5%
Rate of CPI increase	2.50%	2.5%
Expected rate of return on assets	8.60%	8.6%
Discount rate	3.80%	3.06%

Demographic assumptions

The demographic assumptions at 30 June 2013 are those that were used in the 2012 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

Historical Information

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Consolidated Entity 2013 \$'000
Present value of defined benefit obligation	15,217	3,511	62,478	81,206
Fair value of fund assets	(9,789)	(2,280)	(30,131)	(42,200)
(Surplus) deficit in fund	5,428	1,231	32,347	39,006
Experience adjustments - fund liabilities	678	(272)	(2,023)	(1,617)
Experience adjustments - fund assets	(731)	(157)	(2,544)	(3,432)

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Consolidated Entity 2012 \$'000
Present value of defined benefit obligation	14,667	3,659	61,664	79,990
Fair value of fund assets	(8,857)	(1,953)	(24,695)	(35,505)
(Surplus) deficit in fund	5,810	1,706	36,969	44,485
Experience adjustments - fund liabilities	1,198	286	19,790	21,274
Experience adjustments - fund assets	873	176	1,627	2,676

Sydney Catchment Authority

Notes to the financial statements

For the year ended 30 June 2013

16. Provisions (continued)

Aggregate historical information

	Total 2013 \$'000	Total 2012 \$'000	Total 2011 \$'000	Total 2010 \$'000	Total 2009 \$'000
Present value of defined benefit obligation	81,206	79,990	58,214	54,598	50,427
Fair value of fund assets	(42,200)	(35,505)	(37,480)	(34,678)	(35,071)
(Surplus) deficit in fund	39,006	44,485	20,734	19,920	15,356
Experience adjustments - fund liabilities	(1,617)	21,274	1,443	3,633	4,456
Experience adjustments - fund assets	(3,432)	2,676	(403)	2,648	6,936

Expected contributions

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Consolidated Entity 2013 \$'000
Expected employer contributions	418	150	323	891
Expected employer contributions	418	150	323	891

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Consolidated Entity 2012 \$'000
Expected employer contributions	419	157	322	898
Expected employer contributions	419	157	322	898

Funding arrangements for employer contributions

(Surplus) / Deficit

The following is a summary of the financial position of the fund calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans*:

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Consolidated Entity 2013 \$'000
Accrued benefits	12,851	2,947	34,410	50,208
Net market value of fund assets	(9,789)	(2,280)	(30,131)	(42,200)
Net (surplus) / deficit	3,062	667	4,279	8,008

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

16. Provisions (continued)

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Consolidated Entity 2012 \$'000
Accrued benefits	12,359	3,116	30,378	45,853
Net market value of fund assets	(8,858)	(1,952)	(24,695)	(35,505)
Net (surplus) / deficit	3,501	1,164	5,683	10,348

Contribution recommendations

Recommended contribution rates current and previous reporting period are:

SASS	SANCS	SSS
Multiple of member contributions	Percentage of member salary	Multiple of members contribution
1.90	2.50	0.93

Funding method

Contribution rates are set after discussions between the employer, the SAS Trustee Corporation & NSW Treasury.

Economic assumptions

The weighted average economic assumptions adopted for the last actuarial review of the fund are:

Percentage per annum	
Expected rate of return on fund assets backing current pension liabilities	8.3%
Expected rate of return on fund assets backing other liabilities	7.3%
Expected salary increase rate	6 years then 4%
Expected rate of CPI increase	2.5%

Nature of asset / liability

If a surplus exists in the employers' interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the fund's actuary. Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

17. Segment reporting

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

Operations are wholly within the State of New South Wales.

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

18. Commitments

Capital commitments

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

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Within one year	5,458	7,252	5,458	7,252
Later than one year but not later than five years	3,768	5,015	3,768	5,015
Later than five years	-	-	-	-
Capital commitments	9,226	12,267	9,226	12,267

Amounts disclosed as capital commitments includes GST of \$0.8 million (2012: \$1.1 million) recoverable from the Australian Taxation Office.

Capital commitments relate to the construction and enhancement of property, plant and equipment.

Operating lease commitments

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

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Within one year	1,939	1,932	1,939	1,932
Later than one year but not later than five years	7,773	8,209	7,773	8,209
Later than five years	10,680	13,152	10,680	13,152
Operating lease commitments	20,392	23,293	20,392	23,293
Representing non-cancellable operating leases	20,392	23,293	20,392	23,293

Amounts disclosed as operating lease commitments includes GST of \$1.9 million (2012: \$2.1 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.

19. Contingent liabilities and contingent assets

At reporting date, there are no known contingent liabilities or contingent assets.

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

20. Related parties

Subsidiaries

The Parent's only related party is the Sydney Catchment Authority Division (the Division). The Division is a Division of the Government Service, established pursuant to Part 2 and Part 3 of Schedule 1 of the *Public Employment & Management Act* 2002. The Division is regarded as a special purpose reporting entity as it was established specifically to provide personnel services exclusively to the Authority in order for it to exercise its functions described in its enabling legislation.

The Division is consolidated in accordance with the requirements of AASB Interpretation 112 'Consolidation - Special Purpose Entities'.

subsidiary	Country of Incorporation	Ownership Interest 2013	Ownership Interest 2012
Sydney Catchment Authority Division	Australia	100%	100%

Statement of comprehensive income - supply of personnel services by subsidiary

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Sydney Catchment Authority Division	-	-	29,859	60,073
Personnel services expenses	-	-	29,859	60,073

Statement of financial position - current liabilities payable to subsidiary

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Sydney Catchment Authority Division	-	-	55,648	60,357
Current liabilities payable to subsidiary	-	-	55,648	60,357

All transactions between the Authority and key management personnel are conducted in accordance with the requirements set out in NSW Treasury policy and guidelines including TC11/19 'Financial and annual reporting requirements arising from personnel service Arrangements' and TC11/18 'Financial reporting requirements for NSW Government entities including those affected by restructures'.

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

Board Members (non-executive)

The following Board members term expired during the current or previous reporting period

- Robert Rollinson	Chairman (Term expired on 22 May 2013)
- John Asquith	Board Member (Term expired on 22 August 2012)
- Stephen Corbett	Board Member (Term expired on 22 August 2012)
- David Evans	Board Member (Term expired on 6 October 2011)
- Louise Wakefield	Board Member (Term expired on 6 October 2011)
- Kenneth Wheelwright	Board Member (Term expired on 22 August 2012)
- Larry Whipper	Board Member (Term expired on 22 August 2012)

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

20. Related parties (continued)

The following Board members were appointed during the year:

- Mark Bethwaite AM	Board Member (Appointed on 21 November 2012) Chairman (Appointed as Chairman on 27 May 2013)
- Dr Nicholas Brunton	Board Member (Appointed on 21 November 2012)
- Geoffrey Kettle	Board Member (Appointed on 21 November 2012)
- Carmel Krogh	Board Member (Appointed on 21 November 2012)
- Anissa Lawrence	Board Member (Appointed on 21 November 2012)
- Nigel Milan	Board Member (Appointed on 21 November 2012)
- John Macarthur-Stanham	Board Member (Appointed on 21 November 2012)
- Professor Andrew Wilson	Board Member (appointed on 27 May 2013)

Chief Executive (executive)

- Ross Young	Chief Executive (Appointed on 2 October 2012)
- Michael Bullen	Chief Executive (Last day of service was 3 February 2012)
- Sarah Dinning	A/Chief Executive (4 February 2012 to 1 October 2012)

Group General Managers

- Graham Collins	Group General Manager, Finance & Business Services
- Sarah Dinning	Group General Manager, Corporate Development (last day of service was 10 May 2013)
- Simone Greenaway	Executive Director, Governance
- Fiona Smith	Group General Manager, Operations
- Ian Tanner	Group General Manager, Assets & Major Projects

During the current and previous reporting period officers held the role of Chief Executive and Group General Manager in an acting capacity from time-to-time.

Remuneration of key management personnel who held responsibility for controlling activities of the consolidated entity

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Short term employee benefits	1,766	1,701	245	207
Long term employee benefits	53	52	-	-
Post term employee benefits	170	163	21	17
Remuneration of key management personnel	1,989	1,916	266	224

21. Auditors' remuneration

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
The Audit Office of NSW - Audit of financial statements	163	163	163	163
Auditors remuneration	163	163	163	163

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

21. Auditors' remuneration (continued)

The audit fee for the financial audit of the Subsidiary is assumed by the Sydney Catchment Authority. The audit fee for the Subsidiary was \$7,000 (2012: \$7,000). The costs of this audit are included in the disclosure above.

22. Financial risk management

Overview

The consolidated entity has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the consolidated entity's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk; fair value disclosures as well as the consolidated entity's management of capital.

Financial instrument categories

			Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
Consolidated entity	Note	Measurement basis		
Financial assets				
Cash and cash equivalents	8	Fair value	41,933	27,969
Trade and other receivables ¹	9	Amortised cost	16,538	17,683
			58,471	45,652

			Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
Consolidated entity	Note	Measurement basis		
Financial liabilities				
Trade and other payables ²	13	Amortised cost	25,252	28,976
Borrowings	15	Amortised cost	439,004	467,648
Derivatives (assets) liabilities ³	15	Fair value through profit and loss	-	1,904
			464,256	498,528

			Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
Parent entity	Note	Measurement basis		
Financial assets				
Cash and cash equivalents	8	Fair value	41,933	27,969
Trade and other receivables ¹	9	Amortised cost	16,520	17,667
			58,453	45,636

Sydney Catchment Authority

Notes to the financial statements

For the year ended 30 June 2013

22. Financial risk management (continued)

Parent entity	Note	Measurement basis	Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
Financial liabilities				
Trade and other payables ²	13	Amortised cost	80,742	89,203
Borrowings	15	Amortised cost	439,004	467,648
Derivatives (assets) liabilities ³	15	Fair value through profit and loss	-	1,904
			519,746	558,755

¹Excludes statutory receivables

²Excludes statutory payables

³All the derivatives are 'held for trading'.

Risk management framework

The Board has overall responsibility for establishing and overseeing the consolidated entity's financial risk management framework. The Board has established the Audit & Risk Committee (the Committee), which is responsible for developing and monitoring the consolidated entity's financial risk management policies. The Committee reports regularly to the Board on its activities. The Executive of the Authority is responsible for ensuring that the policies are implemented and complied with.

Risk management policies are established to identify and analyse risks faced by the consolidated entity; to set appropriate risk limits and controls as well as monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the business environment and the consolidated entity's activities. The consolidated entity, through training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to identified risks. The Committee is assisted in its oversight by an Internal Audit function that outsources regular and ad hoc reviews of financial risk management controls and procedures. The results of these reviews are reported to the Committee.

Credit risk

Credit risk is the risk of financial loss to the consolidated entity should a customer or counterparty to a financial instrument fail to meet its contractual obligations, and arises principally from the consolidated entity's receivables from customers.

Trade and other receivables

As a means of monitoring customer credit risk, customers are grouped according to their nature: Water sales, fine & penalty debtors and other debtors. The maximum exposure to credit risk for trade and other receivables is the carrying value less any security held over the outstanding balance.

The parent is exposed to concentrations of credit risk in relation to its largest customer, Sydney Water Corporation. At 30 June 2013, Sydney Water Corporation accounted for 96 percent (2012: 95 percent) of trade receivables. Sydney Water has traded with the Authority since it was established in 1999. Since then, there has never been an instance that an outstanding balance payable by Sydney Water Corporation has been impaired.

Fine & penalty debtors are managed by the Office of State Revenue and Infringement Processing Bureau. Outstanding fines and penalties are regularly monitored by management.

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

22. Financial risk management (continued)

With respect to other receivables, the consolidated entity monitors outstanding balances on an ongoing basis and has policies in place to recover overdue amounts. As a means of mitigating the risk of financial losses from defaults, the consolidated entity only deals with creditworthy customers.

Analysis of trade and other receivables considered impaired as well as those past due but not impaired is disclosed in Note 9.

Cash and cash equivalents

The consolidated entity held cash and cash equivalent of \$41.9 million at 30 June 2012 (2012: \$28.0 million), which represents its maximum credit exposure on these assets. All cash and cash equivalents are held with T-Corp and Westpac which are rated AA to AAA, based on rating agency Standard & Poor's ratings.

Financial Guarantees

The consolidated entity does not provide financial guarantees.

Liquidity risk

Liquidity risk is the risk that consolidated entity will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient accordance with the Debt Management Framework approved by the Board.

Liquidity risk is measured by comparing projected net debt levels for the following twelve month period against total committed facilities. Projections incorporate the level of existing debt; operating cash flows, operating and capital expenditure and forecast revenue streams.

Liquidity risk is managed through the use of a cash flow forecasting model that aims to ensure there is sufficient working capital to service its commitments over the next 12-months; and the availability of long-term and short-term borrowing facilities.

In terms of borrowings facilities, T-Corp bears the liquidity risk in terms of its ability to access funding from financial markets and pass those funds onto the consolidated entity as and when required.

The consolidated entity maintains the following lines of credit:

	Approved facility	Balance used	Available balance
Borrowing facilities - 30 June 2013			
Long term borrowing facility	470,000	439,004	30,996
"Come & Go" borrowing facility	30,000	-	30,000
Cheque cashing facility	2	-	2
Tape negotiation authority	20,000	-	20,000
Credit card facility	95	7	88
Borrowing facility	520,097	439,011	81,086

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

22. Financial risk management (continued)

	Approved facility	Balance used	Available balance
Borrowing facilities - 30 June 2012			
Long term borrowing facility	484,000	469,552	14,448
"Come & Go" borrowing facility	30,000	-	30,000
Cheque cashing facility	2	-	2
Tape negotiation authority	20,000	-	20,000
Credit card facility	60	19	41
Borrowing facility	534,062	469,571	64,491

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

Contractual maturity of financial liabilities

All financial liabilities are expected to be settled within twelve months from reporting date except for borrowings. A contractual maturity analysis of borrowings at reporting date is disclosed in Note 15.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Derivatives

T-Corp buys and sells derivatives on behalf of the Parent to manage certain market risks. All such transactions are carried out in accordance with the Debt Management Framework approved by the Board. Derivatives are not traded for speculative purposes.

