

South Australian Water Corporation Annual Report

For the year ending 30 June 2010
Incorporating our Sustainability Report

Letter of Transmittal

30 September 2010

The Honourable Paul Caica MP
Minister for Water
Parliament House
North Terrace
Adelaide SA 5000

Dear Minister

On behalf of the Board of SA Water I have pleasure in presenting the Corporation's Annual Report for the year ended 30 June 2010.

The report is submitted for your information and presentation to Parliament, in accordance with Section 33 of the *Public Corporations Act 1993*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Philip Pledge', with a long horizontal stroke extending to the right.

Philip Pledge
Chairman

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Our Organisation

SA Water Corporation is wholly owned by the Government of South Australia.

Established by the *South Australian Water Corporation Act 1994*, SA Water came into being on 1 July 1995. Our history can be traced back to 1856, just 20 years after the European settlement of South Australia, when the Waterworks and Drainage Commission was established. This later became the Engineering and Water Supply Department (E&WS), then SA Water.

With our contractors we now provide water and wastewater services to approximately 1.5 million people across South Australia.

SA Water is responsible to the Minister for Water, the Honourable Paul Caica MP, who is also Minister for Environment and Conservation and Minister for the River Murray.

The Minister appoints the members of the Board and an independent observer may attend all Board meetings. The current independent observer is Linda Hart from the Department of Treasury and Finance.

We have relationships with a number of agencies of government and work most closely with:

- Department of the Premier and Cabinet
- Department of Treasury and Finance
- Department for Water
- Department of Environment and Natural Resources
- Department of Health
- Environment Protection Authority

Critical public assets

- SA Water owns, operates and maintains more than \$9 billion worth of assets including:
- More than 26 200 kilometre of water mains
- More than 8600 kilometre of wastewater mains
- 30 water treatment plants
- 25 wastewater treatment plants

Our vision

Water for growth, development and quality of life for all South Australians.

Our core business

To deliver drinking water, recycled water and wastewater services using assets we own and operate.

Core functions include:

- Water and wastewater quality, transport and treatment
- Constructing, managing, maintaining and operating water and wastewater networks
- Water quality research and development
- Project management
- Engineering
- Asset management
- Customer service
- Information systems.

Our People

We have more than 1570 employees across the State from the far west coast, to Mount Gambier in the south east, throughout the Riverland region and based as far north as Quorn. We also have employees based across the border in New South Wales and Victoria, operating and maintaining locks and weirs and the Lake Victoria storage.

Overall we are one of the State's largest employers and our head office, in the State's capital of Adelaide, is in Victoria Square.

Our Reports

We publish an Annual Report incorporating our Sustainability Report in line with statutory requirements and in accordance with reporting guidelines from the South Australian Department of the Premier and Cabinet. We also publish a Drinking Water Quality Report detailing performance against the Australian Drinking Water Guidelines. This adjunct report focuses specifically on our performance in the management and delivery of drinking water to our customers.

To ensure our reports are relevant to our stakeholders, we refer to numerous sources including:

- South Australia's Strategic Plan – www.stateplan.sa.gov.au
- SA Water's Strategic Map 2009-14
- SA Water's Corporate Environmental Management Plan and our ISO14001 certified Environmental Management System
- SA Water Sustainability Policy suite
- Feedback and content of past reports
- Industry and utility reports.

Our stakeholders include:

- Our customers – residential, commercial, non-commercial, agricultural and industrial
- The Government of South Australia; the Treasurer, the Honourable Kevin Foley MP, the Minister for Water, the Honourable Paul Caica MP and other Ministers and government agencies
- Metropolitan, rural and remote communities of South Australia
- Our employees
- Contractors and suppliers.

You can find further information and download our current and past reports from the SA Water website: www.sawater.com.au. We welcome your feedback on our reports or other SA Water publications. Please email feedback to customerservice@sawater.com.au or phone us on 1300 650 950.

A message from our Chairman

2009-10 has been a mixed year of accomplishments and challenges.

Our delivery of projects to secure South Australia's water supply has been both rewarding and demanding.

A year after the launch of Water for Good – the State's plan to ensure our water future to 2050, our leadership of 16 actions delivered early results and we took critical first steps in longer term actions. I encourage you to read our first progress update on page 15 including our preparation for a regulatory environment.

From 1 July 2011, metropolitan Adelaide customers will be serviced by a new contractor. The tender process was a focus in 2009-10 with two new contracts to provide operations and maintenance and capital delivery. In a strategic move, some functions will be returned to SA Water such as amalgamating call centres to provide a more streamlined service for our customers.

Major projects

Progress on the \$1.824 billion Adelaide Desalination Project, in regards to both technology and engineering, was remarkable as we approach the delivery of first water. We were greatly saddened by the death of a worker on the site in July. Without question the safety and wellbeing of everyone involved in any SA Water project remains our most important consideration.

The completion of the Glenelg to Adelaide Park Lands Recycled Water Project cemented South Australia as a national leader in recycled water and our diversification of water sources was highlighted with projects involving stormwater and aquifer recovery and storage.

For more information on projects under way refer to the System Performance section on page 33.

Financial performance

While we increased profits by \$12 million over 2009-10, we were \$3 million below our net profit before tax target in 2009-10. An increase in water pricing, as well as water usage at or near historical minimums for our business, had an impact on our performance in this area. However, we experienced high levels of development activity, made green energy savings and increased Community Service Obligation funding following the December 2009 pricing announcement.

Our capital expenditure was \$56 million below budget due to a number of projects experiencing timing issues, some cost savings and the impact of Federal funding grants. Our return on assets was slightly under target due to year end asset revaluations and an increase in pipe asset values of 19% against our budget assumption of 3.5%.

Sustainability – a part of day to day operation

In February I signed our Climate Change Sector Agreement with the South Australian Premier, the Honourable Mike Rann. Following years of preparation, this exciting development formalises our commitment to the challenges of climate change by working with our stakeholders and the State Government. More information can be found on page 46.

Across the organisation, our commitment to environmental and social sustainability is evident as part of our day to day operations such as project construction and employee accommodation. The next step will be to consolidate our approach to ensure that different areas of the Corporation can deliver our response to climate change and help meet our greenhouse gas targets; a challenge that must be met.

Future impacts

A number of critical projects are under way or in the planning phase, such as the \$400 million North South Interconnection System Project which will provide greater reliability and water security for our customers and deliver desalinated water across Adelaide. Looking ahead we face some uncertainty regarding River Murray entitlements under our license with the Murray Darling Basin Authority plan to be handed down later in 2010. Despite the challenges, we will continue to deliver projects to support growth in South Australia and secure our customers' supply.

Acknowledgements

At the end of 2010, Anne Howe will leave SA Water to retire after more than ten outstanding years as Chief Executive. I sincerely thank Anne for her dedication and wish her well for the future.

In closing I acknowledge the work of our previous Minister, the Honourable Karlene Maywald and welcome our new Minister, the Honourable Paul Caica to the portfolio. I also thank my fellow Board members and the hard working management and staff of SA Water: in spite of the significant challenges and changes, it has been a job well done.

A handwritten signature in black ink, appearing to read 'Philip Pledge', with a stylized flourish at the end.

Philip Pledge
Chairman

A message from our Chief Executive

This year has been pivotal to ensure we can continue our core business for years to come, delivering drinking water, recycled water and wastewater services using assets we own and operate.

For some areas of the Corporation it was a year of adaptation as we planned for a regulatory environment, started the tendering process for a new metropolitan contract and focussed on major projects to secure the State's water supply, in particular the Adelaide Desalination Project.

Despite the challenges and the spotlight on these developments, I am proud that we have maintained the trust and support from our customers in what we do and how we do it, demonstrated in our Customer Satisfaction Results which showed high levels of overall satisfaction for the services delivered by SA Water. This is an achievement worth recognising.

Our customer centre staff responded to more than 460 000 enquiries from the South Australian community. This included providing assistance and advice to support the introduction of quarterly billing and pricing changes.

Contributing to our success, we delivered a great performance in regional operations, achieving 99% of service delivery jobs within target, exceeding the 2009-10 result of 97%. We exceeded our target of preventative maintenance work, also at 99%.

To help meet future demand we took leaps and bounds in asset management, employing world class technology to inspect our submarine section of the Morgan Whyalla Pipeline and delivering projects on time and under budget, ensuring the longevity of our assets.

We maintained our water quality performance against Australian Drinking Water Guidelines and delivered a range of projects to improve water quality across the State.

We achieved our original objectives for metropolitan accommodation, with staff indicating we have created an environment that encourages collaboration and interaction, promotes access to people, resources and information and bolsters staff pride.

Out of the office our land management programs, including bushfire planning and revegetation, demonstrated similar success. We undertook more than 110 Ha of biodiversity based plantings, which will establish future sequestration of carbon and includes 70 Ha of revegetation at Little Para Reservoir.

Our commitment to sustainability expanded into new areas including consideration of water recycling and energy standards as part of our inspections and advice to plumbers and work with the industry.

More than 205 recipients benefitted from our scholarships program and a new group of graduates and trainees came on board, proving the continued popularity of these programs. Since 2007 our staff retention has increased from 70% to 92%.

We're well on our way to delivering major projects for water security, preparing for regulation and have a workforce ready for the future.

This will be my last Annual Report with SA Water as I have advised our Board and Minister I will be retiring at the end of 2010.

It has been ten years since I joined SA Water and it has been an honour and a privilege to lead the Corporation during some of our most significant challenges and celebrations, including the worst drought on record in South Australia and celebrating 150 years of SA Water operation.

I thank the SA Water Board and Senior Management for their support and leadership. Mostly, I thank the professional, diligent and skilled employees who have done a fantastic job in serving our community and the water industry during my time.

These great people provide the organisation and customers with experience and passion. With their commitment, I can only see a strong and exciting future for SA Water.

A handwritten signature in black ink that reads "Anne Howe". The signature is written in a cursive style with a large initial "A".

Anne Howe
Chief Executive

Highlights from 2009-10

Topic/Activity/Project	Page
Bird in Hand WWTP Nutrient Reduction project starts construction	39
Climate Change Sector Agreement signed with State Government	46
Code of Practice for Irrigated Public Open Space continued	54
Community Open Day for Adelaide Desalination Project	36
Energy Efficiency Opportunities reporting meets obligations	80
Glenelg to Adelaide Park Lands Recycled Water Project completed	41
Laboratory Services improve analytical and field sampling services	29
Lead agency for 16 actions in Water for Good	15
Little Para Reservoir Dam Safety includes a world first	44
Lower Lakes Irrigation Pipeline completed	38
Metropolitan Adelaide Service Delivery Project – procurement of contract for metropolitan service delivery	34
Mount Bold and Little Para Revegetation Project	51
New grants for Research and Development including UltraSound for Control of Cyanobacteria	30
Preparation for Economic Regulation	18
Regional service delivery exceeds service delivery job targets	34
School learning program attracts more than 11 000 students across the State	24
Signed a MOU with the Water Research Centre of the University of Adelaide	31
South Australian Biodiversity Gallery launched with SA Water sponsorship	27
Waterwise Communities program continued to deliver initiatives to save water	27
Women in senior and middle management roles exceed our target	67
Website attracted more than one million visitors	24
Yorke Peninsula Long Term Plan continued consultation to secure water supply	42

Our Board

Comprising six non-executive directors and SA Water's Chief Executive, the Board governs SA Water on behalf of the South Australian Government and regularly reports to the Minister on SA Water's performance. The Board is responsible for approving and monitoring SA Water's structure, strategic map, business plans, capital investment plans, overall performance, senior management performance and values. In accordance with best practice principles of corporate governance it ensures the highest standards of corporate conduct, business ethics and accountability are met.

Non-executive directors must include individuals who, together, have in the Minister's opinion the abilities and experience required for the effective performance of SA Water's functions and the proper discharge of its business and management obligations. At least two members of the Board must be women and at least two members must be men.

The directors during 2009-10 were:

Philip Pledge

BEC, FCA

Chairman of the Board since March 2002

Chairman of the Asset Management Committee and Human Resources Committee

Philip was a Partner of Ernst and Young from its formation in 1989 until his retirement in 2001, and served as the National Chairman of Ernst and Young from 1992 to 1994. From January 1996 to September 1998 he was Chairman of SA's TAB, as well as President of the SA State Council of the Institute of Company Directors from October 1996 until 1998. He is currently a Director of the Financial Planning Association of Australia Pty Ltd, Chairman of the Clean Energy Innovation Centre - Interim Advisory Board and a Member of the Enterprise Connect Advisory Council. His particular skills are performance improvement, business planning and corporate restructuring.

Dr Graham Allison

FTSE, BSc (Hons), PhD (Chem)

Non-Executive Director since July 2001

Graham has many years of involvement with hydrology in Australia and overseas. He has been involved with many water and environment related organisations. These include Cooperative Research Centres for Waste Management and Pollution Control, Catchment Hydrology and Freshwater Ecology. Prior to his current consulting role, he was Chief of the CSIRO Division of Water Resources, a national research body. Graham is a member of the Board's Asset Management Committee.

Hon Frank Blevins

Non-Executive Director since December 2002

Chairman of the Audit Committee

Frank was elected to the SA Legislative Council in 1975 and to the House of Assembly in 1985. He served the State as Deputy Premier and across a range of Ministerial portfolios including Treasury, Mineral Resources, Transport and Agriculture and Fisheries for ten of his twenty two years in Parliament. Having held senior government Ministries over many years, Frank brings valuable knowledge and experience, particularly in the field of economics and finance.

Annabel Digance

MMgt (Health Services), Grad Dip Counselling, BNursing, FAICD

Non-executive director since August 2004

Annabel has extensive board experience in both the public and private sectors. Previously she has held senior positions in the public sector, predominantly in health. Practiced in public policy, Annabel has a balance of sound strategic and evaluation principles in financial, business and human resource management and practices. Annabel is also a successful business owner. She recently retired from the Board of Australian Central Credit Union after ten years. Annabel is a member of the Board's Audit Committee and the Human Resources Committee.

On 12 July 2010 Annabel resigned to contest a seat in the Federal election.

Sybella Blencowe

BA, MTP, LLB, GDLP

Non-executive director since July 2008

Sybella has been in private legal practice for 21 years specialising in environment, planning and local government law. She was a partner in national commercial law firms before establishing her own specialist law firm. She has been chair of the South Australian Forestry Corporation, Director of SAGRIC International Pty Ltd, Chair of the Abalone Fisheries Management Committee and Deputy Presiding Member of the Natural Resources Management Council. She was Presiding Member of the City of Marion Development Assessment Panel and Member of the Major Developments Panel. She is currently a Member of the City of Adelaide Development Assessment Panel. Sybella is a member of the Board's Asset Management Committee and Human Resources Committee.

Catherine Cooper

LLB, GDLP

Non-executive director since July 2008

Combining a legal and business background, Catherine has strong expertise in areas including strategic planning, project management, business re-engineering, corporate governance and change management. She has extensive executive management experience across a broad industry base that includes Fosters Brewing Group, Elders Ltd and Bendigo Bank. At a board level, Catherine has had wide involvement as both Chairperson and Director for a number of organisations, including Minda Inc, Dairy Authority of SA and Fisheries Council of SA. She is also Chair of the Fleurieu Regional Waste Authority. Catherine is a member of the Board's Audit Committee.

Anne Howe, Chief Executive

Appointed as our Chief Executive in March 2001, Anne was previously Chief Executive of Services SA and Deputy Chief Executive in the Department of Administrative and Information Services.

In these positions she achieved significant benefits for the Government in the development of partnerships between the public and private sectors to deliver Government services. She has provided national leadership as the Chair of the Australian Procurement and Construction Council, sponsoring such initiatives as the National Code of Practice for the building and construction industry. Anne is a director of the Botanic Gardens and State Herbarium of South Australia, the Water Services Association of Australia and Water Quality Research Australia Ltd. She is also a member of the advisory board of the South Australian Government Financing Authority and a member of the Stormwater Management Authority. Anne is a member of the SA Water Board's Asset Management Committee and the Government's Water Security Council. She is also the State President of the Committee for Economic Development of Australia.

Anne has announced her intention to retire at the end of 2010.

For more information about the Board please refer to the Corporate Governance section on page 89.

Senior Management Team

In 2009-10 our Senior Management Team consisted of the Chief Executive, Chief Operating Officer and eight business division group heads. For details on responsibilities under each division please refer to the Organisational Chart on page 19. The senior managers during 2009-10 were:

Anne Howe, Chief Executive

Anne was appointed Chief Executive in March 2001. See page 12.

John Ringham, Chief Operating Officer

BSc (Hons), MBA, Dip Geotech (UK) FIEAust, MCIWEM, MAICD

John has thirty eight years experience in the water industry, having held numerous senior management positions with the United Kingdom company North West Water. John is experienced in water resourcing, water supply and distribution, capital planning, change management and international bidding. John joined SA Water as Head of Operations and is now Chief Operating Officer, a role which carries overall responsibility for water supply and wastewater service delivery including asset management and capital works delivery. John is also a Director and Deputy Chair of WaterAid Australia.

Rob Dowling, Head of Regional Operations

B Comm, MBA

Rob has a background in small business and in the automotive industry having worked in both industrial relations and production management with Holden Ltd. Rob's previous position with SA Water was Service Delivery Manager, Northern Region.

Geoff Henstock, Head of Regulation and Governance

Geoff has been employed in the water and electricity industries for more than thirty years and been involved in corporate governance for more than fifteen years, including a senior corporate governance role at Sydney Water. He is an experienced company director, serving with property development, finance, agribusiness and engineering companies and as a director of Carbon ReGen Pty Ltd.

Dr John Howard, Head of Water, Quality and Environment

BSc (Hons), PhD (UK), FAICD

John has twenty five years experience in water quality and water resource management, gained in the United Kingdom, South Africa and Australia. His areas of expertise are water quality and environmental management. In South Africa he was Water Quality and Environmental Manager for a regional authority providing water to more than four million people. Joining SA Water as Principal Water Quality Scientist, John was subsequently appointed General Manager of SA Water's Australian Water Quality Centre. John is a Director of both Water Quality Research Australia and the Australian Water Association.

Peter Mendo, Chief Financial Officer

B Comm, FCPA

Peter has held senior financial management roles in the mining, engineering, health and food industries with companies including CRA, Joy Technologies (USA), FH Faulding and Balfours. He is a member of the CPA Australia National Public Sector Committee and a member of the Group of 100, a body comprising Australia's senior finance executives. Peter is also an alternate

member of the South Australian Government Financing Authority Advisory Board, a member of the South Australian Government Financing Authority Audit Committee and a Director of the Burnside War Memorial Hospital.

Roger Perry, Head of Planning and Infrastructure

BEng, MBA, Dip PM

Roger is a water industry specialist with more than twenty nine years experience, much of it gained at Melbourne Water. Roger's areas of expertise include sewerage system design, construction management, water operations, asset management and strategic and corporate planning. Prior positions at SA Water include General Manager, Bulk Water and General Manager, Operations.

Jeremy Randell, Head of Metropolitan Operations

BEng (Hons), MBA, Dip Log Mgt, GAICD

Jeremy has a commercial background in civil engineering and diverse construction-related businesses, including working in heavy marine construction in Indonesia and Western Australia. He managed Business Development and Industrial Services for Brambles in WA and Sydney before moving to South Australia in the mid 1990s joining Macmahon Holdings as Group General Manager Plant and Technology. Jeremy's previous positions at SA Water include Head of Economic Development and Procurement, Head of Business Services and Head of Operations.

Peter Ward, Head of People and Change

FAIM, FAHRI

Peter has held a number of senior national human resource, people and change roles in the private sector in Australia and overseas. Peter was the Chief Human Resources Officer for consumer goods distribution company Metcash Trading, Human Resources Director of Kellogg's Asia Pacific supply chain and a Human Resources Director for the major Australian and New Zealand beverage company Lion Nathan subsidiaries Tooheys Ltd and SA Brewing Company.

Neil White, Head of Customer Services

B Comm

Neil has a background in sales and marketing with large consumer oriented companies including Unilever, Safcol, Kingfisher Holdings and Sunbeam Foods. His international experience includes responsibility for a number of Safcol companies throughout South East Asia and General Manager of Group Operations for Kingfisher Holdings (based in Thailand). On return to Australia Neil became CEO of Sunbeam Foods in Mildura before joining SA Water as General Manager Retail. Neil is also President of Autism SA.

Water for Good

SA Water is the lead agency on 16 actions in the State Government's Water for Good plan to guarantee South Australia's future water security to 2050, diversify our water supplies and reduce reliance on the River Murray. We are also involved in many of the 94 strategies outlined in the plan to secure water supplies.

Below is a table of our progress on actions where we are the lead agency.

Action	Progress to 30 June 2010
6. Construct a major desalination plant powered by renewable energy to supply Greater Adelaide with 'first water' by December 2010, 50 GL/a by mid 2011, and 100 GL/a by the end of 2012.	Construction on the \$1.824 Adelaide Desalination Project, south of Adelaide at Port Stanvac continued in 2009-10 with the plant on track to meet 100 GL/a by the end of 2012. For a summary of activity in 2009-10 refer to page 35.
7. Additional water sources including desalinated seawater will supplement the Eyre Peninsula water resources, subject to site and environmental investigations.	The Eyre Peninsula Long Term Plan, launched in December 2008, included a recommendation to investigate desalination. These investigations progressed substantially in 2009-10 and include identification of two potential sites for a desalination plant. For more detail see page 42.
8. Complete the investigation for the design of and need for, interconnection works between Adelaide's southern and northern water supply systems.	The North South Interconnection System Project is a water security project to allow the transfer of large volumes of water between Adelaide's southern and northern supply systems. Design work was under way in 2009-10 following studies against environmental, social, technical, operational and economic criteria. The treated water distribution network for Adelaide must now have the capacity to transfer water from the ADP from 2012. For more information refer to page 36.
9. By 2010, finalise a statewide desalination policy to guide future desalination plant proposals, including the identification of additional suitable sites in case they are needed in the future.	A review of a draft policy started in 2009-10. While outstanding nominations of key agency representatives impacted timing, the project is still on track for completion within 2010.
10. Investigate the viability of constructing groundwater desalination plants for regional townships where water quality (i.e. salinity) has been identified as an issue. This will enable improvements to these water supplies by 2025 at the latest.	SA Water is undertaking hydrogeological investigations into the provision of a desalination plant for the township of Hawker.

Action	Progress to 30 June 2010
<p>11. Complete existing committed stormwater projects, including Cheltenham Park, to provide an additional harvesting capacity of almost 12 GL/a by 2013.</p>	<p>The Urban Stormwater Harvesting Options Study identified more than 30 stormwater projects as currently committed, including a number that continue to be progressed through the Waterproofing Northern Adelaide initiative being undertaken by the City of Salisbury, City of Playford and City of Tea Tree Gully.</p> <p>Waterproofing Northern Adelaide has a completion timeframe of 2010 for major works. Stormwater harvesting at Cheltenham Park incorporated in Waterproofing the West, part of a successful South Australian bid to the Australian Government's special call for stormwater harvesting and reuse projects.</p>
<p>22. Complete wastewater recycling projects, including Glenelg to Park Lands (open space irrigation), Blakeview (housing development), Southern Urban Recycling Project (housing development), by 2013.</p>	<p>Construction of the Glenelg to Adelaide Park Lands Recycled Water Project was completed early in 2010, four months ahead of schedule with first water delivered to the Adelaide City Council to water the park lands.</p> <p>Construction continued on the Southern Urban Reuse Project, for details of the progress in 2009-10 see page 39.</p> <p>A steering group was formed in 2009-10 with representatives from SA Water, the Land Management Corporation and the City of Playford to undertake investigations at Blakeview and establish commercial arrangements. Agencies across Government have been working together to prepare a Cabinet Submission for the Blakeview project seeking full financial approval around the end of 2010. For more detail see page 40.</p>
<p>24. Support the expansion of the Water Efficiency Labelling and Standards (WELS) scheme to include additional products and minimum performance standards for existing products.</p>	<p>SA Water continued involvement in the National WELS scheme through representation on the WELS Advisory Committee. In accordance with WELS legislation a review of the current WELS scheme started in 2009-10. At the end of 2009-10, South Australia (including the Office of Water Security – integrated into Department of Water - and SA Water) had input into the review process. Activities required to support expansion of the WELS scheme are being progressed by the Commonwealth Government, through the WELS Regulator.</p>
<p>27. Develop the Urban Landscape Program to provide South Australians with the knowledge, tools and incentives to develop appropriate water-wise gardens and landscapes by the end of 2011.</p>	<p>A reference group of stakeholders was appointed with a project business plan endorsed by Water Studies Centre in December 2009.</p> <p>Delays in the National Water Commission approving changes to website content and budget has put this action behind schedule. Approval has now been obtained with delivery of the website now due in October 2010. Installation of data loggers for households participating in the domestic irrigation trials were slightly behind target but will not impact on milestones associated with that component of the project.</p>

Action	Progress to 30 June 2010
28. By 2010, require SA Water customers using more than 25 ML a year to complete a water efficiency plan.	We continued to process water efficiency plans for our top users in 2009-10 with 120 schools and seven rural councils required to complete a plan.
29. Include leak detection in the water auditing process of the Business Water Saver Program.	Development of a pilot leak detection program continued in 2009-10.
35. Maintain permanent water conservation measures when new sources of water come on line and water restrictions can be lifted.	Permanent water conservation measures (PWCMs) currently apply pursuant to the <i>Waterworks Act 1932</i> by means of the <i>Waterworks Regulations 1996</i> . Implications for transitioning PWCMs linked to the proposed Water Industry Act will be the subject of further consideration in 2010-11.
36. Extend delivery of irrigation efficiency programs, such as the Irrigated Public Open Space program, to all local councils and schools. Incorporate the identification of opportunities to substitute mains water used for community purposes with fit for purpose water (e.g. recycled rainwater and stormwater).	Amendments to existing Water Works Regulations were being finalised and resulted in a delay on this action. In 2009-10 approximately 615 Councils and schools were divided into three groups based on water use and we continued our work with the Local Government Association (LGA), Department of Education and Childrens' Services and schools to confirm our approach and obtain contact details. We also worked with the LGA to confirm our approach for a roll out of the program to rural councils.
38. Continue SA Water's program of leak detection and repair in its metropolitan and major country town networks and report annually on progress.	Work continued in Adelaide and was completed in the south east region of South Australia for leak detection. Repair is under way in the south east. For more details on our Leakage Reduction Program in 2009-10 refer to page 44.
57. As a last resort, build a temporary weir at Pomanda Island, to protect the water supply to the 1.2 million people currently receiving it from the River Murray below Lock 1. The temporary weir would only be constructed if inflows remain at critically low levels and agreed triggers for acidification or salinity were activated and cannot otherwise be prevented.	In 2009-10 increased flows reduced risks to the region but the State Government continues to monitor the situation. We remained ready to proceed if the level of risk to the public water supply increases. Approval from the Commonwealth Government for the Pomanda Island Weir EIS was also sought in 2009-10. For more information refer to page 38.
59. Implement SA Water's fire recovery strategy for all reservoirs in the Mount Lofty Ranges catchments	In 2009-10 we consulted Melbourne Water and the Bushfire Cooperative Research Centre for comment on the draft strategy. A major outcome was the development of a stand alone Fire Recovery Manual (Water Quality) in addition to the Mount Lofty Ranges strategy. Endorsement of the strategies is expected from SA Water senior management in July 2010 with effective implementation expected in September 2010.

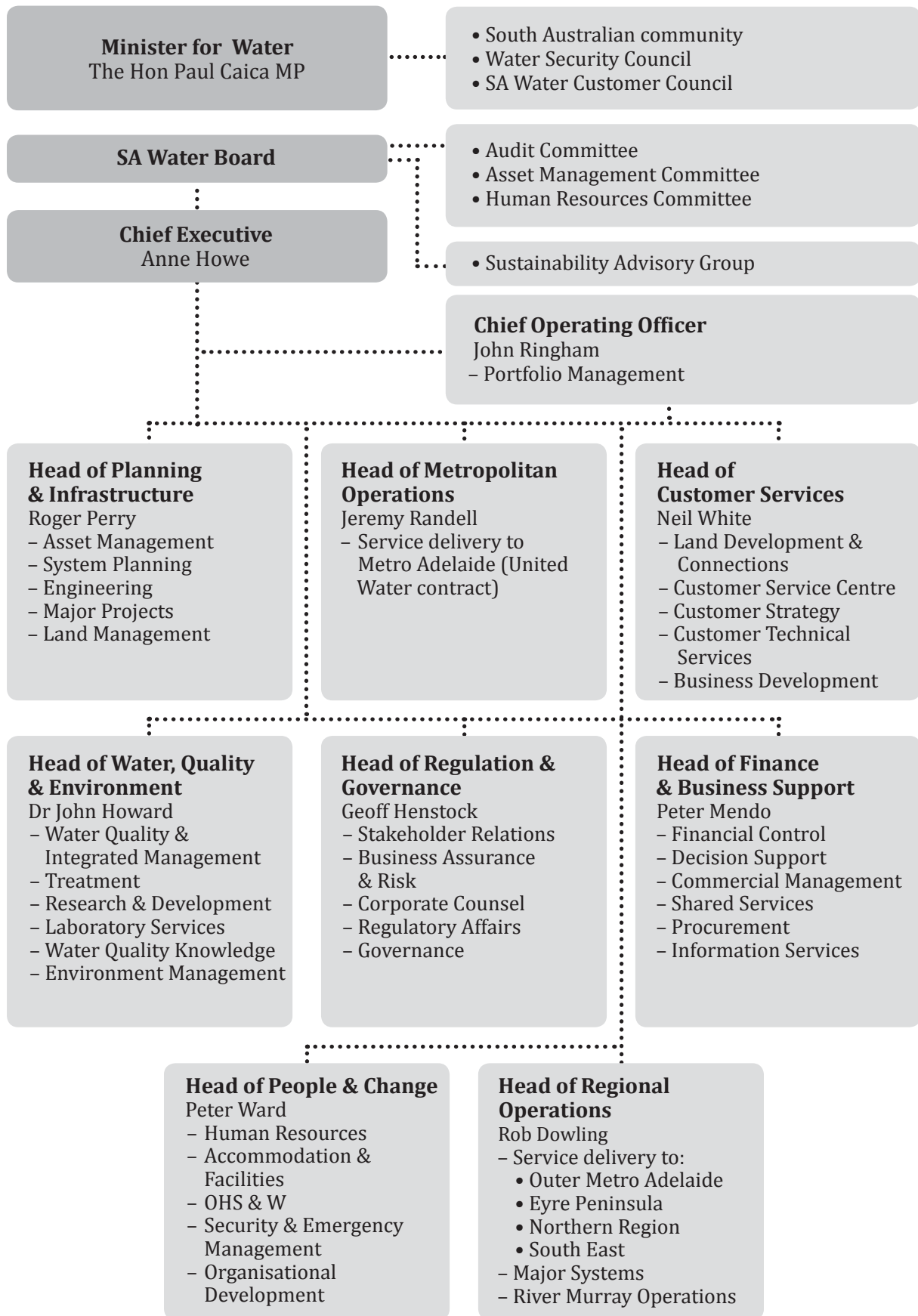
Preparation for economic regulation

The Government's Water for Good plan recommends a more formal regulatory role for the Essential Services Commission of South Australia (ESCOSA) in the South Australian water industry, including the economic regulation of SA Water.

ESCOSA is already the economic regulator for various utility industries within South Australia, including roles in the electricity, gas, barley and ports sectors. In the water industry, ESCOSA's role is likely to include licensing of utility operators, monitoring performance against agreed customer and service standards and assessing utility business plans in order to recommend or determine water and wastewater prices.

In early 2010, in preparation for this role we provided ESCOSA and the Department of Treasury and Finance with a detailed briefing of water security challenges facing our organisation and other relevant issues. The Corporation will continue to collaborate with other government agencies in the development of the new economic framework, as well as ensure our internal processes are ready to meet new regulatory requirements.

Organisational Chart 2009-10



Customer Service and Water Quality

Performance summary					
	Indicator	2009-10 Target	2009-10 Result	2010-11 Target	Target for 2015
<p><i>We will deliver quality water services and be responsive to our customers needs</i></p> <p>Desired outcomes</p> <p>Leadership in water quality</p> <p>Improved levels of service</p> <p>Increased customer satisfaction</p>	Achieve Australian Drinking Water Guidelines compliance	99.8%	99.7%	99.8%	99.8%
	Water Quality Management Index	76%	71%	77%	81%
	Incident Response Index	75%	81%	80%	84%
	Compliance with Water and Sewer Services targets: Metro	95%	100%	95%	95%
	Compliance with Water and Sewer Services targets: Country	95%	99%	95%	95%
	Compliance with Customer Contact targets	100%	40%	100%	100%
	Compliance with New Connections targets	100%	0%	100%	100%
	Customer Satisfaction Index	8.3	7.9	8.2	8.4

We achieved three of the eight indicators, exceeding our targets for compliance with water and sewer services in both metropolitan and country regions. We were 6% above target for our Incident Response Index. This index is a composite of our effort in relation to incident response including recording, reporting and implementing preventative actions.

We improved by 7% on compliance with customer contact targets from 2008-09, however, our result for 2009-10 can be mainly attributed to an increase in the average time to answer calls in our Customer Call Centre, a 4% drop in written enquiries responded to within 10 working days and a 6% drop for all investigative correspondence resolved within 20 days.

In water quality, we were slightly below target achieving compliance against Australian Drinking Water Quality Guidelines due to the incidence of coliforms, which are an indicator of bacterial regrowth. Coliforms is not a health parameter in the proposed 2010 Australian Drinking Water Guidelines, however, we will continue to record coliform performance as a separate process KPI to ensure good water quality management.

Our performance against the Water Quality Management Index was principally impacted by changes in a component of the KPI, Management of Water Quality Performance. These changes included impacts from source water quality (from drought and Murray Darling flows), extended monitoring per system and disinfection issues highlighting training needs for operators. The calculation of this component will be revised from July 2010 to reflect the significant change in baseline performance from 2007-08, against which the KPI was originally set.

In response to the performance against New Connections, a review of new automated tools was undertaken in 2009-10. The completed review and recommendations were approved at the July 2010 Board meeting with reporting against the endorsed targets from July 2010.

For details on our Customer Satisfaction Index refer to page 20.

Links to South Australia's Strategic Plan

This objective supports the State Plan in a number of ways, in particular through contributing to the following targets:

T1.7 Performance in the public sector – customer and client satisfaction with government services. Increase the satisfaction of South Australians with government services by 10% by 2010, maintaining or exceeding that level thereafter.

T1.14 Total exports. Treble the value of SA's export income to \$25 billion by 2014.

T4.6 Commercialisation of research. Increase gross revenues received by SA-based research institutions from licences, options, royalty arrangements, assignments, licensed technology and patents by 2010.

T4.7 Business innovation. The proportion of SA businesses innovating to exceed 50% in 2010 and 60% in 2014.

T4.9 Public expenditure. By 2010, public expenditure on research and development, as a proportion of GSP, to match or exceed average investment compared to other Australian states.

Customer Liaison

Our Customer Council makes valuable contributions to help us understand our customers' needs and expectations by providing advice and feedback. In 2009-10 the Council was chaired by an horticulture expert and media personality Jon Lamb with representatives from:

- Business SA
- Consumers' Association of SA Inc.
- Conservation Council of SA
- Country Women's Association
- Engineering Employers' Association
- Local Government Association of SA
- Multicultural Communities Council of SA
- Plumbing Industry Association of SA
- Regional Development SA (Limestone Coast)
- Regional Development SA (Mid North)
- SA Farmers' Federation
- SA Federation of Residents and Ratepayers Inc.
- South Australian Council of Social Services Inc.
- Urban Development Institute of Australia

Activities undertaken by the Council in 2009-10 included a brief on Water for Good by former Minister for Water Security Karlene Maywald, a tour of SA Water House laboratories for an understanding of the extensive water quality testing required and a visit to the Adelaide Desalination Project to inspect construction progress.

The Council also submitted a response on the Water Industry Act Discussion Paper and provided valuable feedback on the development of alternate water sources, the SA Water Environmental Management System and communications with our customers.

Customer Service Centre

In 2009-10 our Customer Service Centre responded in person, in writing or by phone to 468 870 enquiries and requests. The total number of phone calls answered was 425 583 incorporating a 12 000 decrease to the Water Restrictions Hotline compared to 2008-09. This decrease can mainly be attributed to more flexible watering times introduced under Level 3 Water Restrictions.

Callers waited no longer than 33 seconds on average for their call to be answered by a customer service operator in our local, SA Water House location. Email enquiries increased by 279 from 2008-09 to 19 869 in total. Customers received a response to an email query within a 24 hour period.

In 2009-10 we recorded 785 customer complaints, mainly related to quarterly billing, smart bills and water pricing increases.

Customer Satisfaction Survey

The annual Customer Satisfaction Survey measures satisfaction with SA Water as a service provider and evaluates attributes including reliability, value for money, responsiveness and water quality.

A 2009-10 Customer Satisfaction Survey was conducted in May 2010. On a 0 to 10 scale we achieved an overall satisfaction rating of 7.9 (residential customers) and 7.8 (commercial customers).

The research findings indicate, amongst all customer groups, high levels of overall satisfaction for the services delivered by SA Water. The results also show we continued to provide a satisfactory level of service for the overwhelming majority of customers, despite the impacts of drought and water restrictions.

Community engagement

In 2009-10 our community engagement program continued to support capital projects and long term planning across the State. Our focus included the Adelaide Desalination Project, Yorke Peninsula Long Term Plan and Bird in Hand Wastewater Treatment Plant Upgrade. In the metropolitan area, highlights of community engagement included support in Muller/Regency Road Trunk Water Main Upgrade construction, ongoing management of stakeholders involved with the Christies Beach Wastewater Treatment Plant Upgrade and consultation with residents along Waterfall Gully Road as part of a project to upgrade the existing wastewater system. For more information on projects see page 35.

Code of Practice for Irrigated Public Open Space (IPOS)

We worked with local government, schools and sporting bodies to expand our successful IPOS program which provides a best practice guideline for the management of turf in open spaces.

Councils

Since we implemented the code early in 2008 the largest savings have been through metropolitan councils. Participating metropolitan councils previously consumed 6.5 to 7 GL of water per annum, over the past three years this has decreased to 3.5 to 4 GL per annum. Subsurface irrigation was popular with open space managers giving great efficiency and some councils voluntarily applied the open space guidelines to other water sources, such as bore water.

Schools

In 2009-10 all schools received information packs regarding IPOS with higher water use schools visited by our water conservation representatives. There have been some great results, not only in saving water but in customer satisfaction relating to the Code with one school saving 20 ML through the use of the code.

Sporting bodies

An initial 29 IPOS permits were issued to sporting bodies across the State with best practice turf and irrigation management being promoted through association bodies.

Through Irrigation Australia, IPOS was nominated for an award from the International Commission on Irrigation and Drainage. IPOS is part of our work in Water for Good and the Waterwise Communities program.

Industry Water Efficiency

Our program to increase water efficiency for industrial customers continued with a review of all existing Water Efficiency Plan respondents who use more than 50 ML per year. A second round Water Efficiency Plan survey was conducted in 2009-10 to capture remaining customers consuming more than 50 ML.

In line with the Water for Good Plan (see page 15), the Industry Water Efficiency Program will be expanded to all industrial and commercial water consumers using more than 25 ML annually by 2013.

Our Business Water Saver Program also assisted business customers to achieve best practice water use and improve their wastewater discharge quality, reduce product losses and improve efficiency. In 2009-10 there was ongoing high demand for this program.

Plumbing Services and Water Investigations

We continued work to ensure plumbing industry standards are maintained through audits and inspections of plumbing work. In 2009-10 we conducted 32 318 plumbing inspections. Sustainability objectives including water recycling, hot water energy standards and emerging green technologies continued to challenge the plumbing industry. Water investigations also rose with an increase in water theft and stolen water meters.

Our plumbing services area received 54 900 Certificates of Compliance for plumbing work, an increase of 12.56% from 2008-09.

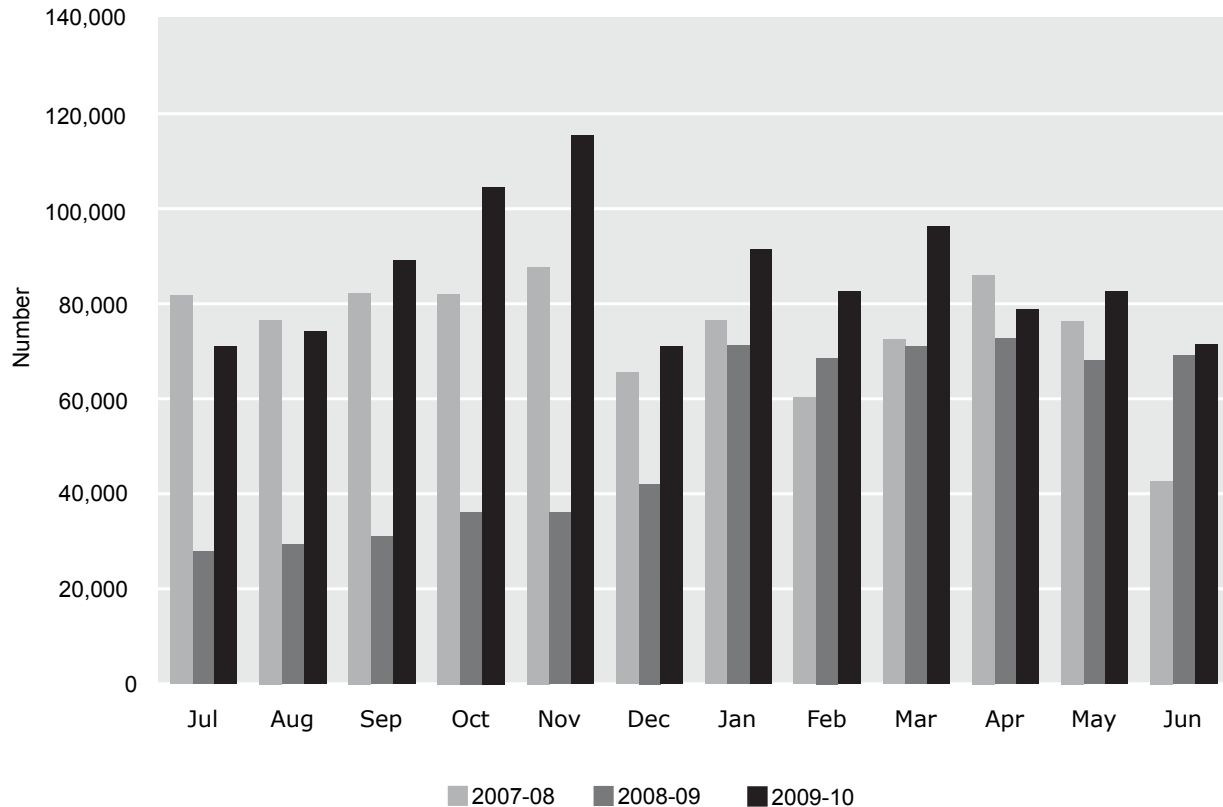
Land development and connections

The year saw a drop in building activity particularly in in-fill developments. There were 4209 general land development applications compared to 4 721 in 2008-09.

In 2009-10 we issued a total of 300 SA Water agreements for Major Developments, up four compared to 2008-09. A total of 18 283 connection applications were processed, down 2.3% compared to the previous year; however, revenue was up 1.2% compared to 2008-09.

Website

In 2009-10 we had a record 1 043 402 visits to the SA Water website compared to 635 589 in 2008-09 and 906 000 visits in 2007-08. The top five areas visited were Water Restrictions, Reservoir Levels, H₂OME Rebates, Your Account and Contact Us.



Water Literacy

SA Water Learning Centre

During 2009-10 we hosted numerous events in our Learning Centre (located at SA Water House) including school learning programs, community forums on water conservation and technical information sharing workshops. In November 2009 the SA Water Learning Centre was shortlisted as a finalist in the 2009 Premier's Awards for Public Sector Excellence.

Water Literacy Partnership with DECS

A Memorandum of Understanding (MOU) exists between SA Water and the Department of Education and Children's Services (DECS). This formalises the collaborative working relationship between SA Water and DECS, ensuring valuable curriculum-based programs are delivered to South Australian schools State-wide. The MOU commits SA Water to spend \$1.5 million over three years on school water-related education.

School Learning Program 2009 and 2010

Our School Learning Program provides interdisciplinary, curriculum-based programs and resources accessible to all students and teachers in South Australia. Learning programs are held in the Learning Centre, at our water and wastewater treatment plants, in schools and at partnership sites (e.g. Botanic Gardens of Adelaide). The inaugural Brainwave 2009 School Learning Program attracted an unprecedented participation of 8 961 students across the State.

Brainwave 2010 is an expanded learning program and provides more opportunities to participate, especially in regional areas, with a greater focus on science and engineering, and more programs for secondary students.

During 2009-10 a total of 3 011 students participated in programs in regional locations across South Australia. We also offer disadvantaged schools full cost travel reimbursement to ensure they have the opportunity to participate in our programs. During 2009-10 we issued a total of \$9 230 in rebates to schools and 4 795 students from disadvantaged schools attended programs.

Total Participation in School Learning Program

2009-10 program	Number students	%
Regional locations	3 011	28
Metropolitan locations	8 590	72
Total students (regional and metropolitan programs)	11 601	100

Managing Water Use

Restrictions and Permanent Water Conservation Measures

Water Restrictions and Permanent Water Conservation Measures remained in place across the State throughout 2009-10.

On 1 July 2009, restrictions on Eyre Peninsula were increased from Level 2 Eyre Restrictions to Level 3 Enhanced Water Restrictions (the area of Elliston remained on Permanent Water Conservation Measures). This was due to a reduction in allocation from the southern groundwater basins. For more information see page 42.

In November 2009 flexible watering hours were increased to allow the use of dripper systems and hand-held hoses fitted with a trigger nozzle for a maximum of five hours per week on any day between 6am to 9am and 6pm to 9pm. In May 2010, flexible watering hours for the use of dripper systems and hand-held hoses fitted with a trigger nozzle were increased again, allowing a maximum of seven hours a week on any day between restricted hours.

The community continued to play a positive role in water saving with water consumption remaining below target levels.

Compliance

We made site visits to investigate reports of breaches and continued to issue friendly reminders and warning notices when we were unable to verify the breach.

	2005-06	2006-07	2007-08	2008-09	2009-10
Site visits	2 366	13 533	14 696	14 430	18 210
Friendly reminder notices	1 011	5 301	3 958	1 783	966
Warning notices	507	1 204	1 189	1 439	665
Expiations	7	7	118	243	118

Water efficiency audits

In 2008-09 we contacted 166 schools from a previous water efficiency school audit to determine if a second visit was necessary following upgrades to amenities. As a result, 26 schools were revisited to ensure ongoing efficiency.

We provided 417 audits of the hotel and motel industry, mostly in the metropolitan area, with 272 hotels/motels taking up the offer. The audit included an information pack to promote water conservation to employees and visitors in wet areas such as kitchens and laundries. We will offer audits to the remaining hotels/motels in regional areas in 2010-11.

We offered our top 276 residential water users an audit in 2008-09 and repeated this in 2009-10 to improve water efficiency around these customers' homes. Of the 276, 81 consented to an audit.

H₂OME Rebate Scheme

The H₂OME Rebate Scheme launched by the State Government in November 2007 gives householders a range of incentives to reduce water consumption inside and outside the home.

In 2009-10 the scheme continued to prove highly popular with more than 67 000 rebate applications granted worth almost \$13 million, a \$3.4 million increase compared to \$9.6 million in 2008-09.

As part of Water for Good, we revised the H₂OME Rebates Scheme in September 2009. From 28 September 2009, the scheme was enhanced with:

- A new \$150 rebate for the purchase of a hot water re-circulator
- A new \$200 rebate for the purchase of approved pool covers and cover rollers for existing household swimming pools
- An increase on the value of water efficient garden goods, spending a minimum of \$150 meant customers could receive 40% of the purchase price (maximum rebate \$100)
- Modification to the washing machine rebate to require a minimum of 4.5 WELS rating

Breakdown of H₂OME Rebates

Rebate	Total issued
Washing Machines	38 700
Garden Goods	14 300
Dual Flush Toilets	4 200
Showerheads	3 400
Swimming Pool/Spa Covers	1 200
Home Water Audits	14
Hot Water Recirculators	2

Washing machines continued to be the most popular rebate with garden goods increasing by more than 5 000 compared to 2008-09. This was mainly due to the changes in September 2009.

We also reimbursed 5 500 claims for internally plumbed rainwater tanks, worth more than \$3 million, up \$400 000 compared to 2008-09.

In April 2010, the State Government approved a rebate for standalone rainwater tanks worth \$9.7 million over the next four years.

The existing H₂OME Rebates scheme is funded until 2010-11.

Waterwise Communities Program

In 2009-10, SA Water signed a memorandum of understanding with the Local Government Association (LGA) and then Office for Water Security (now merged into the Department for Water) to deliver the Waterwise Communities program. Key achievements for the year include:

- Replacement of more than 28 000 showerheads in 2009-10. This represents around 1 billion litres of water savings annually
- Promotion of the H₂OME rebates scheme through Councils
- Development and Implementation of the Code of Practice for Irrigated Open Space (IPOS)
- Launching the WaterWise Communities initiative which encourages households, business and community groups to join the initiative through their participating council and receive a free kit to help them use water wisely. As at 30 June 2010, 47 councils, 2 600 householders and 159 business groups were involved.

Sponsorships and Partnerships

SA Water partnerships seek to broaden community understanding of sustainability, water and water related issues. For 2009-10 our sponsorship and partnership program included:

SA Water Mediterranean Garden	Showcasing sustainable landscapes and promoting water efficient gardening, the Mediterranean garden provides ideas for plant species suitable for the SA climate and features an interpretive learning experience.
Trees for Life	In 2009-10 we continued our support for the Tree Scheme, helping grow around one million seedlings. Trees for Life is a not-for-profit community volunteer-based organisation with the aim to revegetate South Australia through community participation.
Sustainable Landscapes Program	This program demonstrates and promotes garden and park design for SA environments. As well as the creation of water efficient demonstration sites, the program has produced a series of brochures designed to help make South Australian parks, gardens and open spaces sustainable.
Australian Water Association	SA Water supports the Australian Water Association's (SA Branch) program of events. This program includes a range of activities designed to support and develop water industry professionals.
SA Water VacSwim program	In 2010 we were naming rights sponsor for this primary school aged swimming program delivered to more than 20 000 children across the State.
Credit Union Christmas Pageant	At the 2009 Credit Union Christmas Pageant, SA Water contributed about 40 000 bottles of water to people attending this free family event.
Conservation Council of South Australia	Supporting the Conservation Council of South Australia's community engagement program designed to help community hubs reduce their ecological footprint in the areas of waste, energy and water.
Windmill Theatre	Presenting Nyuntu Ngali, a play aimed at 12 to 17 year olds. In conjunction with the play, schools were asked to produce a 30 second television ad promoting water conservation. Winners were awarded in November 2009.
South Australian Museum	The South Australian Biodiversity Gallery was officially launched on 11 February 2010. SA Water sponsored the development of the Gallery from 2005 to 2008. This spectacular gallery showcases South Australia's unique and diverse flora and fauna.

In addition we supported:

- Engineers Australia to promote good engineering principles, practice and engineering as a profession through the Engineering Excellence Awards
- Australian Institute of Project Management SA Chapter's Project Management Achievement Awards which recognise excellence in project management
- Plumbing Industry Association Awards promoting a professional plumbing industry
- Australian National Committee on Large Dams Conference.

Disability Action Plan

In line with the South Australian Government's policy statement Promoting Independence: Disability Action Plans for SA, SA Water has drafted a plan to report against five outcome areas:

- Accessibility of services to people with disabilities
- Ensuring information about services and programs is inclusive of people with disabilities
- Ensuring delivery of advice or services to people with disabilities is done with awareness and understanding of issues affecting people with disabilities
- Opportunities for consultation with people with disabilities in decision making processes regarding service delivery and in the implementation of complaints and grievance mechanisms
- Ensuring the requirements of the *Disability Discrimination Act 1992* and *Equal Opportunity Act 1984* are met.

While some progress has been made against the draft plan, many of the activities were put on hold pending completion of the move of our head office to a new sustainable building in the Adelaide CBD. The building includes many features which have improved disability access to SA Water services. It is our intention to revise the plan in 2010-11.

Water Industry Development

In 2009-10, we continued our major financial support of the Water Industry Alliance. Now in its twelfth year, the Alliance plays an important role in the growth of the water industry in South Australia. The Alliance reported South Australian companies exported \$511 million worth of water industry goods and services in 2008-09 and is on track to achieve its target of \$750 million in annual exports by 2011 and \$1 billion by 2015.

Water Quality

Source Water Quality Management

We continued with improvements to establish water quality strategies for our reservoirs and the River Murray including:

- The continuation of cyanobacterial bloom management in Myponga Reservoir by optimising our off-take, aerator and water treatment plant processes, including application of powdered activated carbon.
- A state-of-the art, solar powered, vertical profiler system was installed in Myponga Reservoir to record water quality data at predetermined depths from the bottom to the surface.
- Ongoing (since 2007) use of water quality probes in reservoirs and the River Murray to provide real-time, in-situ data on cyanobacterial numbers and other key water quality parameters.
- An enhanced monitoring program for key water quality parameters at our River Murray off-takes as a response to the inflow of Darling River floodwaters in the first half of 2010.
- Identification and investigation of potential water quality issues along the South Australian reaches of the River Murray, employing aerial photography and modern field equipment.

Australian Water Quality Centre (AWQC) – Laboratory Services

During 2009-10 our Laboratory Services supported the Corporation with improved analytical testing and field sampling services. In 2009-10 there was a 14% increase in testing demand, mainly due to expansion of monitoring programs for SA Water to ensure proactive water quality management.

We also expanded our field testing, results recording and reporting to provide our operational areas with faster delivery of results to support improved water quality management.

We maximised the benefits of our leading edge laboratories and equipment in SA Water House with improvements for both chemistry and microbiological areas. We became better equipped to support alternative supplies including desalination plants, algal by-product analysis, field testing and incident investigation.

This year we reached a milestone having held National Association Testing Australia accreditation continuously for more than 35 years. We also participated in the Water Services Association of Australia National Water Laboratory Proficiency Testing Pilot Program.

In September 2009 an independent customer satisfaction survey was commissioned by the AWQC with the majority of respondents indicating they were satisfied the AWQC's relocation to the CBD had not impacted on them or their organisation. Also, in response to a high level of interest in our new laboratories, tours were conducted throughout the year to provide visitors with an opportunity to learn about the vital services we provide to safeguard water quality and public health.

Water Quality Performance

In 2009-10 we achieved 99.99% *E. coli* compliance across all regional customer taps (8503 samples from 62 systems) and 100% *E. coli* compliance across all metropolitan customer taps (2 332 samples from six systems).

For metropolitan systems we achieved 100% compliance with Australian Drinking Water Guidelines health related parameters (10 581 samples taken at customer taps) and 99.8% (34 214 samples taken at customer taps) for regional areas.

In 2009-10, 99.5% of samples collected in country systems met the Australian Drinking Water Guidelines aesthetic value of <5 NTU for turbidity, a 10.1% improvement compared with three years ago. This shows a positive trend for the quality of water supplied to country South Australia and can likely be attributed to our Country Water Quality Improvement Program. For more details on this program refer to our previous Annual Reports.

For detailed results of water quality performances refer to our Drinking Water Quality Reports available on our website.

Drinking Water Quality Management

SA Water's water supply systems are managed in accordance with our Drinking Water Quality Management System (DWQMS).

This management system is based on the Australian Drinking Water Guidelines Framework for Drinking Water Quality Management (ADWG 2004), endorsed by the National Health and Medical Research Council and provides water quality guidelines and values for a structured and systematic approach to managing drinking water quality from catchment to the consumer tap.

In 2009-10 we improved our self-assessment rating of Aquality by 5.3% from 2008-09 by implementing more processes and procedures in areas of SA Water with different roles and

responsibilities for water quality. Aquality is a measurement and evaluation tool developed by the Water Services Association of Australia to regularly assess progress against the ADWG Framework.

We continued regular audits across operations and our contractors to assess the level of awareness and implementation of the DWQMS. We also collaborated in a Water Quality Network with water supply authorities from South Australia, Western Australia and the Northern Territory to address water quality issues specific to our geography and State-wide systems.

An external review of our water quality monitoring was undertaken in 2009-10 and we started a project to integrate our water quality management system with OHS and our environmental management system. An external review of our water quality monitoring was undertaken in 2009-10 and we started a project to integrate our water quality management system with OHS and our environmental management system.

Water Quality Improvement

A number of projects were initiated in 2009-10 to improve the quality of water delivered to our customers across the State. These included:

- New Iron Removal Plants constructed and commissioned at Parilla and Tarpeena bores.
- New Surface tank and chlorination system constructed and commissioned in Padthaway to provide a more secure supply of disinfected water for customers.
- Validated ultra violet unit installed at Middle River water treatment plant to inactivate microorganisms such as Cryptosporidium.
- Replacement bores were drilled for Port MacDonnell and new bores were designed for Millicent, Penola, Mount Burr and Nangwarry.

Research, Development and Innovation

We continued our work to encourage innovation and input from staff and strengthen our external collaborations for Research, Development and Innovation (RDI).

At the annual RDI Workshop in May 2010 to showcase our research and operational outcomes we hosted 171 representatives, an increase of 27% on 2008-09. This included 47 external representatives (eight from interstate) and demonstrated the significant national interest in our research and development portfolio.

A practical focus

Our practical application of research and development was highlighted with our annual RDI Innovation Award presented to our River Murray Operations Unit for development of an improved sulphamic acid dosing procedure for bores. This work resulted in significant improvement in work practices and reduced OHS risks.

National and international success

SA Water continues to achieve significant national and international RDI success in receiving competitive funding grants for new research projects, many which are in partnership with external research agencies and universities.

Three new grants were received under the Australian Research Council (ARC) Linkage Grants scheme. The projects were:

- Development and Modelling of Advanced Coagulation and Oxidation Processes
- Materials Engineering Solutions for Tomorrow's Water Resources
- Ultrasound for Control of Cyanobacteria.

Through our membership of Water Quality Research Australia (WQRA) we continued our strong engagement with industry research programs. In 2009-10 we became involved in eight new WQRA projects encompassing topics such as online monitoring and disinfection by-products which also includes assessment and treatment of cyanobacteria including a partnership project with the Water Research Foundation (USA) entitled 'Optimisation of conventional treatment for the removal of cyanobacteria and their metabolites'. Partners in this project with us and WQRA include Hunter Water Corporation (Australia) and a United States water utility (Metropolitan Water District of Southern California).

Partnerships

SA Water was a partner in a \$1.1 million grant from the Premier's Science and Research Fund with the University of South Australia, Flinders University and United Water International for the 'Development of materials engineering solutions for treatment of Murray-Darling Basin sourced water supplies'.

We became partners in two new SMART Water Fund Grant (Victorian Government) projects dealing with pathogens in wastewater. These studies are important for understanding the risks and issues around re-using wastewater for recycling. The two projects were:

- 'Inactivation of *Cryptosporidium* across the wastewater treatment train for water recycling'. This project will seek to optimise in vitro cell culture conditions for infection and investigate the possibility of reporting false positives due to amplification of *Cryptosporidium* species that are not pathogenic to humans.
- 'Inactivation of *Cryptosporidium* across the wastewater treatment train for water recycling'. This project aims to investigate atypical conditions and will encompass lower hydraulic retention time, extended and shortened sludge ages.

Strategic Alliances for RDI

Our ongoing collaboration with national and international agencies helps South Australia benefit from the latest advances as many of the problems we face are also faced nationally and globally. Some of our strategic alliances and new activities in 2009-10 were:

- Support for the SA Water Centre for Water Management and Reuse at the University of South Australia. We will continue support for this Centre for the next five years. The centre concentrates on areas of water sensitive urban design, sustainable management and treatment complimenting activities of the AWQC.
- A Memorandum of Understanding (MOU) signed with the Water Research Centre of the University of Adelaide and the AWQC to develop collaboration. This will add key strategic value for us in areas such as blue-green algae (cyanobacteria) management and water engineering, for example computer modelling for demand management.
- Continued participation in the National Climate Change Adaptation Research Facility.
- An ongoing commitment to maintain our MOU with the Research Center for Eco-Environmental Sciences of the Chinese Academy of Sciences, Beijing, China. In particular we undertook a program of work in both China and Australia in 2009-10, as part of a joint International Science Linkage project on managing cyanobacterial blooms. This was supported by the Australian Government and the Government of the People's Republic of China under an Australia-China Special Fund for Science and Technology Cooperation (Australia-China Special Fund).
- An ongoing, strong collaborative relationship with the National Cheng Kung University (NCKU) in Tainan, Taiwan. After more than five years this is one of our most productive international relationships with many joint projects and exchanges. During 2009-10 two of our staff visited Taiwan and a visitor from NCKU worked at the AWQC for four months. Areas of common interest for collaboration and project development include drinking water quality, wastewater, cyanobacteria management, climate change, recycling, biomolecular methods in environmental systems and remote sensing.

In 2009-10 we continued our support for the exchange of senior scientists and students from a wide range of countries including France, Germany, Brazil, United Kingdom, Taiwan, Canada, China and the United States of America.

Catchment Care, Support and Targeted Pathogen Mitigation

In 2009-10 we maintained our working relationships with a range of government agencies and other stakeholders to manage water quality within our drinking water supply catchments. In line with the Australian Drinking Water Quality Guidelines, we actively influenced the protection of our natural catchments. For example, we continued to evaluate the effectiveness of a wetland at the Woodhouse Scout camp (located in the Mount Lofty Ranges Watershed) to retain phosphorous and sediments and reduce pressure on the supply system. We also progressed evaluation of water quality trends and land use information to identify how land use can impact on our supply catchments in the Mount Lofty Ranges.

In 2009-10 a three dimensional model for the River Murray, originally developed by SA Water in 2008-09, was refined to enable forecasting of water quality impacts by acidified wetlands in the River. This work was conducted as part of ongoing collaboration with State Government agencies with the main goal to enable forecasting of water quality changes due to changed flows and conditions in the main stem of the River.

We also continued our active partnership in the eWater Cooperative Research Centre (CRC) and contributed to catchment modelling efforts as part of a South Australian consortium of CRC partners. Our support of South Australia's Natural Resource Management Boards continued through financial payments and, where required, in-kind support. Financial support is provided through ex gratia payments or through a levy which is based on SA Water's water allocation.

Details of these payments in 2009-10 are:

River Murray metropolitan water levy	\$1 700 400
River Murray country water levy	\$654 000
Adelaide and Mount Lofty NRM Board ex gratia	\$695 000
Adelaide and Mount Lofty NRM Board targeted funding of projects	\$50 000
South East water levy payment	\$333 677
River Murray Hydrodynamic Modelling Project	\$26 000
eWater CRC contribution	\$50 000
Total	\$3 509 077

As part of one of our initiatives in 2009-10 we explored a more comprehensive economic valuation of catchments as business assets. As a result we are participating in the World Business Council for Sustainable Development's Corporate Ecosystems Evaluation Road Test.

System Performance

Performance summary					
	Indicator	2009-10 Target	2009-10 Result	20010-11 Target	Target for 2014
<i>We will plan, develop, operate and maintain our infrastructure to consistently meet the needs of our customers and owner</i>	Number of properties with greater than or equal to three unplanned water interruptions per year Metro*	2 000	1 673	2 000	2 000
	Desired outcomes Maintain asset condition	830	202	830	830
Meet future demand	Number of properties per year with a sewer overflow caused by a sewer mains choke:				
	Inside building Metro	78	88	77	73
	Inside building Country	3	3	3	3
	Outside building Metro	600	449	588	553
	Outside building Country	26	8	20	24
	Infrastructure Leakage Index:				
	Metro	1.1	Unavailable	<1.5	<1.5
	Country	1.9	Unavailable	<2.0	<2.0

* Number of bursts, not properties.

We were well within target for the number of properties in metropolitan and country areas with more than or equal to three unplanned water interruptions per year. We also refined the logic for the definition and analysis of bursts which improved the accuracy of our reporting in this area.

A sewer overflow is an untreated wastewater spill or discharge from the wastewater system into a customer's property. The number of properties per year with a sewer overflow caused by a sewer mains choke outside the building was on target across the State. However, the result for metropolitan properties inside the customer's building was ten above target. Analysis indicated the majority of sewer main chokes were caused by a combination of tree root intrusion and surge rainfall events. We will be undertaking further investigation into contributors to chokes and overflows in 2010-11.

Our infrastructure leakage index was not available and is being calculated in 2010-11. This is due to the complex nature of calculating the index. In 2009-10 the previous year's calculation was reviewed to investigate areas of uncertainty such as estimating the overall average system operating pressure and time differences between customer meter readings and the calculation period.

While it is widely accepted by the urban water industry that the index is a broad indicator of performance, we will continue initiatives for leakage management, including our survey and repair program across the metropolitan area and the south east. For more information on these see page 44.

Links to South Australia's Strategic Plan

This objective supports the State plan in a number of ways, in particular through contributing to the following targets:

T1.21 – Strategic infrastructure. Match the national average in terms of investment in key economic and social infrastructure.

T3.9 – Sustainable water supply. SA's water resources are managed within sustainable limits by 2018.

T3.11 – River Murray – salinity. SA maintains a positive balance on the Murray-Darling Basin Authority salinity register.

T5.9 – Regional population levels. Maintain regional SA's share of the State's population.

T6.1 – Aboriginal wellbeing. Improve the overall wellbeing of Aboriginal South Australians.

Regional Operations

Regional Service Delivery

We are committed to delivering quality water services to our regional customers across South Australia. As part of this, our regional workforce has targets to ensure any service interruptions and customer complaints are addressed within appropriate timeframes. During 2009-10 our Regional Operations achieved 99% of 3625 service delivery jobs within target exceeding the 2008-09 result of 97%.

Significant progress was made on our upgrade of a Works and Asset Management System to support improvements to customer service, management of assets and our service in regional areas.

In 2009-10 a joint project between Regional Operations and Information Services resulted in new software to provide improved access to corporate systems. This substantially improved the way our field employees can access information, e.g. Dial Before You Dig Plans. Extensive work was also done to establish contracts with local service providers to deliver customer connections and mains extensions in a more efficient manner.

Preventative Maintenance

Preventative maintenance work is performed on all of our infrastructure assets across the State on a planned routine basis. During 2009-10 our Regional Operations teams achieved a result of 99% of planned preventative maintenance work, exceeding our target of 95%.

Metropolitan Operations

Metropolitan Service Delivery

For more information on our Metropolitan Operations during 2009-10 see page 95 regarding our contract with United Water.

Metropolitan Adelaide Service Delivery Project

The current contract for Metropolitan Service Delivery expires at midnight 30 June 2011.

A procurement process for the new contract arrangements was approved by the State Government in October 2009. We held an industry briefing in November 2009 and placed an open call in February 2010 for expressions of interest (EOI) from organisations or consortia wishing to be considered for the Operations and Maintenance Contract.

A number of consortia responded to the EOI and were evaluated in accordance with the pre-determined evaluation plan. The process was also monitored by an independent Probity Advisor.

As a result of the process two consortia were shortlisted to go forward to the Request for Proposal process. They are:

- ALLWATER (a joint venture of Transfield Services, Suez and Degremont)
- Metro Aqua (consisting of United Utilities Australia, Thiess Services and ACCIONA Agua)

We expect to select a successful proponent for award of the Adelaide Operation and Maintenance Alliance by the end of 2010. This will allow ample time for transition from the existing to the new contract arrangements.

The Capital Works component will be managed through a new Project Management and Procurement Contract. An industry briefing is scheduled for September 2010 with proposals closing in October 2010 and a contract expected to be signed in April 2011.

Projects

Adelaide Desalination Project

As part of the Water for Good Plan, the \$1.824 billion Adelaide Desalination Project (ADP) at Port Stanvac will be fully operational in late 2012 and be capable of producing up to 100 gegalitres per annum of desalinated drinking water, about half of Adelaide's current annual water supply.

AdelaideAqua, a multi-national consortium comprising ACCIONA Agua, United Utilities, McConnell Dowell and Abigroup Contractors will design, build, operate and maintain the desalination plant for 20 years.

McConnell Dowell Built Environs Joint Venture (MDBE JV) have designed and constructed the Transfer Pipeline System, comprising the pipeline and pump station. Operation and maintenance of the Transfer Pipeline System will form part of our new Metropolitan Adelaide Service Delivery Contract in 2011.

Safety – an ongoing priority

Safety continued to be the main priority on the Adelaide Desalination Project with increased surveillance across all work fronts on a daily basis. Together with AdelaideAqua and MDBE JV, safety initiatives have been jointly developed on an ongoing basis to improve the coordination of various trades. At 30 June 2010 the project recorded around 3.4 million hours worked and an LTIFR of 2.07.

On 16 July 2010, we were shocked and saddened by a fatality at the desalination plant site. SA Police and SafeWork SA have commenced investigations. The desalination plant contractor (AdelaideAqua) is cooperating and supporting the relevant authorities. The safety and wellbeing of everyone working on the project remains a high priority.

Transfer pipeline

Construction on the 12 kilometre transfer pipeline commenced in March 2009. The pipeline will deliver desalinated water from the ADP to our Happy Valley Water Filtration Plant, where the desalinated drinking water will be blended with Happy Valley drinking water before entering the customer distribution system. The Transfer Pipeline works reached bulk construction completion by end June 2010. Commissioning and revegetation along road reserves is currently under way and this is being coordinated with community and stakeholder groups.

Marine works and monitoring

In October 2009 a jack-up barge (Sante Fe) arrived off the coast of Port Stanvac and signalled the start of key marine works including installation of intake and outfall structures connected to the undersea-bed tunnels. In July 2010 all of the heavy marine works were completed and the jack-up barge left the site.

Monitoring and oversight of marine conditions will be undertaken by Adelaide and Flinders Universities, the Department of Environment and Natural Resources, the South Australian Research and Development Institute (SARDI) and the Australian Water Quality Centre for two years after the plant's initial operation.

AdelaideAqua, SA Water and the EPA have worked closely together in finalising the discharge licence for the desalination plant.