Each derivative contract has initial and variation margin requirements. Margin requirements on futures contracts provide part of the prudent risk management mechanism, and a financial safeguard, ensuring contract integrity and liquidity at exchange level. T-Corp regularly reports the consolidated entity's dollar sensitivity amount on open futures position. The information is used to decide whether management settle outstanding variation margins.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect income or the value of its financial instruments portfolio. The objective of market risk management is to manage and control market risk exposures within parameters approved by the Board.

Currency risk

Currency risk is the risk that future cash flows associated with a financial asset or financial liability will fluctuate because of changes in foreign exchange rates. Where a significant foreign currency exposure is identified, the transaction is fully hedged within two days of the exposure arising. There has been no material foreign currency exposures during the year.

Price risk

Price risk is the risk that the fair value or future cash flows associated with a financial instrument fluctuates because of changes in market prices other than those arising from interest rates or foreign currency exchange rates.

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

22. Financial risk management (continued)

The consolidated entity holds units in the T-Corp Hourglass (Cash) Facility which invests cash in the money market investment sectors. The investment horizon of the facility is two years. At reporting date, the carrying amount of the facility was \$31.0 million (2012: \$27.5 million).

The unit prices of the facility is equal to the total fair value of net assets divided by the number of units on issue. Unit prices are calculated and published daily. NSW Treasury Corporation is trustee for the facility and is required to act in the best interests of unit holders and to administer the trusts in accordance with the trust deeds. A significant portion of the administration of the facility has been outsourced to an external custodian.

Investment in Hourglass facilities limits the consolidated entity's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments. T-Corp provides sensitivity analysis for all facilities using historically based volatility information collected over a ten year period, quoted at two standard deviations.

Pursuant to NSW Treasury Accounting Policy TPP 08-1 *Accounting for Financial Instruments*, the Hourglass Cash Facility has been designated as a cash equivalent in accordance with in AASB 107 *Statement of Cash Flows*.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises from its borrowings portfolio and interest bearing deposits.

Objectives of interest rate risk management include:

- Minimise to interest movements such that the interest expense adversely impacts its ability to meet its financial obligations as and when they fall due.
- Achieve a 'neutral portfolio benchmark'.
- Comply with all regulatory and legislative requirements in relation to its debt portfolio.

The 'benchmark portfolio' compares the cost of debt relative to the actual debt portfolio. Limits are set by management in terms of the modified duration and hedging instruments position limits; and limits on accounting losses. The 'benchmark portfolio' is developed from T-Corp stocks and has a modified duration of approximately 4-years (within a band of 3.75 and 4.25 years).

At the reporting date the carrying amount and interest rate profile of the consolidated entity's interest-bearing financial instruments was:

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Fixed rate instruments¹				
Fixed loans Commonwealth guaranteed	22,757	22,720	22,757	22,720
Fixed loans State guaranteed	177,080	136,698	177,080	136,698
Fixed loans to Authorities	239,167	308,229	239,167	308,229
Fixed rate instruments	439,004	467,647	439,004	467,647

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

22. Financial risk management (continued)

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Variable rate instruments¹				
Cash and cash equivalents	41,933	27,969	41,933	27,969
Derivatives	-	1,904	-	1,904
Variable rate instruments	41,933	29,873	41,933	29,873

¹Other than fixed rate loans, which are presented at amortised cost, all financial instruments are presented at their fair value.

Fair value sensitivity analysis for fixed rate instruments

The consolidated entity does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and derivatives are not designated as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Fair value sensitivity analysis for variable rate instruments

A change of 100 basis points interest rates would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain the constant.

	Profit or loss		Equity	
	+ bp100	- 100bp	+ 100bp	- 100bp
Variable rate instruments - 30 June 2013				
Cash and cash equivalents	419	(419)	419	(419)
	419	(419)	419	(419)

	Profit or loss		Equity	
	+ bp100	- 100bp	+ 100bp	- 100bp
Variable rate instruments - 30 June 2012				
Cash and cash equivalents	280	(280)	280	(280)
Derivatives	(1,365)	1,365	(1,365)	(1,365)
	(1,085)	1,085	(1,085)	(1,645)

Fair values of financial instruments

All financial instruments are carried at fair value with the exception of borrowings which are carried at amortised cost.

In terms of cash and cash equivalents, receivables and payables, the carrying amount is considered to approximate the fair value because of the short term nature of the financial instrument. The fair value of interest bearing liabilities is disclosed in Note 15.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The analysis excludes those financial instruments whose carrying amount is a reasonable approximation of fair value such as cash and cash equivalents, and short-term receivables and payables.

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

22. Financial risk management (continued)

Fair value hierarchies are disaggregated as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated entity & parent entity - 30 June 2013				
Derivatives liabilities (assets)	-	-	-	-
Fair value hierarchy	-	-	-	-
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated entity & parent entity - 30 June 2012				
Derivatives liabilities (assets)	1,904	-	-	1,904
Fair value hierarchy	1,904	-	-	1,904

No financial instruments have been transferred between fair value hierarchies during the year (2012: Nil).

As noted in TPP 08-1 'Accounting for Financial Instruments', the T-Corp Hourglass (Cash) Facility is designated as cash and cash equivalent under AASB 107 Cash Flow Statements. These are measured at fair value with interest revenue accrued as earned such that the fair value is reflected at no less than the amount payable on demand (consistent with AASB 139.49). As a consequence, the carrying amount of the Facility is a reasonable approximation to its fair value.

Capital management

The Board's policy is manage capital such that it will sustain the future development of the business while meeting dividend targets set out in the Statement of Financial Framework. The Board seeks to balances between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. All decisions are made with reference to NSW Government policy.

The Board actively monitors financial performance indicators to ensure that the consolidated entity is optimising its capital structure including:

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Capital employed				
Interest bearing liabilities	439,004	469,552	439,004	469,552
Equity	812,038	779,558	812,038	779,558
Capital employed	1,251,042	1,249,110	1,251,042	1,249,110

Sydney Catchment Authority Notes to the financial statements

For the year ended 30 June 2013

22. Financial risk management (continued)

	Consolidated Entity 2013 \$'000	Consolidated Entity 2012 \$'000	Parent Entity 2013 \$'000	Parent Entity 2012 \$'000
Other indicators				
Gearing ratio ¹	35.09%	37.59%	35.09%	37.59%
Debt to equity ratio ²	54.06%	60.23%	54.06%	60.23%
Dividend payout ratio ³	75.00%	75.00%	75.00%	75.00%

¹ Calculated as: Interest bearing debt / (interest bearing debt + equity)

² Calculated as: Interest bearing debt / total equity

³ Calculation methodology is outlined in Note 3(l)

End of audited financial statements.

Sydney Catchment Authority Division



Financial statements for the year ended 30 June 2013

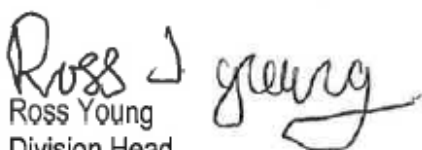


SYDNEY CATCHMENT AUTHORITY DIVISION OF THE GOVERNMENT SERVICE
STATEMENT BY DIVISION HEAD

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

- a) exhibit a true and fair view of the financial position of the Sydney Catchment Authority Division of the Government Service as at 30 June 2013 and its financial performance for the year then ended
- b) comply with applicable Australian Accounting Standards (including Australian Accounting Interpretations), the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2010 and the Treasurer's Directions.

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


Ross Young
Division Head

19 September 2013



INDEPENDENT AUDITOR'S REPORT

Sydney Catchment Authority Division

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Sydney Catchment Authority Division (the Division), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Basis for Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Division as at 30 June 2013, and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Division Head's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards, and 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.



James Sugumar
Director, Financial Audit Services

19 September 2013
SYDNEY

Sydney Catchment Authority Division Statement of comprehensive income

For the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Personnel services revenue	4	29,859	60,073
Personnel services revenue		29,859	60,073
Employee related expenses	5	34,908	36,123
Employee related expenses		34,908	36,123
Operating result for the year		(5,049)	23,950
Other comprehensive income			
Items will not be reclassified to operating result			
Defined benefit plan actuarial gains (losses)	9	5,049	(23,950)
Total other comprehensive income		5,049	(23,950)
Comprehensive income for the year		-	-

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

Sydney Catchment Authority Division
Statement of financial position
For the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
ASSETS			
Current assets			
Trade and other receivables	6	55,666	60,373
Other non-financial assets	7	-	499
Current assets		55,666	60,872
ASSETS		55,666	60,872
LIABILITIES			
Current liabilities			
Trade and other payables	8	206	130
Provisions	9	16,222	15,872
Current liabilities		16,428	16,002
Non-current liabilities			
Provisions	9	39,238	44,870
Non-current liabilities		39,238	44,870
LIABILITIES		55,666	60,872
NET ASSETS		-	-
EQUITY			
Accumulated funds		-	-
EQUITY		-	-

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

Sydney Catchment Authority Division

Statement of changes in equity

For the year ended 30 June 2013

	Note	Accumulated Funds		Total Equity	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Balance at the beginning of the year		-	-	-	-
Comprehensive income					
Operating result for the year		(5,049)	23,950	(5,049)	23,950
Defined benefit plan actuarial gains (losses)	9	5,049	(23,950)	5,049	(23,950)
Comprehensive income for the year		-	-	-	-
Balance at the end of the year		-	-	-	-

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

Sydney Catchment Authority Division

Statement of cash flows

For the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Net cash from operating activities	14	-	-
Net cash from investing activities		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash & cash equivalents at beginning of year			
Cash & cash equivalents at end of year		-	-

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

Sydney Catchment Authority Division

Notes to the financial statements

For the year ended 30 June 2013

1. REPORTING ENTITY

The Sydney Catchment Authority Division (the Division) is a Division of the Government Service, established pursuant to Part 2 and Part 3 of Schedule 1 of the *Public Sector Employment and Management Act 2002* (PSEMA). The Division is a not-for-profit entity domiciled in Australia. Its principal office is located at Level 4, 2-6 Station Street, Penrith NSW 2750.

On 17 March 2006 the Division commenced operations and assumed responsibility for the employees and employee-related liabilities of the Sydney Catchment Authority (the Authority). The Division's sole objective is to provide personnel services to the Authority.

The Division is regarded as a special purpose entity, established specifically to provide personnel services to the Authority to enable it to exercise functions. The Division undertakes no other activities other than the provision of personnel services to the Authority.

The Division is a reporting entity that is controlled by the Authority. Accordingly, these financial statements are consolidated into the financial statements of the Authority.

2. BASIS OF PREPARATION

a) Statement of compliance

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

- Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation; and
- the Financial Reporting Directions issued by the Treasurer

The financial statements comply with Australian Accounting Standards issued by the Australian Accounting Standards Board.

The financial statements were authorised for issue by the Division Head on 19 September 2013.

b) 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:

- Defined benefit superannuation liabilities are stated at the present value of accrued defined benefit obligations less the fair value of fund assets.
- Non-current as well as long-term provisions expected to be settled later than 12-months from the reporting date are stated at the present value of the future estimated obligations for the relevant liabilities.

c) Functional and presentation currency

All financial information is presented in Australian dollars, which is the Division's functional currency.

All amounts have been rounded to the nearest thousand dollars unless otherwise stated.

d) Use of estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies as well as the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in the relevant notes to the financial statements.

Similarly, information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the notes to the financial statements.

e) Changes in accounting policies

From 1 July 2012, the Division applied amendments to AASB 101 *Presentation of Financial Statements* outlined in AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*. The change in accounting policy only relates to disclosure and has had no impact on the operating result. The changes have been applied retrospectively and require the Division to separately present items of other comprehensive income that may be reclassified to operating result in the future from those that will never be reclassified to the operating result. These items are included in the statement of other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Sydney Catchment Authority Division

Notes to the financial statements

For the year ended 30 June 2013

All policies of the financial statements have been consistently applied to all years presented, unless otherwise stated.

Comparative amounts in the statement of other comprehensive income are sometimes reclassified to conform with the current year's presentation. Where this occurs, the nature, amount and reason for the reclassification is included in the notes to the financial statements.

a) Revenue

Revenue is income that arises in the course of ordinary activities. Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Division and the revenue can be reliably measured. Revenue is not considered to be reliably measureable until all contingencies relating to the supply of personnel services are resolved.

b) Goods & services tax

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the statement of financial position. The Division and the Authority are grouped for GST purposes such that inter-entity charges do not include a component for GST.

Commitments are disclosed inclusive of GST where applicable.

c) Financial instruments

i. Trade and other receivables

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

Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

ii. Impairment of financial assets

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

iii. Trade and other payables

Trade and other payables represent liabilities for goods and services received prior to the end of the financial year that remained unpaid. The liabilities are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

d) Employee Benefits

i. Wages & salaries, recreation leave, and associated on-costs

Liabilities for wages and salaries (including non-monetary benefits) and recreation leave that are due to be settled within 12-months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term recreation leave that is not expected to be taken within 12-months is measured to its present value at the reporting date in accordance with AASB 119 *Employee Benefits*. Market yields on Australian Government bonds are used to discount long-term recreation leave.

The bond rate used to discount long-term recreation leave to its present value at the reporting date was 3.76 percent (2012: 3.04 percent). This rate represents the yield that matches as closely as possible the estimated timing of expected payments.

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

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

ii. Long service leave

The liability for long service leave is measured at present value using the

Sydney Catchment Authority Division

Notes to the financial statements

For the year ended 30 June 2013

Projected Unit Credit (PUC) method in accordance with AASB 119 *Employee Benefits*. Market yields on Australian Government bonds are used to discount long service leave. This rate represents the yield that matches as closely as possible the estimated timing of expected payments.

The bond rates used at reporting date ranged from 2.5 percent to 4.3 percent (2012: 3.0 percent to 3.4 percent).

Amounts expected to be settled within twelve months of reporting date are not discounted.

iii. *Defined contribution superannuation plans*

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

Contributions to defined contribution superannuation plans are recognised as an expense when employees have rendered service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Contributions to a defined contribution plan that is due more than 12-months after the end of the period in which the employees render the service are discounted to their present value.

iv. *Defined benefit superannuation plans*

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

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial

position, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. When determining the liability consideration is given to future salary and wage levels, experience of employee departures and periods of service. Prepaid contributions are recognised as an asset to the extent that cash refund/reduction in future payments is available.

AASB 119 *'Employee Benefits'* does not specify whether the current and non-current portions of assets and liabilities arising from post-employment benefits are required to be disclosed because at times the distinctions may be arbitrary. The liability is disclosed as non-current as this best reflects when the liability is likely to be settled.

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

Actuarial gains and losses are recognised in full in the statement of comprehensive income in the period in which they occur.

Past service costs are recognised immediately as an expense in profit or loss unless the changes to the superannuation fund are conditional on employees remaining in service for a vesting period in which case, the past service costs are amortised on a

straight-line basis over the vesting period.

Assumptions underlying defined benefit superannuation expenses and liability are disclosed in Note 9, 'Defined benefit superannuation schemes'.

v. *Termination benefits*

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

Termination benefits falling due more than twelve months after reporting date are discounted to present value.

e) *Standards and Interpretations issued but not yet effective*

A number of new standards and interpretations are effective for annual periods beginning after 1 July 2012 and have not been applied in preparing these consolidated financial statements.

Those which may be relevant the Division are set out below. The Division does not plan to adopt these standard early.

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets

Sydney Catchment Authority Division

Notes to the financial statements

For the year ended 30 June 2013

compared with the requirements of AASB 139. The consolidated entity has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2015 and work is still underway to finalise the remaining phases of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*.

However, the Division needs to assess the impact of the change in measurement principles of expected return on plan assets. AASB 119 is effective for annual reporting periods beginning on or after 1 January 2013.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted by other accounting standards.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

The Division is yet to undertake a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively.

AASB 119 Employee benefits

AASB 119 changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains or losses will not impact the consolidated entity as the accounting requirement aligns to the one currently adopted for financial reporting.

Sydney Catchment Authority Division

Notes to the financial statements

For the year ended 30 June 2013

4. Personnel services revenue

	2013 \$'000	2012 \$'000
Revenue		
Personnel services revenue		
Personnel services revenue	29,859	60,073
Personnel services revenue	29,859	60,073

5. Employee related expenses

	2013 \$'000	2012 \$'000
Expenses		
Employee related expenses		
Salaries and wages (including recreation leave and redundancies)	29,300	28,865
Superannuation	2,326	2,432
Long service leave	790	2,598
Employment related taxes	1,961	1,754
Workers compensation insurance	531	474
Employee related expenses	34,908	36,123

6. Trade and other receivables

	2013 \$'000	2012 \$'000
Trade and other receivables		
Trade receivables	55,666	60,373
Trade and other receivables	55,666	60,373

Details regarding the Division's financial risk management policies are disclosed in Note 15.

7. Other non-financial assets

	2013 \$'000	2012 \$'000
Other non-financial assets		
Prepaid expenses	-	499
Other non-financial assets	-	499

Sydney Catchment Authority Division

Notes to the financial statements

For the year ended 30 June 2013

8. Trade and other payables

	2013 \$'000	2012 \$'000
Trade and other payables		
Accrued salaries and wages and associated oncosts	206	130
Trade and other payables	206	130

The Division's financial risk management policies are disclosed in Note 15.

9. Provisions

	2013 \$'000	2012 \$'000
Current		
Provisions expected to be settled within 12-months		
Employee benefits ¹	3,788	3,701
Fringe benefit tax ²	45	36
	3,833	3,737
Current		
Provisions expected to be settled later than 12 months		
Employee benefits	12,389	12,135
Current provisions	16,222	15,872
Non-current provisions		
Employee benefits	39,238	44,870
Non-current provisions	39,238	44,870

¹ Assumptions underlying the provision for employee entitlements is outlined in Note 3(d)

² The amount provided for FBT is based on the actual liability at 31 March 2013. There is inherent uncertainty over what the actual liability will be until it is calculated at 31 March 2014.

(b) Defined benefit superannuation schemes

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

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

State Authorities Non-Contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

Sydney Catchment Authority Division

Notes to the financial statements

For the year ended 30 June 2013

9. Provisions (continued)

Reconciliation of the present value of the defined benefit obligation

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Total 2013 \$'000
Present value of obligation at beginning of the year	14,667	3,659	61,664	79,990
Current service cost	400	153	513	1,066
Interest cost	429	107	1,871	2,407
Contributions by fund participants	220	-	348	568
Actuarial gains (losses)	678	(272)	(2,023)	(1,617)
Benefits paid	(1,177)	(136)	105	(1,208)
Present value of benefits at the end of the year	15,217	3,511	62,478	81,206

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Total 2012 \$'000
Present value of benefits at the beginning of the year	14,362	3,372	40,479	58,213
Current service cost	361	151	342	854
Interest cost	732	170	2,115	3,017
Contributions by fund participants	221	-	346	567
Actuarial gains (losses)	1,198	286	19,790	21,274
Benefits paid	(2,207)	(320)	(1,408)	(3,935)
Present value of benefits at the end of the year	14,667	3,659	61,664	79,990

Reconciliation of the fair value of fund assets

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Total 2013 \$'000
Fair value of fund assets at the beginning of the year	8,858	1,952	24,695	35,505
Expected return on fund assets	724	161	2,094	2,979
Actuarial gains (losses)	731	157	2,544	3,432
Employer contributions	433	146	346	925
Contributions by Fund participants	220	-	348	568
Benefits paid	(1,177)	(136)	104	(1,209)
Fair value of fund assets at the end of the year	9,789	2,280	30,131	42,200

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Total 2012 \$'000
Fair value of fund assets at the beginning of the year	10,419	2,122	24,939	37,481
Expected return on fund assets	871	176	2,122	3,169
Actuarial gains (losses)	(873)	(176)	(1,627)	(2,676)
Employer contributions	427	151	323	901
Contributions by Fund participants	221	-	346	567
Benefits paid	(2,207)	(320)	(1,408)	(3,935)
Fair value of fund assets at the end of the year	8,858	1,953	24,695	35,507

Sydney Catchment Authority Division

Notes to the financial statements

For the year ended 30 June 2013

9. Provisions (continued)

Reconciliation of the assets and liabilities recognised in the statement of financial position

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Total 2013 \$'000
Present value of defined benefit obligation at end of year	15,217	3,511	62,478	81,206
Fair value of fund assets at the end of the year	(9,789)	(2,280)	(30,131)	(42,200)
Liability in statement of financial position	5,428	1,231	32,347	39,006

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Total 2012 \$'000
Present value of defined benefit obligation at end of year	14,667	3,659	61,664	79,990
Fair value of fund assets at the end of the year	(8,857)	(1,953)	(24,695)	(35,505)
Liability in statement of financial position	5,810	1,706	36,969	44,485

Expense recognised in profit or loss

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Total 2013 \$'000
Current service cost	400	153	513	1,066
Interest cost	429	107	1,871	2,407
Expected return on fund assets (net expenses)	(724)	(160)	(2,094)	(2,978)
Expense (income) recognised in profit or loss	105	100	290	495

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Total 2012 \$'000
Current service cost	361	151	342	854
Interest cost	732	170	2,115	3,017
Expected return on fund assets (net expenses)	(871)	(176)	(2,122)	(3,169)
Expense (income) recognised in profit or loss	222	145	335	702

Cumulative amount recognised in the Division's statement of comprehensive income

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Total 2013 \$'000
Actuarial (gains)/losses	(53)	(429)	(4,567)	(5,049)
Amount recognised in comprehensive income	(53)	(429)	(4,567)	(5,049)

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Total 2012 \$'000
Actuarial losses	2,071	462	21,417	23,950
Amount recognised in comprehensive income	2,071	462	21,417	23,950

Sydney Catchment Authority Division

Notes to the financial statements

For the year ended 30 June 2013

9. Provisions (continued)

Fund assets

The percentage invested in each asset class at the reporting date:

	2013	2012
Australian equities	30.4%	28.0%
Overseas equities	26.1%	23.7%
Australian fixed interest securities	6.9%	4.9%
Overseas fixed interest securities	2.2%	2.4%
Property	8.3%	8.6%
Cash	13.1%	19.5%
Other	13.0%	12.9%

Fair value of fund assets

All Fund assets are invested by SAS Trustee Corporation at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on fund assets

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Total 2013 \$'000
Actual return on fund assets	1,505	318	4,229	6,052
Return on fund assets	1,505	318	4,229	6,052

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Total 2012 \$'000
Actual return on fund assets	(8)	-	1	(7)
Return on fund assets	(8)	-	1	(7)

Valuation method and principal actuarial assumptions at reporting date

Valuation method

The projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Sydney Catchment Authority Division

Notes to the financial statements

For the year ended 30 June 2013

9. Provisions (continued)

Economic assumptions

	2013 Per Annum	2012 Per Annum
Salary increase rate (excluding promotional increases) - 2013/14	2.25%	2.50%
Salary increase rate (excluding promotional increases) - 2014/15	2.25%	2.50%
Salary increase rate (excluding promotional increases) - 2015/16 to 2019/20	2.00%	2.50%
Salary increase rate (excluding promotional increases) - 2020/21 onwards	2.50%	2.50%
Rate of CPI increase	2.50%	2.50%
Expected rate of return on assets	8.60%	8.60%
Discount rate	3.80%	3.06%

Demographic assumptions

The demographic assumptions at 30 June 2013 are those that were used in the 2012 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

Historical Information

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Total 2013 \$'000
Present value of defined benefit obligation	15,217	3,511	62,478	81,206
Fair value of fund assets	(9,789)	(2,280)	(30,131)	(42,200)
(Surplus) deficit in fund	5,428	1,231	32,347	39,006
Experience adjustments - fund liabilities	678	(272)	(2,023)	(1,617)
Experience adjustments - fund assets	(731)	(157)	(2,544)	(3,432)

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Total 2012 \$'000
Present value of defined benefit obligation	14,667	3,659	61,664	79,990
Fair value of fund assets	(8,857)	(1,953)	(24,695)	(35,505)
(Surplus) deficit in fund	5,810	1,706	36,969	44,485
Experience adjustments - fund liabilities	1,198	286	19,790	21,274
Experience adjustments - fund assets	873	176	1,627	2,676

Aggregate historical information

	Total 2013 \$'000	Total 2012 \$'000	Total 2011 \$'000	Total 2010 \$'000	Total 2009 \$'000
Present value of obligation	81,206	79,990	58,214	54,598	50,427
Fair value of fund assets	(42,200)	(35,505)	(37,480)	(34,678)	(35,071)
(Surplus) deficit in fund	39,006	44,485	20,734	19,920	15,356
Experience adjustments - fund liabilities	(1,617)	21,274	1,443	3,633	4,456
Experience adjustments - fund assets	(3,432)	2,676	(403)	2,648	6,936

Sydney Catchment Authority Division

Notes to the financial statements

For the year ended 30 June 2013

9. Provisions (continued)

Expected contributions

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Total 2013 \$'000
Expected employer contributions	418	150	323	891
Expected employer contributions	418	150	323	891

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Total 2012 \$'000
Expected employer contributions	419	157	322	898
Expected employer contributions	419	157	322	898

Funding arrangements for employer contributions

(Surplus) / Deficit

The following is a summary of the financial position of the fund calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans*.

	SASS 2013 \$'000	SANCS 2013 \$'000	SSS 2013 \$'000	Total 2013 \$'000
Accrued benefits	12,851	2,947	34,410	50,208
Net market value of fund assets	(9,789)	(2,280)	(30,131)	(42,200)
Net (surplus) / deficit	3,062	667	4,279	8,008

	SASS 2012 \$'000	SANCS 2012 \$'000	SSS 2012 \$'000	Total 2012 \$'000
Accrued benefits	12,359	3,116	30,378	45,853
Net market value of fund assets	(8,858)	(1,952)	(24,695)	(35,505)
Net (surplus) / deficit	3,501	1,164	5,683	10,348

Contribution recommendations

Recommended contribution rates for the Division for the current and previous reporting period are:

SASS	SANCS	SSS
Multiple of member contributions	Percentage of member salary	Multiple of members contribution
1.90	2.50	0.93

Sydney Catchment Authority Division

Notes to the financial statements

For the year ended 30 June 2013

9. Provisions (continued)

Funding method

Contribution rates are set after discussions between the employer, the SAS Trustee Corporation and NSW Treasury.

Economic assumptions

The weighted average economic assumptions adopted for the last actuarial review of the fund are:

Per annum	
Expected rate of return on fund assets backing current pension liabilities	8.3%
Expected rate of return on fund assets backing other liabilities	7.3%
Expected salary increase rate	2.7% for 6 years then 4%
Expected rate of CPI increase	2.5%

Nature of asset / liability

If a surplus exists in the employers' interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary. Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

10. Segment reporting

The Division operates exclusively as one business segment in the provision of personnel services to the Authority. Its area of operations is wholly within the State of New South Wales.

11. Commitments

There were no commitments contracted for at reporting date that were not already been recognised as a liability.

12. Auditors' remuneration

The audit fee for the financial audit of the Division is assumed by the Authority. The audit fee for the Division was \$7,000 (2012: \$7,000).