Tunnel boring

Two 2.8 metre diameter tunnels are being bored under the seabed. The seawater intake tunnel is approximately 1.4 kilometre long and the outfall tunnel is approximately 1 kilometre long. The tunnel boring machines were pre-ordered and fast-freighted to ensure timely delivery and commencement of tunnel boring in January 2010. Using a tunnelling approach for seawater intake and brine outfall has eliminated the need for large trenches and open sea excavation, which could cause disturbance to the cliff and sensitive inter-tidal reefs and the marine environment. At 30 June 2010 both the intake and outfall tunnelling works were proceeding on program.

The community

As part of National Water Week a community event was hosted at Port Stanvac on Sunday 18 October 2009 with more than 900 people attending (including 300 participants on site tours). The event also marked the opening of the ADP Temporary Visitor Centre.

Since the opening of the Temporary Visitor Centre more than 1500 visitors have attended site. The feedback from the visitors has been overwhelmingly positive.

We continued to work with the community including our Stakeholder Liaison Group, comprising representatives from local government, business, environmental groups in particular Friends of Field River, Central Coastal Care Forum, general community groups, and school and universities.

Site construction

Construction activities on site included the reverse osmosis facility and other process buildings, the chemical building, treated water tanks, pre- and post-treatment buildings and ancillary buildings.

Powering the plant

In March 2009 a new substation delivered by ETSA Utilities was energised to supply power to the plant. In addition to this milestone, two days later AdelaideAqua also energised the ADP High Voltage Switch room to provide sufficient infrastructure that can meet the needs of the first 50 GL per annum of desalination plant. Further works will be completed by August 2011 to provide sufficient infrastructure to meet the operating load for the full 100 GL per annum desalination plant.

In September 2009, SA Water secured a 20 year contract with electricity retailer AGL for an accredited GreenPower contract to cover the operational energy requirements of the Adelaide Desalination Project.

For more information on contracts relating to the project refer to page 82.

North South Interconnection System Project

Our program to connect Adelaide's southern and northern water supply systems aims to enhance the security of our supply and provide more flexibility in the management of our water resources.

After rigorous analysis of a range of options, a preferred option was presented to the SA Water Board for approval in April 2010. This option then progressed to concept design.

The North South Interconnection System Project (NSISP) includes:

- New pump stations – it is proposed to construct three new pump stations.
- Approximately 32 kilometres of new pipe work – a number of existing pipes located mostly in road corridors will be upgraded or replaced to enable greater quantities of water to move through the water distribution network.
- Pressure regulating valves – work is planned to upgrade the pressure regulating valves at a number of locations and install two new valves.

The estimated \$403 million project is staged for completion by late 2012.

Other Projects on the Go

<p>Christies Beach Wastewater Treatment Plant Upgrade \$272 million Construction started January 2009 Major construction scheduled for completion 2011</p>	<p>An Upgrade of the Christies Beach WWTP will ensure we can meet the local population growth and resultant wastewater disposal demands to 2030. Other benefits include closure of the Noarlunga Downs sludge lagoons, increased recycling, reduction in the nutrient load discharged into Gulf St Vincent and landscaping improvements to adjacent coastal areas.</p> <p>In 2009-10 the new sludge handling facility was installed and commissioned with pumping of sludge to the Noarlunga Downs lagoons ending in December 2009. A new outfall pipe was also installed and commissioned and a majority of building structures erected.</p>
<p>Salt Interception Schemes (SIS) \$30.2 million</p>	<p>On behalf of the Murray Darling Basin Authority (MDBA) we are delivering the construction of SIS. Jointly funded by SA Government, these projects aim to reduce the amount of saline groundwater entering the River Murray as part of a Basin Salinity Management Strategy to reduce the EC levels in the River Murray at Morgan by 61 EC. At 30 June 2010, the Loxton Highland Interception component neared completion, construction works continued on Murtho SIS with completion scheduled for June 2011 and Pike River investigation works started.</p>
<p>River Murray Lock and Weir Upgrade and Fishways \$30 million Started January 2009 Completion expected early 2011</p>	<p>Locks and Weirs Numbers 2,4,5,6 In 2009-10 our upgrade of the navigable pass and reduced pass on behalf of MDBA was substantially completed at Locks 5 and 6, with 75% of work on Lock 2 complete. Works at Lock 4 are scheduled to start in August 2010.</p> <p>Fishways As we upgrade the locks and weirs along the river fishways are being installed to allow the passage of native fish. Work on Lock 5 and 6 fishways was completed in 2009-10 while preliminary works started at Locks 2 and 4. Fishways are now operational at Locks 1, 3, 5, 6, 7, 8 and 9. Locks 3, 5 and 6 have an updated dual fishway featuring an automated fishway targeting small juvenile fish.</p>

<p>Chowilla Environmental Regulator \$35 million Construction started February 2010 Completion expected 2012</p>	<p>When complete the Chowilla Creek Environmental Regulator will enable flooding of thousands of hectares on Chowilla to provide significant benefit to the health of the floodplain, wetlands and the life they support.</p> <p>We completed preliminary work at the main regulator site with good wet weather access and a coffer dam dewatered. In June 2010 the installation of precast concrete piles progressed. All related and ancillary works, including the upgrade of Pipeclay and Slaney Weirs are expected to be completed by early 2012.</p>
<p>Dredging of Murray Mouth Estimated \$35 million Started October 2002 and ongoing</p>	<p>This project was initiated when it became apparent the Murray Mouth would close due to low flows down the River Murray. Working on behalf of the MDBA the dredging has been successful and continues to keep the mouth open to help maintain water quality in the Coorong, keep water levels in the Coorong within their historic range and to ensure adequate tidal movement. Approximately 6 million cubic metres of sand have been pumped as a consequence of this project, funded through the MDBA. A new contract was awarded in June 2010 for a single dredge operation.</p>
<p>Possible temporary weir near Wellington Final overall cost to be determined Final timing to be determined</p>	<p>In 2009-10 following additional water in the river system from interstate floods, the construction of a temporary weir was deferred. We constructed access roads in order to reduce construction time by up to three months should the weir need to be built. The State Government is continuing work on various options and initiatives to secure supply to obviate the construction of the weir.</p>
<p>Fluoridation of Mount Gambier's Water Supply \$1.3 million Construction started December 2009 Completion expected August 2010</p>	<p>To improve dental health in Mount Gambier the Department of Health directed that fluoride be added to the water. In 2009-10 design for the new Blue Lake fluoridation facility was completed with construction starting in December 2009.</p>
<p>Master Plan for Reuse – Victor Harbor Estimated \$7 million Started February 2008 Completion expected March 2011</p>	<p>Construction is under way on a WWTP and network upgrade to provide dual use reuse water to the community on a demand system. Work on a project to supply the City of Victor Harbor and other customers with recycled water progressed with construction scheduled during the 2010-11 summer.</p>
<p>Bird in Hand WWTP Nutrient Reduction \$60 million Started February 2010 Completion expected end 2012</p>	<p>Since 1965 wastewater from Lobethal, Charleston, Woodside and Inverbrackie has been treated at the Bird in Hand WWTP using a ten lagoon natural process. Currently, the plant releases treated wastewater in line with EPA guidelines; however, due to the natural treatment process the released wastewater can appear green in colour due to quantities of suspended algae. Following community engagement a preferred upgrade option was developed with approval from Cabinet and Public Works Committee in December 2009. Remaining construction activities will be completed by mid 2012.</p>

<p>Murray Bridge WWTP Upgrade Cost to be determined Expected completion end 2016</p>	<p>The existing WWTP at Murray Bridge has been subjected to encroachment of residential development to the plants boundary in conjunction with increased capacity requirements to accommodate growth of Murray Bridge. The upgrade of the WWTP to address these issues is expected to result in construction of a new plant on a new site. In 2009-10 a multi criteria analysis process commenced to determine the optimum location for the new plant by March 2011.</p>
<p>Southern Urban Reuse Project \$62.6 million Construction started July 2009 Completion scheduled December 2010</p>	<p>This project is part of Water Proofing the South, a localised integrated water resource management strategy based entirely in the City of Onkaparinga. It will bring dual reticulation class water to residential areas south of the Onkaparinga River. The Southern Urban Reuse Project overlaps with a number of other key projects in the area including the Aldinga WWTP Upgrade, Aldinga Water Farm and Managed Aquifer Storage and Recovery Project. See below and the completed projects table for more detail.</p>
<p>Aldinga WWTP upgrade Estimated \$22.8 million Started mid 2009 Completion expected April 2011</p>	<p>Work continued on an upgrade of the existing biological treatment process to cater for future growth of the region. The project includes upgrades to the sludge handling process.</p>
<p>Barossa Trunk Water Main Renewal Program Estimated \$18.5 million Start mid 2009 Expected completion mid 2016</p>	<p>Stage 1 is complete and Stage 2 of the project is being finalised to renew a nominal 330 field joints located along the full length of the pipeline to ensure operational reliability of the main. The Stage 3 upgrade to accommodate increased demands and ongoing supply security is particularly for population growth in the areas of Gawler and Playford North of Adelaide. This final stage will assess the total asset condition and performance risk for longer term requirements to continue this supply from the Barossa Water Treatment Plant to the metropolitan water distribution network.</p>
<p>Playford North Water Recycling Scheme Feasibility Report completed Feasibility Cost Estimate \$152 million If approved, completion target dates are: Stage 1- 2012/2013 Stage 2 – 2016/2017</p>	<p>SA Water has been working with the Land Management Corporation (LMC) on a new recycled water scheme in northern Adelaide. The proposed Playford North recycle scheme will provide up to 2.7 GL of recycled water per annum for the proposed 19 000 new residential allotments being developed as part of Playford North and Blakeview Masterplan. We will continue with the approval process for owning and operating the scheme.</p>

<p>Augmentation of Middle River Water Supply System Estimated \$20 million Work expected to start October 2011 Completion expected mid 2012</p>	<p>As a result of the Kangaroo Island Long Term Plan, this project will secure water supplies for Kingscote and surrounding areas. The project plan includes an initial 130 ML treated water storage, treatment upgrade and connecting main and pumping station near Kingscote.</p>
<p>Augmentation of Robe Water Supply \$1.9 million Work started September 2009 Work completed November 2009</p>	<p>A new bore was connected to the town of Robe to meet supply during peak periods. Existing bores now supply customers at a reduced output and a new 2.8 kilometre express main was constructed from the new bore to the existing iron removal plant in Robe. A proposed \$4m project to upgrade the water treatment plant at Robe was developed for Development Assessment Commission approval in 2010-11.</p>
<p>Adelaide Airport Stormwater Scheme Work expected to start November 2010 Completion expected end 2012</p>	<p>Planning and development of this scheme is based on a Memorandum of Understanding between SA Water and Adelaide Airport Limited on stormwater harvesting. The project aims to harvest and deliver 400 ML of stormwater each year for irrigation and replace potable water currently used in and around Adelaide Airport.</p>
<p>Barker Inlet Stormwater Reuse Scheme Work expected to start November 2010 Completion expected March 2012</p>	<p>This project aims to harvest and deliver 350 ML of stormwater per annum for industrial, commercial and irrigation customers in the Regency Park area. The Barker Inlet wetland system will treat inflowing stormwater through natural processes to provide water suitable to inject into a confined aquifer. The injection of stormwater will be subject to rainfall volumes and stormwater quality year to year.</p>
<p>Managed Aquifer Storage and Recovery Project Estimated \$3.87 million Started mid 2009 Completion TBA</p>	<p>In 2009-10 a licence was obtained from the EPA for the use of the Port Noarlunga aquifer for recycled water storage. Permanent infrastructure is being installed following the extraction from three bores in 2009-10. Investigations are also under way regarding performance of the bores during the last injection and recovery cycle.</p>
<p>Aldinga Water Farm Estimated \$4 million Started mid 2009 Completion expected November 2010</p>	<p>The Aldinga Water Farm Projects were mostly complete in 2009-10 with modifications to be completed before November 2010. These projects include:</p> <ol style="list-style-type: none"> 1. The supply of recycled water to an existing storage lagoon then to the Willunga Basin Water Company (WBWC) compound (240 ML) 2. Supplying piping on a pump station from existing lagoon two to Tinlins and WBWC compound (90 ML) 3. A chlorination upgrade to ensure recycled water meets correct standard when leaving site for irrigation re-use 4. An irrigation supply to WBWC compound from lagoon three – a new 700 ML storage

<p>South Para Reservoir Dam Safety \$7m joint funded by SA Water and Gawler River Floodplain Management Authority (GRFMA) Expected completion mid 2010</p>	<p>Working with the GRFMA this project aims to provide flood mitigation on the Gawler River below the dam and to reduce the risk of embankment failure during flood or earthquake. Work includes raising the dam crest and abutments and modifying the spillway crest as part of our overall dam safety program.</p>
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Projects completed in 2009-10

<p>Glenelg to Adelaide Park Lands Recycled Water Project \$76.25m Construction started September 2008 Completed January 2010</p>	<p>This \$76.25 million State and Federal Government funded project was completed four months ahead of schedule to deliver recycled water from the Glenelg Wastewater Treatment Plant to customers including the Adelaide City Council. The 32 kilometre network of pipes has the capacity to provide 5.5 billion litres of high quality recycled water a year.</p>
<p>Little Para Reservoir Dam Safety \$15m Work started April 2008 Work completed mid 2009</p>	<p>The Little Para Dam safety upgrade included an auxiliary spillway designed to operate when storm flows exceed the old spillway capacity. The new spillway is 50 metres wide and 30 metres deep which required excavation of 300 000 cubic metres of rock. For information on this world first project see page 44.</p>
<p>Lower Lakes Irrigation Pipeline Part of \$120 million Murray Futures Lower Lakes Pipelines project Started May 2009 Completed October 2009</p>	<p>Completed and handed over to the Creeks Pipeline Company (CPC) in October 2009, the Lower Lakes Irrigation Pipeline is a 100 kilometre pipeline from the River Murray at Jervois to the Langhorne Creek and Currency Creek regions. The project was part of the \$610m Murray Futures program funded through the Australian Government's Water for the Future program. The pipeline now provides irrigation water to the drought affected agricultural communities, particularly grape growers, surrounding the lower lakes, thus sustaining the considerable investment and industry in the region.</p>
<p>Point Sturt and Hindmarsh Island Potable Pipelines Part of \$120 million Murray Futures Lower Lakes Pipelines project Started November 2009 Completed December 2009</p>	<p>These two pipelines were constructed with savings transferred from the Irrigation Pipeline project to provide potable water access equality in line with other communities around the lower lakes. The Point Sturt Pipeline is an 11 kilometre extension of the Milang to Clayton pipeline and the Hindmarsh Island pipeline extends 12.6 kilometres down the centre of the Island. The rapid construction period ensured these communities had access to potable water prior to the summer period and continuity of supply for the future.</p>

<p>River Murray Pump Station Upgrades Total cost four major upgrades \$8.6m Work completed late 2009</p>	<p>Our upgrades of four main pumping stations below Lock 1 secured their ongoing operation with falling river water levels. Minor pump station investigations were undertaken at Cowirra-Neeta, Wall Flat, Pompoota, Mypolonga, Jervois and Clayton. New low lift pumps were installed at Mannum, Swan Reach and Tailem Bend. These new temporary pumps bring the water from the low river level to the inlet structures for the original pumps. At Murray Bridge anti-vortex plates have been installed to enable existing pumps to continue operating with low river levels.</p>
<p>Morgan Whyalla Pipeline – High Voltage Switchboard \$10.55m Completed mid 2010</p>	<p>This project replaced high voltage switchboards at pumping stations along the Morgan Whyalla Pipeline – a critical State water asset.</p>

Long Term Planning

Yorke Peninsula

In December 2008 we started to prepare a Long Term Plan for Yorke Peninsula to help secure potable water supplies for the next 30 years. In 2008-09 all property owners were provided with the opportunity to give feedback on potable supply issues in the development of the plan and to participate in an information session. Issues raised in this process resulted in a reshape of our plan's scope and further investigation. This occurred at the end of 2009 consequently extending our completion date. In the first half of 2010, the opportunity to review the draft long term plan was provided to the existing Project Reference Group, the District Council of the Copper Coast and the broader community.

The Long Term Plan for Yorke Peninsula is expected to be completed by the end of 2010.

Upper Spencer Gulf

In November 2009 a long term planning process started to ensure our mains and wastewater systems in the Spencer Gulf region have sufficient capacity to meet customer requirements into the future. The planning process included analysing current systems, developing population projections and identifying options to augment the water and wastewater supplies.

Stakeholders were engaged with all local Councils in the study area involved to outline the project and provide input. Property owners in Whyalla, Port Augusta, Port Pirie, Crystal Brook and Port Germein completed a survey to help us understand how water is used in the region and as an opportunity to raise issues for consideration. Further engagement will occur in 2010-11 with investigations anticipated to be complete in mid 2011.

Eyre Peninsula

In December 2008 *Meeting Future Demand, SA Water's Long Term Plan for Eyre Region* was launched. In May 2009, the Eyre Peninsula Natural Resource Management Board (EPNRMB), and resource managers for the Southern Basin Prescribed Wells Area advised us of the need to reduce the groundwater allocations for 2009-10 by 5% due to drought. This reduction meant investigations outlined in the plan need to be undertaken on an accelerated timeframe. As a result, in 2009-10 we pursued a proposed seawater desalination plant as the preferred water security option for the region, subject to consideration by Government.

At the end of 2009 two locations were selected from five potential sites for the feasibility of a 2.5 GL/a seawater plant - the Lower West Coast near Cathedral Rocks and the Southern Coast around Sleaford Bay. Two specific sites were subsequently selected within Sleaford Bay and one at Cathedral Rocks.

We started detailed site investigations including environmental, heritage and geotechnical aspects and a preferred site is likely to be selected in 2011 with construction subject to annual reviews of water allocations and actual water demand. The EPNRMB has started a review of the Water Allocation Plan for the Country Musgrove and Southern Prescribed Wells Areas, with completion scheduled for June 2012.

Kangaroo Island

The Kangaroo Island Long Term Plan includes preliminary investigations of options to augment the potable water supply system to meet demand for the next 30 years. In 2009-10 a report was produced for the Minister for Water Security's consideration summarising stakeholder input and views around the plan sourced in the previous year.

A highlight from the plan is an action to deliver a large treated water storage facility. The facility is being designed and land sought with expected completion in mid 2012.

Remote Communities

Our Remote Communities Group works with Federal and State agencies, Aboriginal Land Holding Authorities and communities in the provision of water and wastewater services to 18 designated Aboriginal Communities. The water and wastewater management framework developed for these communities follows a risk analysis approach to guide an asset management program.

Annual service delivery includes operator training, routine preventative maintenance, response to emergency breakdowns, aquifer performance monitoring, regular water quality and wastewater sampling analysis. We undertake an ongoing capital works program for remote Aboriginal communities with current construction projects nearing completion in several locations. This includes significant contributions and cooperative work with the Australian Army Community Assistance Program (AACAP) with a \$3m project that will provide new water sources to the Pukatja Aboriginal Community.

In 2009-10 the Remote Communities Group played a key role in the preparation of funding submissions to the Federal Government including the Water for the Future initiative.

Our successful bid secured \$5.55m for a suite of water and wastewater infrastructure projects for the Amata and Mimili Aboriginal Communities located on the APY Lands. Further submissions secured \$1m from the Department of Family and Housing, Community Services and Indigenous Affairs for priority projects at Pukatja, Kaltjiti, Yarilena and Yalata.

Asset Management Highlights

Haslam Main Calgon Trial on Eyre Peninsula

In September 2009 a trial started on the Eyre Peninsula to investigate the effectiveness of Calgon (sodium hexametaphosphate, a food additive) to reduce calcium carbonate build up (scaling) and improve water hardness, reducing pressure on our infrastructure. The site of Haslam was chosen with a pilot plant injecting Calgon into the water and distribution network. The year long trial will be completed in September 2010.

Inspection of Morgan Whyalla No. 2 Pipeline

Our Morgan to Whyalla No. 2 pipeline involves an 11 kilometre underwater crossing of Spencer Gulf from Mambray Creek to Port Douglas. After 39 years of service we assessed the condition of the submarine crossing in April 2009. Following work with Western Australia Water Corporation, a CCTV assessment from either side of the gulf occurred with an unofficial world record for a single run CCTV survey of 5.75 kilometres from Port Douglas. The second survey from Mambray Creek of 5.69 kilometres showed wheel tracks from the first survey confirming the inspection had covered the submarine section entirely. High quality video footage for the entire length confirmed the pipe was in good condition internally.

In 2009-10 our River Murray Operations Unit was commissioned to undertake a hydrographic survey to check the pipeline still buried beneath the sea floor and identify any areas of erosion or other disturbances in the vicinity. The survey clearly showed the pipeline was in good condition with little or no sign of any erosion and there was no evidence the pipeline has been exposed in any part of the crossing. Both surveys were undertaken with no impact on customer supply.

World First on Little Para Dam Upgrade

As part of our upgrade to Little Para Dam to meet current risk management standards (see page 41) the design of the spillway incorporated fusegates. These gates allow maximum storage during normal floods and in extreme flood events are capable of passing very high flows while protecting the dam. Rather than use reinforced concrete construction, the fusegates are a composite structure with a stainless steel outer and concrete inner core. This construction is a world first in fusegate design and reduced the footprint of the excavation required.

This project also involved planting of 25 500 locally endemic trees in 41.4 Ha as part of rehabilitation on the site. For more information on the project's revegetation see page 51.

Leakage Reduction Program

In July 2008 the State Government announced a three year Leakage Reduction Program to help identify and repair leaks in our water supply pipe network. The \$8 million project started in February 2009 and to the end of June 2010 contractors had surveyed approximately 80% of Adelaide's pipes.

In addition, 570 kilometre of mains in the State's south east were surveyed including 329 kilometres in Mount Gambier, 58 kilometres in Naracoorte and 50 kilometres in Millicent. Leak detection in the South East is now complete with repairs under way in 2010-11.

Sustainable Future

Performance summary					
	Indicator	2009-10 Target	2009-10 Result	2010-11 Target	Target for 2015
<i>We will play a leading role in providing a sustainable and secure water supply for the community and minimise our impact on the environment</i>	10 year average consumption: Metro Country	166.7GL 85.9GL	151.6GL 83.7GL	162.7GL 84.8GL	164.4GL 87.7GL
	Percentage of water recycled: Metro Country	32% 26%	29.5% 25.7%	34% 28%	35% 29%
Desired outcomes					
Balance demand with a sustainable water supply	Water licence compliance – extraction within allocation and compliance with licence conditions	100%	100%	100%	100%
Minimise environmental impact	EPA licence compliance	100%	100%	100%	100%
	Type 1 and 2 wastewater environmental notifications	96	60	96	88
Move towards 1990 levels of greenhouse gas emissions	Net tonnes of Greenhouse Gas Emitted	405 000t	365 603t	405 000t	389 000t

Consumption on a 10 year average was well within target with significant savings in both metropolitan and country areas.

Our results in water recycling in 2009-10 were marginally under target reflecting a drop in demand most likely due to milder weather conditions. We completed works on the new Glenelg to Adelaide Recycled Water Projects four months ahead of schedule. In addition, developments of the Southern Urban Reuse Scheme and our existing recycling schemes in Virginia and Angle Vale north of Adelaide have expanded the future supply for recycled water and we expect this to lead to future increases in demand.

We complied with our licences for water extraction within allocation and our EPA license.

Our net greenhouse gas emissions were also positive, 39 397 tonne below target.

Type 1 and 2 wastewater environmental notifications were 60, within target and two fewer compared to 2008-09.

Links to South Australia's Strategic Plan

This objective supports the State plan in a number of ways, in particular through contributing to the following targets:

T3.1 – Lose no species. Lose no known native species as a result of human impact.

T3.2 – Land biodiversity. By 2010 have five well-established biodiversity corridors aimed at maximising ecological outcomes particularly in the face of climate change.

T3.5 – Greenhouse gas reduction. Achieve the Kyoto target by limiting the State’s greenhouse gas emissions to 108% of 1990 levels during 2008-12, as a first step towards reducing emissions by 60% (to 40% of 1990 levels) by 2050.

T3.7 – Ecological footprint. Reduce SA’s ecological footprint by 30% by 2050.

T3.8 – Zero waste. Reduce waste to landfill by 25% by 2014.

T3.9 – Sustainable water supply. SA’s water resources are managed within sustainable limits by 2018.

T3.11 – River Murray – salinity. SA maintains a positive balance on the Murray-Darling Basin Commission salinity register.

T3.12 – Renewable energy. Support the development of renewable energy so that it comprises 20% of the State’s electricity production and consumption by 2014

T3.13 – Energy efficiency – government buildings. Improve the energy efficiency of government buildings by 25% from 2000-01 levels by 2014.

Climate Change Strategy

We have an established Climate Change Strategy to manage identified and potential risks associated with our changing climate and manage our transition to a low carbon economy. Our strategy has three areas of focus in adapting to climate change, reducing emission and supporting necessary research.

In 2009-10 progress was made in the following areas:

Climate Change Sector Agreement

On 16 February 2010 SA Water’s Climate Change Sector Agreement with the South Australian Government was signed by the Honourable Mike Rann Premier and SA Water Board Chairman Philip Pledge.

The Agreement confirms SA Water’s commitment to the following targets into the future:

- For the period 1 January 2008 to 30 December 2012, SA Water will constrain greenhouse gas emissions to an amount equivalent to the Australian (and overall South Australian) Kyoto target of no more than 108% of 1990 levels.
- From 1 January 2013, SA Water will progressively reduce net greenhouse gas emissions to an amount equivalent to a linear reduction pathway so that by 31 December 2050, SA Water’s emissions will be no greater than 40% of its 1990 levels. To meet this, each year we must show equivalent emissions coincide approximately with, or are less than, the emissions level we would have reached if reducing emissions in a straight line fashion.

The Agreement maintains our commitment to contribute to 20% renewable energy use from self-generated and purchased accredited renewable energy. To see the agreement visit www.climatechange.sa.gov.au

Adapting to Climate Change

We undertook a high level risk assessment covering potential water related risks associated with climate change (including physical risks such as risks to water quality, water quantity and from extreme events, financial risks and risks to our customers and South Australian communities) with assistance from CSIRO representatives. SA Water works with the Bureau of Meteorology, climate modellers and research organisations to assist in our planning assumptions for future conditions.

As part of our adaptation, the Adelaide Desalination Project will provide Adelaide with security of supply during periods of prolonged drought, which are expected to increase as a result of climate change. In rural and remote areas, our Long Term Planning team continued to review areas and communities where supply is constrained or at future risk due to drier conditions and/

or population growth. Our planning includes assessment of climate change risks and strategies to ensure our infrastructure enhancements can be staged to meet demand requirements. For more information on our current long term plans see page 42.

Reducing Emissions

In 2009-10 we continued our hard work to constrain greenhouse gas emissions in line with South Australia's Tackling Climate Change Strategy and Climate Change Legislation.

As South Australia has Kyoto-based greenhouse gas emission targets, our Kyoto alignment means keeping net emissions associated with providing water and wastewater services to below 108% of our 1990 greenhouse gas emissions. Kyoto targets are assessed on a calendar year basis of average emissions from 1 January 2008 to 30 December 2012.

In 2008 and 2009 we achieved net emissions of not more than 108% of 1990 levels (405 000 tonnes CO₂-e per year). This takes into account contributions for accredited renewable energy and purchased carbon offsets.

Supporting Necessary Research

In 2009-10 we prepared a comprehensive summary covering direct and indirect climate change impacts and related response actions grouped into a range of themes including:

- Determining impact conditions
- Greenhouse accounting
- Energy generation, use, efficiency, recovery and accounting
- Source water issues
- Treatment and distribution systems
- Health related (OHS&W) risks
- Resource use
- Revegetation and
- Technological developments.

We are collaborating with other government agencies and research organisations to understand existing climate research and identify knowledge gaps to prioritise our research.

In addition, we identified there are many research projects that may not have been considered as climate change related, but do interact with matters such as energy efficiency, resource use and changing climate conditions. We will therefore work toward maximising outcomes of different research projects to answer climate related questions where feasible.

Greenhouse Reduction Achievements

In the last financial year our achievements for greenhouse reduction included:

- Constraining equivalent net greenhouse gas emissions (2008 calendar year) to within 405 000 tonnes CO₂-e, meeting our Kyoto aligned target
- Achieving a 20% renewable energy based on renewable electricity produced and used at the Bolivar and Glenelg WWTP sites as well as our additional purchases of accredited GreenPower and Renewable Energy Certificates
- Establishing a 20 year government accredited GreenPower contract to cover the operational electricity requirements of the Adelaide Desalination Plant
- Monitoring of the construction of the Adelaide Desalination Plant which included tracking fuels, electricity use and significant materials and components in order to meet mandatory greenhouse reporting requirements. This also helped us prepare for an independent assessment of the greenhouse footprint of the project before purchasing offsets and other off site mitigation actions

- 17 576 MW hours of renewable energy from wastewater treatment plant biogas was produced and used during 2009-10. This continued the notable improvement over the past two years on the production output compared with previous years
- Maintaining our long standing major pumping efficiency improvements and programs with energy savings of around 12 000 megawatt hours per year
- Recovering 4 247 megawatt hours of electricity through our Hope Valley mini hydro-electric joint venture facility
- Staff Greening initiatives such as internal Environment Awards, discounted tickets to promote public transport use, workshops and incentives for staff to cycle to work and participation in Earth Hour with all SA Water House lighting switched off for the hour.
- Biodiversity-based plantings with more than 110 Ha establishing future sequestration of carbon:

Myponga

Planted 30 000 locally endemic trees on 67 Ha capturing 51 550 tonnes CO₂ e on maturity, biodiversity work has established some 42 900 plants across 11 Ha comprising eight important understorey shrubs species.

Murray Bridge-Lower Murray Swamps

Planted 2 100 locally endemic trees in 5.5 Ha, biodiversity work in this area includes 2.5 Ha of diverse local species comprising 5 900 plants.

Little Para

Planted 25 500 locally endemic trees in 41.4 Ha, biodiversity plantings within this area include six Ha of diverse local species comprising 6 500 plants.

2009 Calendar Year Greenhouse Inventory

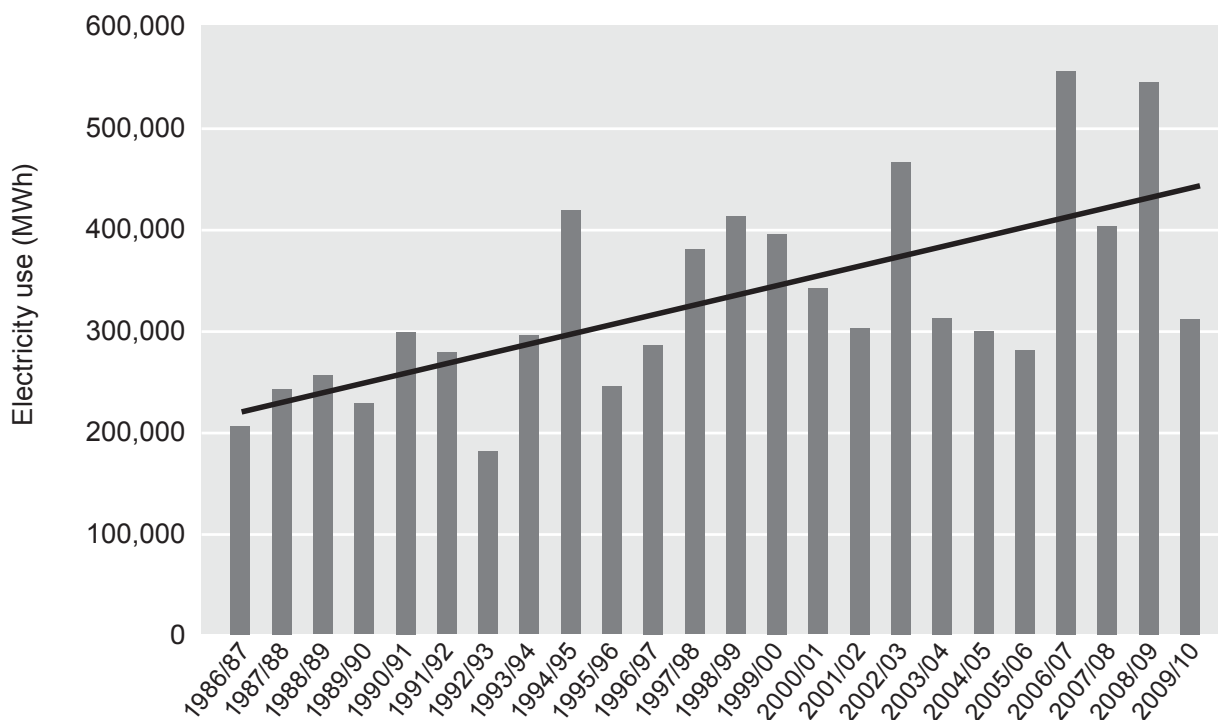
Facility emissions	Scope 1 (tCO ₂ -e)	Scope 2 (tCO ₂ -e)	Scope 3 (tCO ₂ -e)	Total GHG emissions 2009 (tonnes CO ₂ -e)
SA Water corporate and aggregates	8 671	4 936	6 508	20 115
Non-metropolitan water pumping and networks	118	193 811	33 813	227 742
Country WWTP	9 759	7 248	3 291	20 299
Metropolitan water treatment and networks	1 311	19 399	3 452	24 162
Bolivar WWTP	30 811	29 068	5 041	64 920
Glenelg WWTP	9 734	1 811	4 255	15 800
Christies Beach WWTP	7 340	5 477	2 006	14 824
Aldinga WWTP	3 297	282	53	3 632
Adelaide Desalination Project	7 221	533	20 957	28 711
Country outsourced facilities	0	0	13 440	13 440
Chemical use	0	0	16 343	
Gross greenhouse gas emissions	78 263	262 566	109 160	449 989

Facility emissions	Scope 1 (tCO ₂ -e)	Scope 2 (tCO ₂ -e)	Scope 3 (tCO ₂ -e)	Total GHG emissions 2009 (tonnes CO ₂ -e)
Catchment buffer zones and land holdings				-7 503
GreenPower and RECS				-50 052
Carbon offsets				0
Equivalent net emissions				392 435

Notes:

- The inventory is based on calendar year performance.*
- The inventory is based on facilities to align with the National Greenhouse and Energy Reporting System (NGERS).*
- Scope 1 emissions refer to direct emissions from fuel burning and fugitive emission sources.*
- Scope 2 emissions acknowledge emissions caused indirectly through the consumption of electricity.*
- Scope 3 emissions acknowledge other indirect emissions cause in relation to SA Water’s activities, such as electricity transmission losses, some outsourced activities and emissions embodied in the products and services that SA Water purchases. (Whilst significant scope 3 emissions are reported a number of minor indirect emissions are not quantified).*
- Exclusions:*
 - River Murray Activities - Not regarded as being under SA Water’s operational control and emissions not managed by SA Water (total 5 450 tCO₂-e)*
- SA Water’s GHG reduction performance was better than its net emissions target of 405 000 tonnes CO₂-e due to the lower pumping rates and the purchase of renewable energy to achieve its 20% renewable energy target.*

Electricity Consumption for SA Water



Environmental Management and Habitats Protected or Restored

Wastewater and water overflows

We define a Type 1 environmental incident as an incident that, without appropriate response or intervention, could either cause serious risk to human health or cause or threatening to cause serious or material environmental harm.

There were 11 Type 1 wastewater overflows in 2009-10 compared to 13 in 2008-09. Causes of these incidents included valve or control system failures, power failures, equipment failures and infiltration into sewer networks during heavy rainfall.