13. Contingent liabilities

At reporting date there were no legal matters outstanding or other contingent liabilities which are expected to result in material claim against the Division.

Sydney Catchment Authority Division

Notes to the financial statements

For the year ended 30 June 2013

14. Reconciliation of operating result to cash flows used in operating activities

Reconciliation of profit after tax to net cash from operating activities in the statement of cash flows is as follows:

	2013 \$'000	2012 \$'000
Operating result	(5,049)	23,950
Adjustments for revenue and expenses recognised in equity		
Defined benefit plan actuarial gains (losses)	5,049	(23,950)
Movement in applicable statement of financial position items		
Increase (decrease) in trade and other receivables	(4,707)	25,438
Increase (decrease) in other non-financial assets	(499)	174
(Increase) decrease in trade and other payables	(76)	170
(increase) decrease in provisions	5,282	(25,782)
Net cash from operating activities	-	-

15. Financial risk management

Overview

The Division's principal financial instruments comprise receivables and payables. The Chief Executive of the Sydney Catchment Authority has responsibility for the establishment and oversight of risk management. Compliance with risk management policies are periodically reviewed by internal auditors.

Net fair values

Financial instruments are carried at amortised cost. The resultant values are reported in the statement of financial position and are deemed to constitute net fair value due to their short term nature. The Division does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Financial Instrument categories

			Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
	Note	Measurement basis		
Financial assets and financial liabilities				
Trade and other receivables	6	Amortised cost	55,666	60,373
Trade and other payables	8	Amortised cost	206	130

Sydney Catchment Authority Division

Notes to the financial statements

For the year ended 30 June 2013

15. Financial risk management (continued)

Credit risk

Credit risk arises when there is the possibility that default on their contractual obligations. The maximum exposure to credit risk is this represented by the carrying amounts of the financial assets.

All receivables are the Sydney Catchment Authority, comprising salaries and entitlements of employee services provided. There are no financial assets that are past due or impaired. No collateral is held by the Division and it has not granted any financial guarantees.

Liquidity risk

Liquidity risk is the risk that the Division will be able to meet its payment obligations when they fall due. The financial liabilities recognised are for amounts due to be paid in the future for employee services received. Amounts owing to employees are settled as they fall due. The Division is not exposed to interest rate risk and amounts are expected to be settled within 12 months. During the current and previous year there were no defaults or breaches on any amounts payable. No assets have been pledged as collateral.

Market risk

Market risk is the risk that the fair value of the financial instrument will fluctuate because of a change in market prices. The Division does not have exposure to market risk as all financial instruments relate to employee payments made by the Trust. The Division has no exposure to foreign currency or interest rate risk and does not enter into commodity contracts.

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial instruments are carried at fair value. For trade and other receivables and trade and other payables, the carrying amount is considered to approximate its fair value. This is because of the short-term nature of these financial assets and financial liabilities.

End of audited financial statements.

Appendices

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Appendix 1 - SCA Board

Details of members of both the current and former Board are set out below.

Qualifications of current Board as at 30 June 2013

Mark Bethwaite AM **Chairman (From 27 May 2013),** **Board member (From 21 November 2012)**

Mr Bethwaite is a Civil Engineer by profession and his early career was in the field of hydraulic engineering. He has wide experience in listed companies and in the public sector, having chaired both Commonwealth and State cultural institutions.

He now sits on the boards of a number of organisations, including the Foundation for National Parks and Wildlife.

Mr Bethwaite was a member of the Board's Audit and Risk Committee and Asset Management Committee prior to being appointed Board Chairman.

Ross Young **Chief Executive (From 2 October 2012)**

Mr Young served as Executive Director of Water Services Association of Australia for seven years and most recently has been Business Leader for Water at engineering firm GHD. Previously he was Melbourne Water's Group Manager, System Planning and was responsible for the planning and management of the wholesale water supply system.

Complementing his industry experience is a Diploma of Horticultural Science, a Bachelor of Applied Science, an MBA and a Graduate Diploma in Natural Resources Law from the University of Melbourne.

Ross is a member of the Board's Audit and Risk Committee, Asset Management Committee, Catchments and Compliance Committee and the Health and Science Committee.

Dr Nicholas Brunton (From 21 November 2012)

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 is Chair of the Board's Catchments and Compliance Committee and a member of the Health and Science Committee.

Geoffrey Kettle (From 21 November 2012)

Geoffrey Kettle is the Mayor of Goulburn Mulwaree Council and runs a newsagency in the catchment. He is Patron of the Goulburn Field Naturalist's Society and has been a Councillor on Council since 2009.

Councillor Kettle is a member of the Board's Asset Management Committee and the Catchments and Compliance Committee.

Carmel Krogh (From 21 November 2012)

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 is the Chair of the Board's Asset Management Committee and a member of the Health and Science Committee.

Anissa Lawrence (From 21 November 2012)

Anissa Lawrence is the Director and founder of TierraMar, an environmental consultancy specialising in sustainable coastal and marine conservation, institutional strengthening and strategic planning in natural resource management, conservation and fisheries management solutions. She has held the roles of CEO of OceanWatch Australia, Senior Environmental Risk Manager at Parsons Brinckerhoff, Senior Manager of PricewaterhouseCoopers and is a Chartered Accountant.

Ms Lawrence is a member of the Board's Audit and Risk Committee, Catchments and Compliance Committee and the Health and Science Committee.

Nigel Milan AM (From 21 November 2012)

Nigel Milan was the Chief Executive Officer of the Australian Radio Network from 1995-1998 and Managing Director of SBS from 1998 until 2006. He was CEO of the Royal Flying Doctor Service from 2006 until 2010 and a Board member of the Fred Hollows Foundation for 10 years, five of those as Chair. He runs a beef cattle farm in the catchment.

Mr Milan is Chair of the Health and Science Committee, a member of the Audit and Risk Committee, and Catchments and Compliance Committee.

John Macarthur-Stanham (From 21 November 2012)

John Macarthur-Stanham is Vice Chairman of Dairy Farmers Milk Co-operative and Vice Chairman of Trust Company Australia. He has extensive agricultural experience in the dairy and chicken industries and held a number of senior management positions with CSR.

Mr Macarthur-Stanham is the Chair of the Audit and Risk Committee and is a member of the Asset Management Committee.

Professor Andrew Wilson (From 27 May)

Professor 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.

Qualifications of former Board members during 2012-13

Robert Rollinson – Chairman (1 July 2012 – 22 May 2013)

Robert Rollinson is an experienced business executive and board director with over 40 years' worldwide experience. He has held chief and senior executive positions in companies in Australia and overseas, mainly focussed in the energy, utilities, infrastructure and finance sectors in companies such as Pacific Power, National Power, BurnVoor Partners, Chase Manhattan Bank and the Macquarie Group.

Robert holds an Honours degree in Engineering, a Master of Engineering Science, a Postgraduate Diploma of Management and is a Fellow of the Institution of Engineers Australia.

Robert was Chair of the Board's Prosecutions Committee, a member of the Asset Management Committee, and a member of the Catchments and Water Quality Committee.

Sarah Dinning – A/Chief Executive (1 July 2012 – 2 October 2012)

Sarah Dinning was Acting Chief Executive from 1 July 2012 until 2 October 2012. Since joining the SCA in December 2008, she led the development and implementation of the SCA's Corporate Sustainability Strategy and the 2010–2015 Strategic Science Plan. Underpinning these has been the engagement of staff to create an innovative culture. Her past achievements include the successful negotiation of high level commercial agreements on behalf of government. Prior to joining the SCA, Sarah was Senior Policy Manager at the Office of the Co-ordinator General, Department of Premier and Cabinet, where she was involved in significant state infrastructure projects for NSW. Sarah has qualifications in science and public administration and is a graduate of the Australian Institute of Company Directors.

John Asquith (1 July 2012 – 22 August 2012)

John Asquith was the nominee of Nature Conservation Council of NSW on the former SCA Board. He is Chairman of the Community Environment Network and a Chair of the Central Coast Marine Discovery Centre. John is a member of the University of Newcastle Foundation and has been a trustee of the NSW Environmental Trust and a member of the NSW Bushfire Coordinating Committee. He holds Bachelor of Engineering and Master of Arts degrees.

Mr Asquith was a member of the Asset Management Committee and Audit and Risk Committee.

Stephen Corbett (1 July 2012 – 22 August 2012)

Stephen Corbett is the Associate Director, Population Health, Clinical Support Division (Western). Since graduating in medicine at the University of Queensland in 1975 he has worked as a general practitioner and as an occupational and public health

physician. He worked for NSW Health from 1990 to 2003 holding a number of key positions, including Director of the Environmental Branch. He has been with the Sydney West Area Health Service since 2003. Stephen has been a consultant for WHO and the United Nations Environment Program, a founding member of the enHealth Council, and has been appointed to the board of Food Standards Australia New Zealand. He holds a Conjoint Associate Professorship at the school of Population Health and Western Clinical School, University of Sydney.

Stephen was a member of the former Board's Audit and Risk Committee, and Catchments and Water Quality Committee.

Larry Whipper (1 July 2012 – 22 August 2012)

Larry Whipper was the local government representative on the former SCA Board. Larry Whipper is Deputy Mayor of Wingecarribee Shire Council and is in his fourth term as a councillor. He has served as a member of the Robertson Environment Protection Society (REPS) since 1992. Larry helped establish Wingecarribee Shire Council's Environment Committee and successfully advocated for an environment levy which has improved environmental protection and restoration in the Hawkesbury-Nepean Catchment since 2001.

He is a representative on the Hawkesbury-Nepean Local Government Advisory Group and assisted in forming the Wingecarribee Aboriginal Advisory Committee which he has chaired since 2001. He served as a member of the Hawkesbury-Nepean Catchment Management Board from 2002 to 2003 and as Chair of the Hawkesbury-Nepean Catchment Management Authority Establishment Team until May 2004. He is a graduate of the Australian Institute of Company Directors.

Cr Whipper was a member of the former Board's Audit and Risk Committee, Asset Management Committee and Prosecution Committee.

Kenneth Wheelwright (1 July 2012 – 22 August 2012)

Kenneth Wheelwright was the NSW Farmers Association nominee on the former SCA Board. He manages a grazing property on the upper Wollondilly River and has an active interest in developing sustainable, regenerative and profitable farm management practices. He is also a director on

the Hawkesbury-Nepean Catchment Management Authority Board.

Mr Wheelwright holds a Bachelor of Rural Science from the University of New England, a Bachelor of Business from Charles Sturt University, and has trained in holistic farm management.

Mr Wheelwright was Chair of the former Board's Catchments and Water Quality Committee.

Standing committees

The current SCA Board has four committees which assist the Board in decision making. These are:

Audit and Risk Committee – ensures the effectiveness of the SCA's internal and external audit and risk management processes.

Catchments and Compliance Committee – assists the Board with catchment operations, management and protection, and compliance and investigations.

Health and Science Committee – assists the Board in ensuring public health will be protected and ensuring policy is supported by rigorous science.

Asset Management Committee – provides a strategic overview of the SCA's asset management and capital investment program.

Until August 2012, under the former Board the committees were: Audit and Risk, Catchments and Water Quality, Asset Management, and Prosecutions. The Prosecutions Committee did not convene during the year and was absorbed by the Catchments and Compliance committee.

Board and Committee meeting attendance 2012-13

Board meeting attendance		
	Meetings held	Meetings attended
Mark Bethwaite (21/11/12 – ongoing)	6	6
Ross Young (2/10/12 – ongoing)	6	6
Nicholas Brunton (21/11/12 – ongoing)	6	6
Geoff Kettle (21/11/12 – ongoing)	6	5
Carmel Krogh (21/11/12 – ongoing)	6	6
Anissa Lawrence (21/11/12 – ongoing)	6	6
Nigel Milan (21/11/12 – ongoing)	6	6
John Macarthur-Stanham (21/11/12 – ongoing)	6	6
Andrew Wilson (27/5/12 – ongoing)	2	2
Bob Rollinson (1/7/12 – 22/5/2-13)	5	5
Larry Whipper (1/7/12 – 22/8/12)	1	1
John Asquith (1/7/12 – 22/8/12)	1	1
Ken Wheelwright (1/7/12 – 22/8/12)	1	1
Stephen Corbett (1/7/12 – 22/8/12)	1	1
Sarah Dinning (1/7/12 – 2/10/12)	1	1

Board Standing Committee Meeting Attendance 2012-13								
	Audit and Risk		Asset Management		Catchments and Compliance		Health and Science	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mark Bethwaite (21/11/12 – ongoing)	1	1	2	2				
Ross Young (2/10/12 – ongoing)	1	1	2	2	1	1	1	1
Nicholas Brunton (21/11/12 – ongoing)					1	1	1	1
Geoff Kettle (21/11/12 – ongoing)			2	1	1	1		
Carmel Krogh (21/11/12 – ongoing)			2	2			1	1
Anissa Lawrence (21/11/12 – ongoing)	1	1			1	1	1	1
Nigel Milan (21/11/12 – ongoing)	1	1			1	1	1	1
John Macarthur-Stanham (21/11/12 – ongoing)	1	1	2	2				
Andrew Wilson (27/5/12 – ongoing)								
John Asquith (1/7/12 – 22/8/12)	1	1						
Larry Whipper (1/7/12 – 22/8/12)	1	1						
Stephen Corbett (1/7/12 – 22/8/12)	1	1						

SCA Board Code of Conduct

Members of the SCA Board must comply with the principles contained in the Board Code of Conduct. These principles include respecting people and acting responsibly, honestly, responsively and in the public interest. The Board Code of Conduct is set out below and is also available on the SCA's website.

Principles of conduct

Responsibility and impartiality

Board members have an obligation, at all times, to comply with the spirit, as well as the letter, of the law, and with the principles contained in this code. Board members must comply with any administrative requirements and implementation of policies and decisions of the government of the day in an impartial manner.