A number of wastewater overflows involved discharges which entered water courses (both inland and marine) and may have caused localised environmental impact. We are continually evaluating and identifying sewer overflow risks and implementing measures such as system upgrades as identified in our overflow abatement program and targeted preventative sewer maintenance programs.

There were five Type 1 water overflows in 2009-10 compared to zero in 2008-09. Causes of the incidents included burst water mains, control system failures and equipment failures.

We are continually evaluating and identifying Type 1 water overflow risks through formal analysis and by implementing measures to minimise and/or prevent reoccurring incidents.

Biodiversity and Land Management

To ensure our 80 000 Ha of land across South Australia is managed in a way which protects and enhances areas of high biodiversity value, in 2009-10 we continued our commitment to protect areas of particular significance in biodiversity conservation.

Land and fire management plans were developed for the Millbrook and Kangaroo Creek Reservoir Reserves and Gorge and Gumeracha Weir Reserves. Covering more than 16 000 Ha the plans focus on the management of water quality protection, pest plant and animal control, fire management and biodiversity conservation.

Special features of these reserves include remnant Mount Lofty Ranges Grassy Woodlands, rare and endangered plant species such as Rock Correa, Stiff-White Spider Orchid and Native Currant. Fauna features include Emus, Yellow-footed Antechinus and the Adelaide Snake-Lizard. The plans feature major programs for control of proclaimed weeds such as Gorse, Blackberry, English Broom and the many exotic trees along watercourses as well as a comprehensive feral goat control program.

Fire Management

We identify and prioritise actions to reduce potential threat and impact of bushfires on our land. In 2009-10 we helped protect assets with fire load reduction at sites including the Mannum Adelaide pipeline and maintained fire tracks and signage to Government Agency Standards. We also continued our contact with the Country Fire Service to ensure in the event of a fire, local brigades have knowledge of our reserves and water access points.

In early 2010 we embarked on a prescribed burning programme to manage fuel loads across reservoir reserves and underground basins. Our burning program included South Para Reservoir (seven Ha and 13 Ha), Warren Reservoir (22 Ha), Millbrook Reservoir (25 Ha), Mt Bold Reservoir (13 Ha) and Lincoln Basin (seven Ha).

Importantly, we developed a Fire Recovery Strategy for the Mount Lofty Ranges outlining our approach to manage drinking water catchments following a fire, including the risk of fire to

water quality, procedures to minimise the risk of raw water contamination and ways to reduce the level of water treatment potentially required.

Mount Bold Revegetation Project

From 2006-06 to 2009-10, as part of a \$3.08 million project in the Mount Bold Reservoir and Clarendon Weir catchment south of Adelaide, we performed major plantings to restore native vegetation across 450 Ha of land. Revegetation zones totalling 285 Ha have been planted with native flora propagated from locally collected seed.

To 2009-10 some 851 000 seedlings have been planted, supplemented by machine and hand-direct seeding.

In the past, parcels of our land had been managed by lease to local landholders for agriculture, predominantly cattle grazing. Early efforts on the project highlighted that establishing diverse native groundcover across 285 Ha of retired grazing land was a difficult proposition; however, through planting multiple sites over an extended timeframe we investigated the best way to establish groundcover species.

In winter 2009 we reviewed sites planted from 2005-07 and selected 100 patches where revegetation has successfully suppressed pasture weeds well enough to attempt biodiversity enrichment planting.

In 2009 these patches were planted with 60 000 groundcover species comprising 55 species, along with 11 700 hand seedling spots comprising a further 20 species. Detailed site monitoring indicated 67% of planted groundcover seedlings successfully established (40 200 seedlings), however, only 10% of the hand seeding spots successfully produced plants despite excellent spring germination (75%). The poor survivorship of hand seeding may have been attributable to the heat waves of the 2009-10 summer. In addition to planting, remnant bushland restoration was undertaken on 107 Ha of former lease land, including a 20 Ha site managed on a weekly basis by volunteers through our partnership with Bush for Life.

Little Para Revegetation Project

Our Sustainable Future objective to achieve average net emissions of 405 000t CO₂-e pa over the period 2008 to 2012 includes actions and investigations for renewable energy, energy efficiency, energy recovery, and bio-sequestration projects to provide cost effective options to reduce greenhouse gas emissions.

An opportunity was identified to revegetate parcels of cleared land in the Little Para Reservoir Reserve. The Little Para Carbon Bio-Sequestration Phase 3 project will see the establishment of 70 Ha of native revegetation in the Little Para Reservoir Reserve for a total project cost of \$760 000.

The project will deliver multiple benefits including:

- an estimated 30 350 tonnes CO₂ sequestration over the life of the planting
- reduced ongoing land management costs by providing long-term weed control
- reduced soil erosion
- habitat for the conservation of local species
- improved quality of water runoff.

The basis of projects under the Biosequestration Program is that the overall cost is comparable to the purchase of carbon credits on the open market (currently \$20/tonne). In January 2010 delivery of this project started with a nursery contract awarded and targeted weed control on site.

Protected and High Biodiversity Value Areas

We are committed to biodiversity conservation across our landholdings which exist in various parcel sizes including catchment areas, reservoirs and reservoir buffer zones, corridors and easements, tank sites, pump stations, offices and depots. Any activities which have the potential to compromise this commitment are subject to thorough assessment through an Environmental Impact Assessment and associated legislation such as the *Native Vegetation Act 1991*.

Vegetation Clearance

In 2009-10 a total of 164 native trees and 160 Ha of native vegetation required 332 Ha of Significant Environmental Benefit (SEB) Offset in accordance with the *Native Vegetation Act 1991*. This was offset by the creation of 453 Ha of SEB adding 121 Ha to our land bank. This has led to an overall land bank balance for future use of 134 Ha in various regions around the State.

During 2009-10 clearances of native vegetation for both operational maintenance activities and new projects were as follows:

Project / Activity	Clearance	Revegetation
Chowilla Environmental Regulator and Ancillary Structures	Clearance of tracks and roadways and site depot of river flats and river side vegetation. 31.4 Ha	Nil
Proposed Wellington Weir Approach	Clearance of Lignum to Pomanda Island and Reed Beds. 3.45 Ha	Offset to SA Water SEB land bank at Morella Station, 12 Ha
Point Sturt and Hindmarsh Island Pipelines	Roadside verge, 0.95 Ha	Offset to SA Water land bank at Nurragi Track, Milang, 1.9 Ha
Murtho Salt Interception Scheme (SIS) - Disher Creek	Constructed embankilometreents within Disher Creek, in the River Murray National Park with fill generated from the Murtho SIS to benefit the Environment Protection and <i>Biodiversity Conservation Act 1999</i> listed Murray Hardyhead	No vegetation required as project created environmental benefit
Murtho SIS - Disposal and Collector Pipeline	Trimmed track and roadside vegetation, river flat scrubland, 10.26 Ha	Area to be offset through potential works program offset by Department of Environment and Natural Resources, 33 Ha
Adelaide Desalination Project - Transfer Pipeline	Construction of an 11 kilometre pipeline to pump water from the Adelaide Desalination Plant to Happy Valley Water Filtration Plant, 0.71 Ha	4.5 Ha on Department of Heritage land at O'Halloran Hill, a total of 7 Ha established with 2.5 Ha of land bank
River Murray Locks, Weirs and Fishway Projects	Cleared riverbank and river flat environments, replant of non-operational areas to be undertaken once completed, 17.4 Ha	No vegetation required as project created environmental benefit

Project / Activity	Clearance	Revegetation
Slaney's Creek Weir	River flat environment, 1.9 Ha	No vegetation required as project created environmental benefit
Pipeclay Creek Weir	River flat environment, 1.6 Ha	No vegetation required as project created environmental benefit
Morgan WTP	Clearance for lagoon infrastructure and offset from transfer of Council land to SA Water controlled land, 0.48 Ha	17.9 Ha of SEB will be created surrounding the WTP lagoons. This will create 16 Ha of land bank for future use.
Uley Basin South bores	Groundwater monitoring in Uley South Basin, 0.3 Ha cleared of mallee scrub	Offset through management measures for the Uley Basin
Streaky Bay Water Supply Upgrade	0.3 Ha clearance	1 Ha offset weed control and plant management for roadside marker section adjacent to Streaky Bay
Robe Water Augmentation	Construction of a new pumping station at existing site, 0.1 Ha	0.4 Ha offset to SEB land bank site at Morella Station
Lock 5 and 6 Navigable Pass and associated Fishways	0.23 Ha cleared for equipment access, non-operational areas to be replanted after completion	No vegetation required as project created environmental benefit
Whyalla Sewer Main relay.	Relay through City of Whyalla land within township, 0.4 Ha	2 Ha park established as nature reserve and maintained by City of Whyalla
Springton Tanks	0.15 Ha of cleared to relocate redundant and old tanks	1.1 Ha of SEB offset on SA Water land surrounding the tank. Created 0.8 Ha land bank for the Adelaide Mount Lofty Natural Resource Management zone
Port Augusta West WWTP	3.9Ha proposed clearance	Site of 90 Ha (creating 86.1 Ha land bank offset) planned for 2010 on our land adjacent to the plant
		<p style="text-align: right;">Total trees cleared: 164 Total area cleared: 160 Ha Total SEB required: 332 Ha Total on ground works: 453 Ha SEB land bank created: 120 Ha</p>

Mitigating Impacts

We have an Environmental Management System (EMS) to identify all of the most significant environmental impacts of our operations through a formal risk assessment process. The EMS is certified to ISO 14001 which provides a framework to monitor, develop and review our environmental performance. It covers all SA Water owned and operated wastewater treatment plants and associated sewer networks and the Middle River and Morgan Water Treatment Plants.

Within this system, the proactive assessment of the environmental impacts of new projects and some existing activities is undertaken, and mitigation and management activities are identified including:

Wastewater reuse projects

The completion of the Glenelg to Adelaide Park Lands Recycled Water Project and construction of the Southern Urban Reuse Scheme contribute to our existing reuse program including the Virginia Angle Vale Pipeline Extension and Mawson Lakes Recycled Water System. See page 35 for more details on current projects any projects completed in 2009-10.

Volume of Water Recycled and Reused

During 2009-10 we recycled approximately 29.5% of metropolitan treated wastewater, compared to 31.8% in 2008-09. This drop in demand may be attributed to milder weather conditions. Our country region treated wastewater reuse increased from 24% in 2008-09 to 25.7% in 2009-10.

Code of Practice for Irrigated Open Space

IPOS provides a template which can be used by open space managers to ensure the planning, management and reporting of water consumption in the urban environment is based on sound principles applied consistently at all levels of management. See page 22.

Business Water Saver Program and Auditing

Our work continued on the Business Water Saver Program to provide a free water efficiency auditing service to industrial and commercial customers using more than 50ML per annum. We also provided audits to schools, hotels and top consumers from our residential customers as part of our water conservation service, for more details see page 23.

Significant Environmental Benefit Land Activities

The use of a land bank enables us to revegetate a large land area to compensate for numerous smaller vegetation clearances. See page 52 for a detailed table.

Thebarton Depot Return to Park Lands

Following the relocation of employees from Thebarton just outside the CBD to SA Water House, demolition of the old depot at Thebarton was completed in December 2009 and soil and groundwater investigations will be finalised in early 2010-11. The remediation action plan, which follows the site assessment report, will be signed off by an independent environmental auditor. Remediation works are expected to be completed by December 2010 with handover to the Adelaide Park Lands in early 2011.

SA Water's New Best Practise Operating Procedure for Water Discharges

Following negotiations with the State's Natural Resources Management Boards (NRMBs), Department for Water and the Environmental Protection Authority (EPA), we developed a Best Practice Operating Procedure for planned water discharges from our infrastructure. For most planned discharges this new process eliminates the eight week or longer period previously

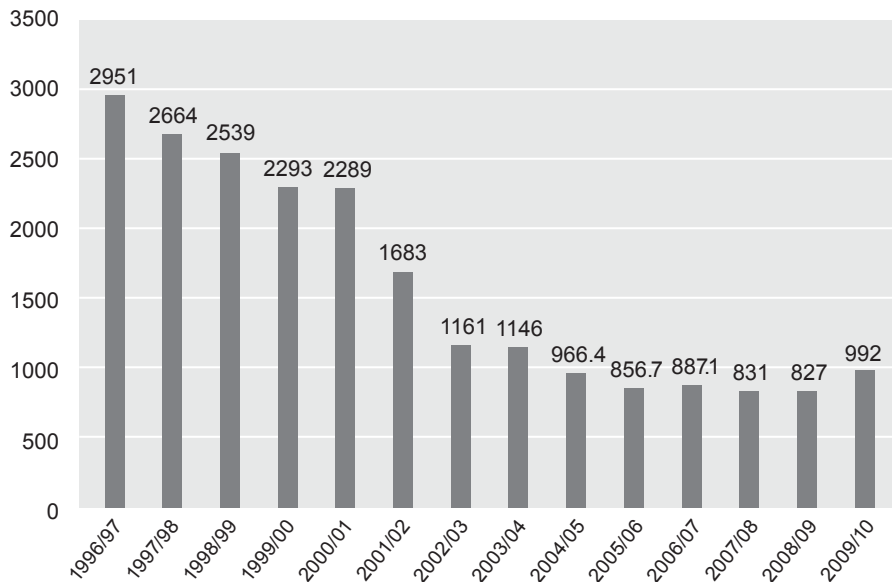
required to secure external approval meaning we can determine environmental risks and reduce approval times.

Greening of Government (GoGO)

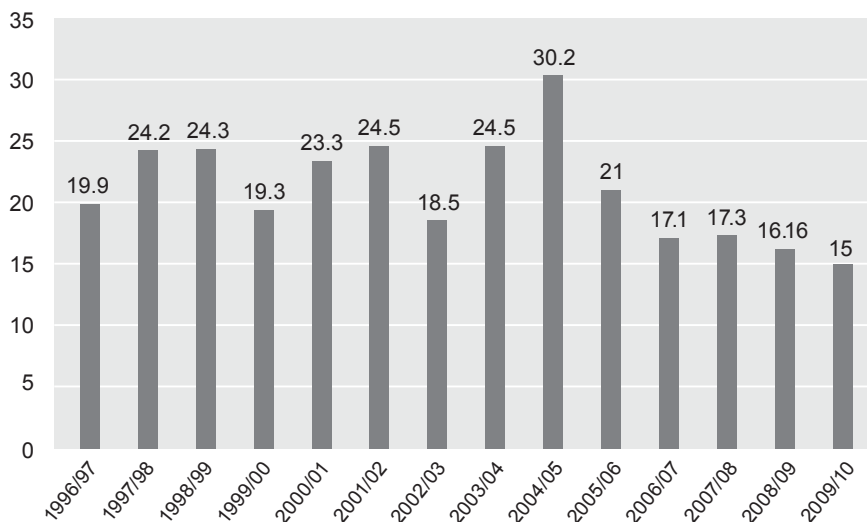
The GoGO Framework was approved by Cabinet in 2006 to provide an implementation framework for agencies to progress greening plans. We have completed key strategic milestones for the framework, however, we have yet to take formal action to integrate all of these milestones within our business. In 2009-10 our facilities management continued our work from 2008-09 to incorporate GoGO principles into the design and upgrade of SA Water facilities.

Waste and emissions

Nitrogen in Metropolitan Wastewater Treatment Plant discharges Tonnes per annum: 1996-97 to 2009-10



Phosphorus in Country Wastewater Treatment Plant discharges to inland waters Tonnes per annum: 1996-97 to 2009-10



Materials

Materials used by weight of volume

In order to conduct our business we use a range of chemicals each year. The total amounts listed below include both chemicals used as SA Water owned and operated sites as well as SA Water owned and United Water operated sites.

Type of Chemical	Chemical	Amount in tonnes (unless stated otherwise) 2008-09	2009-10	Purpose
Water and wastewater treatment				
Caustic Soda (30% saturated solution)	NaOH	1 579	1 641	pH correction in water treatment & wastewater treatment odour control
Caustic Soda (50% saturated solution)	NaOH	685	612	pH correction in water treatment
Sulphuric Acid	H ₂ SO ₄	287	220	pH correction in water treatment to assist coagulation
Aluminium Sulphate (Alum) – water treatment	Al ₂ O ₃	16 008	20 841	Coagulation of impurities in water treatment
Aluminium Sulphate (Alum) – wastewater treatment	Al ₂ O ₃	3 197	2 938	Phosphorus reduction by coagulation of impurities in wastewater treatment
Polyelectrolyte (synthetic flocculating aids) – wastewater treatment	Various chemical polymers	89	83	Coagulant aid
Polyelectrolyte (synthetic flocculating aids) (Morgan and Mt Pleasant)	Various chemical polymers	0	22.141	Coagulant aid
Copper sulphate	CuSO ₄	47	178	Algae control in reservoirs
Chlorine gas	Cl ₂	1 264	1 357	Water and wastewater disinfection
Anhydrous ammonia	NH ₃	2	4	Combined with chlorine for water disinfection

Type of Chemical	Chemical	Amount in tonnes (unless stated otherwise) 2008-09	2009-10	Purpose
Bulk aqueous ammonia	NH ₄ OH	150	118	Combined with chlorine for water disinfection
Sodium Hypochlorite	NaOCl	302	319	Water disinfection in networks and wastewater treatment odour control
Oxygen	O ₂	70 931m ³	31 499	Odour minimisation in wastewater systems
Powdered Activated Carbon (PAC) – water treatment	C	208	12	Used for filtration of water
Powdered Activated Carbon (PAC) – wastewater treatment	C	3	3	Used for filtration of water
Molasses	Glucose, sucrose, fructose etc.	2 281	1 465	Enhances wastewater treatment by providing energy for beneficial bacteria
Formic acid	HCO ₂ H	12	14	Descaling equipment in treatment plants
Magnesium hydroxide	Mg(OH) ₂	547	532	pH adjustment and odour control of sulphides in wastewater treatment
Ammonium phosphate	(NH ₄) ₃ PO ₄	9 000	9 000	Aids odour control in wastewater treatment plant
Hydrofluosilicic acid (fluoride)	H ₂ SiF ₆	714	1 020	Additive to drinking water for prevention of tooth decay
Lime	CaO	670	1 388	pH correction in water treatment
Glycolic acid UN:3265	C ₂ H ₄ O ₃	5 000L	5 500L	Acid for dosing salt interception bores to remove iron bacteria growth

Type of Chemical	Chemical	Amount in tonnes (unless stated otherwise) 2008-09	2009-10	Purpose
Sulphamic acid UN:2967	H ₃ NO ₃ S	7.88	43	Acid for dosing salt interception bores to remove iron bacteria growth
CB4 Surfactant	N/A	1 200L	1 875L	Acid for dosing salt interception bores to remove iron bacteria growth
Sokolan		0	3.6	Acid for dosing salt interception bores to remove iron bacteria growth
Sodium Hypochlorite (chlorine-liquid)		0	1 200L	Acid for dosing salt interception bores to remove iron bacteria growth
MSA(Acid) Lutropur UN:2586		0	7.5	Acid for dosing salt interception bores to remove iron bacteria growth
Midge control chemicals Periodically used to control midge flies at Bolivar Wastewater Treatment Plant				
Bistar (Bifenthrin)	Synthetic pyrethroid	120	20	Insecticide for control of adult midges
Land management chemicals				
Agaal, Agriwet, Wetspray 1000, Wetter 1000	Proprietary	25L	15L	Wetting agent to mix with herbicide
Glyphosate, Glyphosate Biactive, Roundup	Glyphosate	3 868.5L	3 720L	Herbicide for control of weeds
Trounce Brush Pack	Glyphosate, Metsulfuron methyl	64kg	2kg	Herbicide for control of weeds
Ally / Brushoff	Metsulfuron methyl	16.35kg	14.84kg	Herbicide for control of weeds
Pulse	Polydimethylsiloxane	279L	192.2L	Herbicide for control of weeds
Macspread Eucmix	Terbacil, Sulfometuron methyl	7kg	4kg	Herbicide for control of weeds

Type of Chemical	Chemical	Amount in tonnes (unless stated otherwise) 2008-09	2009-10	Purpose
Garlon 480, Garlon 600	Triclopyr	108L	142L	Herbicide for control of weeds
Cislin	Deltanethrin	0	30L	Insecticide
Prolan 500E		0	60L	Herbicide for control of weeds
Jaguar	Bromoxynil, diflufenican	0	49L	Herbicide
Red Dye		17L	12L	Herbicide
Tordon	Picloram	20L	17L	Herbicide
Striker	Diuron	3L	1L	Herbicide
MCPA	Dimethylamine Salt	0	54L	Herbicide for control of weeds
MCPA	Dimethylamine Salt	0	54L	Herbicide for control of weeds

Environmental Incidents

	2005-06	2006-07	2007-08	2008-09	2009-10
Total Type 1 Environmental Incidents	8	15	16	15	20
Total Type 2 Environmental Incidents	101	100	82	72	76

The increase in incidents from the two previous years is likely to be attributable to increased awareness through our Environmental Training of what constitutes an incident.

Fines and Sanctions

Compliance with Environment Protection Authority (EPA) Licence Conditions 2009-10

Measures	Target	Result	Assessment
Metropolitan and country wastewater treatment EPA licences	100%	100%	Achieved target
Abrasive blasting EPA licences	100%	100%	Achieved target
Treated water transfer EPA licence	100%	100%	Achieved target
Production and disposal of listed waste	100%	100%	Achieved target
Discharge of stormwater to underground aquifers	100%	100%	Achieved target

Measures	Target	Result	Assessment
Metropolitan and country wastewater treatment EPA licences	100%	100%	Achieved target
Abrasive blasting EPA licences	100%	100%	Achieved target
Treated water transfer EPA licence	100%	100%	Achieved target
Production and disposal of listed waste EPA licence	100%	100%	Achieved target
Streaky Bay Aquifer Storage and Recovery EPA licence	100%	100%	Achieved target
Adelaide Desalination Pilot Plant EPA licence	100%	100%	Achieved target
Penneshaw Desalination Plant new EPA licence	100%	100%	Achieved target
Aldinga Managed Aquifer Recharge new EPA licence	100%	100%	Achieved target

Environment Protection Orders

Nil Environment Protection Orders were issued to SA Water between 1 July 2009 and 30 June 2010.

Legal actions

In 2009-10 a prosecution was initiated by the Environment Protection Authority against SA Water relating to a sediment discharge that occurred in early 2008 during the cleaning of two tanks along the Mannum Adelaide Pipeline. SA Water entered a guilty plea to causing material environmental harm contrary to section 80 (2) of the *Environment Protection Act 1993* and was fined \$30 000.

Significant spills

SA Water works closely with the EPA to manage spills from water and wastewater networks and has set targets to reduce the frequency of environmental incidents.

Environmental incidents

Untreated effluent may enter stormwater and/or watercourses causing environmental harm from the failure of mains and pump stations. Environmental incidents of this nature are recorded and reported to the EPA where required. Details of these incidents can be seen in the following table.

Environmental incidents that result in emissions to the environment

Environmental incident type	Result 2006-07	Result 2007-08	Result 2008-09	Result 2009-10
Wastewater overflow incidents (Types 1 and 2)	90	71	69	60
Mains water discharges (unplanned) (Types 1 and 2)	14	22	24	25
Total wastewater overflows and spills entering water courses or stormwater systems	90	61	58	52
Overflows from wastewater pumping stations in Adelaide (including ETSA failures)	7	6	8	3
Overflows from wastewater pumping stations in country (including ETSA failures)	2	2	6	6

Environmental flows

SA Water provides approximately 2ML of water per day to the environment through the Little Para River. In 2009-10 flow releases continued to be suspended while drought continues to impact supply and water restrictions remain in place.

Sustainable workplace

Our upgrade of metropolitan and regional workplaces considers business and cultural objectives, government accommodation policy and best practice ecologically sustainable development and building design principles. For details on the working environment in our new metropolitan accommodation see page 69.

People and Culture

Performance summary					
	Indicator	2009-10 Target	2009-10 Result	2010-11 Target	Target for 2015
<i>We will develop a high achieving culture with a talented and diverse workforce and aspire to a zero harm workplace</i>	Significant Injury Frequency Rate	18.2	14.4	16.4	13.4
	Staff Satisfaction Index	73%	78%	N/A*	77%
	Gender and Diversity				
Desired outcomes Move Towards Zero Incidents in the Workplace	Women in Information Services	20%	20%	41%	41%
	Women in senior and middle management	27%	28%	35%	35%
Increased employee satisfaction	Professional women in core water business	28%	28%	36%	36%
Increased diversity in the workplace	Aboriginal employees	1.3%	0.95%	1.3%	1.3%

* Staff Satisfaction Index measured every two years, next measured in 2011-12.

Our significant injury frequency rate result was better than our target due to a high level of hazard reporting across the Corporation. This was coupled with the success of other proactive injury measures including quarterly worksite safety inspections.

Another highlight was exceeding women in senior and middle management roles in 2009-10. We also matched our target for professional women in core business. Our progress in achieving women in information services targets is currently impeded with low numbers of women in South Australia's information services sector and the very low nation-wide percentages of females completing degrees in IT disciplines impacting our performance.

Following a survey in late 2009, our staff satisfaction index was 5% above target.

Links to South Australia's Strategic Plan

This objective supports the State plan in a number of ways, in particular through contributing to the following targets:

T1.4 – Industrial relations. Achieve the lowest number of working days lost per thousand employees of any state in Australia by 2014.

T1.6 – Labour productivity. Exceed Australia's average labour productivity growth rate in trend terms by 2014.

T1.10 – Jobs. Better the Australian average employment growth rate by 2014.

T1.11 – Unemployment. Maintain equal or lower than the Australian average through to 2014.

T1.12 – Employment participation. Increase the employment to population ratio, standardised for age differences, to the Australian average.

T1.26 – Aboriginal unemployment. Reduce the gap between Aboriginal and non-Aboriginal unemployment rates each year.

T2.2 – Healthy weight. Increase the proportion of South Australians 18 and over with health weight by 10 percentage points by 2014.

T2.4 – Healthy South Australians. Increase the healthy life expectancy of South Australians by 5% for males and 3% for females by 2014.

T2.11 – Greater safety at work. Achieve the nationally agreed target of 40% reduction in injury by 2012.

T2.12 – Work-life balance. Improve the quality of life of all South Australians through maintenance of a healthy work-life balance.

T3.13 – Energy efficiency – government buildings. Improve the energy efficiency of government buildings by 25% from 2000-01 levels by 2014.

T5.8 – Multiculturalism. Increase the percentage of South Australians who accept cultural diversity as a positive influence in the community.

T6.23 – Women. Have women comprising half of the public sector employees in the executive levels (including chief executives) by 2014.

T6.24 – Aboriginal employees. Increase the participation of Aboriginal people in the SA public sector, spread across all classification and agencies, to 2% by 2010 and maintain or better those levels through to 2014.

Human Resources Overview

We are into our fourth year of implementing our People and Culture Plan 2007-11 featuring the following key strategies:

- Attract and retain the right people
- Grow our capability
- Develop inspiring leadership
- Become an employer of choice
- Aspire to a Zero Harm environment.

Since 2007 we have increased our staff retention from just over 70% to more than 92% in the same period of time. To support our employment strategy we introduced an online job application system, attracting 4000 applications in 2009-10. We also continued our six to 18 month crossover temporary transitional placements to transfer knowledge and skills on the job between newly promoted or recruited staff and staff moving toward retirement.

An audit of our demographics was undertaken to provide a comprehensive analysis of our workforce to start in 2010-11. The key findings from the Monash University audit were:

- Employee turnover has reduced to 8.0% from 10% in 2005 (date of last demographic audit)
- Average age of our workforce is now 42.5 years (versus 42.9 previously) while the overall Australian workforce average age has increased from 37 to 39.6 years since 2005
- Absenteeism within SA Water reduced by an average of one day per person to 5.2 days from 6.2 days since 2005.

Single Classification Structure

As part of our last Enterprise Agreement it was agreed to work toward integrating our various classification groupings into a single classification structure. We feel this will provide greater flexibility, cross skilling and cultural benefits. The single classification structure is being finalised and will be communicated early in 2010-11 to unions, bargaining representatives and employees. The acceptance of the single classification structure will occur as part of our next Enterprise Agreement, subject to a majority of employees voting in favour.

Unions

Our employees have the freedom to choose to be represented by a union and information about relevant unions is provided to staff and is included as part of our induction process. Six different unions represent SA Water employees. Of our total workforce, 80% were covered by collective Enterprise Agreement in 2009-10.

Attracting People

In 2007 our five year Replenishment Program was developed to build on our existing programs by creating more than 200 additional training and employment opportunities in targeted areas across SA Water. These positions include medium to long term training roles such as apprenticeships, technical cadetships, graduate placements and a range of traineeships.

Graduate Program

In 2009-10 we recruited 13 graduates with a focus on engineering and science and a greater intake from the business and information technology disciplines. We continued to increase our profile as an employer of choice amongst graduates with a promotional campaign featuring information sessions and a brochure helping increase the profile and the number of applicants.

Trainees, apprentices and cadets

In 2009-10 we employed 36 apprentices with two apprentices appointed to ongoing positions during the year. Of the apprentices, one from the Riverland won the SA TAFE award for the Most Outstanding Apprentice of the Year.

For the same period there were 27 water industry trainees with 23 appointed to ongoing positions. In addition there were 11 administration trainees with 10 appointed to ongoing positions.

The Technical Cadetship program introduced in 2008-09 was successfully expanded and in 2009-10 we appointed two cadets in the field of laboratory science. We also prepared recruitment campaigns to employ cadets in engineering, laboratory science, and electronics and communications engineering in 2010-11.

Scholarships

The SA Water Scholarship Program offers education opportunities to young South Australians in a range of categories. In 2009-10 we awarded close to \$500 000 worth of scholarships to more than 205 recipients through our ongoing scholarship partners: The Smith Family, University of South Australia, University of Adelaide, Flinders University, TAFESA and Tauondi College.

New Scholarships added for the 2010 academic year

	New	General Scholarships	Indigenous	Women in non trad. roles	Disadvantaged	Research	Total Values
UniSA	7	0	0	4	0	3	\$25 000
University of Adelaide	12	9	0	0	0	3	\$30 000
Flinders University	10	6	0	4	0	0	\$25 000
TAFE	10	0	0	0	10	0	\$10 000
Tauondi College	3	0	3	0	0	0	\$750
The Smith Family	4	0	1	0	3	0	\$12 000
TOTAL	46	15	4	8	13	6	\$102 750

Growing Our Capability

Performance management including staff development

In 2009-10, 84% of employees had a formal performance appraisal. In addition, about 77% of all employees at all levels completed an Individual Development Plan to support their ongoing career and professional development. We prepared enhancements to this process for 2010-11 including an online performance appraisal process to support ease of use and flexibility.

We hosted five Giving and Receiving Feedback Skills workshops for line managers. In the future a focus on Giving and Receiving Feedback and Difficult Conversations will be embedded in our new leadership induction program.

Documented review of individual performance management*

Employees with...	% Total Workforce
A review within the past 12 months	84
A review older than 12 months	N/A
No review	16

* Note: Not all appraisals were completed for 2009-10 at the time of preparing this report. Future data will be recorded per the above table.

Developing Inspiring Leadership

Leadership Development

We place significant value on identifying, supporting and growing our leadership capability and in 2009-10 more than 250 employees engaged in leadership development activities. For the year, SA Water's Leadership Development framework encompassed:

- Development of an SA Water Management Fundamentals program for all new leaders to SA

Water and Emerging Leaders (over six months). This will support more than 100 new and emerging leaders within SA Water.

- Frontline Leadership for our regional and metropolitan team leaders. Programs were facilitated in Adelaide and Port Lincoln.
- Applied Leadership program for our mid level leaders with approximately 25 participants engaging in this program.
- High Potential Leadership program for more senior leaders, the program was been significantly extended and enhanced to include executive coaching and targeted leadership development workshops as well as the delivery of a strategic project on behalf of our senior management team to work across boundaries and understand our strategic drivers.
- Senior Management Team development based on Individual Development Plans. Each member of our senior management team undertook individual development and started work on one team behaviour as part of ongoing executive leadership development.

In addition to the initiatives above, more than 250 individual coaching sessions were held with employees encompassing leadership coaching, career coaching and interpersonal skills training. We also hosted regular Leadership Alumni Forums to allow leaders to network and continue to grow and develop. These sessions expose our leaders to best practice leadership models and skills development.

Leadership and management training expenditure

Training and Development	Total cost (\$)	Percentage of total salary expenditure
Total training and development expenditure	1 730 000	1.72%
Total leadership and management expenditure	366 000	0.4%

Launch of Prevention of Bullying and Harassment Training

At the start of 2010 we began facilitating workshops that provided education in the prevention of bullying and harassment. With 20 workshops hosted, more than 220 SA Water employees have attended with additional workshops continuing to the end of 2010. Noteworthy feedback so far includes 97% of attendees reported greater or significantly greater understanding of what constitutes bullying and harassment and 94% reported greater or significantly greater understanding of the internal and external supports available to them.

Number of employees who have gained vocational qualifications through development programs

Qualification	Number of employees in 2009-10
Project Management Diploma	44
Water Operations Certificate 2	10
Water Operations Certificate 3	28
Business Services Certificate 3	5
Training and Assessment Certificate 4	15
Mechanical and Electrical Trades Certificate 3	8

Accredited training packages by classification

Classification	Number of people in accredited training packages
ASO3	3
ASO4	8
ASO5	9
ASO6	15
ASO7	3
ASO8	3
IWS4	5
IWS5	6
IWS6	2
IWS7	2
M07	1
MAS3	1
OPS3	9
OPS4	7
OPS5	3
OPS6	2
PSO1	1
PSO2	8
PSO3	14
PSO4	16
PSO5	3
TGO1	2
TGO2	3
TGO3	5
TGO4	1

Equal Employment Opportunity Programs

SA Water has diversity targets set for a number of key groups in our business. A highlight for the year was the recruitment of an Aboriginal Heritage Liaison Officer in the Environmental Management area. Furthermore an Indigenous Recruitment Programmes Coordinator will be employed in the next financial year. This person will focus on the implementation of the Aboriginal Employment strategy and the development of a Reconciliation Action Plan with the Aboriginal Heritage Liaison Officer.

Cultural heritage and land management at Lake Victoria continues to be undertaken by two Aboriginal employees. Through our scholarship program we continued our relationship with Taoundi College, an Aboriginal Community College in Port Adelaide, providing work experience placements with potential ongoing opportunities for young Aboriginal workers. A new Aboriginal Employment Strategy was approved which primarily aims to develop more

community and institutional relationships (such as Taoundi College) to improve candidates capable of filling designated Aboriginal employment and development roles.

The number of women in senior management continues to improve and we exceeded our target in 2009-10. Women now form 44% of our identified talent management group and overall representation in the workforce reached 30%. Similarly, we achieved our target for professional women in core business with women comprising 28% of our professional workforce. For women in information services we almost reached our target of 20%, achieving 19% in 2009-10. In non-traditional areas, we employed a female Water Operations Trainee in the Eyre Region.