Respect for people

People should be treated fairly and consistently, in a non-discriminatory manner and with proper regard to their rights and obligations. Board decisions should be reasonable, fair and appropriate to the circumstances, based on consideration of the relevant facts and supported by adequate documentation.

Honesty integrity and the public interest

Board members should promote confidence in the integrity of public administration and act honestly in the public interest. Board members should only use their authority and available resources and information for the purpose they are intended.

Responsive service

Board members must understand their role and the role of the Minister in relation to the Board. Members should have an understanding of the SCA's stakeholder needs and expectations.

Economy and efficiency

Board members should look for ways to improve organisation performance and promote high standards of administration.

Personal and professional behaviour

Board members must perform their functions with integrity, impartiality, honesty, conscientiousness and

loyalty to the public interest. Board members must act honestly, in good faith and use the powers of office for a proper purpose and in the best interest of the Board as a whole. Board members should not engage in conduct likely to bring discredit upon the SCA or take improper advantage of their position. Board members have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.

Accountability

Public expenditure

Board members must ensure efficient and responsible expenditure of public funds in accordance with government legislation, policy and guidelines.

Decision making

Board members will use board meetings as the appropriate forum for discussion of all relevant issues. Members must abide by the Board processes regarding board meetings documented in the SCA's governing legislation and according to the SCA's Guidelines for Board members.

Board members have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.

Use of public resources

Resources provided by the SCA for use by Board members in the undertaking of their duties will be used for that work and in accordance with the rules documented in the SCA's Guidelines for Board members.

Use of official information

Confidential information received by a Board member in the course of the exercise of their duties remains the property of the SCA and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised or is required by law.

Gifts and benefits

Board members must be wary of accepting gifts and benefits as this can place a public official in a position where they feel obliged to act contrary to rules of integrity, impartiality and honesty. It is illegal to be offered or seek money or gifts in order to obtain a benefit or favour. Board members must not accept

gifts or benefits that could place them under an actual or perceived financial or moral obligation to other organisations, or to individuals. In accepting gifts or benefits you must be satisfied that your position will not in any way be compromised, or appear to be compromised by the acceptance. Guidance can be found in the SCA's Code of Conduct for Staff. The SCA maintains a register of gifts to enable the receipt and disposal of gifts to be conducted in an open and transparent manner.

Disclosures

Board members must disclose their interest where there is a potential conflict regarding any contracts or the holding of an office. *The Sydney Water Catchment Management Act 1998* (Schedule 1, 7(1) and (2)) sets out requirements regarding disclosure of pecuniary interest. Information regarding how a disclosure is to be made is included in the SCA's Guidelines for Board members. The SCA is required to maintain a register and report such interests to the Minister.

Conflicts of interest

Board members must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Board.

Board members have individual responsibility to fully disclose any conflict of interest. The Board must ensure that appropriate procedures are followed in handling conflict of interest issues. Conflicts of interest must be disclosed at the earliest opportunity and can be made on appointment, between meetings or prior to the relevant agenda item being discussed.

The proper management of conflicts or perceived conflicts of interest requires that they must be declared and that the processes are followed to deal with them. The SCA's Guidelines for Board members provides examples of types of conflicts of interest that may occur and disclosure processes. Disclosures are recorded in the Board Minutes.

Reporting suspected corrupt conduct

The Chief Executive or Chairperson of the Board is required to report corrupt conduct or suspected corruption to the Independent Commission Against Corruption (ICAC). Corrupt conduct is the dishonest or partial exercise of public official functions. It may also involve the conduct of non-public officials which adversely affects the honest and impartial exercise of a public official's functions.

For conduct to be considered corrupt under the *Independent Commission Against Corruption Act 1988* it has to be serious enough to involve a criminal offence, a disciplinary offence, or be grounds for dismissal.

A report must be made to the ICAC as soon as there is a reasonable suspicion that corrupt conduct may have occurred or may be occurring. Matters must be reported to the ICAC regardless of any duty of secrecy or other restriction on disclosure. Reports to the ICAC should be made without advising the person(s) to whom the report relates and without publicity. *The Public Interest Disclosures Act 1994* protects public officials who voluntarily report suspected corrupt conduct. Board members can make reports to the Chairperson or to the Chief Executive in accordance with the SCA's internal reporting guidelines. The office of the NSW Ombudsman can be contacted regarding any matter pertaining to the *Public Interest Disclosures Act 1994*.

Members can report directly to the ICAC regarding corruption, the NSW Ombudsman regarding maladministration, and the NSW Auditor General regarding any serious and substantial waste of public money.

Pecuniary Interests

The *Public Interest Disclosures Act 1994* ((Schedule 1, 7(1) and (2)) sets out the following requirements regarding disclosure of pecuniary interest:

1. If:
 - a. a Board member has a direct or indirect pecuniary interest in a matter being considered or about to be considered at a meeting of the Board, and
 - b. the interest appears to raise a conflict with the proper performance of the Board member's duties in relation to the consideration of the matter.

The Board member must, as soon as possible after the relevant facts have come to the Board member's knowledge, disclose the nature of the interest at a meeting of the Board.

2. A disclosure by a Board member at a meeting of the Board that the Board member:
 - a. is a Board member, or is in the employment, of a specified company or other body, or
 - b. is a partner, or is in the employment, of a specified person, or

- c. has some other specified interest relating to a specified company or other body or to a specified person, is a sufficient disclosure of the nature of the interest in any matter relating to that company or other body or to that person that may arise after the date of the disclosure and that is required to be disclosed under subclause (1).
3. Particulars of any disclosure made under this clause are to be recorded by the Board in a book kept for the purpose and that book is to be open at all reasonable hours to inspection by any person on payment of the fee determined by the Board.
4. After a Board member has disclosed the nature of an interest in any matter, the Board member must not, unless the Minister or the Board otherwise determines:
 - a. be present during any deliberation of the Board with respect to the matter, or
 - b. take part in any decision of the Board with respect to the matter.
5. For the purpose of the making of a determination by the Board under subclause (4), a Board member who has a direct or indirect pecuniary interest in a matter to which the disclosure relates must not:
 - a. be present during any deliberation of the Board for the purpose of making the deliberation, or
 - b. take part in the making by the Board of the determination.
6. A contravention of this clause does not invalidate any decision of the Board.

7. This clause does not apply to or in respect of an interest of a Board member (being the provision of goods or services to the Board member by the SCA) if the goods or services are, or are to be, available to members of the public on the same terms and conditions.

Other Interests

An important issue for Board members who are office holders with organisations that have an interest in the operations and activities of the SCA, is the potential for conflict where they may feel an obligation to use their position, or act in a way that reflects the interests of an organisation, other than the Board. The Board of the SCA has approved the following statements regarding such issues.

1. A Board member's legal obligations to the SCA, including the obligation to act in the best interests of the SCA, cannot be superseded by any other legal obligation of that Board member.
2. All Board members should seek to avoid an actual or perceived conflict of interest arising from the performance of concurrent legal obligations to the SCA and another body or person.
3. If a Board member cannot fully or properly discharge his or her concurrent legal obligations to the SCA and some other body, because of a conflict of interest, that a Board member should publicly declare the conflict and seek to be excused from the performance of his or her role as a Board member in respect of the source of the conflict.
4. If a Board member is frequently asking to be so excused, the Board member should consider resigning from the SCA, or the other role(s), creating the conflict.

Appendix 2 - SCA Executive

Qualifications of SCA Executive

As at 30 June 2012 the SCA Executive comprised the following members:

- Ross Young DipHortSc, BAppSc (Env Ass & Land Use Policy), MBA, GradDip (Nat Res Law), GAIDC – Chief Executive
- Graham Collins BBus, CPA – Group General Manager Finance and Business Services
- Graham Begg BE, BSc, MBA – A/Group General Manager Corporate Development
- Simone Greenaway BEc, MEc, EMPA, GAICD – Executive Director Governance
- Ian Tanner BSc (Civil Eng) – Group General Manager Assets and Major Projects
- Fiona Smith BSc (Resource Mgt), MBA, GAICD – Group General Manager Operations

Executive Remuneration Rates

Executive Officers above SES level 5

Acting Chief Executive Sarah Dinning: \$285,301 – SES 6

Chief Executive Ross Young –\$328,650 – SES 6

Mr Ross Young was appointed as Chief Executive with the Sydney Catchment Authority on 2 October 2012. Ms Sarah Dinning had acted in the position since 12 December 2011.

Mr Young has continued the SCA's commitment to workplace health and safety with the development of a Safety and Well Being Action Plan 2013-16. This program is showing positive results, illustrated by a 93% reduction in days lost to compensable injuries in 2012/13.

Under Mr Young's leadership the SCA has maintained a strong commercial focus and a positive financial position with increased sales and dividends to the State of NSW. This financial performance was achieved in tandem with a proactive asset management plan.

A significant milestone during 2012-13 was the finalisation of the Upper Canal Strategy. This program

will see a staged rehabilitation of the 125 year old Upper Canal with an investment of \$9 million over the next three years.

With a further \$75 million to be invested by 2020, this strategy will ensure the 54 kilometre Upper Canal can continue to service the needs of the SCA without incurring the significant capital costs of replacement.

A number of key strategic reviews that guide the SCA's actions in relation to catchment management and infrastructure operations were progressed over the past year. These include the Healthy Catchments Strategy, the raw water supply agreement with Sydney Water and the remaking of the Sydney Water Catchment Management Regulation.

The annual audit of the Operating Licence showed positive results with very high levels of compliance. The SCA achieved full to high compliance for all licence clauses audited.

In 2012/13, Mr Young also commenced a realignment of the organisation to improve efficiency and initiated a culture change program. These initiatives will improve levels of accountability in the SCA and enhance the workplace environment.

Appendix 3 - Legislative Framework and Legal Issues

Legislation and regulations

The Sydney Catchment Authority (SCA) is both a corporation and statutory body representing the Crown. The agency was created in 1999 following the commencement of the *Sydney Water Catchment Management Act 1998*. The Act confers on the SCA functions relating to the protection and management of catchments and the supply of raw water to Sydney Water Corporation and other persons and bodies. The Act sets out the role, objectives and functions of the SCA. The role of the SCA is, subject to and in accordance with the Act:

- to manage and protect the catchment areas and catchment infrastructure works
- to be a supplier of raw water
- to regulate certain activities within or affecting the outer catchment areas as well as the inner catchment.

The principal objectives of the SCA are:

- to ensure that the catchment areas and the catchment infrastructure works are managed and protected so as to promote water quality, the protection of public health and safety, and the protection of the environment
- to ensure that water supplied by it complies with appropriate standards of quality
- where its activities affect the environment, to conduct its operations in compliance with the principles of ecologically sustainable development in section 6(2) of the *Protection of the Environment Administration Act 1991*
- to manage the SCA's catchment infrastructure works efficiently, economically, and in accordance with sound commercial principles.

The SCA has the following specific functions under section 16 of the *Sydney Water Catchment Management Act 1998*:

- to supply water to the Sydney Water Corporation.

- to supply water to water supply authorities, prescribed local councils or prescribed county councils
- to supply water to licensed network operators or licensed retail suppliers within the meaning of the *Water Industry Competition Act 2006*
- to supply water to other persons and bodies, but under terms and conditions that prevent the person or body concerned from supplying the water for consumption by others within the State unless the person or body is authorised to do so by or under an Act
- to provide or construct systems or services for supplying water
- to install new works
- to generate and supply hydro-electricity and undertake any associated activities whether on the SCA's own account or with others
- to manage and protect the catchment areas and the catchment infrastructure works vested in or under the control of the SCA
- to protect and enhance the quality of water controlled by the SCA
- to undertake research on catchments generally, and in particular on the health of the SCA's catchments
- to undertake an educative role within the community.

The SCA satisfies its statutory and regulatory obligations through other instruments and arrangements such as:

- Sydney Water Catchment Management Regulation 2008
- Operating Licence
- Water access licences and approvals under the *Water Management Act 2000*
- Water Sharing Plan for the Greater Metropolitan Region Unregulated River Water Sources 2011
- memoranda of understanding
- Statement of Financial Framework
- raw water supply agreements.

Legal change

Sydney Water Catchment Management Act 1998

The *Sydney Water Catchment Management Amendment (Board Members) Act 2012* amended the *Sydney Water Catchment Management Act 1998* with regard to the class of persons which the Minister can appoint to the Board of the Sydney Catchment Authority. The amendment removed the requirement that the Board include nominees from the NSW Farmers Association, the Nature Conservation Council and a local government councillor from a council within the catchment. The amendment identified the skills and expertise which were required for members of the Board to have individually or collectively that would assist the Sydney Catchment Authority achieve its statutory objectives.

Sydney Water Catchment Management Regulation 1998

The *Sydney Water Catchment Management Act 1998* was amended during the year by the *Miscellaneous Acts Amendment (Directors Liability) Act 2012* in relation to the liability for directors and managers for offences committed by their corporation against the Act and the *Sydney Water Catchment Management Regulation 2008*. The amendment legislation introduced the concepts of corporate liability, executive liability and accessory liability into the SCA's legislation. A director or executive manager will be liable for offences committed by their corporation in circumstances where they failed to take all reasonable steps to prevent the commission of the offence. Accessory liability means that a director or executive manager can be prosecuted for offences committed by their corporation if they acted as an accessory to the offence or conspired with others to commit the corporate offence. Relevant sections of the Act and regulations have been amended to accommodate these changes.

Amendments were made to the *Sydney Water Catchment Management Regulation 2008* by the *Miscellaneous Acts Amendment (Directors Liability) Act 2012* to introduce executive liability offences concerning certain conduct on special area lands in relation to damage to plants and the catchment lands.

Other legislation

There were no changes to other legislation during 2012-13 which impacted significantly on the SCA.