	2009-10 SA Water Target	2009-10 Result	2013-14 SA Water 5 Year Target	SA Water Long Term Target
Professional women in the core water business	28%	28%	36%	50%
Women in Information Services	19%	20%	41%	50%
Women in senior and middle management	29%	27%	35%	50%
Aboriginal peoples employed	1.3%	0.95%	2%	2%

Aspire to a Zero Harm Environment

For 2009-10 we achieved the strategic target for the Significant Injury Frequency Rate due to a continued commitment to improving safety culture. This was achieved by the continued growth and development of the behaviour based MateWatch Program in Regional Operations and a focussed proactive approach towards mitigating high risk hazardous work throughout the Corporation.

Unfortunately the nature of some Lost Time Incidents, resulting in surgery and/or extensive recovery periods contributed to the severity rate being above target. The Lost Time Injury Frequency Rate (LTIFR) was also slightly above target for the period due to a higher number of Lost Time Injuries being reported throughout the year than in 2008-09. A small but growing number of these were attributable to psychological injuries.

Key outcome	2007-08 target	2007-08 actual	2008-09 target	2008-09 actual	2009-10 target	2009-10 actual
SIFR	22.5	20.77	20	10.76	18	14.42
Severity rate	7.7	10.1	6.9	6.08	6.42	15.9
LTIFR	4.05	7.99	3.6	4.45	3.2	5.77

Workers Compensation Liability

Key outcome	2005-06	2006-07	2007-08	2008-09	2009-10
Number of new claims	57	57	59	49	47
Total cost of new claims	\$96 074	\$76 006	\$145 178	\$102 212	\$219 792
Average cost of new claims	\$1 685	\$1 333	\$2 460	\$2 086	\$4 676
Outstanding liability	\$2.796m	\$2.553m	\$2.788m	\$1.245m	\$2.332m

Gross Workers' Compensation Expenditure

Expenditure	2008-09 (\$m)	2009-10 (\$m)	Variation (\$m) + (-)	% Change + (-)
Income Maintenance	0.080	0.131	+0.051	+64%
Lump Sum Settlements Redemptions – section 43 Permanent Disability – Section 43	0.377	0.048	-0.329	-87%
Medical/Hospital Costs combined	0.146	0.219	+0.073	+50%
Other	0.003	0.115	+0.112	+3 733%
Total Claims Expenditure	0.613	0.512	-0.094	-16%

Meeting safety performance targets

During 2009-10, 55 claims were lodged, an increase of nine from 2008-09. Early assessment of rehabilitation and return to work increased by nearly 30%, where employees were contacted within two days of notification of an injury and 100% of employees received early intervention within five days.

	2005-06	2009-10			2011 Target
	Actual	Actual	Notional Quarterly Target	Variation	Numbers or %
1. Workplace Fatalities	0	0	0	0	0
2. New Workplace Injury Claims	49	55	46	9	46
3. New Workplace Injury Claims Frequency Rate	0.36	0.40	0.36	0.04	0.36
4. Lost Time Injury Frequency Rate	0.09	0.14	0.07	0.07	0.07
5. New Psychological Injury claims	2	5	2	3	2

	2005-06	2009-10			2011 Target
	Actual	Actual	Notional Quarterly Target	Variation	Numbers or %
6. Rehabilitation and return to work					
• 6.a Early Assessment within 2 days	51%	79.25%	80%	-0.75%	80.00%
• 6.b Early Intervention within 5 days	100%	100%	80%	20.00%	80%
• 6.c RTW within 5 Business days	79%	76%	75.00%	1.60%	75.00%
7. Claim Determination					
• 7.a Claims determined in 10 business days	69%	71.70%	75.00%	-3.30%	75.00%
• 7.b Claims still to be determined after 3 months	5%	7.55%	3.00%	4.55%	3.00%
8. Income Maintenance – Payments for Recent injuries					
• 8.a 2008-2009 Injuries (at 24 months development)	\$32 802.81	\$54 611.30	\$21 808.49	+\$64 678	
• 8.b 2008-2009 Injuries (at 12 months development)	\$52 792.49	\$32 762.44	\$20 030.06	-\$13 462	

OHS&W Notices and Corrective Action Taken

Number of notifiable occurrences pursuant to OHS&W Regulations Division 6.6	1
Number of notifiable injuries pursuant to OHS&W Regulations Division 6.6	3
Number of notices served pursuant to OHS&W Act s35, s39 and s40 (<i>default, improvement and prohibition notices</i>)	3

Accommodation

During 2009-10 we undertook two surveys into the benefits of the new SA Water House building, including impacts on staff productivity. The main findings were:

- 68% agreed it is a workplace that helps create the right culture
- 64% agreed it helps attract and retain the workforce we need
- 76% agreed information meetings and collaborations help get things done
- 80% identified background noise and movement as negatively affecting productivity.

Continued improvement will focus on a balance between individual and collaborative work through behaviours, protocols and processes that manage distraction and interruption.

Work also continued on our Regional Accommodation Strategy with major highlights being:

- Start of construction of a new chlorine workshop at Mount Gambier
- Planning for major site refurbishment at the Happy Valley workshop, Crystal Brook workshop and Port Lincoln site.

Our overall Accommodation Strategy objectives are being attained by providing safe and healthy working environments for all employees that serve to encourage improved productivity, teamwork and collaboration. Future accommodation works will be dependent on business requirements including the new Adelaide Metropolitan Service Delivery Contract and a regulatory environment.

Security and Emergency Management

Infrastructure Physical Security Measures

In 2009-10, subsequent to our \$19 million installation and upgrade at critical infrastructure sites (94 assets and systems) in 2008, our work included risk assessments and physical security measures at minor infrastructure sites. Our existing monitoring detected unlawful intrusion onto SA Water property which resulted in several police apprehensions of trespassers in 2009-10.

Business Continuity Planning

Following a comprehensive analysis in 2009 we identified more than 230 risks associated with infrastructure and systems for our operations and major contractors, requiring an individual business continuity plan. To the end of June 2010, 140 plans have been completed or are under development. The project has already resulted in key operational objectives (e.g. outage times) to be formalised and available across the organisation. The program is scheduled for completion in December 2010.

State Disaster Assistance – Engineering Functional Service

We continue to support the Engineering Functional Service (EFS) under the *State Emergency Management Act*. SA Water has played a role in large state emergency exercises with lessons learned applied to our internal systems.

SA Water continues to be a member of the State Mitigation, Response, Recovery and Pandemic Influenza Committees and in 2009-10 our Chief Executive continued as a member of the peak State Emergency Management Committee.

Our role in the EFS is to coordinate the information and outsource resources for electricity, energy and telecommunications to assist the government during times of major emergency or disaster.

Employee Statistics

Employee Numbers, Gender and Status

	2005-06	2006-07	2007-08	2008-09	2009-10
Total employees (people)	1 315	1 345	1 405	1 505	1 572
Male	965	994	1 042	1 105	1 144
Female	350	351	363	400	428
Total FTEs	1 268.3	1 312.3	1 373.5	1 469.24	1 537.92
Total male	956.4	991.0	1 040.6	1 100.7	1 142.15
% male	75.4	75.6	75.8	74.92	74.27
Total female	311.9	321.3	332.9	368.54	395.77
% female	24.6	24.5	24.2	25.08	25.73
Number of people separated from the organisation	118	117	138	121	134
Number of people recruited to the organisation	147	171	192	218	223
Number of people on leave without pay as at 30 June *exceeding 22 days	15	19	19	15	28

Employees by salary bracket

Salary bracket	Male	Female	Total
\$0-\$49 199	354	143	497
\$49 200 - \$62 499	308	133	441
\$62 500 - \$80 099	234	85	319
\$80 100 - \$100 999	110	28	138
\$101 000+	138	39	177
Total	1 144	428	1 572

Executives by classification, gender, contract status and rights to ongoing employment

Class	Ongoing		Contract tenured		Contract untenured		Other (casual)		Total	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
EL01										
EL02										
EX A			1		12	7			13	7
EX B					3				3	
EX C					7				7	
EX D					1				1	
EX E						1				1

Status of employees in current position

Full Time Employees	Ongoing	Short-term Contract	Long-term Contract	Other (Casual)	Total
Male	998.15	50.00	94.00	0	1 142.15
Female	314.92	46.40	32.00	2.45	395.77
TOTAL	1 313.07	96.40	126.00	2.45	1 537.92
Persons	Ongoing	Short-term Contract	Long-term Contract	Other (Casual)	Total
Male	1 000	50	94	0	1 144
Female	344	47	33	4	428
TOTAL	1 344	97	127	4	1 572

Percentage of women in ASO (administrative) and PSO (professional) classification group levels

	2004-05	2006-07	2007-08	2008-09	2009-10
ASO1	68%	80%	0%	33%	100%
ASO2	69%	74%	77%	73%	69%
ASO3	65%	70%	72%	73%	78%
ASO4	42%	49%	50%	48%	55%
ASO5	39%	35%	37%	43%	46%
ASO6	24%	25%	28%	32%	34%
ASO7	39%	35%	26%	29%	27%
ASO8	23%	33%	36%	31%	33%
PSO1	42%	44%	38%	55%	48%
PSO2	38%	29%	41%	33%	36%
PSO3	23%	24%	19%	30%	28%
PSO4	15%	20%	23%	21%	22%
PSO5	15%	13%	5%	5%	9%

Leave management - including average number of days of sick leave and carers leave per full time employee (FTE)

	2006-07	2007-08	2008-09	2009-10
Average days taken per FTE employee	6.5	7.8	7.53	7.75
Sick leave days taken	5.6	6.5	6.42	6.42
Family carers leave taken	0.7	0.9	0.97	1.08
Special leave with pay	0.2	0.4	0.14	0.25

Workforce diversity information

We are exceptionally mindful of the need to protect the privacy of our employees and staff are not obliged to volunteer information about their culture. Therefore the following information about Aboriginal peoples employed, cultural diversity and disability is based on information we have been able to gather.

Aboriginal and/or Torres Strait Islander Employees

Salary bracket	Aboriginal staff	Total staff	% Aboriginal	% Target*
\$0-\$49 199	8	497	1.61%	2%
\$49 200 - \$62 499	6	441	1.36%	2%
\$62 500 - \$80 099	0	319	0%	2%
\$80 100 - \$100 999	0	138	0%	2%
\$101 000+	1	177	.56%	2%
TOTAL	15	1 572	0.95%	1.3

* Target from South Australia's Strategic Plan.

Cultural and linguistic diversity

	Male	Female	Total	% SA Water	% SA Community*
Employees born overseas	81	30	111	7.06%	20.3%
Employees who speak language(s) other than English at home	117	88	205	13.04%	16.6%

* Benchmarks from ABS Publication Basic Community Profile (SA) Cat No. 2001.0, 2006 Census.

Number of employees with disabilities*

Male	Female	Total	% SA Water
22	5	27	1.71%

* According to Commonwealth Disability Discrimination Act definition.

No data is recorded for employees with disabilities requiring workplace adaptation.

Employees by age bracket and gender

Age bracket	Male	Female	Total	% of Total	% - 2009 Workforce Benchmark *
15-19	26	7	33	2.10%	6.1
20-24	75	29	104	6.62%	10.6
25-29	121	83	204	12.98%	10.5
30-34	114	74	188	11.96%	9.4
35-39	101	53	154	9.80%	11.2
40-44	143	53	196	12.47%	11.1
45-49	122	46	168	10.69%	12.2
50-54	161	42	203	12.90%	11.0
55-59	178	30	208	13.23%	9.2
60-64	89	11	100	6.36%	6.0
65+	14	0	14	0.89%	2.9
TOTAL	1 144	428	1 572	100%	100.0

**Source: Australian Bureau of Statistics Australian Demographic Statistics, 6291.0.55.001 Labour Force Status (ST LM8) by sex, age, state, marital status – employed – total from Feb78 Supertable, South Australia at May 2010.*

Voluntary flexible working arrangements

Leave Type	Male	Female	Total	% of all SA Water employees
Purchased leave	9	14	23	1.46%
Flexitime	913	347	1 260	80.15%
Compressed weeks	N/A	N/A	N/A	N/A
Part time	5	90	95	6.04%
Job share	N/A	N/A	N/A	N/A
Working from home	N/A	N/A	N/A	N/A

Note: Employees may be undertaking more than one type of Flexible Working Arrangement at the same time. In this way, the total is unlikely to add to 100%.

Employees' overseas travel

Number of employees	Destination	Reason for travel	Total cost to SA Water (\$)
1	Spain	Onsite visit to desalination plants (residue costs from 2008-09 trip)	435.47
1	Canada	2010 Singer Valve Conference (on-costs only)	793.43
1	China	Training at Schneider's Transformer facility in Shanghai	1 508.24
1	Germany	Witnessed testing of electrical motors at Siemens manufacturing facility	1 525.88
1	Indonesia	Global Alliance for Project Performance Standards (GAPPS) Working Session 18	2 180.00
1	United Kingdom	Inspection of pump manufacture and facility inspection at Flowserve in Newark	2 288.83
1	United States of America	2010 ESRI International User Conference	2 387.45
2	Japan	Quality inspection of Reverse Osmosis Membrane Manufacturing facility	2 515.08
1	Taiwan	3rd IWA – ASPIRE Conference	3 489.67
1	Canada	Plastic Pipes XV Conference 2010	4 237.90
1	Seattle	American Water Works Association Water Quality Technology Conference	4 569.38
1	Dubai	International Desalination Association Conference	4 719.69
3	Sweden	Attended and witnessed pumps testing	5 654.71
1	Norway	IWA Membranes in Drinking and Industrial Water Treatment Conference	5 829.86
1	Germany	Presented at 8th Aachen Conference Water and the Membranes DWA Baden-Wuerttemberg Conference	7 504.86
3	Indonesia	Inspected switchboards for Transfer Pump Station and training at Schneider Electric and site inspection of GROF piping manufactory to assess company capabilities and quality of products	7 777.22
2	United Kingdom	Met leading water utilities for North South Interconnection System Project (NSISP)	9 000.00
2	Beijing	International Science Linkage Project Meeting 2010, attend IWA Workshop & workshop in Taiwan	10 098.81
3	Spain	Visited desalination plant and met with AdelaideAqua representatives, coordinate works with contractor	10 187.25
2	Dubai	Visited desalination plant	13 106.26

Number of employees	Destination	Reason for travel	Total cost to SA Water (\$)
2	Rome	Presented at Third International Giardia and Cryptosporidium Conference	14 750.29
2	United States of America	IWA Pathogens conference	15 101.75
3	United States of America	2009 Water Quality Technology Conference and Expos	16 889.23
2	China	International Science Linkage Project Meeting 2009	21 707.51
2	United Kingdom	Procurement Recruitment	21 837.67
2	United States of America and Europe	Referee checks for Metropolitan Adelaide Service Delivery Project	44 003.24
Total			233 306.30

Commercial Success

Performance summary					
<i>We will plan, develop, operate and maintain our infrastructure to consistently meet the needs of our customers and owner</i>	Indicator	2009-10 Target	2009-10 Performance	2010-11 Target	Target for 2015
Desired outcomes Maintain asset condition Meet future demand	Net profit before tax	\$274m	\$271m	\$166m	\$336m
	Capital expenditure	\$1 226m	\$1 170m	\$889m	\$679m
	Return on assets	3.6%	3.5%	3.0%	4.4%

While we increased profits by \$12 million on 2008-09, we were \$3 million below our net profit before tax target in 2009-10. An increase in water pricing, as well as water usage at or near historical minimums for our business had an impact in this area. However, high levels of work for our development application activity, green energy savings and increased Community Service Obligation funding following the December 2009 pricing announcement offset this impact.

Our capital expenditure was \$56 million below budget with underspent projects (mainly due to timing issues) including the Christies Beach WWTP Upgrade, Aldinga WWTP Upgrade and South Para Reservoir Safety Investigation. Key capital expenditure projects included the Adelaide Desalination Project, Southern Urban Reuse Project, North South Interconnection System Project and Bird in Hand Wastewater Treatment Plant Upgrade. For more information on these projects see page 39.

Our return on assets was slightly under target due to year end asset revaluations. The major area impacted by this was pipe assets where values increased 19% on 2008-09, compared to the budget assumption of 3.5%.

Links to South Australia’s Strategic Plan

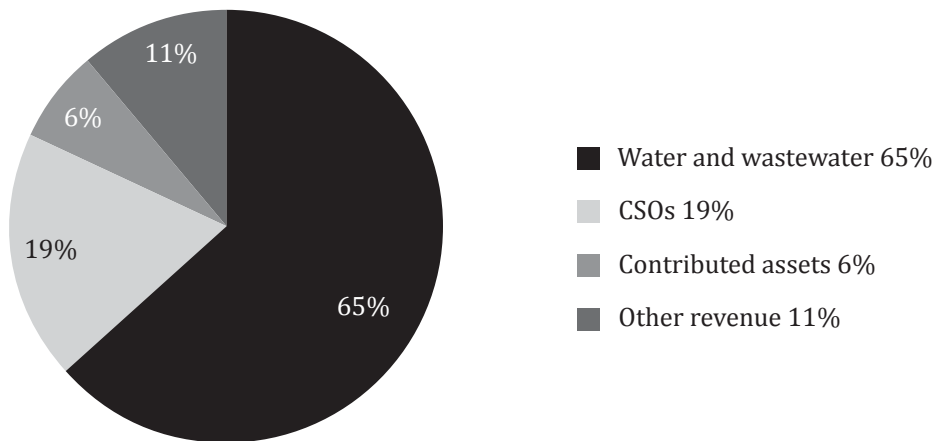
T1.9 – Performance in the public sector – administrative efficiency. Increase the ratio of operational to administrative expenditure in State Government by 2010, and maintain or better that ratio thereafter.

T4.7 – Business innovation. The proportion of SA businesses innovating to exceed 50% in 2010 and 60% in 2014.

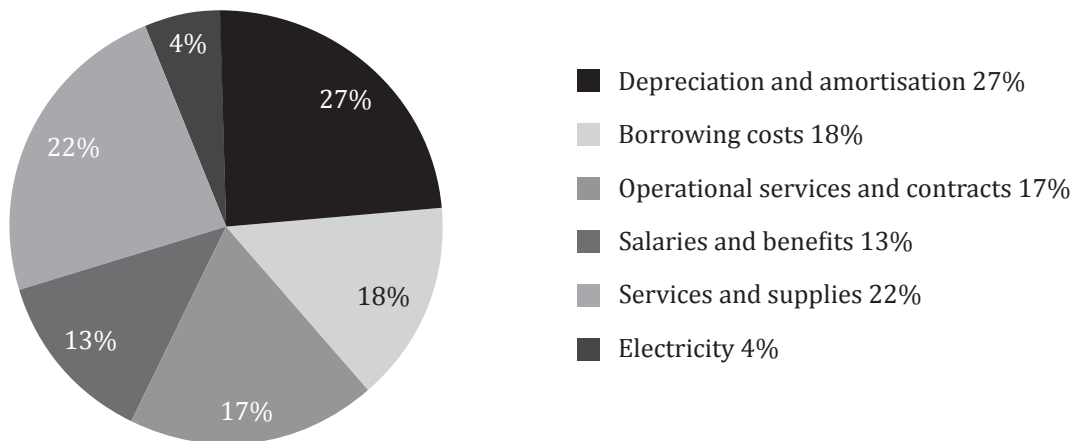
End of year results

In 2009-10 we achieved a before tax profit of \$271 million, an increase of \$12 million on the previous year.

Revenue



Expenditure



Water and Sewerage Pricing

The South Australian Government sets prices for water and wastewater services in the context of national guidelines formed by the Council of Australian Governments (COAG). The guidelines ensure prices are reasonable and relative to the costs of providing water and wastewater services.

When setting prices, the Government seeks to achieve economically efficient outcomes while considering aspects of public benefit, such as equity, social justice, environmental issues and regional development. The Government also encourages transparency by documenting its price setting processes and independent review by the ESCOSA.

As part of the State Government's Water for Good plan, the ESCOSA will be undertaking a more formal regulatory role including the economic regulation of SA Water.

Pricing Increase and Quarterly Billing

The State Government announced water prices for 2010-11 in December 2009 with the average South Australian household water bill increasing by \$1.62 a week. The price of water rose in real terms by 21.7 per cent on average (before inflation) from 1 July 2010.

The prices for 2009-10 compared to 2010-11 are:

Tier	Quarterly threshold (91 days)	Relevant daily threshold*	Year	Water use price
Tier 1	0 to 30kL	0 to 0.3288kL	2008-09	0.98
			2009-10	1.28
Tier 2	30 to 130kL	0.3288 to 1.4247kL	2008-09	1.88
			2009-10	2.48
Tier 3	Above 130kL	Above 1.4247kL	2008-09	2.26
			2009-10	2.98

*Threshold calculated on the basis of the number of days in the billing period.

The introduction of quarterly billing on 1 July 2009 coincided with new look accounts for the majority of our residential customers. Quarterly accounts were introduced after the *Waterworks (Rates) Amendment Bill* was passed in Parliament in June 2009.

Information Services Projects

Projects in 2009-10 to support our customers and employees with improved information technology included:

Data Centre Program of Works

This project started to address our primary data centre and information and communication technology limits of capacity, availability and performance. Benefits include application and data back up, new and existing application upgrades and storage requirements for applications including SharePoint and the new metropolitan service delivery contract (see page 35).

Storage Area Network Upgrade Project

Our existing Storage Area Networks were upgraded to improve performance of data accessibility, give us ability to implement IS improvement projects and provide an opportunity to implement Disaster Recovery plans.

Maximo 7 Upgrade

Maximo is a computer program to provide asset management, work management, materials management and purchasing abilities to help maximise productivity and help extend the life of our assets. Work started in 2009-10 on the Maximo Upgrade Project to provide core information services infrastructure to deliver improved asset management, work management and service delivery.

Metropolitan Adelaide Service Delivery Project operating model

In 2009-10 work started on core systems to be used by the new Metropolitan Alliance partners including a risk analysis of the operating model under the new contract.

Information and Records Management System

In 2009-10 progression continued toward full compliance with the *State Records Act 1997*. The new system will provide more effective management of information, reduce duplication and reliance on hard copy files, enhance information security and facilitate better and timely decision making across the organisation.

Results Exceedance Incident Detection (REID)

REID will automate an existing process to ensure complete and comprehensive information related to an exceedance is available so appropriate notifications can be generated.

Operational Data Store

The Operational Data Store project aims to automate the collection and analysis of real time SCADA (our operational monitoring and control system) and other operational data such as our Laboratory Information Management System, trade waste monitoring and asset condition to support improved operational efficiency, security and reliability and asset management capability.

Energy Efficiency Opportunities

The Australian Government's Energy Efficiency Opportunities (EEO) program requires large energy-using businesses to assess their energy use to identify cost effective opportunities for improving energy efficiency.

Participation is mandatory for corporations using more than 0.5 petajoules (PJ) of energy per annum. At least 80% of a corporation's total energy use must be assessed within a five year assessment cycle and the assessments must meet the minimum standards of a prescribed Assessment Framework.

Our three key energy using activities undergoing detailed energy assessments are water transmission, wastewater treatment, recycling and disposal, and water distribution.

Our water transmission activity was assessed in 2008 and our wastewater treatment, recycling and disposal activity was assessed in 2009. The completed assessments identified 31 energy saving opportunities for implementation or further evaluation. A detailed energy assessment of our waste distribution activity has started and will be completed before the end of 2010-11.

A public report was released in December 2009 providing an update on the progress of opportunities from the water transmission assessment (undertaken in 2008) and the results

of the wastewater treatment, recycling and disposal assessment. We reported the completed implementation of the water rebate scheme which resulted in 24 000 gigajoules of energy saving. This report meets our obligations under the *Energy Efficiency Opportunities Act* and Regulations and has been accepted by the Department of Resources Energy and Tourism and is available on our website.

Account Payment Performance

Particulars	Number of accounts paid	Percentage of accounts paid (by number)	Value of accounts paid (\$A)	Percentage of accounts paid (by value)
Paid by due date	99 645	89.26%	1 516 111 032	88.86%
Paid late, within 30 days of due date	7 678	6.88%	157 392 428	9.22%
Paid more than 30 days from due date	4 313	3.86%	32 759 225	1.92%

SA Water paid 89.26% of invoices within 30 days of the invoice date against a target of 90%, an improvement on the 2008-09 result of 88.68%.

Procurement

Our procurement team works with internal business units and industry partners to source products and services that represent value for money and ensure all contracts are managed according to the highest ethical and performance standards.

Over recent years procurement processes and capacity has responded to support the expended volume and complexity of the capital program and water security projects. This has been underpinned by adopting new technologies and quality management improvements.

We employed a specific change initiative to enhance strategic sourcing to maximise value creation and contract management to retain value throughout the life of a contract. The increasing impact of energy costs and energy efficiency on the Corporation has also been considered in the development of an energy management strategy.

SA Water procurement policy objectives ensure:

- Procurement practices comply with relevant legislative requirements, government policies and corporate policies and procedures
- Procurement activities optimise commercial focus for the benefit of its shareholders, internal and external customers, the environment and the community
- Procurement practices are consistent with the South Australian Government’s aim to strive for best practice in managing the environmental aspects of its operations.

SA Water’s Social Sustainability Policy commits us to adopt and promote high standards of corporate or business ethics, including human rights, safeguarding employee health and requiring high standards from our suppliers. Our procurement policies and procedures are currently under review to consider these areas of sustainability.

Contractual arrangements

The following contracts finalised in 2009-10 exceed \$4 million (GST inclusive) and extend beyond a single year.

Adelaide Desalination Project

Numerous contracts were finalised in 2009-10 for the \$1.824 billion Adelaide Desalination Project:

Construction Services Agreement

McConnell Dowell and Built Environs Joint Venture

Contract was let for additional project works to support the 100 GL/a expansion works including Sigma Road extension works, chemical dosing facilities at Happy Valley for the Transfer Pipeline System and landscaping works along Lonsdale Road. This work was awarded to McConnell Dowell and Built Environs Joint Venture to minimise interfaces between the Transfer Pipeline System works and drive efficiency in sharing of contract resources.

Happy Valley Water Treatment Plant Modifications (Mechanical and Electrical)

Leighton Contractors Pty Ltd

Contract was let for modifications to the existing Happy Valley Water Treatment Plant to allow water produced at the desalination plant to integrate with the existing water supply system.

Laydown Area Lease

KAM Investment Properties

SA Water entered into a lease of a four Ha site to provide additional laydown and storage area for the Adelaide Desalination Project. The lease term is for a period of up to three years, with an option to break lease at no cost after two years.

Renewable Energy Contract

AGL Energy Limited

AGL was selected as the renewable energy supplier for the Adelaide Desalination Project. The contract is for a term of 20 years with AGL satisfying the South Australian Government's requirement that the plant be powered by 100% renewable energy. AGL will meet this requirement from its existing South Australian generators accredited under the GreenPower Program and from projects in South Australia either under construction or in development (which also meet GreenPower accreditation standards).

Project Management Services

Panurgem Pty Ltd

To provide project management services for the delivery of key components in the Adelaide Desalination Project, Panurgem were engaged on work including the Transfer Pipeline System, Preliminary Works and Happy Valley WTP modifications.

Facilities Management Services

Brookfield Multiplex Services

To provide site facilities management services for SA Water's offices and facilities at the Adelaide Desalination Project site office.

North South Interconnection System Project

The following contracts were finalised in 2009-10 for the North South Interconnection System Project (NSISP):

Waterlink (Parsons Brinkerhoff, Tonkin Consulting and MWH)

This contract consists of the following components:

Infrastructure Design

Design development including pipelines, pump stations, storages and network modelling through the feasibility and concept development phases of the NSISP project.

Operation Management and Control

Design development of an overall control scheme for the new infrastructure.

Other contracts

Information Technology Services

HP Enterprise Services Australia Pty Ltd (HPES)

HPES provides Server Management and Support Services under the whole of Government Distributed Computing Support Services contract and continues to support SA Water's production, test and development server environments. Under the contract, HPES also supports additional supplementary services which consist mainly of the server support, tandem support and virtualisation support components.

Telecommunications Services

Telstra Corporation Limited (Telstra)

Telstra supplies Voice Carriage Services, Data Carriage Services, Mobile Communication Services, and a very limited number of Electronic Messaging Services to SA Water under multiple whole of government agreements.

Maximo Implementation

IBM Australia (IBM)

IBM is providing SA Water with resources and project management services to implement the upgrade from the current version of Maximo to the new Maximo 7. Maximo is a work planning system used extensively within SA Water.

Network Management

Dimension Data Australia Pty Ltd

Dimension Data provides network management services under the whole of Government Managed Network Services (MNS) contract. The contract started in 2006 and, with extension options already exercised, will continue for six years. Dimension Data also provide a number of other services including the provision of hardware and anti-virus and personal firewall software under whole of Government arrangements.

Customer Services Information System (CSIS)

Hewlett-Packard Australia Pty Ltd (HP)

HP provided support and maintenance services for CSIS and other business-critical applications to SA Water. The current contract commenced in 2007 and will expire later in 2010.

HP Financial Services Australia Pty Ltd (HPFS)

Financing of Equipment

HPFS is providing the financing for the new Tandem Non-Stop hardware platform that the CSIS application resides on. This contractual arrangement is financial lease for a five year term, commencing in 2010.

Electricity Contracts

AGL, Origin Energy, TRUenergy

SA Water is one of the largest users of electricity in South Australia with more than 1600 connected sites. Considerable energy is required to provide water and wastewater services to our customers in an environment of diminishing source water availability, poor source water quality, extensive pumping distances and rigorous wastewater quality standards.

AMRS Australia Pty Ltd

Meter Reading Contract

AMRS Australia Pty Ltd is contracted to undertake a quarterly meter reading program throughout metropolitan and regional South Australia. During 2009-10 the contractor completed approximately 2.450 million meter readings.

UGS Group Services Pty Ltd

Facilities Management Services for the Adelaide metropolitan area

United Group Services Pty Ltd is contracted to undertake facilities management services for SA Water office locations in the Adelaide area. Examples of the services provided cleaning and waste management, catering and vending, conference and event management, building operations and maintenance, physical security, reception duties and customer service management reporting.

Use of consultants

There were 49 consultancies with expenditure less than \$10 000 in 2009-10.

The total expenditure for the consultancies was \$183 137.

Consultancies with expenditure between \$10 000 and \$50 000

Name of business	Description of work
Adelaide Airport Ltd	Stormwater harvest study at the Adelaide Airport site
Alexandrina District Council	Support revegetation of Lower Lakes Irrigation Pipeline Project
Arup Pty Ltd	Millicent WS Upgrade Disinfection of Supply
ASI Systems Pty Ltd	Manage the review and development of OHS&W
Aurecon Australia Pty Ltd	Upgrade Tauwitchere and Ewe Island Barrages
Consulting Environmental Engineers Pty Ltd	Expert Review Panel For Desalination Project
Connor Holmes Consulting	Port Adelaide WWTP Site Redevelopment
CSIRO Corporate Finance	Estrogens in Wastewater Analysis
Defence and Systems Institute	Network Water Security Program
Deloitte	Glenelg to Adelaide Park Lands Recycled Water Project
Deloitte Leadership Academy	Provide general business risk and audit services
E Recruitment Systems	E Recruitment
Econosearch Pty Ltd	Economic analysis
EMA Legal	Provide Industrial and Employee Relations Advice

Consultancies with expenditure between \$10 000 and \$50 000 (continued)

Name of business	Description of work
Ericsson Australia Pty Ltd	Reid Result –Engineering Services
Flinders Partners Pty Ltd	Review of Environmental Investigations-Desalination
GHD Pty Ltd	Bolivar WWTP Sludge Handling
GHD Pty Ltd	Murray Bridge WWTP Piggery Reuse scheme
GHD Pty Ltd	MBO Summit Storage Dam Safety
GHD Pty Ltd	Upgrade Ladder Access Morgan Pipeline Number 1 Pump station
GHD Pty Ltd	Revaluation of WWTPs 2008-09
GHD Pty Ltd	Environmental Site Assessment Crafers
GHD Pty Ltd	Risk assessment at Morgan WTP
GHD Pty Ltd	SA Water National Performance Report
Infrastructure Project management	Morgan WTP
KBR	MWPL PSS upgrade fire control systems
KBR	Robe Augmentation Water Supply
KBR	Handorf WWTP upgrade chemical dosing
KBR	Port Lincoln WWTP Salinity Management Study
KPMG	PCI GAP analysis
KPMG	Manage SharePoint transition
KPMG	Perform Phase 2 work in respect to the proposed temporary weir below Wellington
Labware Australia Pty Ltd	Perform Labware Version 6 upgrade
Mincom Pty Ltd	Mincom Delivery of Resources – Maximo Project
Optimatics Pty Ltd	North South Interconnection Project Feasibility Phase Optimisation
Panurgem Pty Ltd	Millicent WWPS Install Large Pump 2
Parsons Brinckerhoff Australia Pty Ltd	Port Pirie WWTP Sludge Management
Parsons Brinckerhoff Australia Pty Ltd	Morgan WTP Balancing Storage
Parsons Brinckerhoff Australia Pty Ltd	Eyre Upgrade Stage 2
Parsons Brinckerhoff Australia Pty Ltd	Murray Bridge WWTP upgrade
Parsons Brinckerhoff Australia Pty Ltd	Whyalla WWTP Sludge Management Concept Design Report

Consultancies with expenditure between \$10 000 and \$50 000 (continued)

Name of business	Description of work
Pinpoint HRM Pty Ltd	Provide consultancy services for HR online recruitment
PKF Chartered Accountants	Provide asset management assistance for MASWSS Infrastructure Leakage Indicator(ILI) Calculation Methodology
PSI Asia Pacific Pty Ltd	Perform financial and probity monitoring
PSI Asia Pacific Pty Ltd	Establish contract selection guide
Scholefield Robinson	Bird in Hand WWTP Nutrient Reduction
Sinclair Knight Merz Pty Ltd	Perform Remediation Services – Peterborough Depot
Sinclair Knight Merz Pty Ltd	Perform groundwater studies
Sinclair Knight Merz Pty Ltd	Christies Beach WWTP capacity upgrade
Sinclair Knight Merz Pty Ltd	Port Pirie Sludge Management
Sinclair Knight Merz Pty Ltd	Environmental Site Assessment Milang Pump Station and Jetty
Swansbury Penglase	Thebarton 'Building E' Strategy
The University of Adelaide	Research alternative methods for algal control
Tonkin Consulting	Naracoorte WS improve disinfection
Tonkin Consulting	Heathfield Lagoon Access ramp
Tonkin Consulting	Network Water Security Program
Tonkin Consulting	Pt Augusta East WWTP Salinity Control
Tonkin Consulting	Hahndorf odour modelling
Tonkin Consulting	Pt Augusta west WWTP sludge handling
Tonkin Consulting	Pt Augusta WWTP long term future
Tonkin Consulting	Eyre Peninsula W/S Upgrade stage 2
Tonkin Consulting	Pt Pirie WWTP Enhancements
Tonkin Consulting	Middle River WTP DYNASAND Filters
Tonkin Consulting	Infrastructure Leakage Indicator Calculation 2007-08
Vince Sweet Consulting	Provide Water Quality Knowledge
Wallbridge and Gilbert	Mt Temptation Upgrade
Wallbridge and Gilbert	AHS Aldgate Suffolk Rd Professional Services
Worleyparsons Services Pty Ltd	Eyre Peninsula water supply

The total expenditure for these consultancies was \$1 571 183.

Consultancies with expenditure greater than \$50 000

Name of business	Description of work
Alchimie Pty Ltd	North South Interconnection System Project
Aurecon Australia Pty Ltd	North South Interconnection System Project
Aurecon Australia Pty Ltd	Specialist advisor services – Equipment Lifetime Assessment
Aurecon Australia Pty Ltd	Barossa WTP Chemical Storage
Aurecon Australia Pty Ltd	Eyre Peninsula W/S Upgrade Stage 2
BTR Excavations	Metro water and wastewater extensions and connections
Creative Energy Solutions Pty Ltd	Provide commercial and financial services
Deloitte Touche Tohmatsu	Provide treasury advisory services
Deloitte Touche Tohmatsu	Provide Advisory Services for MASDP
DOMMAR Constructions	Adelaide Desalination Project Management assistance
DWS advanced Business Solutions	BIZTALK Server
Edwards Marshall Pty Ltd	Provide expert assistance regarding United Water
Ericsson Aust Pty Ltd	IDMS Upgrade
Ernst and Young	North South Interconnection System Project
ESRI Australia Pty Ltd	Maximo GIS development
Evans and Peck Pty Ltd	North South Interconnection System Project Estimator
GHD Pty Ltd	South Para Reserve Safety Investigation
GHD Pty Ltd	Design and documentation at the Goolwa Channel
GHD Pty Ltd	Install all groundwater wells and soil investigation at Victor Harbor Waste Water Treatment Plant
GHD Pty Ltd	Provide design amendments for Chowilla Bridge
Infrastructure Transaction NETWORK	Provide consultancy services for MASDP
Janet Gould and Associates	Community Engagement Adelaide Desalination Project
Kurna Cultural Services Pty Ltd	Kurna Consultation
KPMG	Accounting Advice
KPMG	Perform IS Disaster Recovery Planning
KPMG	IT and Commercial Framework Management
KPMG	Perform Internal Audit
Maloney Field Services	North South Interconnection System Project
Michael Boswell and Associates Pty Ltd	Review contract administration

Consultancies with expenditure greater than \$50 000 (continued)

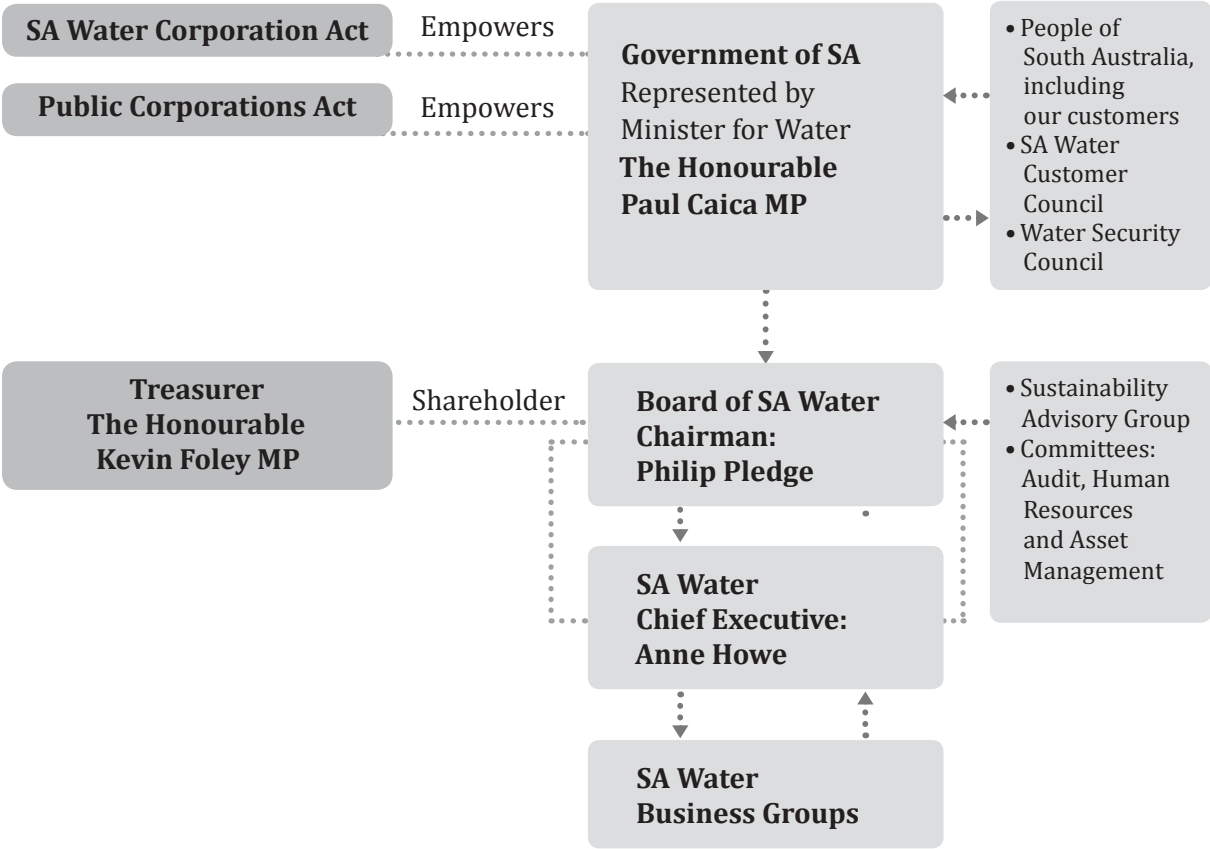
Name of business	Description of work
Optimatics Pty Ltd	North South Interconnection System Project
Parsons Brinckerhoff Australia Pty Ltd	Murray Bridge WWTP Upgrade
Parsons Brinckerhoff Australia Pty Ltd	Sellicks Beach Sewerage scheme
Parsons Brinckerhoff Australia Pty Ltd	Victor Harbor WWTP Reuse council scheme
Parsons Brinckerhoff Australia Pty Ltd	EIS Document Production and Management
Parsons Brinckerhoff Australia Pty Ltd	Environmental Impact Statement setup for opening barrages
Praxis Advisory Group Pty Ltd	Provide industrial advice for MASDP
Price Waterhouse Coopers	Christies Beach WWTP Capacity Upgrade
Price Waterhouse Coopers	Provide industrial advice for MASDP
Project Support Pty Ltd	Bird in Hand WWTP Nutrient Reduction
PSI Asia Pacific Pty Ltd	North South Interconnection System Project
SEM Utilities	Metro water and wastewater extensions and connections
SENWILL CIVIL	Metro water and wastewater extensions and connections
Sinclair Knight Merz Pty Ltd	Perform dam survey comprehensive inspections
Sinclair Knight Merz Pty Ltd	Perform water treatment residual assessments
Sinclair Knight Merz Pty Ltd	Perform additional services and investigations at Loxton SIS
Soil & Groundwater Consulting	Perform Internal Audit for PC PC1100DZ - Murtho Salt Interception Scheme
Tonkin Consulting	Provide consultancy for River Murray License Project
Tonkin Consulting	Provide Professional Services on Wellington Weir Fish Passage
Tonkin Consulting	Provide Professional Services relating to Murtho Salt Interception Scheme
Tonkin Consulting	North South Interconnection System Project
URS Australia Pty Ltd	Myponga Dam Safety
URS Australia Pty Ltd	Professional Services Wellington Weir Fish Passage

The total expenditure for these consultancies was \$24 143 823.

The overall total expenditure on all consultancies by SA Water in 2009-10 was \$25 898 143.

Corporate Governance

Governance Structure



Our Charter

The SA Water Corporation is subject to the *Public Corporations Act 1993*. Under section 12 of the *Public Corporations Act*, the Corporation’s Minister and the Treasurer, in consultation with the Corporation, are required to prepare a Charter for the Corporation and to review it annually. The Charter is effectively a general direction to the Corporation from the Government which guides the Board in the exercise of its powers in pursuing its functions under the *South Australian Water Corporation Act 1994*.

In 2008, the Minister revised our Charter to strengthen our links to the State Government’s sustainability agenda. The revised Charter does not make any significant changes to our purpose, direction and operational matters as these are predominantly set by statute. It does, however, make the links with our legislative obligations more transparent and also more explicitly defines the interrelationship between the Government, the Board of SA Water and the Chief Executive.

The Charter provides further scope for long term sustainability to be factored into commercial decisions. This includes the notion of security of water supplies for long term economic sustainability of SA Water.

In summary, our revised Charter:

- improves role clarity and responsibilities
- improves governance and accountability
- secures long term sustainability of the Corporation
- constructively contributes to the Government’s policy agenda.

We seek to balance a public sector ethos of community service with prudent commercial principles in the conduct of our business. We apply the same rigour to business planning and capital expenditure that would apply in any large corporation.

Delegation of Functions

Under Section 18 of the *South Australian Water Corporation Act*, the Minister may delegate any of the Minister's powers or functions under any Act to SA Water. The Minister has delegated to the Board authority to incur expenditure up to \$4 million.

Our Board has established financial delegations to officers for expenditure as appropriate.

Officers exercise (and can sub-delegate) these delegations in accordance with the policies and guidelines of SA Water. All delegations are reviewed annually by the Audit Committee and referred to the Board for approval. There are no delegations to Board Committees.

Directors' Interests

A register of directors' interests is maintained and updated annually. In addition, directors are invited to declare at the commencement of all meetings any conflicts of interest that might arise on an ad hoc basis. In these circumstances directors absent themselves from discussion of the relevant matter and the conflict of interest is recorded in the minutes of the meeting.

In 2009-10 no director had an interest in any contract or proposed contract with SA Water other than contracts in the ordinary course of the organisation's business and at arm's length.

Directors' Benefits

In 2009-10, no contract involving directors' interest arose and no director of SA Water received or became entitled to receive a benefit (other than a remuneration benefit) by virtue of a contract that the director, or a firm of which the director is a member, or an entity in which the director has a substantial financial interest, has made with SA Water, other than dealings in the normal course of business as set out in Note 38 of the Financial Statements.

Board Committees

The Board has established three standing committees to assist with the discharge of its responsibilities. None of these bodies exercises a decision making role; rather they report to and make recommendations to the Board.

A charter guides the functions and duties of each committee, which in turn reports to the Board. The charters are reviewed annually (most recently in June 2010) and are available on request.

Audit Committee

In 2009-10 the members of the Audit Committee were:

- Frank Blevins, Chair
- Annabel Digance
- Cathy Cooper.

As required under the *Public Corporations Act 1993*, we have established and maintained an Audit Committee and an internal audit function. Our Business Assurance and Risk team plays a key role in providing independent and objective analysis of business processes and internal control systems.

The Audit Committee also monitors our risk management framework (including treasury risk) and legal and trade practices compliance programs. More information on our risk management can be found on page 94.

In 2009-10 a feature of the Audit Committee’s work was a focus on risks related to human resource management including bullying and harassment.

Asset Management Committee

In 2009-10 the members of the Asset Management Committee were:

- Philip Pledge, Chair
- Graham Allison
- Sybella Blencowe.

The Asset Management Committee has a particular focus on issues arising from our stewardship of substantial and essential infrastructure. The Committee’s primary concern is the condition, performance and efficiency of SA Water assets, both in absolute terms and in terms of comparison with other water utilities.

A particular focus during 2009-10 was the condition of major assets, metering technology and water main leakage. This reflects the continued close attention paid by the Committee to the Corporation’s response to challenges associated with continuing drought and business continuity.

Human Resources Committee

In 2009-10, the members of the Human Resources Committee were:

- Philip Pledge, Chair
- Sybella Blencowe
- Annabel Digance.

This committee reviews and makes recommendations to the Board on conditions of employment including the level of remuneration paid to the Chief Executive and other Senior Executives. A key focus of the Committee this year was issues relating to employee satisfaction, remuneration, attraction and retention.

Directors’ Meetings

The number of meetings of the Board of Directors (including meetings of committees of Directors) held in 2009-10 was:

- Board of Directors – 14 meetings
- Audit Committee – 5 meetings
- Asset Management Committee – 4 meetings
- Human Resources – 1 meeting.

The number of meetings attended by each of the Directors during the financial year is shown in the following table:

	Board		Special Board		Audit Committee		Human Resources		Asset Management	
	A	B	A	B	A	B	A	B	A	B
Philip Pledge	11	11	3	3			1	1	4	4
Annabel Digance	11	11	3	3	5	5	1	1		
Graham Allison	11	10	3	1					4	4
Sybella Blencowe	11	9	3	3			1	1	4	4
Catherine Cooper	11	9	3	1	5	5				
Frank Blevins	11	11	3	3	5	5				
Anne Howe	11	10	3	2					4	3

A = number eligible to attend. B = number attended.

Directors' Remuneration

Band (\$ amount)	2008-09	2009-10
40 000 – 49 999	4	4
50 000 – 59 999	1	1
90 000 – 99 999	1	1
470 000 – 479 999	1	-
570 000 - 579 999	-	1

**Total remuneration received includes fringe benefits, superannuation contributions and long service leave cashed out.*

Relevant Legislation

Public Corporations Act 1993

Subject to this Act, SA Water is a commercial entity providing services in accord with prudent commercial principles and striving to provide a commercial return to Government. Non-commercial operations may be carried out, but must be provided in an efficient and effective manner. The Act requires SA Water to:

- Operate within the Parliament's and Government's intentions for the nature and scope of Corporation activities as expressed by the *South Australian Water Corporation Act 1994* and the SA Water Charter
- Act in accord with the control and direction of the Minister for Water
- Publish in its Annual Report any direction issued by the Minister.

South Australian Water Corporation Act 1994

Establishes SA Water and makes it subject to the *Public Corporations Act 1993*. SA Water's functions are set out in Section 7 of the Act. The Corporation's primary functions are to provide services for the:

- Supply of water by means of reticulated systems
- Storage, treatment and supply of bulk water
- Removal and treatment of wastewater by means of sewerage systems.

Under the Act, SA Water has the following further functions:

- To carry out research and works to improve water quality and wastewater disposal and treatment methods
- To provide consultancy and other services within its areas of expertise
- To commercially develop and market products, processes and intellectual property produced or created in the course of its operations
- To advise users of water in the efficient and effective use of water
- To encourage and facilitate private or public sector investment and participation, whether from within or outside the State, in the provision of water and wastewater services and facilities
- Any other function conferred on the Corporation by this Act, any other Act or the Minister, or delegated to the Corporation by the Minister.

Sewerage Act 1929

Empowers SA Water to construct and operate sewerage systems.

Waterworks Act 1932

Empowers SA Water to construct and operate water supply systems.

Metropolitan Drainage Act 1935

Provides for flood mitigation works on the River Torrens, Sturt River, and the Brownhill and Keswick Creeks. SA Water administers this Act on behalf of the Minister for Water.

Rates and Land Tax Remission Act 1986

Provides for rates concessions for various rates to be granted to eligible pensioners. The remission scheme is funded by the Government but administered by SA Water.

Other legislation/Legislative review

More than 120 other Acts have a direct impact on the activities of SA Water. In June 2009 the Government released Water for Good in which it committed to a comprehensive review of the legislation covering the water industry to provide a more contemporary legislative framework for the provision of water and wastewater services in South Australia. SA Water welcomes this review which is being coordinated through the newly formed Department for Water.

Freedom of Information

We are committed to openness, transparency and accountability as a Corporation while at the same time recognising the right of stakeholders to privacy. The *Freedom of Information Act 1991* is applicable to SA Water, as are the Government's Information Privacy Principles.

During 2009-10 we received 39 FOI applications. The applications were received from 10 members of the public, 28 Members of Parliament and one media organisation. Of those 39 applications 36 were for non-personal information and three were for personal information. There were also 15 applications brought forward from the 2008-09 year bringing an overall total of 54 applications.

The outcome of the applications processed in 2009-10 was:

Access granted in full - 15

Access granted in part - eight

Applications refused - 15

Application withdrawn - one

Applications transferred to other departments - seven.

In addition to FOI applications received, we responded to 12 third party consultation requests from local and state government departments and received one application for an internal review.

Eight applications are being carried over into the 2010-11 period.

Fraud

We have a code of conduct in place to inform staff members of what activities might constitute fraud and to warn employees against committing fraud. There is also a specific fraud policy and guidelines which deal with the treatment of any detected frauds. That policy is reviewed and updated regularly and communicated to employees.

Allegations or suspicions of fraudulent activity may be reported openly to management or anonymously to the Corporation Secretary. All reports are investigated promptly and the outcome of any investigation is reported to the Audit Committee. We also undertake proactive fraud detection exercises in which irregularities are identified and investigated. Where appropriate, suspected fraudulent activities are referred to relevant law enforcement agencies.

As part of the annual internal audit plan, data mining of accounts payable, payroll and credit card expenditure is performed and anomalies investigated. In the year to 30 June 2010 these exercises did not uncover any instances of fraud or corruption.

Compliance with Legislative Requirements

SA Water is committed to the highest standards of compliance with Legislative requirements. A number of systems have been developed to assist managers to monitor compliance with a range of legislation. Training is also provided as required, in particular in areas such as environmental law and the *Trade Practices Act 1974*. Training is undertaken and six-monthly monitoring programs are in place to ensure adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. The results of the monitoring programs and the resolution of matters noted are reported to the Audit Committee.

Insurance and Indemnification

Section 22 of the *Public Corporations Act 1993* provides that ‘... a director of a public corporation incurs no civil liability for an honest act or omission in the performance or discharge, or purported performance or discharge, of functions or duties as such a director’.

SA Water has agreed to indemnify and keep indemnified Directors of the organisation for the reporting period against all liabilities (other than to SA Water or a related body corporate) that may arise from their position as a Director of the organisation, except where the liability arises out of conduct involving a lack of good faith.

SA Water has in place a Directors’ and Officers’ insurance policy. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

Risk Management

Our Audit Committee has been delegated responsibility, via the Audit Committee Charter, for the overall review and evaluation of risk management processes within SA Water.

This high level focus on risk recognises the critical role risk management plays in ensuring the Board can fulfil its corporate governance and supervisory responsibilities. The Audit Committee’s roles include:

- Understanding the risks of the business
- Monitoring risk management activities on a six-monthly basis
- Endorsing and contributing to the identification of SA Water’s annual risk profile
- Endorsing SA Water’s Risk Management Policy and Framework.

To assist both the Chief Executive and the Audit Committee:

- The General Manager Business Assurance and Risk reports, via the Corporation Secretary, to the Audit Committee at each of its meetings, and to the Chief Executive as required. A risk management team is responsible for providing policies and procedures, systems and tools, training, coordination and facilitation services and monitoring mechanisms related to risk management activity.
- All people within SA Water (including the senior management team, other management, employees, contractors and our key partners) play a role in the identification, assessment and management of risks.

The SA Water Risk Management Policy and Framework (as approved by the Audit Committee) formally establishes the process of assessing the business risks and opportunities we face, as

well as developing and implementing strategies to transfer, manage and/or mitigate these risks in a proactive manner.

This policy is reviewed by the Audit Committee on a regular basis and is consistent with the International Standard ISO 31000 and the South Australian Government Risk Management Policy Statement, 2009. The policy principles are applied across SA Water and risk assessments have become a key component of strategic and business unit planning, capital and asset planning, emergency response and business continuity planning.

Policy Development

We maintain a policy framework comprising both strategic and management policies aligned to our strategic objectives. The policy management system underpinning the framework emphasises targeted and general consultation, fully resourced implementation plans and performance indicators to measure policy effectiveness.

We also have a suite of associated procedures and guidelines covering a range of SA Water activities and processes including environmental responsibilities, financial management, procurement, human resource management and OHS issues. In accordance with continuous improvement practice, the policy framework is reviewed each year and all policies and procedures are subject to periodic review.

Policies of particular interest to our stakeholders are available on our website including Community Involvement, Hardship, Privacy, Sponsorship and Sustainability. Enquiries about policy documents can, in the first instance, be made to SA Water's Corporate Policy Manager, 250 Victoria Square, Adelaide.

Operations Overview

<i>Length of mains (km)</i>	2009-10
Total length of water mains	26 277
Metropolitan	8 980
Country	17 297
<i>Major pipeline lengths (km)</i>	
Murray Bridge to Onkaparinga	48
Morgan/Whyalla no 1 via Port Augusta	356
Morgan/Whyalla no 2 undersea from Baroota	281
Mannum/Adelaide	60
Swan Reach/Paskeville	183
Tailem Bend/Keith	133
Lincoln Gap/Kimba	131
<i>Major pipeline rated capacities (ML per day)</i>	
Murray Bridge/Onkaparinga	514
Morgan/Whyalla	206
Mannum/Adelaide	380
Swan Reach/Swanport	80
Tailem Bend/Keith	31
<i>Length of sewers (kilometre)</i>	

Operations Overview (continued)

Total length of sewers	8 638
Metropolitan	7 202
Country	1 436
<i>Length of recycled water mains (kilometre)*</i>	
Metropolitan	82
Country	9
<i>Accounts</i>	
Accounts billed	756 639
<i>Number of water treatment plants</i>	
Metropolitan	6
Country	24
<i>Number wastewater treatment plants</i>	
Metropolitan	4
Country	19
<i>Wastewater reuse %</i>	
Metropolitan	29.5
Country	25.7
<i>Population served water supply (at 30 June)</i>	
Estimated population served metropolitan	1 136 156
Estimated population served country	419 523
Total	1 555 679
<i>Population served wastewater (at June 30)</i>	
Estimated population served metropolitan	1 064 000
Estimated population served country	161 000
Total	1 225 000
<i>Average volume water delivered statewide for past five years (ML)</i>	
Metropolitan	144 785
Country	81 824
<i>Statewide water consumption facts</i>	
Total volume delivered (ML)	216 131
Average residential consumption per household (kL)	182.8
Highest daily consumption recorded in 24 hours to 8am (ML)	674
<i>Metropolitan water consumption facts</i>	
Total volume delivered (ML)	139 753
Average residential consumption per household (kL)	189.9
<i>Country water consumption facts</i>	
Total volume delivered (ML)	76 378
Average residential consumption per household (kL)	160.2
<i>Water sources</i>	

Operations Overview (continued)

Total water (ML)	216 131
% provided by River Murray	43.9
% provided by surface water	49.9
% provided by ground water	6.2
% provided by sea water	0.03

Five year comparisons

	2005-06	2006-07	2007-08	2008-09	2009-10
Adelaide					
Volume delivered (ML)	150 504	156 014	139 352	138 300	139 753
Average daily volume delivered (ML)	426	427	381	378	383
Average daily per capita consumption, including commercial, industrial and residential (L)	374	388	345	339.2	340
Estimated population served	1 087 000	1 095 000	1 103 000	1 117 000	1 125 000
Length of mains (kilometre)	8 826	8 854	8 889	8 933	8 980
Country					
Volume delivered (ML)	83 655	89 572	79 613	79 900	76 378
Estimated population served	397 000	400 000	403 000	408 000	411 000
Length of mains (kilometre)	16 867	16 941	17 004	17 217	17 297
Adelaide					
Number of wastewater treatment plants	4	4	4	4	4
Estimated population served	1 028 000	1 036 000	1 043 000	1 057 000	1 064 000
Length of sewers (kilometre)	7 025	7 070	7 099	7 147	7 202
Length of recycled wastewater supply main (kilometre)	-	-	-	74	82
Country					
Number of wastewater treatment plants	19	20	20	19	19
Estimated population served	156 000	157 000	157 500	159 000	161 000
Length of sewers	1 358	1 384	1 402	1 418	1 436
Length of recycled wastewater supply main (kilometre)*	-	-	-	6	9
Total water (ML)	234 142	245 587	218 965	218 170	216 131
% provided by River Murray	48.7	90.99	85.04	85.7	43.9
% provided by surface water	44.8	2.92	8.11	7.7	49.9
% provided by ground water	6.5	6.07	6.83	6.3	6.2
% provided by sea water		< 1%	0.02	0.03	0.03

Five year comparisons (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10
<i>% Wastewater re-use</i>					
Metropolitan	18.1	29.7	30.7	31.3	29.5
Country	17.23	19.1	23.8	24	25.7
	2005-06	2006-07	2007-08	2008-09	2009-10
Finance	\$000	\$000	\$000	\$000	\$000
<i>Revenue</i>					
Water sales and rates	296 693	314 229	309 650	347 585	396 783
Sewerage rates	254 087	263 447	272 805	282 582	292 175
Contributions and grants	65 417	58 890	61 890	68 864	65 023
CSO funding	152 180	156 210	164 597	183 087	198 547
Sundries	65 260	63 345	80 524	107 317	113 517
Total revenue	832 637	856 121	889 466	989 435	1 066 045
<i>Operating expenditure</i>					
Operations and services	287 916	307 352	340 716	445 980	440 050
Interest	86 563	88 251	99 821	106 908	143 562
Depreciation	131 804	146 468	162 128	177 696	211 130
Total operating expenditure	506 283	542 071	602 665	730 581	794 742
<i>Capital expenditure</i>					
Water supply	78 568	109 296	154 081	536 000	875 048
Sewerage	30 639	30 915	36 950	142 798	120 269
Other	17 701	31 415	55 935	52 674	174 185
Total capital expenditure	126 908	171 626	246 966	731 472	1 169 502
<i>Water/wastewater services</i>					
Total expenses per customer \$	683	731	785	927	1 102
<i>Expenses recovery</i>					
Revenue as a % of expenses	171.0	189.8	152.4	139.2	134.0
	2005-06	2006-07	2007-08	2008-09	2009-10
<i>Contracts customer service</i>					
% of developer contracts prepared within 90 days	100	100	100	100	100
<i>Improving water quality</i>					
% of filtered water distributed into Adelaide system	100	100	100	100	100
<i>Water supply performance</i>					
Metropolitan					
Service calls per 1000 customers	83	99	94	92	91
Number of priority calls, bursts, leaks per 1000 customers	2.2	3.5	2	2.21	2.44

Five year comparisons (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10
<i>Water supply performance (continued)</i>					
Metropolitan (continued)					
Service interruptions restored in five hours (target 80%)	95	92	92	91	90
Water quality complaints per 1000 customers	0.9	0.8	0.76	0.61	0.81
% of samples with faecal coliforms absent (b)	100	100	100	100	100
Total expenses per customer (\$)	311	344	368	453	482
Country					
Mainbreaks per 1000 customers	8.1	5.8	5.6	4.9	7.5
Mainbreaks per 100 kilometre of main	8.8	6.5	6.3	5.5	8.9
% interruptions responded to within one hour	57	61.9	95	93.5	93
% of samples free from <i>E. coli</i>	99.97	99.95	100	100	99.99
Total expenses per customer (\$)	844	890	958	1 098	1 189
<i>Wastewater services performance</i>					
Metropolitan					
Chokes in sewer mains per 100 kilometre of main	53	66	58	54.9	48.7
Chokes in sewer mains per 1000 customers	7.9	9.8	8.4	8.05	7.10
Chokes in property connections per 1000 customers	38.5	41.2	36	34.2	30.9
Restoration of service, mains and connections (full loss of service) restored within five hours (target >75%)	98	97	97	97	97
Restoration of service, mains and connections (partial loss of service) restored within 18 hours (target >90%)	99	97	98	98	98
Wastewater overflows reported, % attended within four hours	100	100	100	100	100
Treated Wastewater Total BOD Christies Beach, Glenelg, Bolivar HS - mg/L (target <20)	4	4	3	3.1	3
Treated wastewater soluble BOD (Activated Sludge Plant / Bolivar) mg/L (target <10)	3	3	2	2.1	2.2

Five year comparisons (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10
<i>Wastewater services performance (continued)</i>					
Metropolitan (continued)					
Treated Wastewater suspended solids / Bolivar High Salinity, Glenelg, Christies Beach	10	9	9	9.1	8.6
Treated wastewater % compliance with internal targets	100	100	100	100	100
Treated wastewater % compliance with EPA targets	100	100	100	100	100
Total expenses per customer (\$)	271	283	301	349	373
<i>Wastewater services performance</i>					
Country					
Chokes in connections per 1000 customers	18.3	23.6	27.5	13.2	17
Chokes in sewers per 100 kilometre of sewer	30.2	15.2	16.4	18.5	11
% internal overflows responded to within one hour	N/A	N/A	92	100	98
Treated wastewater BOD (activated sludge/extended aeration plant) mg/L	8	3	3	2	>2
Treated wastewater soluble BOD (lagoon plants) mg/L	3.9	2	2	2	2
Treated wastewater suspended solids (activated sludge/extended aeration) mg/L	17	4	4	3	5
Total expenses per customer (\$)	467	498	555	644	620

South Australian Water Corporation

Annual Financial Report

for the year ended 30 June 2010

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the South Australian Water Corporation:

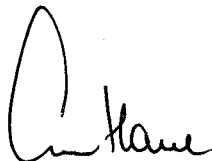
- complies with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian accounting standards;
- are in accordance with the accounts and records of the Corporation;
- presents a true and fair view of the financial position of the Corporation as at 30 June 2010 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Corporation for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period and there are reasonable grounds to believe the Corporation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the board members.



P.W. Pledge
Chairman
14 September 2010



A. Howe
Chief Executive
14 September 2010



P. Mendo
Chief Financial Officer
14 September 2010



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**To the Directors
South Australian Water Corporation**

As required by section 31 of the *Public Finance and Audit Act 1987* and section 32(4) of the *Public Corporations Act 1993*, I have audited the accompanying financial statements of the South Australian Water Corporation for the financial year ended 30 June 2010. The financial statements comprise:

- A Statement of Comprehensive Income
- A Statement of Financial Position
- A Statement of Changes in Equity
- A Statement of Cash Flows
- Notes to the Financial Statements
- A Certificate from the Chairman, the Chief Executive and the Chief Financial Officer.

The responsibility of the Directors of the South Australian Water Corporation for the financial statements

The Directors of the South Australian Water Corporation are responsible for the preparation and the fair presentation of the financial statements in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on the financial statements based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The Auditing Standards require that the auditor complies with relevant ethical requirements relating to audit engagements and plans and performs 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors of the South Australian Water Corporation, as well as the overall presentation of the financial statements.

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

Auditor's opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the South Australian Water Corporation as at 30 June 2010, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

A handwritten signature in black ink, appearing to read 'S O'Neill', with a horizontal line extending from the end of the signature.

S O'Neill
AUDITOR-GENERAL
17 September 2010

South Australian Water Corporation
Statement of comprehensive income
For the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Income			
Revenue from ordinary activities	4	1,065,800	988,427
Other income	5	245	745
Total Income		1,066,045	989,172
Expenses			
Depreciation and amortisation expense	6	(211,130)	(177,696)
Borrowing costs		(143,562)	(106,905)
Electricity expense		(30,195)	(40,550)
Services and supplies		(176,982)	(174,060)
Operational and service contracts		(131,283)	(139,549)
Salaries and employee benefits expense		(101,590)	(91,821)
Total Expenses		(794,742)	(730,581)
Profit before income tax		271,303	258,591
Income tax expense	7	(81,255)	(77,217)
Profit for the year		190,048	181,374
Other comprehensive income			
Gain on revaluation of infrastructure, plant and equipment assets	30	1,153,650	500,524
Revaluation of investment in unlisted shares	30	7,297	5,931
Income tax relating to components of other comprehensive income	7c	(340,504)	(143,788)
Other comprehensive income for the year, net of tax		820,443	362,667
Total comprehensive income for the year		1,010,491	544,041
Total comprehensive income for the year is attributable to:			
The SA Government as owner		1,010,491	544,041

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

South Australian Water Corporation
Statement of financial position
As at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	27	1,425	1,281
Receivables	8	114,029	127,478
Inventories	9	5,394	5,287
Derivative financial instruments	23	15	-
Other current assets	10	57,626	20,877
Total current assets		178,489	154,923
Non-current assets			
Available for sale financial assets	11	21,833	14,536
Deferred tax assets	12	30,315	29,954
Intangible assets	13	79,626	50,026
Infrastructure, plant and equipment	14	11,541,278	9,422,359
Derivative financial instruments	23	348	1,576
Other non-current assets	15	-	18,464
Total non-current assets		11,673,400	9,536,915
Total assets		11,851,889	9,691,838
LIABILITIES			
Current liabilities			
Payables	16	217,227	188,235
Interest bearing liabilities	17	61,964	96,955
Current tax liabilities	18	23,201	32,959
Provisions	19	18,905	17,551
Derivative financial instruments	23	329	1,359
Other current liabilities	20	12,241	9,557
Total current liabilities		333,867	346,616
Non-current liabilities			
Payables	21	1,639	1,630
Interest bearing liabilities	22	2,760,556	1,860,109
Derivative financial instruments	23	2,792	7,191
Deferred tax liabilities	24	1,394,305	1,044,431
Provisions	25	25,366	25,545
Other non-current liabilities	26	133,662	48,096
Total non-current liabilities		4,318,320	2,987,002
Total liabilities		4,652,187	3,333,618
Net assets		7,199,702	6,358,220
EQUITY			
Contributed equity		173,610	173,610
Reserves	30(a)	6,813,675	5,994,726
Retained earnings	30(b)	212,417	189,884
Total equity		7,199,702	6,358,220

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

South Australian Water Corporation
Statement of changes in equity
For the year ended 30 June 2010

	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2008		173,610	5,634,338	172,929	5,980,877
Effect of changes in accounting policies	1a	-	-	(5,440)	(5,440)
Restated total equity at the beginning of the financial year		173,610	5,634,338	167,489	5,975,437
Profit for the year		-	-	181,374	181,374
Gain on revaluation of infrastructure, plant and equipment assets	30	-	500,524	-	500,524
Revaluation of investment in unlisted shares	30	-	5,931	-	5,931
Transfer to retained profits on disposal	30	-	(2,279)	-	(2,279)
Transfer from infrastructure, plant and equipment reserve	30	-	-	2,317	2,317
Income tax relating to components of other comprehensive income	7c	-	(143,788)	-	(143,788)
Total comprehensive income for the year		-	360,388	183,691	544,079
Transactions with the SA Government in their capacity as owners:					
Dividends provided for or paid	35	-	-	(161,296)	(161,296)
Balance at 30 June 2009		173,610	5,994,726	189,884	6,358,220
	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2009		173,610	5,994,726	189,884	6,358,220
Profit for the year		-	-	190,048	190,048
Gain on revaluation of infrastructure, plant and equipment assets	30	-	1,153,650	-	1,153,650
Revaluation of investment in unlisted shares	30	-	7,297	-	7,297
Transfer to retained profits on disposal	30	-	(1,494)	-	(1,494)
Transfer from infrastructure, plant and equipment reserve	30	-	-	1,494	1,494
Income tax relating to components of other comprehensive income	7c	-	(340,504)	-	(340,504)
Total comprehensive income for the year		-	818,949	191,542	1,010,491
Transactions with the SA Government in their capacity as owners:					
Dividends provided for or paid	35	-	-	(169,009)	(169,009)
Balance at 30 June 2010		173,610	6,813,675	212,417	7,199,702

Total equity is attributable to the SA Government as owner.