Current legal matters Gundungurra native title claims

Representatives of the Gundungurra people have lodged six native title claims in the Federal Court of Australia. The native title claims extend over large parts of the SCA's area of operations, including the Warragamba catchment area and the stored waters of Warragamba Dam. Although the Gundungurra people are not able to establish native title to the area of the land and water which is the subject of the claim, sufficient evidence does exist for them to establish a link to the subject lands and waters.

Since 2005 the SCA and other government agencies have been negotiating with the Gundungurra people to finalise the claims through an Indigenous Land Use Agreement. When the Indigenous Land Use Agreement is finalised the Gundungurra people will be required to withdraw the native title claims and any entitlement to compensation for native

title rights, past or future. There is provision in the draft Indigenous Land Use Agreement for the Gundungurra people to have an advisory role in the management of the land and waters owned by the SCA or managed together with the Office of Environment and Heritage. This role will be through a Gundungurra Consultative Committee. During 2012-13 a draft Indigenous Land Use Agreement was submitted to the National Native Title Tribunal for assessment. Recommended changes proposed by the Tribunal were made and forwarded to the Gundungurra people for consideration. Following such consideration, the agreement was then returned to the Tribunal for further assessment. At the conclusion of this further assessment process, the contents of the agreement will need to be confirmed by the claimants. It is anticipated that within three months of the Gundungurra people agreeing and signing the agreement, it will be signed by the government agencies.

Appendix 4 - Access to Information

Proactive Release of Information

Under section 7 of the *Government Information (Public Access) Act 2009*, agencies must review their programs for the release of government information, to identify the kinds of information which can be made publicly available. This review must be undertaken at least once every 12 months.

During 2012-13 the SCA's program for the proactive release of information involved reviewing mining-related research for publication on the SCA website. Mining and coal seam gas exploration in the catchments has been of significant interest to the community. As a result of this review, the SCA released 10 previously unpublished papers on SCA research into the impacts of mining on surface and ground water. We published on our website a draft literature review of coal seam gas impacts on water resources, and updated the list of river health data on our website.

The SCA regularly updates its website with water storage and supply reports and other reports related to water quantity and water quality. Other water quantity data is provided daily to Bureau of Meteorology and is posted on its website.

The SCA receives many requests for water quantity and water quality data, which it provides informally

to applicants. The requests usually relate to specific sites or timeframes. This information is held in complex databases which may contain unverified data. It would not be appropriate to have these databases available on the SCA's website. However, the SCA continues to provide this information to applicants informally. The SCA publishes an Annual Water Quality Monitoring Report, which provides context to the water quality data collected during the year.

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

In 2012-13, the SCA received four formal access applications under the *Government Information (Public Access) Act 2009*. One of these was received on 28 June 2013 and a decision had not been made as at 30 June 2013.

The SCA partially refused one application (information was redacted) on the grounds that the application would have disclosed information referred to in Schedule 1 of the Act (Cabinet information). The same application was partially refused (information was redacted) as some information did not fall within the scope of the application.

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	0	0	0	0	0	0	0	0
Members of Parliament	0	1	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	1	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	1

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

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*	0	0	0	0	0	0	0	1
Access applications (other than personal information applications)	1	1	0	0	0	0	0	0
Access applications that are partly personal information application and partly other	0	0	0	0	0	0	0	0

* 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)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that later become valid applications	0

Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act	
	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	1
Executive Council information	0
Contempt	0
Legal profession privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

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

Other public interest considerations against disclosure - matters listed in table to section 14 of the Act	
	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Timeliness	
	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	3
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	3

Number of applications reviewed under Part 5 of the Act (by type of review and outcome)			
	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by Administrative Decision Tribunal	0	0	0
Total	0	0	0

* 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	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Appendix 5 - Staffing

Categories of staff over four years				
	2012-13	2011-12	2010-11	2009-10
Chief Executive	1	1	1	1
SCA Executive (1)	4	5	5	6
Contract staff (2 and 3)	1	2	2	2
Award staff	273	265	243	238
Total numbers (4)	279	273	251	247
Total full-time equivalent (FTE numbers (5))	265.5	263.3	246.3	240.95

Footnotes to table				
	2012-13	2011-12	2010-11	2009-10
(1) Women in this category	2	3	3	2
(2) Women in this category	0	1	1	1
(3) Temporary employees in this category	0	0	0	0
(4) No of employees in this category with an FTE of less than 1	25	19	8	10
(5) Full-time equivalent for employees in footnote 4	11.05	9.3	4.3	5.95

Equal Employment Opportunity tables

Percentage of total staff representation						
	Benchmark or target	2012-13	2012 (%)	2011 (%)	2010 (%)	2009 (%)
Women	50%	37.7	38.7	39.5	38	40
Aboriginal people and Torres Strait Islanders	2.6*(1)	1.9	1.5	1.5	1.7	2
People whose first language was not English	19*	18.5	18.2	18.2	17	18
People with a disability	12	3.9	3.8	2.6	3	2
People with a disability requiring work-related adjustment (2)	1.1	0.0	0.9	0.5	0.6	0.5

* Targets changed from December 2009 (previously 2% and 20% 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	2012-13	2012 (%)	2011 (%)	2010 (%)	2009 (%)
Women	100	87	90	89	89	86
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a	n/a	n/a
People whose first language was not English	100	112	112	109	108	109
People with a disability	100	n/a	n/a	n/a	n/a	n/a
People with a disability requiring work-related adjustment (2)	100	n/a	n/a	n/a	n/a	n/a

External appointments Equal Employment Opportunity percentages				
	2012-13	2011-12	2010-11	2009-10
No of external appointments (new employees) (1)	22	25	26	15
No of responses to Equal Employment Opportunity questionnaires received	20	24	22	10
Women (2)	50%	32%	50%	40%
Aboriginal people and Torres Strait Islanders (3)	0%	4%	0%	0%
People from a non-English speaking background (3)	20%	8%	31.8%	0%
People with a disability (3)	10%	8%	0%	0%
People from a racial, ethnic or ethno-religious minority group (3)	15%	12.5%	31.8%	7%

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

Training and development 2012/2013	
Training and development	Numbers 2012-13
Corporate induction program	53
Communication and Personal Development	125
Computer education/business systems support	50
Engineering/technical/para-professional	261
Employee relations (includes diversity and performance management)	232
Environment	66
Incident response and reporting (online)	22
Leadership programs	92
Management (incident, projects, contracts, online records management training, fraud and corruption training)	407
Workplace health and safety (includes online training)	670
Operations	44
Quality	203
Teamwork	12
Temporary arrangements to other positions	108
Business related (SCA supported study)	21
Environment related (SCA supported study)	38

- As at 23/7/2013 -49 staff have Attendance not confirmed against training undertaken between 1/7/2012 and 30/6/2013
- Total Hours of Training 2012/2013: 11,241
- SCA FTE Staff as at 30/6/2013: 265.05
- Equates to: 42.40 hours per staff member
- Equates to 6.05 days per staff member

Overseas visit by staff

Name of officer:	Lisa Hamilton
Dates of visit:	16-20 June 2013
Destination:	Zurich, Switzerland
Event:	International Water Association Micropol and Ecohazard Conference
Cost to SCA:	\$3,150

Appendix 6 - Stakeholder Engagement

Formal consultation and outcomes 2012-13			
Consultation	Date	Method	SCA response
Draft Sydney Water Catchment Management Regulation 2013	May to June 2013	The draft revised Sydney Water Catchment Management Regulation 2013 and Regulatory Impact Statement were placed on public exhibition. This included advertising in major metropolitan and local newspapers in the catchment, exhibiting the documents on the SCA website, a mail-out notifying stakeholders of the public exhibition, and publication of a notice in the Government Gazette.	15 submissions were received. These will be considered in finalising the revised Regulation by 1 September 2013.
Raw Water Supply Agreement with Sydney Water	May to June 2013	A draft agreement to replace the existing (2006) agreement was negotiated with Sydney Water. IPART and Treasury were consulted during 2012. Public exhibition included advertising in major metropolitan and rural newspapers.	No submissions were received. The agreement will be implemented once it is approved by the Minister for Primary Industries.
Local Government Reference Panel	November 2012 to May 2013	Local Government Reference Panel meetings. During the reporting period, meetings were held in November 2012 and February and May 2013. Membership includes representative councillors and staff from 15 councils in the drinking water catchments.	Sydney Catchment Authority (SCA) shares information and engages local councils in the drinking water catchment through the Local Government Reference Panel.
Bendeela Recreation Area Master Planning process	August 2012 to October 2012	One community reference group meeting was held in August 2012 and two community workshops in October 2012	The SCA shared information about the project and captured issues raised from the community reference group and other key stakeholders at community workshops.
Cataract Tunnel remediation	April 2013 to June 2013	The SCA engaged residents in the planning and construction phase of the project through doorknocking, mailouts, the erection of signage and meetings with impacted residents.	The SCA engaged with residents living near the works to ensure they were provided with timely, adequate and accurate information, and their queries and concerns were appropriately addressed
Prospect Dam safety upgrade	August 2012 to June 2013	Community engagement plan developed and consultation with relevant local councils, Sydney Water, Roads and Maritime Services, Western Sydney Parklands Trust and organisations operating within the grounds of Prospect Reservoir.	Consultation commenced in preparation for upgrade works scheduled for 2013-14, which will include the closure of Prospect Reservoir grounds.
Upper Canal works	May 2013 to June 2013	On-site meetings with impacted residents.	The SCA engaged residents in preparation for works to begin in July 2013.
Healthy Catchments Strategy 2012-16	August 2012 to September 2012	Public exhibition.	Eight submissions were received and considered in the finalisation of the Healthy Catchments Strategy 2012-16

Complaints

Total complaints received and resolved by year			
Year	Total complaints received	Total complaints resolved	Total complaints remaining open
2012-13	7	6	1
2011-12	11	12 (1 carried over from 2010-11)	0
2010-11	7	6	1
2009-10	5	8 (3 carried over from 2008-09)	0
2008-09	18	17 (2 carried over from 2007-08)	4 (1 carried over from 2007-08)

Total complaints received and resolved 2012-13					
Date received	Complaint number	Category	Interim response on time	Date resolved	Method of resolution
14/12/2012	CC2013/1	Catchment use	Yes	31/1/2013	Resolved by explaining/ providing information
29/1/2013	CC2013/3	Business processes	Yes	26/6/2013	Resolved by actions to correct situation
8/2/2013	CC2013/5	Customer service	Yes	5/6/2013	Resolved by explaining/ providing information
25/2/2013	CC2013/7	Customer service	Yes	26/2/2013	Resolved by explaining/ providing information
4/4/2013	CC2013/11	Customer service	Yes	15/5/2013	Resolved by explaining/ providing information
28/4/2013	CC2013/13	Staff / contractors	Yes	1/5/2013	Resolved by actions to correct situation
25/6/2013	CC2013/19	Environment and heritage	Yes	-	Not resolved as at June 30, 2013

Number of visits to the SCA website over five years					
	2012-13	2011-12	2010-11	2009-10	2008-09
Visits	306,406	633,714	409,630	366,059	412,832

Appendix 7 - Water

Water supply to customers (millions of litres)					
	2012-13	2011-12	2010-11	2009-10	2008-09
Sydney Water*	518,021	414,623	413,192	478,222	485,795
Wingecarribee Shire Council	3,775	3,480	3,477	3,652	4,379
Shoalhaven City Council	96	72	71	87	84
Goulburn Mulwaree Council	53	-	-	-	-
Direct users – Upper Canal	41	55	89	108	114
Direct users – Warragamba	45	40	75	52	54
Others	94	30	40	48	65
Total	522,125	418,300	416,944	482,169	490,491

*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 per cent, 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.

Monthly rainfall in the SCA's catchments in 2012-13 (millimetres)						
	Warragamba	Upper Nepean	Woronora	Shoalhaven	Prospect	Blue Mountains
July 2012	26	37	33	28	23	40
August 2012	16	8	7	12	6	17
September 2012	38	23	25	32	21	37
October 2012	31	45	60	81	36	47
November 2012	31	60	64	47	47	91
December 2012	41	35	29	40	40	68
January 2013	107	186	160	126	135	153
February 2013	184	209	233	158	164	316
March 2013	56	63	70	58	82	136
April 2013	38	83	120	72	52	53
May 2013	34	58	154	42	40	44
June 2013	187	277	305	194	146	185
Total	790	1082	1260	890	792	1185

2012-13 SCA water balance for total supply system

2012-13 SCA water balance summary									
	Operating Capacity (ML)	Available Storage as at 30/06/2012	Available Storage as at 30/06/2013	Lake Evaporation (ML)	Total Inflow (ML)#	Release to Supply (ML)*	E Flows (ML)	Other (ML)	Spill in addition to E Flow (ML)
Cataract	97190	79440	86460	5998	76546	46859	13606		
Cordeaux	93640	89640	78750	5267	45041	38738	6812		
Avon	146700	118900	134750	8118	74388	42034	10986		
Nepean	67730	67730	67730	3383	87336	30527	13453	65592	35510
Woronora	71790	62750	67780	3107	33205	17999	5787		
Warragamba	2027000	2012310	2027000	62027	897540	34025411	1825	85593	451649
Prospect	33330	27580	26680	6341	8587	15339	0	(12191)4	
Wingecarribee	24130	18730	23370	6406	22796	3828	10951	54655	550
Fitzroy Falls	9950	8990	9950	5868	26144	0	11975	9816	1275
Tallowa	7500	7500	7500	10556	850596	34410	251341	148247	562146
Blue Mountains	2890	2640	2480	315	5354	4958	0	(1014)8	1250
Total	2581850	2496210	2532450	117385	2127533	540881	316880	23183	1052379

Notes to table

* Release to supply includes sales to wholesale and retail customers, indirect supply via downstream river

Inflow based on calculated monthly catchment runoff and includes rain on lake

1 Wingecarribee excludes 365 ML riparian release

2 Transfer to Avon Dam

3 Release surplus 3600 ML due to unplanned event plus diversion via Warra P/L to Prospect Reservoir 4959 ML

4 Diversions into Prospect Reservoir from Upper Canal 7232 ML and Warra P/L 4959 ML

5 Interbasin transfer to Warragamba and Nepean dams plus 365 ML riparian release

6 Pumping from Fitzroy Falls to Wingecarribee Reservoir

7 Release for supply to Shoalhaven City Council

8 Interbasin transfer from Fish River Water Supply to Blue Mountains

9 Wingecarribee supply includes 53 ML to Goulburn Mulwaree Council and 3775 ML to Wingecarribee Shire Council

10 Tallowa supply based on pumping from Bendeela PS to refill Bendeela Pondage, to refill Fitzroy Falls Reservoir and to supply Kangaroo Valley Township

11 Warragamba supply includes 7445 ML to Nth Richmond WFP and 45 ML to retail customers

Appendix 8 - Financial Performance

Operational expenditure and income for 2012-13 summary			
	Actual \$'000	Budget \$'000	Variance \$'000
Revenues	201,683	199,563	2,120
Expenditure	146,417	155,430	9,003
Profit before tax	55,256	44,133	11,123

Capital expenditure for 2012-13 summary			
	Actual \$'000	Budget \$'000	Variance \$'000
Capital expenditure	17,698	20,664	(2,966)

Commercial success outcomes

Performance in relation to commercial success 2012-13					
	Budget \$ million	Actual \$ million	Variance \$ million	Variance %	Reason for variance
Revenue	199,563	201,683	2,120	1	Greater than expected supply of raw water to Sydney Water due to drier weather
Operations/services expenditure	92,011	83,810	8,201	9	Lower than expected expenditure on employee costs, contractors, IT
Other areas of expenditure	63,419	62,607	812	1	Lower than expected expenditure on depreciation and finance charges
Dividend and tax equivalent expense	36,410	46,347	(9,937)	(27)	Higher than budget profit increased tax expense and dividend payable
Operating profit before tax	44,133	55,266	11,133	25	Higher than expected revenue as well as lower than expected costs

Updated credit rating

Each year the NSW Government requires government businesses to be reviewed by a credit rating agency as part of an overall assessment of the authorities' independent financial study. The process is designed to ensure competitive neutrality between government businesses and their private sector counterparts. In its 2012 review, the SCA was assigned an investment grade rating with a positive outlook. The rating and outlook reflects the SCA's stable financial position and recognises the SCA's credit profile is expected to improve in the near future. A credit rating downgrade is unlikely in the next 12 months.

SCA Water Charges for 2012-13

SCA Charges to Sydney Water Corporation		
Charging Component	Unit	Price
Fixed Availability Charge	\$/day	426,448
Volumetric Charge (When the Sydney Desalination Plant is in a Plant Operation Period)	\$/ML	97.89
Volumetric Charge (When the Sydney Desalination Plant is in a Shutdown or Restart Period)	\$/ML	79.82

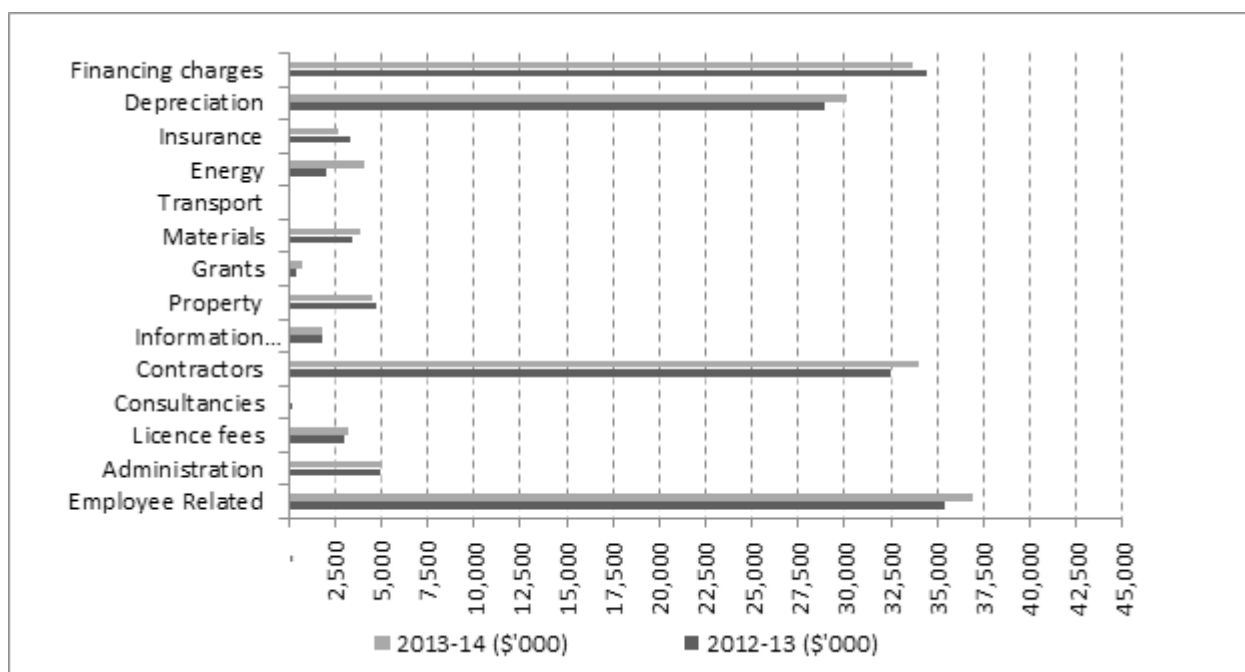
SCA Charges to Councils			
Customer	Charging Component	Unit	Price
Goulburn Mulwaree Council	Fixed Availability Charge	\$/Month	561.72
	Volumetric Charge	\$/ML	202.22
Shoalhaven City Council	Fixed Availability Charge	\$/Month	561.72
	Volumetric Charge	\$/ML	202.22
Wingecarribee Shire Council	Fixed Availability Charge	\$/Month	20,783.50
	Volumetric Charge	\$/ML	202.22

SCA Charges for Unfiltered Water			
Charging Component	Nominal Diameter	Unit	Price
Fixed Availability Charge for connection of nominal diameter	20 mm	\$/Annual	97.52
	25 mm	\$/Annual	152.38
	30 mm	\$/Annual	219.42
	32 mm	\$/Annual	249.65
	40 mm	\$/Annual	390.08
	50 mm	\$/Annual	609.51
	80 mm	\$/Annual	1,560.34
	100 mm	\$/Annual	2,438.03
	150 mm	\$/Annual	5,485.57
	200 mm	\$/Annual	9,752.12
	>200 mm	\$/Month	(meter size)2 x 20mm charge/400
Volumetric Charge		\$/kL	1.10

SCA Charges for Bulk Raw Water		
Charging Component	Unit	Price
Volumetric Charge	\$/kL	0.64

Expenditure budget comparison 2012-13 to 2013-14

	2012-13 (\$'000)	2013-14 (\$'000)
Employee related	35,375	36,953
Administration	4,953	5,116
Licence fee	3,062	3,288
Consultancies	220	161
Contractors	32,529	34,020
Information management	1,772	1,850
Property	4,702	4,508
Grants	380	801
Materials	3,449	3,927
Transport	133	157
Energy	2,081	4,109
Insurance	3,354	2,669
Depreciation	28,243	29,466
Financing charges	34,477	33,652
Disposal of assets	700	700
Total	155,430	161,377



Capital expenditure	
Project	Actual 2012-13 (\$,000)
Warragamba E-Flow Investigation	472
Upgrade works for public access to Warragamba Dam	497
Warragamba Pipeline ancillary valves upgrade	129
Warragamba Dam – major refurbishment valve house	80
Metropolitan Dams Electrical System (Stage 2)	418
Upper Nepean Transfer Scheme (borrowing cost)	32
Upper Canal Interim Works Stage 1	235
Upper Canal Remediation Work (includes borrowing cost)	561
Prospect Dam Improvement Works	883
Bendeela camping ground upgrade	157
Kangaroo Tunnel Relining	2,164
Burrawang Pumping Station Elect System (Stage 2)	329
Wingecarribee Dam Improvement Works (Includes borrowing costs)	2,001
Working Plant and equipment – acquisition	113
Catchment Infrastructure Asset Renewals	275
Catchment Upgrade & Replacement of Plant & Equip	152
Fire Trail Upgrade	144
Upgrade of SCA On-Site Sewage Management Systems	410
Special areas and Braidwood lands fencing	458
Hydrometric renewals programme	738
New Auto Sampler Sites	423
Minor Assets Renewals program	1,676
IT Assets Renewals program	977
SCADA System Upgrade (includes borrowing cost)	2,215
Business Systems	140
Radio Upgrade	270
Infrastructure Security Project	46
Storm Water Improvement Model Upgrade	30
Motor Vehicle Fleet Procurement	1,694
Prior Year Adjustment	(21)
Total Capital Expenditure	17,698

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.

Payment of accounts

Aged analysis at the end of each quarter					
	Current \$'000	<30 days overdue \$'000	Between 30 and 60 days overdue \$'000	Between 61 and 90 days overdue \$'000	More than 90 days overdue \$'000
All suppliers					
September	34,172	4,466	202	50	0
December	14,134	664	67	8	0
March	14,764	1,190	2	0	0
June	17,521	1,384	5	0	0
Small Business Suppliers					
September	106	0	0	0	0
December	90	1	0	0	0
March	39	0	0	0	0
June	39	0	0	0	0

Accounts due or paid within each quarter 2012-13					
Measure	September	December	March	June	Total 2012-13
All Suppliers					
Number of accounts due for payment	2,755	3,082	3,704	4,098	13,639
Number of accounts paid on time	2,506	3,001	3,581	3,935	13,023
Actual percentage of accounts paid on time (by number)	90.96	97.37	96.68	96.02	95.48
Dollar amount of accounts due for payment	38,889,855	14,872,755	15,956,148	18,910,429	88,629,208
Dollar amount of accounts paid on time	34,172,450	14,133,854	14,764,436	17,520,944	80,591,684
Actual percentage of accounts paid on time (by numbers)	87.87	95.03	92.53	92.65	90.93
Number of payments for interest on overdue accounts	0	0	0	0	0
Interest paid on overdue accounts	0	0	0	0	0
Small Business Suppliers					
Number of accounts due for payment	68	85	44	29	226
Number of accounts paid on time	68	80	44	29	221
Actual percentage of accounts paid on time (by number)	100	94.12	100	100	97.79
Dollar amount of accounts due for payment	105,847	90,237	38,621	38,978	273,682
Dollar amount of accounts paid on time	105,847	88,956	38,621	38,978	272,402
Actual percentage of accounts paid on time (by numbers)	100	98.58	100	100	99.53
Number of payments for interest on overdue accounts	0	0	0	0	0
Interest paid on overdue accounts	0	0	0	0	0

Payment Performance Statement

The key issue affecting prompt processing of payments during the year was due to vendors forwarding invoices to individual staff members, rather than directly to the SCA's centralised invoice email address. The SCA continues to encourage suppliers to accept electronic funds transfer as the preferred method of payment to improve overall payment performance. There were no significant events that affected payment performance during the year and no interest was paid on overdue accounts.

Investment performance

Annualised return on T-Corp investment facilities as at 30 June 2013					
Term of underlying liability	T-Corp facility	1 year	3 years	5 years	7 years
0-2 years	Hour-glass cash facility trusts	3.69	4.65	4.75	5.27
2-4 years	Hour glass strategic cash facility trust	4.16	4.92	5.03	-
4-7 years	Hour-glass medium term growth facility trust	10.74	7.35	6.26	5.56
7+ years	Hour-glass long term growth facility trust	20.55	9.10	5.32	4.08

The nature and terms of SCA's underlying liabilities is such that funds are invested in the Hourglass 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	3.69	4.65	4.75	5.27
Benchmark performance	3.28	4.32	4.46	5.14
Variance	0.41	0.33	0.29	0.13

Liability management performance			
<i>Core debt portfolio position relative to benchmark by month for the year ended 30 June 2013</i>			
	Benchmark modified duration	Permitted range (lower)	Permitted range (upper)
July 2012	4.07	3.8	4.2
August 2012	4.16	3.8	4.2
September 2012	4.12	3.8	4.2
October 2012	4.05	3.8	4.2
November 2012	4.05	3.8	4.2
December 2012	4.08	3.8	4.2
January 2013	3.98	3.8	4.2
February 2013	4.06	3.8	4.2
March 2013	3.99	3.8	4.2
April 2013	3.93	3.8	4.2
May 2013	4.11	3.8	4.2
June 2013	3.99	3.8	4.2

Consultancies

Consultancies equal to or greater than \$50,000 – nil.

Consultancies costing less than \$50,000

During 2012-13, there were five consultancies in the following areas:

- Legal (multiple) \$57,163.45
- Commercial \$40,089.09
- Human Resources \$15,281.25

Total consultancies - \$112,533.79

SCA grants to non-government community groups			
Applicant	Project	Grant number	Amount (excl. GST)
Sydney Bush Walkers Incorporated	Control noxious weeds in the 'Dot Butler Conservation Reserve'	CPIG 153	\$8,000
Challenge Southern Highlands Inc.	Install a long rubble drain and water tank to capture runoff	CPIG 156	\$10,000
Friends of the Brush-tailed Rock-wallaby Inc.	Pest control of foxes and goats, and weed control to protect habitat	CPIG 154	\$6,500
Leura Creek Landcare Group	Willow control and creek rehabilitation	CPIG 155	\$7,500
Moss Vale Landcare Group	Riparian fencing	CPIG 157	\$10,000
Geoff and Tania Sharman	Riparian fencing	RMAP 091	\$223,500
Malcolm and Helen Holmes	Riparian fencing	RMAP 092	\$12,667
TJ Hartwell & BJ Hawthorne	Riparian fencing	RMAP 094	\$20,442
John Parkes	Riparian fencing	RMAP 095	\$5,159
Greg Schofield	Riparian fencing	RMAP 096	\$31,470
Gary White	Riparian fencing	RMAP 100	\$14,686
Palerang Shire Council	Riparian fencing	RMAP 099	\$33,583
Robert Handley	Riparian fencing	RMAP 097	\$12,052
Greg Schofield	Riparian fencing	RMAP 098	\$41,485

Cost of Annual Report

The cost of producing the SCA's Annual Report 2011–12 was \$25,264, a 16 percent reduction from the previous year.