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

South Australian Water Corporation
Statement of cash flows
For the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Cash flows from operating activities			
Receipts from customers		959,737	808,496
Payments to suppliers and employees		(612,515)	(552,060)
Receipts from Community Service Obligation funding		198,244	182,669
Receipts from contributions		27,894	29,357
Receipts from Government Grants		87,972	43,872
Interest received		440	418
Borrowing costs paid		(135,960)	(108,947)
Income taxes paid	18	(82,003)	(73,159)
Net cash inflow from operating activities	28	443,809	330,646
Cash flows from investing activities			
Payments for construction and purchase of infrastructure, plant and equipment		(1,110,183)	(641,857)
Payments for intangible assets		(30,401)	(10,278)
Proceeds from disposal of infrastructure, plant and equipment		433	2,964
Net cash (outflow) from investing activities		(1,140,151)	(649,171)
Cash flows from financing activities			
Proceeds from borrowings		2,568,096	1,677,615
Repayment of borrowings		(1,698,566)	(1,195,333)
Dividends paid	35	(169,009)	(161,296)
Repayment of finance lease liability		(4,035)	(3,610)
Net cash inflow from financing activities		696,486	317,376
Net increase/(decrease) in cash and cash equivalents		144	(1,149)
Cash and cash equivalents at the beginning of the financial year		1,281	2,430
Cash and cash equivalents at end of year	27	1,425	1,281

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

1 Summary of significant accounting policies

The South Australian Water Corporation (SA Water or the Corporation) was incorporated on 1 July 1995, as a state owned statutory corporation pursuant to the *South Australian Water Corporation Act 1994*, to which the provisions of the *Public Corporations Act 1993* apply. Property, rights, powers and liabilities of the Minister for Water, arising from the operation of the *Sewerage Act 1929* and the *Waterworks Act 1932*, were vested in the Corporation.

The significant policies which have been adopted in the preparation of these financial statements are:

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with applicable Australian Accounting Standards, Interpretations and the Treasurer's Instructions and Accounting Policy Frameworks issued pursuant to the *Public Finance and Audit Act 1987*.

The financial statements were authorised for issue by the Board on 14 September 2010.

Change in accounting policy

In accordance with AASB Interpretation 18 (IA 18) *Transfer of Assets from Customers* which is effective 1 July 2009, SA Water is required to recognise revenue received from customers relating to Major and Minor Land Divisions and Connections, when the works associated with that revenue have been completed. Revenue received in advance of the works being completed is now recorded as unearned revenue in Note 20. Customer contributions were previously recognised as revenue when the contribution was received.

As this is a change in accounting policy effective 1 July 2009, the 2008-09 comparatives have been re-stated to reflect this change.

The impact of this change in accounting policy on the financial statements is as follows:

2008-09: A decrease to Revenue of \$0.263M, an increase to Current Liabilities - Other of \$8.046M (2008: \$7.783M) and a decrease to Retained Profits of \$8.046M (2008: \$5.440M).

The Corporation's accounting policy for Borrowing Costs has changed in accordance with AASB 123 Borrowings Costs and the Accounting Policy Framework (APF III) Asset Accounting Framework. This policy and the impact of its change are disclosed in note 1(i).

Historical cost convention

These financial statements have been prepared in accordance with the historical cost convention, except for infrastructure, land, buildings, available-for-sale non-current financial assets and liabilities which are stated using fair value as detailed in the relevant notes.

Rounding

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(b) Jointly controlled operations

The Corporation's interest in the Joint Venture operation is brought to account by including its proportionate share of the Joint Venture assets, liabilities, expenses and revenues on a line-by-line basis. For disclosure of the Corporation's interest in the Joint Venture operation refer to note 32.

1 Summary of significant accounting policies (continued)

(c) Revenue recognition

Rates and charges

Revenue from water usage is based on water consumed throughout the year by customers. The annual Water and Sewer rates charges for a financial year are earned and billed during that financial year. Other rates and charges are based on amounts billed during the financial year ended 30 June. Refer also to note 3.

Unbilled revenue

In accordance with AIFRS, SA Water accrues the consumption and associated revenue that is calculated to have been consumed throughout the year. The underlying revenue recognition principal is to recognise revenue in the period it is earned, rather than billed. The Unbilled Revenue balance therefore represents the value of the water consumed between customers' last quarterly bills and the end of the financial year. The calculation is based on master meters, billing system reconciliations, and assessments of water losses.

Community Service Obligations (CSOs)

The Corporation is required under its charter to provide a number of non-commercial services to the community on behalf of the Government. SA Water is compensated for the non-commercial component of these services through CSO payments from the Government. The main CSOs relate to under recovery of country water and wastewater services and the provision of water and wastewater concessions to certain properties e.g. charities, churches and public schools.

The CSO revenue is recognised as the services are provided.

Contributed assets

Contributed assets principally arise from:

- (i) consumers who make a contribution where a service or connection has been requested which requires construction of a new main; and
- (ii) subdividers who make contributions where either:
 - a) water and sewerage infrastructures are constructed by subdividers and transferred to SA Water. The contribution recognised is equivalent to the Corporation's estimated cost of construction; or
 - b) the Corporation constructs the infrastructure at the subdivider's request.

Contributed assets are recognised at fair value when the assets are received. Contributions to construct assets are recognised when the assets are constructed. Revenue received in advance of the assets constructed is recorded as unearned revenue in note 20. Refer also note 1(a).

Disposal of non-current assets

The gain or loss on disposal of non-current assets is recognised at the date control of the asset passes to the buyer. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of the disposal and net proceeds from the sale. Upon disposal or derecognition, any revaluation reserve relating to a particular asset being sold is transferred to retained earnings.

1 Summary of significant accounting policies (continued)

Recoverable works

Revenue derived from the provision of services to external parties is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured.

Government grants

In accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Corporation will comply with all attached conditions.

Government grants relating to construction of infrastructure, plant and equipment are recognised as income over the periods and in the proportions in which depreciation on those assets is charged.

The Corporation received grant funding in 2009-10 amounting to \$85.774M (2009: \$44.826M). For 2009-10 the projects are: Adelaide Desalination Project, Virginia Pipeline Extension, Glenelg to Adelaide Park Lands Recycled Water Project, Lower Lakes Integrated Pipeline (potable water component), the Water Information - Modernisation and Extension of Hydrometric Stations Program, Southern Urban Reuse Project, Adelaide Airport Stormwater Scheme and the Barker Inlet Stormwater Scheme. Refer note 26.

Government grants relating to expenditure are deferred and recognised in the Statement of Comprehensive Income in the period necessary to match them with the costs they are intended to compensate. The Corporation received grant funding in 2009-10 amounting to \$1.93M for the following projects: Remote Communities Works and the Great Artesian Basin Sustainability Initiative (GABSI). Refer note 20.

(d) Non-current assets

Infrastructure, plant and equipment

Acquisition

Items of infrastructure, plant and equipment are initially recorded at cost in accordance with AASB 116 *Property, Plant and Equipment*, and are depreciated as outlined below. Assets acquired under Build Own Operate Transfer (BOOT) Agreements are brought to account when commissioned and accounted for as outlined in note 1(f).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Valuations

To comply with Accounting Policy Framework (APF) III (*Asset Accounting Framework*) and AASB 116, the Corporation has adopted the fair value method for measuring and reporting land and buildings and infrastructure assets in the Statement of Financial Position.

1 Summary of significant accounting policies (continued)

To reflect the change in values, the Corporation annually revalues its non-current assets at Directors' valuation or independent valuation, with effect from 1 July each year. The Directors' valuation is performed using the Producer Price Index (PPI) or current contract rates. The PPI measures changes over time in the price of new construction outputs. Current contract rates are based on recent estimated costs of supplying and installing assets. Revaluation adjustments are taken to the asset revaluation reserve on a class basis, with the exception of land and buildings which are adjusted on an asset by asset basis.

Additionally, the Corporation's valuation methodologies for all major classes of infrastructure assets are subject to a triennial review. The most recent independent review was completed by GHD Pty Ltd and Ernst and Young in March 2008. The review concluded that the Corporation's valuation methodology provided a reasonable basis of determining assets' current values.

Accordingly the Corporation has adopted the following asset valuation methods:

Infrastructure assets

The fair value of an asset is determined by its written-down current cost. The Corporation determines the written-down current cost as the lower of reproduction or replacement cost. The cost of replacing or reproducing excess capacity or over-engineering of the asset is excluded.

- a) Water mains and connections, and sewer mains and connections were independently valued by Currie and Brown as at 1 July. These rates are applied to the actual lengths of pre-defined modern equivalent asset types for water mains and sewer mains.
- b) Water filtration plants were independently valued by Currie and Brown as at 1 July.
- c) Other infrastructure assets - Independent valuation or Directors' valuations as at 1 July based on the current construction data. These assets are indexed in between comprehensive valuations using the PPI.

Land and buildings

Land is brought to account at market value using valuations provided from the State Valuer-General.

Buildings were indexed as at 1 July by the PPI.

Plant and equipment

Plant and equipment is brought to account at historical cost.

Other assets

Other assets are brought to account at cost and indexed annually using the PPI.

1 Summary of significant accounting policies (continued)

Depreciation

Infrastructure, buildings, plant and equipment and other assets are depreciated using the straight-line method over their estimated useful lives ranging from 2 to 170 years. The useful lives of assets are reviewed annually and have been assessed as follows:

- Water and sewer assets	7 - 170 years
- Water and sewer leased assets	40 - 50 years
- Buildings	50 years
- Other	2 - 50 years
- Plant and equipment	3 - 15 years

The method of depreciation has regard to the underlying nature of the assets and their expected use in operations of the Corporation. Work in progress is not depreciated until assets are completed and have been commissioned for operation.

Available-for-sale financial assets

The Corporation was a participant to the funding arrangements for the Virginia Pipeline Scheme (VPS). SA Water's involvement in this scheme will result in an option at the end of the contract to acquire the scheme. The scheme distributes "Class A" reclaimed water from the Bolivar Wastewater Treatment Plant throughout the Virginia region for the irrigation of seasonal crops and fixed plantings. As part of the arrangement, the Corporation made advances to the operating Company of VPS, Water Reticulation Systems (Virginia) Pty Ltd (WRS), a subsidiary of Euratech Limited. Advances to WRS were converted to Non-Voting class B shares, issued at a price of \$1 per share.

The Corporation's investment in non-voting class B shares have been measured at fair value, in accordance with AASB 139 Financial Instruments: Recognition and Measurement (refer note 11). Due to the nexus between the class B shares and the pipeline assets, the value of the shares has been determined using the fair value of the pipeline assets in 2018 discounted to their net present value. The VPS is designated as an available-for-sale financial asset and all subsequent gains or losses arising from the changes in fair value are recognised in the 'available-for-sale revaluation reserve'. The VPS was independently valued by Leadenhall VRG Pty Ltd in 2009.

Intangible assets

Issued water licences

The South Australian Government has issued water licences to the Corporation under the *Natural Resources Management (NRM) Act 2004*. The licences have conditions attached which restrict the use of the allocations endorsed thereon. In applying AASB 138 *Intangible Assets*, the Corporation has concluded that a reliable estimate of the fair value of these water licences cannot be determined because there is not an active market for the allocations endorsed on the licences. The details of these water licences are as follows:

1 Summary of significant accounting policies (continued)

Rights other than those relating to the River Murray are:

Various South East Region licences.

Various Murray Mallee Area licences.

Various Eyre Peninsula Region licences.

Licence 4484 McLaren Vale Licence for the Aldinga Wastewater Treatment Plant.

Licence 5706 Northern Adelaide Plains Licence for the Bolivar Wastewater Treatment Plant.

River Murray water rights are conferred via multiple instruments:

Licence 2333 River Murray Licence for Metropolitan Adelaide.

Licence 2334 River Murray Licence for Country Adelaide.

Various other River Murray licences that can be used for Adelaide, Country or other purposes.

In addition, SA Water also owns water rights held under the *Victorian Water Act 1989*. The rights held are:

WEE043798, high Reliability Goulburn Zone 1A water share.

WEE047878 high Reliability Murray Zone 7 water share.

The allocations made to these water shares are able to be transferred for use in South Australia.

Water rights - permanent

The Corporation has purchased a series of tradable water rights. The rights are perpetual and are accumulated as Water Access Entitlements onto licences held by the Corporation issued by the South Australian Government under the *NRM Act 2007*, and as Water Shares issued by the Victorian Government under the *Water Act 1989*.

Water rights are valued at cost on the date of acquisition. The water rights have an indefinite useful life and as such are not subject to amortisation.

Seasonal water allocations - temporary

In addition to the permanent water rights above, during 2008-09 and 2009-10 the Government granted approval for SA Water to purchase seasonal water allocations to be used for critical human needs in 2009-10 and 2010-11. SA Water also purchased water allocations for operational needs. These purchases have been treated as other assets in the accounts and will be expensed as the water is used. At 30 June 2010 the Government have approved the carry forward of unused water allocations to the following year in 2010-11.

Prescription of the Mount Lofty Ranges

SA Water has contributed towards the prescription of the water resources for the Mount Lofty Ranges to provide long term protection of the water supply to Adelaide.

Easements

In accordance with APF III *Asset Accounting Framework*, easements are classified as an Intangible Asset and measured at cost. Easements gifted to the Corporation are not valued.

1 Summary of significant accounting policies (continued)

Application software

Application software is measured at cost as per AASB 138 *Intangible Assets*. The useful life is reviewed annually and has been assessed at 7 years. The software is amortised using the straight-line method.

(e) Impairment of assets

All non-current tangible and intangible assets are reviewed for indications of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. SA Water's current accounting policy is to determine the recoverable amount of an asset on the basis of discounted cash flows under the assumption of consisting of two cash generating units. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets any impairment loss is offset against the asset revaluation reserve.

The Corporation has reviewed the impairment triggers as at 30 June 2010 and given no indication of a trigger event, no impairment losses have been identified.

(f) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are recognised as an expense in the Statement of Comprehensive Income. Payments are made in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Lease incentives

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability. The aggregate benefits of lease incentives received by the Corporation in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight line basis.

Finance leases

Leases for infrastructure assets, where substantially all the risks and benefits incidental to ownership of the asset, but not the legal ownership, are assumed by the Corporation, are classified as finance leases. Finance leases are capitalised and depreciated over the useful life of the asset in accordance with AASB 117 *Leases* and the Corporation obtains ownership of the asset at the end of the lease term.

The Corporation has entered into BOOT agreements for a number of infrastructure facilities. These BOOT agreements include the requirement for an ongoing availability tariff, as escalated over time by certain indices, for the term of the agreement.

BOOT agreements have been classified as finance leases, with a lease asset and lease liability being recognised upon commissioning of the underlying asset. The lease asset is brought

1 Summary of significant accounting policies (continued)

to account at the fair value of the underlying assets constructed. The equivalent liability is recognised at the present value of the future availability charges. These have been determined at the inception of the lease and do not take account of any future estimated escalation.

Variation between the availability charges determined at the inception of the lease and the actual availability charges are brought to account as contingent rentals in accordance with AASB 117. Availability charges are allocated between interest expense and a reduction in the lease liability, with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Statement of Comprehensive Income.

(g) Expenditure on behalf of State Government

Certain expenditure is incurred from time to time which is considered to be outside the normal course of the Corporation's business and for which no recovery is made or reimbursement received. These payments are made on behalf of the South Australian Government and are disclosed in note 6.

(h) Taxes

Taxation equivalents

The Corporation is subject to the payment of income tax equivalents, land tax equivalents and council rate equivalents. From 1 July 2001, the Corporation has operated under the National Tax Equivalent Regime (NTER) pursuant to the Memorandum of Understanding on NTER between the Commonwealth of Australia, the Commissioner of Taxation and all of the States and Territories. The NTER is administered by the Australian Taxation Office.

Income tax expense is calculated in accordance with AASB 112 *Income Taxes* using the balance sheet liability method. The income tax expense for the period is the tax payable on the current period's taxable income measured at the current national income tax rate adjusted for permanent differences and movements in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Corporation expects at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or liabilities are settled. Current and deferred tax is recognised as an expense in the Statement of Comprehensive Income except where it relates to items that are credited or debited to equity, in which case the deferred tax is also recognised directly in equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The charge for land tax and council rate equivalents has been calculated by Revenue SA - Department of Treasury and Finance, based on valuations supplied by the Valuer-General.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of 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 a cost of acquisition of the asset or as an item of expense.

1 Summary of significant accounting policies (continued)

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 part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing activities, which is recoverable from or payable to the ATO, is classified as part of operating cash flows.

(i) Borrowing costs

Borrowing costs include interest expense, amortisation of discounts or premiums relating to borrowings and finance lease charges.

In accordance with the Accounting Policy Framework (APF III) *Asset Accounting Framework* and AASB 123 *Borrowing Costs*, material borrowing costs attributable to the acquisition or construction of infrastructure, plant and equipment are capitalised.

The Corporation capitalises borrowing costs on the acquisition of assets where the estimated project cost exceeds \$4 million and the construction period is greater than twelve months.

The capitalisation of borrowing costs is a change in the Corporation's accounting policies. Under the transitional provisions of AASB 123 *Borrowing Costs*, the Corporation has elected not to capitalise borrowing costs for projects commenced before 1 July 2009.

The Corporation has not capitalised borrowing costs for projects that commenced on or after 1 July 2009 as these were assessed as not material.

(j) Cash and cash equivalents

Cash on hand and at bank is stated at nominal value. For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank.

(k) Receivables

Receivables for rates and charges are normally settled within 21 days, with sundry debtors settled within 30 days. These are recognised in the accounts at amounts due. An allowance for doubtful debts is established based on a review of outstanding amounts at balance date. Refer also to note 3.

Bad debts are written off when they are identified.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of goods and services manufactured by SA Water are on a full absorption cost basis.

Inventories are held for purposes of maintenance and construction and not for resale.

(m) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages, salaries and annual leave are measured and recognised at undiscounted amounts based on remuneration rates that the Corporation expects to pay when the liability is settled. The related on-costs for annual leave have been recognised in the Statement of Financial Position as payables.

1 Summary of significant accounting policies (continued)

No provision is made for sick leave as entitlements do not vest and it is considered that sick leave is taken from the current year's accrual.

Long service leave

Liabilities arising in respect of long service leave expected to be settled within twelve months of balance date are measured at their nominal rates. All other long service leave entitlements are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to anticipated future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on negotiable government guaranteed securities with terms of maturity that match, as closely as possible, the estimated future cash flows. The related on costs have been recognised in the Statement of Financial Position as payables.

The Corporation's long service leave liability is valued by Mr. C. Papanicolas BSc, (Ma) (Hons), ASIA, FIAA of Professional Financial Consulting Pty Ltd.

Superannuation

Contributions are made by the Corporation to several superannuation schemes operated by the State Government. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the superannuation schemes. The only liability outstanding at balance date relates to any contribution due but not yet paid to the superannuation schemes.

(n) Workers compensation

The Corporation is registered with WorkCover as an exempt employer and is responsible for payment of workers compensation claims. The Corporation establishes a provision for any claims arising under the *Workers Rehabilitation and Compensation Act, 1986* and the repealed *Workers Compensation Act, 1971* outstanding at year-end. The Corporation's outstanding claims liability is valued by Mr. C. Papanicolas BSc, (Ma) (Hons), ASIA, FIAA of Professional Financial Consulting Pty Ltd.

(o) Insurance

The South Australian Government Financing Authority, SAICORP Division has assumed responsibility and liability for, and will indemnify SA Water against, damage suffered to the Corporation's property or claims made against the Corporation and/or the South Australian Government. In addition, insurance arrangements are in place for construction works, travel insurance and Directors' and Officers' liability.

Workers compensation risks for which the Corporation is responsible are excluded from these arrangements.

(p) Payables

Liabilities, whether or not yet billed to the Corporation, are recognised at amounts to be paid in the future for goods and services received, including any related GST. Trade accounts payable are normally settled within 30 days.

Dividends paid and payable are recognised in the reporting period in which the dividends are declared or have been specifically determined and approved in consultation with the Treasurer and the Corporation's Minister.

1 Summary of significant accounting policies (continued)

(q) Provisions

Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of a past event which is required to be settled and the amount has been reliably estimated.

Where the effect is material, a provision is determined by discounting the expected future cash flows required to settle the obligation using interest rates on negotiable government guaranteed securities with terms of maturity that match, as closely as possible, the estimated future cash flows.

Damages and claims

A provision is recognised for claims against the Corporation relating to property damage, personal injury and civil liability.

The amounts measured and recorded for claims are based on estimates of specified claims and the probability that the Corporation will be required to settle the obligation. Previous claims history and Crown Law advice are used in the determination of the liability.

Asset disposal and site rehabilitation

A provision for the disposal and abandonment of assets is recognised when there is a present obligation to undertake further work to decommission surplus assets and ensure they are safe to the public and do not cause harm to the environment.

The estimated costs of site rehabilitation and decommissioning non-current assets are based on past experience and current market prices.

(r) Borrowings

All SA Water's core debt borrowings are measured at their historical value. The Corporation has a long term borrowing facility with the South Australian Government Financing Authority (SAFA). The loans are denominated in Australian dollars and carry both fixed and floating interest rates. The Government provides a guarantee in respect of these borrowings pursuant to the provisions of the *Public Finance and Audit Act 1987*.

Under a mandate from the State Treasurer, the Corporation transferred debt management responsibilities to SAFA effective from 1st July 2004. SA Water's core debt portfolio is actively managed by SAFA under a Liability Management Service Agreement and within requirements outlined in SA Water's Treasury Risk Management Policies.

(s) Derivatives

The Corporation's Treasury Risk Management Policies provide a prudential framework for the management of the Corporation's financial risks including interest rate risk, foreign exchange price risk and commodity price risk. Within the parameters of the Corporation's Permitted Treasury Instruments Policy, SA Water utilises derivative financial instruments to implement appropriate financial risk mitigation strategies and to minimise overall borrowing costs.

Interest rate derivatives

The Corporation's exposure to movements in interest rates arises from its borrowings and from any funds that it might have on deposit. To manage interest rate risk the Corporation uses interest rate swaps and interest rate futures contracts. These derivatives are used to

1 Summary of significant accounting policies (continued)

reconfigure interest rate risk profiles and manage exposures. The Corporation does not trade physical debt other than as necessary to rebalance the portfolio to the debt benchmark with no trades of physical debt occurring in 2009-10.

Foreign exchange risk represents the risk resulting from contractual obligations to buy or sell goods and or services in a currency other than Australian Dollars or where the price is quoted in Australian Dollars, and the quoted price is dependent upon a foreign currency price component. The foreign currency value of the goods or services to be bought or sold, or the value of the foreign currency price component is deemed to be the Corporation's exposure to price risk.

Foreign currency derivatives are used on a needs basis to ensure any identified foreign currency exposures are appropriately managed in line with SA Water's Foreign Exchange Risk Management Policy and Treasurer's Instruction 23 *Management of Foreign Currency Exposures*. Permitted foreign currency derivatives as outlined in SA Water's Permitted Treasury Instruments Policy includes spot and forward foreign currency contracts and currency options to maximum maturity of 3 years. In all instances, SA Water's foreign exchange requirements are arranged through SAFA.

As at 30 June 2010, SA Water had no foreign exchange derivatives.

Accounting for derivatives

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. All derivatives are categorised as 'held for trading' under AASB 139 *Financial Instruments: Recognition and Measurement* and do not qualify for hedge accounting. Any changes in fair value are recognised immediately in profit or loss in other income or other expenses. The fair value of interest rate swaps is estimated by discounting the anticipated future cash flows to their present value based on current market interest rates at the respective balance dates.

Interest payments and receipts under interest rate swaps are recognised on an accrual basis in the Statement of Comprehensive Income as other income or other expenses. Gains or losses on early termination of interest rate swaps will be recognised immediately as an adjustment to other income or other expenses in the Statement of Comprehensive Income. Interest rate futures contracts are remeasured to fair value on a daily basis based on quoted market prices via the Sydney's Futures Exchange. Gains and losses on interest rate futures contracts are recognised immediately as an adjustment to other income or other expenses in the Statement of Comprehensive Income.

Consistent with SA Water Treasury Policy, derivative financial instruments are not held for speculative purposes.

(t) Administered items

The following administered items are not recognised in the Corporation's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows, but are separately disclosed as administered items in note 39.

1 Summary of significant accounting policies (continued)

River Murray levy

The Corporation is responsible for administering the Save the River Murray levy. The River Murray levy billed and collected on behalf of Government is not controlled by the Corporation.

Pensioner concessions

SA Water is responsible for the administration of Local Government pensioner concession payments. An amount is received from SA Government which is used to make payments to Local Government Councils. The amount collected on behalf of Government is not controlled by the Corporation.

Compensation payments from United Water

In 2005-06, the State Government consented to a change in ownership of United Water International ("United Water"). As part of the change in ownership negotiation, United Water agreed to make payments to the Government (through SA Water) in settlement of United Water being released from a condition of the contract to relocate Thames Water Asia Pacific to South Australia and a requirement for Australianisation. The United Water contract requires these payments be made to the Minister for Water Security. SA Water receives these payments which are then forwarded to the Department of Treasury and Finance. The final payment was made in December 2009.

Rainwater Tank Plumbing Rebate Scheme

In 2008-09 SA Water administered the Rainwater Tank and Plumbing Rebate Scheme on behalf of the Minister for Environment and Conservation. On 1 July 2009 responsibility for the scheme transferred to SA Water. Costs are now reported in SA Water's controlled activities.

Water Allocations on behalf of DWLBC

In 2008-09 the Minister for Water Security conferred on SA Water the function of purchasing water entitlements (both permanent and temporary) for and on behalf of the State. This includes the purchase of temporary water allocations on behalf of The Department of Water, Land and Biodiversity Conservation (DWLBC). The revenue and expenditure relating to the purchase of water allocations for DWLBC is included in the Administered Items schedule. Administration costs relating to the water allocations purchased are recovered from DWLBC and recognised in the SA Water Controlled Financial Statements. Water allocations that are purchased for SA Water's use are recognised in the SA Water controlled Financial Statements.

Lower Lakes Irrigation Pipeline

In 2008-09 SA Water was requested to project manage the design and construction of the Jervois to Langhorne and Currency Creek irrigation pipelines and pump stations on behalf of the Department of Primary Industries and Resources SA (PIRSA). All expenditure incurred for the irrigation pipeline is recovered from PIRSA. Expenditure and recoveries for the design and construction of the pipeline is reported in the Administered Items schedule. SA Water has no record of the fixed assets in its Financial Statements. Construction was completed in 2009-10.

(u) Adelaide Desalination Project

In 2008-09 SA Water began the Adelaide Desalination Project (ADP) to build a seawater desalination plant and transfer pipeline system at Port Stanvac at an estimated cost of \$1.824 billion. The ADP cost includes the desalination plant, marine works, transfer pipeline system

1 Summary of significant accounting policies (continued)

to transfer water to Happy Valley and power supply infrastructure. First Water is targeted for April 2011, which equates to nominal 15 ML per day. Delivery of 50 GL pa capacity is targeted for the end of August 2011 with the final handover of the 100 GL pa plant targeted for the end of December 2012.

(v) United Water dispute

In 2009, SA Water filed proceedings in the Supreme Court against United Water International Pty Ltd (United Water) alleging misleading and deceptive conduct and breach of contract. The parties to the dispute subsequently agreed to refer the matter for expert determination. The parties are awaiting the determination of the independent expert.

(w) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ending 30 June 2010. The Corporation has assessed the impact of new and amended standards and there will be no major impact on the accounting policies of the Corporation.

2 Financial risk management

(a) Market risk

(i) Interest rate risk exposures - financial liabilities

The Corporation's financial liabilities are exposed to interest rate risk. The Corporation constantly analyses its interest rate exposure and consideration is given to potential renewals of existing positions, use of alternative risk mitigation strategies and the mix of fixed and variable interest rates.

A key component of the Corporation's interest rate risk management framework is the benchmark debt duration, which reflects the average term to maturity of the Corporation's core debt portfolio. During 2009-10 the benchmark debt duration was increased from 1.9 years to 2.75 years, on advice from the Corporation's debt advisor and manager - the South Australian Financing Authority (SAFA). The benchmark duration was increased due to the increase in the size of the Corporation's borrowings, historically low interest rates and the need to reduce the subsequent risk to the Corporation's profitability from increases in interest rates. The extension in benchmark duration is expected to reduce the exposure to interest risk by reducing the volatility of potential interest rate outcomes.

(ii) Summarised sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date, assuming all other variables are held constant. The movements in post-tax profit and equity for the year are due to higher/lower interest costs from floating rate debt and cash balances and changes in fair values of derivatives. The movement in interest expense is estimated by applying the interest rate movement to the balance of floating rate debt outstanding at balance date. For interest rate swaps the profit and loss sensitivity reflects the impact of the change in interest rates on the fair value of swaps outstanding at balance date over their remaining terms.

At 30 June 2010 it has been assumed that a reasonable possible shift in interest rates over the next reporting period could be 1% upwards and 0.50% downwards. While current and implied

2 Financial risk management (continued)

market rates show minimal movement during 2010-11, an upward factor of 1% is reasonable for assessing the impact on post-tax profit, with any reasonable possible fall likely to be to a lesser extent.

30 June 2010	Carrying amount \$'000	Interest rate risk			
		-0.5%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents	1,425	(5)	(5)	10	10
Derivatives - held for trading	363	261	261	(523)	(523)
Financial liabilities					
Derivatives - held for trading	(3,121)	(333)	(333)	667	667
Short Term Borrowings	(57,411)	201	201	(402)	(402)
Long Term Borrowings	(2,649,304)	375	375	(749)	(749)
Total increase/(decrease)		499	499	(997)	(997)

30 June 2009	Carrying amount \$'000	Interest rate risk			
		-0.5%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents	1,281	(5)	(5)	9	9
Derivatives - held for trading	1,576	575	575	(1,150)	(1,150)
Financial liabilities					
Derivatives - held for trading	(8,550)	(838)	(838)	1,676	1,676
Short Term Borrowings	(92,882)	325	325	(650)	(650)
Long Term Borrowings	(1,744,304)	718	718	(1,435)	(1,435)
Total increase/(decrease)		775	775	(1,550)	(1,550)

(b) Credit risk

Credit management policies and procedures are in place to ensure an appropriate level of due diligence in relation to credit history and financial integrity for financial transactions undertaken by SA Water. In addition, receivable balances are monitored on an ongoing basis and actions to recover outstanding debt are instigated in accordance with the Corporation's collection policies and practices with the result that exposure to bad debts is not significant.

For sundry debtors the Corporation trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Corporation's policy to securitise its receivables.

2 Financial risk management (continued)

Under the *Waterworks Act 1932*, water rates are secured via a first charge on the property.

The Corporation has no significant concentration of credit risk.

All debt management activities are directly undertaken by SAFA on behalf of the Corporation. The Corporation does not hold any credit derivatives to offset its credit exposure.

(c) Liquidity risk

The Corporation has in place a Liquidity Risk Management Policy to provide a prudential framework for managing liquidity risk. SA Water is required to hold in cash or committed facilities appropriate capacity to meet immediate funding requirements and provide any unforeseen cash flow needs. Liquidity levels are reviewed by management on a daily basis and reported to the Board monthly.

Contractual maturities

The table below analyses the non-derivative financial liabilities and net settled derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The contractual cash flows remaining to maturity for borrowings include principal and interest. For floating rate borrowings and the floating leg of interest rate swaps, the cash flows have been estimated using implied forward interest rates applicable at the reporting date. Maturing borrowings are included in the table at their maturity date and are rolled over into a new market borrowing rate.

At 30 June 2010	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
Non-derivatives					
Non-interest bearing liabilities *	188,242	-	-	-	188,242
Finance lease liabilities	21,042	21,042	63,125	167,181	272,390
Floating rate borrowings	144,336	1,400	26,077	-	171,813
Fixed rate borrowings	665,061	365,746	1,621,081	500,717	3,152,605
Total non-derivatives	1,018,681	388,188	1,710,283	667,898	3,785,050
Derivatives - Financial Liabilities					
Net settled (interest rate swaps)	(479)	(161)	(25)	-	(665)
Derivatives - Financial Assets					
Net settled (interest rate swaps)	2,039	1,326	496	-	3,861
Total derivatives	1,560	1,165	471	-	3,196

2 Financial risk management (continued)

At 30 June 2009	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
Non-derivatives					
Non-interest bearing liabilities *	166,451	-	-	-	166,451
Finance lease liabilities	20,852	20,852	62,553	186,224	290,481
Floating rate borrowings	195,789	86,497	27,872	-	310,158
Fixed rate borrowings	656,629	326,871	590,085	185,580	1,759,165
Total non-derivatives	1,039,721	434,220	680,510	371,804	2,526,255
Derivatives - Financial Liabilities					
Net settled (interest rate swaps)	6,730	2,214	992	-	9,936
Derivatives - Financial Assets					
Net settled (interest rate swaps)	(1,727)	(854)	344	-	(2,237)
Total derivatives	5,003	1,360	1,336	-	7,699

* Non-interest bearing liabilities disclosed are financial liabilities at cost and exclude amounts relating to statutory payables such as tax equivalents and commonwealth tax.

(d) Fair value measurements

(i) Fair value of financial liabilities

Fair value of financial liabilities is the amount at which the liability could be settled, in a current transaction between willing parties after allowing for transaction costs. The fair value for long term borrowings is estimated by discounting the anticipated future cash flows to their present value based on current market interest rates at the respective balance sheet dates.

A reliable estimate of the fair value for finance leases cannot be determined due to the unique nature of the leasing arrangements. Refer note 1(f).

The carrying amounts and fair values of long term borrowings at balance date are:

	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Long Term Borrowings	2,649,304	2,692,093	1,744,304	1,757,157

The fair values of all other financial liabilities approximates the carrying values.

2 Financial risk management (continued)

The following table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- (b) 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) and
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial instrument is classified is determined based on the lowest level of significant input to the fair value measurement.

At 30 June 2010	Quoted market price (Level 1) \$'000	Valuation technique - market observable inputs (Level 2) \$'000	Valuation technique - non-market observable inputs (Level 3) \$'000	Total \$'000
Assets				
Derivatives held for trading	-	363	-	363
Available-for-sale financial assets				
Unlisted shares	-	-	21,833	21,833
Total assets	-	363	21,833	22,196
Liabilities				
Derivatives held for trading	-	3,121	-	3,121
Total liabilities	-	3,121	-	3,121

The following table presents the changes in level 3 instruments for the year ended 30 June 2010:

At 30 June 2010	Available-for-sale financial assets - Unlisted Shares \$'000	Total \$'000
Opening balance	14,536	14,536
Gains recognised in other comprehensive income	7,297	7,297
Closing balance	21,833	21,833

2 Financial risk management (continued)

The Corporation has invested in unlisted class B shares as part of the Build Own Operate and Transfer (BOOT) arrangements for the Virginia Pipeline Scheme. These shares have been measured at fair value, which includes some assumptions that are not supportable by observable market prices or rates. The fair value has been estimated using the written down current cost of the pipeline assets at the transfer date of 2018, discounted to their present value. In determining fair value a discount factor of 6% (30 June 2009: 6%) has been used which has been determined from SA Water's pre tax real weighted average cost of capital. If the discount rate was 1% higher, while all other variables were constant, the carrying amount of the shares would decrease by \$1.5M (30 June 2009: \$1.1M) If the discount rate was 1% lower, while all other variables were held constant, the carrying amount of the shares would increase by \$1.6M (30 June 2009: \$1.2M).