Appendix 9 - Heritage

Listing of SCA Heritage Assets

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

The SCA and Office of Environment and Heritage jointly manage heritage in the Special Areas. The SCA and Sydney Water continue to jointly manage

the Historical Research and Archive Facility. The SCA's Section 170 Heritage and Conservation Register as at 30 June 2013 is shown below. The SCA has continued negotiations with the Heritage Branch in 2012-2013 to update the State Heritage Register in relation to the SCA's items. In 2012-13 plans were drafted for Mayfield (a farming property in the Braidwood area) and the Upper Canal, part of the Upper Nepean Scheme which celebrated its 125th anniversary in 2013.

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		4580035
Upper Nepean Scheme – Hudson's Emergency Scheme		4580026
Upper Nepean Scheme – Nepean Tunnel		4580033
Upper Nepean Scheme – Pheasants Nest Weir		4580036
Upper Nepean Scheme – Upper Canal		4580005
Upper Nepean Scheme – Prospect Reservoir	State	4580067
Virginia	State	4580060
Warragamba Emergency Scheme	State	4580051
Warragamba Emergency Scheme – Megarritys Bridge		4580053
Warragamba Emergency Scheme – Warragamba Weir		4580052
Warragamba Emergency Scheme – Water Pumping Station		4580064
Warragamba Supply Scheme		4580161
Warragamba Supply Scheme – 18 Ton Cableway		4580046
Warragamba Supply Scheme – Crest Gantry Crane		4580019
Warragamba Supply Scheme – Early Dam Model		4580054
Warragamba Supply Scheme – Haviland Park		4580049
Warragamba Supply Scheme – Main Dam Wall		4580061
Warragamba Supply Scheme – Pipelines 1 and 2		4580021
Warragamba Supply Scheme – Production Office		4580162
Warragamba Supply Scheme – Suspension Bridge		4580047
Warragamba Supply Scheme - Valve House		4580017
Windmill Hill Group	State	4580168
Wingecarribee Swamp	State	4580138
Woodford Dam	Local	4580044
Woronora-Penshurst Pipeline	Local	4580022
Woronora Dam	State	4580034

Appendix 10 - Regulatory Compliance

Compliance activity over five years

<i>Protection of the Environment Operations Act 1997 (SCA Authorisation)</i>					
	2012-13	2011-12	2010-11	2009-10	2008-09
Clean up notices	1	1	2	3	-
Notices (s192) requiring information / documents	7	2	1	13	3
Penalty infringement notices	-	2	-	3*	-
Pollution prevention notices	-	-	1	4	6
Littering reports referred to Office of Environment and Heritage	2	2	6	10	13

<i>Sydney Water Catchment Management Regulation 2008</i>					
	2012-13	2011-12	2010-11	2009-10	2008-09
Penalty infringement notices	31	43	52	38	37
Warning letters	19	15	8	22	25
Prosecutions	0	-	0	0	2
Notices (s62) requiring information and records	2	17	-	-	-
Notices (s62s & 62v) requiring information and records	12	3			

Appendix 11 - Scientific Publications Available on SCA Website

SCA authored publications in 2012-13

L Hamilton, J McDonald and S Khan, 'Assessing cumulative water quality impact from onsite sewage systems using pharmaceuticals and personal care products', Micropol & Ecohazard 2013, International Water Association, Zurich, 2013.

L Ho, T Tang, D Hoefel and B Vigneswaran, 'Determination of rate constants and half-lives for the simultaneous biodegradation of several cyanobacterial metabolites in Australian source waters', Water Research, vol 46, 2012, pp 5735-5746.

G Kibria and S Maheswaran, 'Modelling of Environmental Flow Releases from Warragamba Dam', 34th Hydrology and Water Resources Symposium, Engineers Australia, Sydney, 2012.

K Mahadeva, G Begg, G Kuczera, P Littlejohns and S Maheswaran, 'Optimisation and compliance with headworks design criteria for a complex system', WDSA 2012: 14th Water Distribution Systems Analysis Conference, Sydney, 2012.

S Maheswaran, G Begg and I Tanner, 'Strategic Long-term Planning for Greater Sydney's Water Supply', 34th Hydrology and Water Resources Symposium, Engineers Australia, Sydney, 2012.

J Martin and S Maheswaran, 'SCARMS Case Studies – Application of Sydney Catchment Authority's Reservoir Management System to Winter Turnover in Lake Burragorang', 34th Hydrology and Water Resources Symposium, Engineers Australia, Sydney, 2012.

B Vigneswaran, 'Unusual Presence of Cyanobacteria: A Sydney Experience', 3rd National Cyanobacteria Workshop, CSIRO Land and Water, Canberra, 2012.

Publications with SCA contribution / data

S K Fitzgerald, B D Stanford and S J Khan, 'Lessons from a decade of extreme weather events for Australian Water Suppliers', ACT Water Matters conference, Australian Water Association, Canberra, 2012.

R Fornarelli, J P Antenucci and C L Marti, 'Disturbance, diversity and phytoplankton production in a reservoir affected by inter-basin water transfers', Hydrobiologia, DOI 10.1007/s10750-012-1351-2, Springer Netherlands, 2012.

A Humpage, M Lau, V Gaget, B Sendall and S Laingam, 'CyanoSurvey – Comparison of Methods for the Detection of Cyanobacterial Toxins', 3rd National Cyanobacteria Workshop, CSIRO Land and Water, Canberra, 2012, p 40.

S Khan, 'Modelling the fate of cyanobacterial toxins in a drinking water reservoir', 3rd National Cyanobacteria Workshop, CSIRO Land and Water, Canberra, 2012.

A K Sim, K J Thomsen, A S Murray, G Jacobsen, R Drysdale and W Erskine, 'Dating recent floodplain sediments in the Hawkesbury-Nepean River system, eastern Australia using single-grain quartz OSL', BOREAS, 2013.

T D Waite, T C Dang, M Fujii, A Yeung and M Bligh, 'Effect of Iron Availability on Growth and Toxicity of Microcystis Species Grown under Batch and Continuous Culture Conditions', 3rd National Cyanobacteria Workshop, CSIRO Land and Water, Canberra, 2012.

R Warner, 'Environmental flows in two highly regulated rivers: the Hawkesbury Nepean in Australia and the Durance in France', Water and Environment Journal, 2013.

Appendix 12 - Reporting Requirements

Operating Licence requirements reported to IPART

In 2012-13, IPART issued the SCA with an Operating Licence and Reporting Manual for 2012-2017. The licence streamlines the SCA's obligations and specifies reporting requirements under the licence in a separate Reporting Manual.

The only requirement in the Reporting Manual that is included as part of this Annual Report is condition 7.2.1, which requires the SCA to submit an Environmental 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. This information is provided from page 51.

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.

Requirements	Legislative reference	Reporting requirement for statutory bodies	Annual report reference
Letter of submission	ARSBA s9A	- Stating report submitted to Minister for presentation to Parliament - 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	p. 3
Charter	ARSBR Sch.1	- Manner in which and purpose for which agency was established - Principal legislation under which statutory body operates	p. 4
Aims and objectives	ARSBR Sch.1	- What agency sets out to do - Range of services provided - Clientele/community served	p. 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	p. 9 p. 46 Appendix 1 (p. 136) Appendix 2 (p. 142)
Summary review of operations	ARSBR Sch.1	- Narrative summary of significant operations - Financial and other quantitative information for programs or operations	KFA's
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	Appendix 10 (p. 161)

Legal Change	ARSB Sch.1; ARSBA s9(1)(f)	- Changes in Acts and subordinate legislation - Significant judicial decisions affecting agency or users of its services	Appendix 3 (p. 143)
Economic or other factors	ARSB Sch.1	Affecting achievement of operational objectives	KFAs
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	KFAs
Research and development	ARSB Sch.1	- Completed and continuing research and developmental activities including resources allocated - Unless will adversely affect business	p. 17
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	KFA Engaged People (p. 25)
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	Appendix 8 (p. 161)
Equal Employment Opportunity	TC 11/03 ARDR Sch.1 ARSB c20 TC 08/08	- Major EEO outcomes during the reporting period accounting for planned outcomes set the previous year. - Major planned EEO outcomes for the following year, which reflect the agency's corporate priorities identified in planning documentation - Table of trends in representation and distribution of EEO groups. - Refer tables 1 and 2 in Appendix A of Treasury Circular 11/03. - Small statutory bodies need only report trienniall. - For information on this requirement, contact the Office of the Director of Equal Employment Opportunity (ODEOPE) on 9228 4444.	pp. 28-29 Appendix 5 (p. 149)

Disability Plans	PSEMA Sch. 1 DSA s9, ARSB Sch.1 ARSB c20	- Statement setting out the progress in implementing disability plan if required under the Disability Services Act 1993 (only for those required per PSEMA) - Small statutory bodies need only report on a triennial basis	p. 29
Land Disposal	ARSB 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.	p. 20
Promotion	ARSB Sch.1	Overseas visits by employees and officers with main purposes highlighted	Appendix 5 (p. 149)
Consumer Response	ARSB Sch.1	- Extent and main features of complaints - Services improved/changed in response to complaints/suggestions	Appendix 6 (p. 152)
Payment of Accounts	TC 11/21 ARSB 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	Appendix 8 (p. 161)
Time for Payment of Accounts	ARSB Sch.1; TC 11/21	Where interest was paid due to late payments, list of instances and reasons for delay which caused late payment	Appendix 8 (p. 161)
Risk management and insurance activities	ARSB Sch.1	Report on the risk management & insurance arrangements and activities affecting the agency	p. 42
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 in the 'Attestation and Reporting Requirements' section on NSW Treasury's 'Internal Audit and Risk Management Policy' page on NSW Treasury's 'Information for Agencies' website. - Must co-locate the statement with the existing disclosure on 'risk management and insurance activities.' - The above requirement does not apply to SOCs.	p. 42

Multicultural Policies and Services Program (formerly EAPS)	ARSBR Sch.1 ARSBR c20 TC 08/08	- 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 - Small statutory bodies need only report on a triennial basis	pp. 28-29.
Occupational Health and Safety	ARSBR Sch.1 ARSBR c20	- Statement setting out OHS performance - Details of injuries and prosecutions under Occupational Health and Safety Act 2000 - Small statutory bodies need only report on a triennial basis	pp. 26-27.
Waste	ARSBR Sch.1 ARSBR c20 TC 08/08	- Statement on implementation of Government's Waste Reduction and Purchasing Policy and progress on: - Reducing generation of waste - Resource recovery - Use of recycled material - Small statutory bodies need only report on a triennial basis	KFA Resource Optimisation (p. 51)
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	Appendix 8 (p. 161)
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	Financial Statements (p.63)
Identification of audited financial statements	ARSBR c5	At start and finish	Financial Statements (p.63)
Inclusion of unaudited financial statements	ARSBR c6	Unaudited financial information to be distinguished by note or otherwise	Financial Statements (p.63)

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 home-page address is sufficient).	p. 3 p. 30 Appendix 8 (p. 161)
Performance and numbers of executive officers	ARSBR c11,14	- Number of executive positions at each level for current & prior year (or total number at equivalent to SES 1 pay or higher for SOCs or universities) - Number of female executive officers for current and previous reporting years - For each executive officer $\geq$ level 5 (or equivalent pay for SOCs or universities) and a chief executive officer not holding an executive position: - A statement of performance by person responsible for their review, with regard to agreed performance criteria - Details of performance pay, and summary of criteria determining this - Name, title and remuneration package - Level (except SOCs or universities)	Appendix 2 (p. 142)
<i>Government Information (Public Access) Act 2009</i>	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	Appendix 4 (p. 145)

Public Interest Disclosures	PIDA s31, PIDR c4	• Number of public officials who have made a public interest disclosure (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: - o corrupt conduct - o maladministration - o serious and substantial waste of public money - o government information 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 Act have been met.	p. 30
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	p. 4 KFA Business Viability (p. 39)
Credit card certification	TD 205.01	Credit card certification to be attached	Appendix 8 (p. 161)
Requirements arising from employment arrangements	TC 11/19 ARS-BA s15(1)	Additional requirements, where statutory body receives personnel services from a Department or special purpose service entity -- refer section 4 of TC 11/19	Appendix 8 (p. 161)

Key to References:

ARDA Annual Reports (Departments) Act 1985
ARDR Annual Reports (Departments) Regulation 2010
ARSBA Annual Reports (Statutory Bodies) Act 1984
ARSBR Annual Reports (Statutory Bodies) Regulation 2010
DSA Disability Services Act 1993
GIPAA Government Information (Public Access) Act 2009
GIPAAR Government Information (Public Access) Regulation
IPARTA Independent Pricing and Regulatory Tribunal Act 1992
PIDA Public Interest Disclosures Act 1994
PIDR Public Interest Disclosures Regulation 2011
PC Premier's Circular
PM Premier's Memorandum
PF&AA Public Finance & Audit Act 1983
PPIPA Privacy and Personal Information Protection Act 1998
PSEMA Public Sector Employment and Management Act 2002
TC: Treasury Circular
TD: Treasurer's Direction

Contact information

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Except Christmas Day and Good Friday

Other dams, reservoirs and camping grounds

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Monday to Friday

Operational offices

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Burrawang
Campbelltown
Warragamba Dam

Emergency reporting (fires, chemicals, spills)

Telephone 1800 061 069

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