3 Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Corporation's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are listed below:

- Unbilled revenue (refer note 1(c))
- Contributed assets (refer note 1(c))
- Valuation and useful lives of assets (refer note 1(d))
- Impairment of assets (refer note 1(e))
- Borrowing costs (refer note 1(i))
- Provision for long service leave (refer note 1(m))
- Provision for workers compensation (refer note 1(n))
- Provisions (refer note 1(q))
- Valuation of derivatives (refer note 1(s))

South Australian Water Corporation
Notes to the Financial Statements
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4 Revenue from ordinary activities

	2010	2009
	\$'000	\$'000
Community Service Obligations	198,547	183,087
Water and wastewater rates and charges	688,958	630,167
Recoverable works	89,333	83,026
Fees and charges	21,146	19,998
Miscellaneous	1,289	2,180
Government grants	70	4
Contributed assets	65,023	68,422
Rents	1,050	1,069
Interest	384	474
	1,065,800	988,427

5 Other income

	2010	2009
	\$'000	\$'000
Net gain on disposal of infrastructure, plant and equipment	-	212
Reversal of prior year infrastructure, plant and equipment revaluation decrement	245	533
	245	745

South Australian Water Corporation
Notes to the Financial Statements
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6 Expenses

	2010 \$'000	2009 \$'000
Profit before income tax includes the following specific expenses:		
Depreciation (note 14)		
Buildings	1,008	2,156
Plant and equipment	5,409	3,759
Other	17,435	9,338
Infrastructure assets - water	124,756	104,775
Infrastructure assets - sewer	57,351	53,927
Amortisation (note 13)		
Computer Software	5,171	3,741
	211,130	177,696
<i>Borrowing costs</i>		
Interest paid/payable for borrowings not at fair value through profit or loss	130,051	92,965
Finance charges on capitalised leases	13,511	13,940
	143,562	106,905
<i>Net losses from fair value adjustments of derivatives held for trading *</i>		
Interest rate derivatives	195	9,459
Foreign currency derivatives	-	2,135
	195	11,594
Finance lease contingent rentals	3,382	3,073
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	8,531	7,116
Net bad and doubtful debts expense including movements in allowance for doubtful debts	229	99
Infrastructure, plant and equipment revaluation decrement	874	569
Write-down in value of infrastructure, plant and equipment	-	47
Net loss on disposal of infrastructure, plant and equipment	515	-
Write-off value of capital works in progress	330	1,140
Superannuation contributions	14,156	11,272
Consultancy costs	4,298	2,485
<i>Expenditure on behalf of State Government</i>		
Water Industry Best Practice Program	162	487

** During 2008-09 interest rates fell to historic lows. Net accounting losses on interest rate derivatives were incurred as noted above. The Corporation achieved reduced cost benefits on interest expense where maturing debt was re-priced at lower rates.*

South Australian Water Corporation
Notes to the Financial Statements
30 June 2010
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7 Income tax expense

	2010 \$'000	2009 \$'000
(a) Income tax expense		
Current tax	83,579	86,898
Deferred tax	(2,389)	(9,464)
Amounts under/(over) provided in prior years	65	(217)
	81,255	77,217
Deferred income tax (revenue) expense included in income tax expense comprises:		
(Increase) in deferred tax assets (note 12)	(404)	(10,185)
(Decrease)/Increase in deferred tax liabilities (note 24)	(1,985)	721
	(2,389)	(9,464)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	271,303	258,591
Tax at the Australian tax rate of 30% (2009: 30%)	81,391	77,577
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Net loss on sale of land	17	3
Investment allowance	(294)	(146)
Revaluation decrement	79	-
Government Grants	(3)	-
	81,190	77,434
Amounts under/(over) provided in prior years	65	(217)
Income tax expense	81,255	77,217
Total income tax expense	81,255	77,217
(c) Tax expense (income) relating to items of other comprehensive income		
Gain on revaluation of infrastructure, plant and equipment assets (note 30(a))	338,314	142,009
Revaluation of investment in unlisted shares (note 30(a))	2,190	1,779
	340,504	143,788

8 Current assets - Receivables

	2010 \$'000	2009 \$'000
Receivables		
Rates receivable (water and wastewater)	55,321	62,709
Sundry debtors	46,845	53,112
Allowance for doubtful debts	(162)	(65)
	102,004	115,756
Other receivables		
Community Service Obligations	12,025	11,722
	114,029	127,478

(a) Impaired receivables

An allowance for impairment loss is recognised when there is objective evidence that an individual receivable is impaired.

The ageing of these receivables is as follows:

	2010 \$'000	2009 \$'000
More than 90 days overdue	162	65
Movements in the allowance for impairment loss are as follows:		
At 1 July	65	76
Provision for impairment recognised during the year	208	23
Amounts written off	(111)	(34)
	162	65

(b) Past due but not impaired

At 30 June, the ageing of rates receivable that are past due but not impaired is as follows:

	2010 \$'000	2009 \$'000
Past Due 0-69 days	14,769	10,140
More than 69 days	9,029	6,429
	23,798	16,569

The other balances within rates receivables do not contain impaired assets and are not past due. It is expected that these amounts will be received when due. The carrying amount of past due rates receivables with renegotiated terms at balance date is \$7.099M (2009: \$6.687M).

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Notes to the Financial Statements
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8 Current assets - Receivables (continued)

At 30 June, the ageing of sundry debtors receivable that are past due but not impaired is as follows:

	2010	2009
	\$'000	\$'000
Past due 0-30 days	1,854	2,985
Past due more than 30 days	1,377	1,645
	3,231	4,630

The other balances within sundry debtor receivables do not contain impaired assets and are not past due. It is expected that these amounts will be received when due. The carrying amount of past due sundry debtor receivables with renegotiated terms at balance date is \$1.250M (2009: \$1.563M).

Balances for other receivables relate to Community Service Obligations and do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Corporation and the credit quality of the Corporation's receivables.

9 Current assets - Inventories

	2010	2009
	\$'000	\$'000
Raw materials & stores	5,740	5,613
Allowance for obsolete stock	(978)	(1,038)
Work in progress - sundry debtors	632	712
	5,394	5,287

South Australian Water Corporation
Notes to the Financial Statements
30 June 2010
(continued)

10 Current assets - Other current assets

	2010	2009
	\$'000	\$'000
Interest receivable	-	56
Prepayments	3,218	1,289
Seasonal water allocations	54,408	19,532
	57,626	20,877

11 Non-current assets - Available-for-sale financial assets

	2010	2009
	\$'000	\$'000
Unlisted shares at fair value	21,833	14,536

12 Non-current assets - Deferred tax assets

	2010	2009
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Doubtful debts	48	20
Obsolete stock	293	311
Unlisted shares at fair value	-	2,406
Infrastructure, plant and equipment	2,328	2,456
Pooled assets	81	83
Payables	1,080	1,046
Audit Fee payable	109	85
Government grants	9,632	7,747
Employee benefits	11,066	10,638
Deferred lease incentive	533	573
Unearned Income - customer contributions	297	79
Provision for site rehabilitation	1,189	1,443
Provision for asset disposal	45	50
Provision for damages and claims	143	237
Provision for workers compensation	132	177
Derivative financial liability	(1,746)	(118)
	25,230	27,233

South Australian Water Corporation
Notes to the Financial Statements
30 June 2010
(continued)

12 Non-current assets - Deferred tax assets (continued)

	2010 \$'000	2009 \$'000
<i>Amounts recognised directly in equity</i>		
Derivative financial liability	2,683	2,683
Unlisted shares at fair value	-	(2,312)
Unearned Income - customer contributions	2,335	2,335
Revaluation of infrastructure, plant and equipment	67	15
Net deferred tax assets	30,315	29,954
Movements:		
Opening balance at 1 July	29,954	21,399
Credited to the Statement of Comprehensive Income (note 7)	404	10,185
Charged to equity	(43)	(1,764)
Amounts under provided in prior years	-	134
Closing balance at 30 June	30,315	29,954
Deferred tax assets to be recovered within 12 months	9,112	8,989
Deferred tax assets to be recovered after more than 12 months	21,203	20,965
	30,315	29,954

13 Non-current assets - Intangible assets

	Easements \$'000	Prescription rights \$'000	Computer software \$'000	Purchased water rights \$'000	Total \$'000
Year ended 30 June 2009					
Opening net book amount	5,637	4,500	14,137	20,347	44,621
Additions from internal development	-	-	3,099	-	3,099
Additions from external acquisitions	220	-	5,827	-	6,047
Amortisation charge	-	-	(3,741)	-	(3,741)
Closing net book amount	5,857	4,500	19,322	20,347	50,026
At 30 June 2009					
Cost	5,857	4,500	53,673	20,347	84,377
Accumulated amortisation	-	-	(34,351)	-	(34,351)
Net book amount	5,857	4,500	19,322	20,347	50,026

13 Non-current assets - Intangible assets (continued)

	Easements \$'000	Prescription rights \$'000	Computer software \$'000	Purchased water rights \$'000	Total \$'000
Year ended 30 June 2010					
Opening net book amount	5,857	4,500	19,322	20,347	50,026
Additions from internal development	-	-	1,372	-	1,372
Additions from external acquisitions	-	-	9,395	23,945	33,340
Transfers	59	-	-	-	59
Amortisation charge	-	-	(5,171)	-	(5,171)
Closing net book amount	5,916	4,500	24,918	44,292	79,626
At 30 June 2010					
Cost	5,916	4,500	64,440	44,292	119,148
Accumulated amortisation	-	-	(39,522)	-	(39,522)
Net book amount	5,916	4,500	24,918	44,292	79,626

14 Non-current assets - Infrastructure, plant and equipment

	Work in progress \$'000	Land \$'000	Buildings \$'000	Leased sewer infrastructure \$'000
Year ended 30 June 2009				
Opening net book amount	249,437	257,859	13,295	19,457
Revaluation*	-	27,960	878	1,418
Additions	731,472	18,269	6,379	-
Disposals	-	(2,437)	-	-
Transfers	(230,648)	-	-	-
Depreciation charge	-	-	(2,156)	(557)
Asset write down	(1,140)	-	-	-
Closing net book amount	749,121	301,651	18,396	20,318
At 30 June 2009				
- Cost	749,121	-	-	-
- Valuation	-	301,651	53,134	22,292
Accumulated depreciation	-	-	(34,738)	(1,974)
Net book amount	749,121	301,651	18,396	20,318

South Australian Water Corporation
Notes to the Financial Statements
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(continued)

14 Non-current assets - Infrastructure, plant and equipment (continued)

	Plant and equipment \$'000	Water infrastructure \$'000	Sewer infrastructure \$'000	Leased water infrastructure \$'000
Year ended 30 June 2009				
Opening net book amount	24,217	4,913,985	2,693,970	127,126
Revaluation*	-	256,154	202,411	9,267
Additions	7,825	110,790	54,689	-
Disposals	(301)	-	-	-
Transfers	-	-	-	-
Depreciation charge	(3,759)	(101,396)	(53,370)	(3,379)
Asset write down	(47)	-	-	-
Closing net book amount	27,935	5,179,533	2,897,700	133,014
At 30 June 2009				
- Cost	54,188	-	-	-
- Valuation	-	9,336,467	4,719,024	168,958
Accumulated depreciation	(26,253)	(4,156,934)	(1,821,324)	(35,944)
Net book amount	27,935	5,179,533	2,897,700	133,014

	Other \$'000	Total \$'000
Year ended 30 June 2009		
Opening net book amount	38,732	8,338,078
Revaluation*	2,436	500,524
Additions	62,861	992,285
Disposals	-	(2,738)
Transfers	-	(230,648)
Depreciation charge	(9,338)	(173,955)
Asset write down	-	(1,187)
Closing net book amount	94,691	9,422,359
At 30 June 2009		
- Cost	-	803,309
- Valuation	151,802	14,753,328
Accumulated depreciation	(57,111)	(6,134,278)
Net book amount	94,691	9,422,359

South Australian Water Corporation
Notes to the Financial Statements
30 June 2010
(continued)

14 Non-current assets - Infrastructure, plant and equipment (continued)

	Work in progress \$'000	Land \$'000	Buildings \$'000	Leased sewer infrastructure \$'000
Year ended 30 June 2010				
Opening net book amount	749,121	301,651	18,396	20,318
Revaluation *	-	26,419	583	643
Additions	1,169,502	262	5,583	-
Disposals	-	(136)	-	-
Transfers	(166,785)	(59)	-	-
Depreciation charge	-	-	(1,008)	(575)
Asset write down	(330)	-	-	-
Closing net book amount	1,751,508	328,137	23,554	20,386
At 30 June 2010				
- Cost	1,751,508	-	-	-
- Valuation	-	328,137	59,821	22,998
Accumulated depreciation	-	-	(36,267)	(2,612)
Net book amount	1,751,508	328,137	23,554	20,386

	Plant and equipment \$'000	Water infrastructure \$'000	Sewer infrastructure \$'000	Leased water infrastructure \$'000
Year ended 30 June 2010				
Opening net book amount	27,935	5,179,533	2,897,700	133,014
Revaluation *	-	896,218	222,737	4,212
Additions	6,748	90,100	60,966	-
Disposals	(806)	-	-	-
Transfers	-	-	-	-
Depreciation charge	(5,409)	(121,270)	(56,776)	(3,486)
Asset write down	-	-	-	-
Closing net book amount	28,468	6,044,581	3,124,627	133,740
At 30 June 2010				
- Cost	56,259	-	-	-
- Valuation	-	10,932,429	5,080,562	174,308
Accumulated depreciation	(27,791)	(4,887,848)	(1,955,935)	(40,568)
Net book amount	28,468	6,044,581	3,124,627	133,740

South Australian Water Corporation
Notes to the Financial Statements
30 June 2010
(continued)

14 Non-current assets - Infrastructure, plant and equipment (continued)

	Other	Total
	\$'000	\$'000
Year ended 30 June 2010		
Opening net book amount	94,691	9,422,359
Revaluation *	2,210	1,153,022
Additions	6,811	1,339,972
Disposals	-	(942)
Transfers	-	(166,844)
Depreciation charge	(17,435)	(205,959)
Asset write down	-	(330)
Closing net book amount	86,277	11,541,278
At 30 June 2010		
- Cost	-	1,807,767
- Valuation	163,192	16,761,447
Accumulated depreciation	(76,915)	(7,027,936)
Net book amount	86,277	11,541,278

* Includes the reversal of the prior year revaluation decrement refer notes 5 and 30.

Carrying amounts that would have been recognised if revalued assets were stated at cost
If revalued assets were stated on the historical cost basis, the amounts would be as follows:

	2010	2009
	\$'000	\$'000
Freehold land		
Cost	38,080	37,817
Buildings		
Cost	50,196	44,613
Accumulated depreciation	(27,686)	(26,817)
Net book amount	22,510	17,796
Water infrastructure		
Cost	1,855,231	1,782,315
Accumulated depreciation	(713,789)	(677,623)
Net book amount	1,141,442	1,104,692
Sewer infrastructure		
Cost	1,325,180	1,286,934
Accumulated depreciation	(536,718)	(516,093)
Net book amount	788,462	770,841
Other		
Cost	140,866	134,056
Accumulated depreciation	(61,253)	(45,595)
Net book amount	79,613	88,461

South Australian Water Corporation
Notes to the Financial Statements
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15 Non-current assets - Other non-current assets

	2010	2009
	\$'000	\$'000
Seasonal water allocations	-	18,464

16 Current liabilities - Payables

	2010	2009
	\$'000	\$'000
Interest payable	22,460	11,466
Trade creditors	183,476	163,797
Other creditors	11,291	12,972
	217,227	188,235

17 Current liabilities - Interest bearing liabilities

	2010	2009
	\$'000	\$'000
Lease liabilities (note 31)	4,553	4,073
Short term borrowings	57,411	92,882
	61,964	96,955

The Corporation has a \$100 million short term borrowing facility with the South Australian Government Financing Authority (SAFA) bearing interest at SAFA's daily cash rate.

(a) Risk exposures

Information regarding interest rate risk and liquidity risk exposure is set out in note 2.

(b) Fair value disclosures

Due to the short term nature of these interest bearing liabilities, their carrying value is assumed to approximate their fair value. Refer to note 2.

18 Current tax liabilities

	2010	2009
	\$'000	\$'000
Provision for current income tax movements during the year were as follows:		
Balance at beginning of year	32,959	19,302
Income tax paid	(82,003)	(73,158)
Current years income tax provision	83,579	86,898
Amounts (over) provided in prior year	(11,334)	(83)
	23,201	32,959

South Australian Water Corporation
Notes to the Financial Statements
30 June 2010
(continued)

19 Current liabilities - Provisions

	2010	2009
	\$'000	\$'000
Employee benefits	12,978	11,897
Asset disposal	30	60
Site rehabilitation	3,964	4,015
Damages and claims	477	790
Workers compensation	1,456	789
	18,905	17,551

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits are set out below:

	Asset disposal '000	Site rehabilitation \$'000	Damages and claims \$'000	Workers compensation \$'000	Total \$'000
2010					
Current					
Carrying amount at start of year	60	4,015	790	789	5,654
Payments made during the year	(4)	(847)	(378)	(564)	(1,793)
Transfer from non-current provision	-	796	-	-	796
Re-measurement adjustments	(26)	-	-	1,231	1,205
Additional provision recognised	-	-	65	-	65
Carrying amount at end of year	30	3,964	477	1,456	5,927

South Australian Water Corporation
Notes to the Financial Statements
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(continued)

20 Current liabilities - Other current liabilities

	2010	2009
	\$'000	\$'000
Government grants	1,924	-
Lease incentives	134	134
Unearned income	8,773	8,078
Deposits from contractors	1,410	1,345
	12,241	9,557

21 Non-current liabilities - Payables

	2010	2009
	\$'000	\$'000
Other payables	1,639	1,630

22 Non-current liabilities - Interest bearing liabilities

	2010	2009
	\$'000	\$'000
Lease liabilities (note 31)	111,252	115,805
Long term borrowings	2,649,304	1,744,304
	2,760,556	1,860,109

23 Derivative financial instruments

	2010	2009
	\$'000	\$'000
Current financial assets		
Interest rate swaps - held for trading	15	-
Non-current financial assets		
Interest rate swaps - held for trading	348	1,576
Total derivative financial instrument assets	363	1,576
Current financial liabilities		
Interest rate swaps - held for trading	329	1,359
Non-current financial liabilities		
Interest rate swaps - held for trading	2,792	7,191
Total derivative financial instrument liabilities	3,121	8,550

South Australian Water Corporation
Notes to the Financial Statements
30 June 2010
(continued)

24 Non-current liabilities - Deferred tax liabilities

	2010	2009
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Prepayments	266	160
Rates receivable	2,970	8,556
Interest receivable	-	17
Derivative financial asset	109	473
Unlisted shares at fair value	(2,406)	-
Seasonal Water Allocations	16,322	-
Depreciation and amortisation	78,501	79,549
	95,762	88,755
<i>Amounts recognised directly in equity</i>		
Revaluation of infrastructure, plant and equipment	1,294,042	955,676
Sub-total other	1,298,543	955,676
Total deferred tax liabilities	1,394,305	1,044,431
Movements:		
Opening balance at 1 July	1,044,431	901,686
Charged to the Statement of Comprehensive Income (note 7)	(1,985)	721
Charged to equity (note 30)	338,366	142,024
Unlisted shares at fair value	2,094	-
Amounts under provided in prior years	11,399	-
Closing balance at 30 June	1,394,305	1,044,431
Deferred tax liabilities to be settled within 12 months	19,561	8,732
Deferred tax liabilities to be settled after more than 12 months	1,374,744	1,035,699
	1,394,305	1,044,431

25 Non-current liabilities - Provisions

	2010	2009
	\$'000	\$'000
Employee benefits	23,907	23,564
Site rehabilitation	-	796
Workers compensation	1,339	1,077
Asset disposal	120	108
	25,366	25,545

25 Non-current liabilities - Provisions (continued)

Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits are set out below:

	Site rehabilitation \$'000	Workers compensation \$'000	Asset disposal \$'000	Total \$'000
2010				
Non-current				
Carrying amount at start of year	796	1,077	108	1,981
Transfer to current provision	(796)	-	-	(796)
Re measurement adjustments	-	262	-	262
Additional provision recognised	-	-	12	12
Carrying amount at end of year	-	1,339	120	1,459

26 Non-current liabilities - Other non-current liabilities

	2010 \$'000	2009 \$'000
Non-business advances	497	497
Government grants	131,521	45,822
Lease incentives	1,644	1,777
	133,662	48,096

27 Reconciliation of cash

	2010 \$'000	2009 \$'000
Cash and cash equivalents as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the items in the Statement of Financial Position as follows:		
Cash and cash equivalents	1,425	1,281

(a) Fair Value

Due to the short term nature of cash and cash equivalents, their carrying value is assumed to approximate their fair value.

28 Reconciliation of net profit after income tax to net cash inflow from operating activities

	2010 \$'000	2009 \$'000
Net profit for the year	190,048	181,374
Add/(less) non cash items:		
Depreciation and amortisation	211,130	177,696
Amortisation of government grant revenue	(70)	(4)
Contributed assets	(38,126)	(39,264)
Net loss/(gain) on disposal of infrastructure, plant and equipment	509	(225)
Infrastructure, plant and equipment revaluation decrement reversal	(245)	(533)
Infrastructure, plant and equipment revaluation decrement	874	569
Write-down of capitalised expenditure	330	1,187
Changes in assets and liabilities		
Decrease/(Increase) in rates and sundry receivables	20,421	(31,557)
(Increase) in inventories	(107)	(168)
(Increase)/Decrease in prepayments	(1,930)	517
(Increase) in other operating assets	(16,413)	(38,240)
Decrease/(Increase) in fair value of derivative financial assets	1,213	(447)
(Increase) in deferred tax asset	(402)	(10,319)
(Decrease)/Increase in trade creditors	(11,703)	15,532
Increase in provision for employee benefits	1,424	2,780
Increase/(Decrease) in provision for workers compensation	929	(1,259)
Increase in other operating liabilities	4,909	11,790
(Decrease)/Increase in fair value of derivative financial liabilities	(5,429)	3,064
Increase in government grants	87,972	43,872
Increase in provision for deferred income tax	9,412	721
(Decrease) in other provisions	(1,179)	(96)
(Decrease)/Increase in provision for income taxes payable	(9,758)	13,656
Net cash inflow from operating activities	443,809	330,646

29 Capital risk management

Capital is managed within the parameters outlined in the Financial Ownership Framework for SA Water, which encompasses the Corporation's relationship with its owner in respect of capital structure, community service obligations and dividends.

When managing capital, management's objective is to ensure the Corporation continues as a going concern as well as to maintain optimal returns to the State Government (as sole shareholder) and benefits for other stakeholders.

The framework for SA Water includes a target range for debt to total assets (gearing) ratio of 15% to 25%.

29 Capital risk management (continued)

The Corporation's strategy, which is unchanged from 2009, was to maintain a gearing ratio within 15% to 25%. The gearing ratios based on continuing operations at 30 June 2010 and 30 June 2009 were as follows:

	2010	2009
	\$millions	\$millions
Current interest bearing liabilities (note 17)	62	97
Non-current interest bearing liabilities (note 22)	2,761	1,860
Net debt	2,823	1,957
Total assets	11,852	9,692
Gearing ratio	24%	20%

Outside of the Financial Ownership Framework, the Corporation is not subject to any externally imposed capital requirements.

SA Water and the State Government continue to review the parameters of the Financial Ownership Framework to ensure the appropriateness of the targets.

30 Reserves and retained profits

	2010	2009
	\$'000	\$'000
(a) Reserves		
Infrastructure, plant and equipment revaluation reserve	6,803,174	5,989,332
Available-for-sale revaluation reserve	10,501	5,394
	6,813,675	5,994,726

Movements:

Infrastructure, plant and equipment revaluation reserve

Balance 1 July	5,989,332	5,633,096
Revaluation - gross (note 14)	1,153,650	500,524
Movements in deferred tax liability (note 24)	(338,366)	(142,024)
Movements in deferred tax asset	52	15
Transfer to retained profits on disposal	(1,494)	(2,279)
Balance 30 June	6,803,174	5,989,332

South Australian Water Corporation
Notes to the Financial Statements
30 June 2010
(continued)

30 Reserves and retained profits (continued)

	2010	2009
	\$'000	\$'000
Movements:		
<i>Available-for-sale investments revaluation reserve</i>		
Balance 1 July	5,394	1,242
Revaluation of investment in unlisted shares	7,297	5,931
Movements in deferred tax asset (note 12)	(96)	(1,779)
Movements in deferred tax liabilities (note 24)	(2,094)	-
Balance 30 June	10,501	5,394

(b) Retained profits

Movements in retained profits were as follows:

	2010	2009
	\$'000	\$'000
Balance 1 July	189,884	167,489
Profit for the year	190,048	181,374
Dividends (note 35)	(169,009)	(161,296)
Transfers from Infrastructure, plant and equipment revaluation reserve	1,494	2,317
Balance 30 June	212,417	189,884

(c) Nature and purpose of reserves

(i) Infrastructure, plant and equipment revaluation reserve

The asset revaluation reserve is the cumulative balance of asset revaluation increments and decrements.

(ii) Available-for-sale revaluation reserve

Changes in the fair value of unlisted shares are taken to the available-for-sale revaluation reserve.

31 Commitments

(a) Capital commitments

Total capital expenditure contracted for at balance date but not recognised in the financial statements and payable:

	2010	2009
	\$'000	\$'000
Within one year	500,373	885,857
Later than one year but not later than five years	106,796	404,983
Later than five years	1,108	-
	608,277	1,290,840

31 Commitments (continued)

(b) Operating lease commitments

	2010	2009
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	11,002	12,984
Later than one year but not later than five years	36,586	34,056
Later than five years	89,744	73,908
	137,332	120,948

The operating lease commitments relate to property leases which are non cancellable leases. The rental is payable monthly and reviewed annually. The annual increases are based on either CPI, 3% or 4%. Options exist to renew the leases at the end of the term of the leases.

The Corporation has an operating lease commitment for accommodation effective from 2008-09 which expires after 15 years with a market rent review renegotiation in year 10. The lease has escalation clauses and no purchase options.

(c) Other expenditure commitments

	2010	2009
	\$'000	\$'000
Future other expenditure commitments not provided for in the financial statements and payable:		
Within one year	120,232	94,094
Later than one year but not later than five years	234,365	209,224
Later than five years	907,852	767,837
	1,262,449	1,071,155

Other expenditure commitments include commitments pursuant to the contract to operate, manage and maintain the Adelaide metropolitan water and wastewater networks and treatment plants. The costs for the commitments include the service charge payable to United Water International Pty Ltd and the costs incurred by United Water International Pty Ltd in performing the services which are reimbursed by the Corporation. The costs are reported for the total period of the contract and include an estimate for escalation charges.

Also included in other expenditure commitments is \$1.129 billion relating to the operations and maintenance of the Adelaide Desalination Project which is based on the minimum expenditure commitment.

31 Commitments (continued)

(d) (i) Finance leases

	2010	2009
	\$'000	\$'000
Commitments in relation to finance leases are payable as follows:		
Within one year	17,584	17,584
Later than one year but not later than five years	70,335	70,335
Later than five years	133,975	151,559
Minimum lease payments	221,894	239,478
Future finance charges	(106,089)	(119,600)
Recognised as a liability	115,805	119,878
Total lease liabilities	115,805	119,878
Representing lease liabilities:		
Current (note 17)	4,553	4,073
Non-current (note 22)	111,252	115,805
	115,805	119,878
The present value of finance lease liabilities is as follows:		
Within one year	4,553	4,073
Later than one year but not later than five years	24,262	21,698
Later than five years	86,990	94,107
Minimum lease payments	115,805	119,878

Future finance lease payments are amounts contracted with private sector providers to construct, own and operate water and wastewater treatment facilities.

(ii) Contingent rentals

The above finance leases comprise a base amount plus an incremental contingent rental. Contingent rentals are based on the consumer price and related indexes. Commitments in relation to contingent rentals are payable as follows:

	2010	2009
	\$'000	\$'000
Within one year	3,458	3,268
Later than one year and not later than five years	13,832	13,070
Later than five years	33,206	34,665
	50,496	51,003

The amount of contingent rentals paid during the year is disclosed in note 6.

31 Commitments (continued)

(e) Remuneration commitments

	2010	2009
	\$'000	\$'000
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	13,821	11,883
Later than one year and not later than five years	13,467	16,535
Later than five years	-	-
	27,288	28,418

32 Interests in Joint Venture

Jointly controlled operations

The Corporation holds an interest of 50% in the output of the Joint Venture operation named SA Water/Lofty Ranges Power - Joint Venture whose principal activity is the generation of electricity from the use of water energy stored in and by the Corporation's infrastructure at Hope Valley.

Included in the assets and liabilities of the Corporation are the following items which represent the Corporation's interest in the assets and liabilities employed in the Joint Venture, recorded in accordance with the accounting policies described in note 1(b), under the following classifications:

	2010	2009
	\$'000	\$'000
Current assets		
Cash and cash equivalents	58	49
Receivables	3	3
Other Current Assets	3	10
Total current assets	64	62
Non-current assets		
Infrastructure, plant and equipment	1,584	1,581
Total non-current assets	1,584	1,581
Total assets	1,648	1,643
Current liabilities		
Payables	26	20
Total current liabilities	26	20
Total liabilities	26	20
Net assets	1,622	1,623

South Australian Water Corporation
Notes to the Financial Statements
30 June 2010
(continued)

33 Employee benefits

Aggregate liability for employee benefits, including on-costs:

	2010	2009
	\$'000	\$'000
Current		
Accrued wages and salaries including on-costs included in other creditors	3,678	3,055
<i>Annual Leave</i>		
On-costs included in other creditors	1,380	1,364
Provision for employee benefits	9,020	8,596
	10,400	9,960
<i>Long Service Leave</i>		
On-costs included in other creditors	249	219
Provision for employee benefits	3,958	3,301
	4,207	3,520
	18,285	16,535
Non-Current		
<i>Long Service Leave</i>		
On-costs included in other creditors	1,639	1,630
Provision for employee benefits	23,907	23,564
	25,546	25,194
Total Employee benefits	43,831	41,729

34 Remuneration of auditors

	2010	2009
	\$'000	\$'000
Amounts received and receivable by the auditors for auditing the accounts. The auditors received no other benefits.	360	277

35 Dividends

	2010	2009
	\$'000	\$'000
Dividends paid	169,009	161,296

The dividends paid to the South Australian Government were based on the recommendation of the Board and approved by the Treasurer pursuant to section 30(2) of the *Public Corporations Act 1993*.

36 Remuneration of employees

	2010	2009
	Number of employees	Number of employees
The number of employees whose remuneration paid and payable falls within the following bands is:		
\$100,000 - 109,999	67	51
\$110,000 - 119,999	46	51
\$120,000 - 129,999	44	29
\$130,000 - 139,999	24	20
\$140,000 - 149,999	18	20
\$150,000 - 159,999	8	4
\$160,000 - 169,999	10	8
\$170,000 - 179,999	5	4
\$180,000 - 189,999	1	1
\$190,000 - 199,999	3	5
\$200,000 - 209,999	7	4
\$210,000 - 219,999	2	1
\$230,000 - 239,999	1	3
\$240,000 - 249,999	1	1
\$250,000 - 259,999	5	1
\$260,000 - 269,999	-	1
\$270,000 - 279,999	1	2
\$280,000 - 289,999	1	-
\$300,000 - 309,999	2	-
\$310,000 - 319,999	-	1
\$320,000 - 329,999	2	-
\$380,000 - 389,999	-	1
\$400,000 - 409,999	1	-
\$470,000 - 479,999	-	1
\$570,000 - 579,999	1	-

The total remuneration paid and payable for those employees was \$34.5 million (2009: \$28.4 million). This amount includes separation payments, lump sum payments for annual leave and long service leave, fringe benefits and superannuation payments.

37 Remuneration of directors

	2010	2009
	Number of directors	Number of directors
The number of Directors of the Corporation whose remuneration paid and payable falls within the following bands is:		
\$40,000 - 49,999	4	4
\$50,000 - 59,999	1	1
\$90,000 - 99,999	1	1
\$470,000 - 479,999	-	1
\$570,000 - 579,999 *	1	-

The total remuneration paid and payable for those Directors was \$0.9 million (2009: \$0.8 million) which includes fringe benefits and superannuation contributions. These figures include the Chief Executive who is also included in note 36.

** This includes lump sum payments for long service leave.*

38 Related party disclosures

(a) Directors

The following persons held the position of Director of the Corporation during the financial year:

G.B. Allison, A.F.C. Digance, A.D. Howe, C.S. Cooper, S.G.M. Blencowe, P.W. Pledge and F.T. Blevins.

Dr Allison is a Director and Partner of the Cape d'Estaing Group, a Partner of GB and JD Allison and a Principal of Allison Partners Pty Ltd.

Ms Digance was a Director of Australian Central Credit Union until retiring from the board in December 2009 and a member of the Dental Professional Conduct Tribunal.

Ms Cooper is Chair of the Fisheries Council SA and a Director of Rural Solutions SA.

Ms Blencowe is an independent member of the Primary Industries and Resources SA Risk and Audit Committee, an independent member of the Community CPS Australia Ltd Nomination Committee and a Specialist Member, City of Adelaide Development Assessment Panel.

38 Related party disclosures (continued)

Ms Howe is a Director of the Water Services Association of Australia (WSAA) and Water Quality Research Australia Ltd, and a member of the boards of the Botanic Gardens and the Stormwater Management Authority. She is also a member of the advisory boards of the South Australian Government Financing Authority, the South Australian President of CEDA and a council member of the South Australian branch of the Institute of Public Administration of Australia.

Mr Pledge is a consultant to Sportsmed SA, Chairman of Perks (Chartered Accountants), Chairman of the Commonwealth Government's Clean Energy Innovation Centre Interim Advisory Board, Member of the Commonwealth Government's Enterprise Connect Advisory Council and a Director of the Financial Planning Association.

Mr Blevins is a member of the Law Foundation of South Australia Inc and a member of the board of the Adelaide Park Lands Authority.

All financial benefits provided by SA Water to related parties are provided on arm's length terms.

(b) Key management personnel compensation

Key management personnel compensation for the years ended 30 June 2010 and 2009 is set out below. The key management personnel are the Directors of the Corporation (including the Chief Executive) and the Senior Management Team who have responsibility for the strategic direction and management of the Corporation.

	Number of key management personnel	Short-term benefits \$'000	Post- employment benefits \$'000	Long-term benefits \$'000	Total \$'000
2010	17	2,832	679	85	3,596
2009	17	2,790	632	86	3,508

39 Statement of administered items

	2010				
	River Murray Levy \$'000	Pensioner concessions \$'000	United Water payments \$'000	Rainwater Tank rebates \$'000	Water Purchases \$'000
Administered Income					
Revenue	24,090	29,000	736	-	7,100
Total Administered Income	24,090	29,000	736	-	7,100
Administered Expenses					
Expenses	24,090	29,000	736	-	7,100
Total Administered Expenses	24,090	29,000	736	-	7,100
Operating Surplus	-	-	-	-	-
Current Assets					
Cash and cash equivalents	266	1,009	-	-	-
Receivables	1,156	-	-	-	-
Total Current Assets	1,422	1,009	-	-	-
Total Administered Assets	1,422	1,009	-	-	-
Current Liabilities					
Payables	1,422	1,009	-	-	-
Bank Overdraft	-	-	-	-	-
Total Current Liabilities	1,422	1,009	-	-	-
Total Administered Liabilities	1,422	1,009	-	-	-
Net Assets	-	-	-	-	-

South Australian Water Corporation
Notes to the Financial Statements
30 June 2010
(continued)

39 Statement of administered items (continued)

	2010		2009
	Lower Lakes Irrigation Pipeline \$'000	Total \$'000	Total \$'000
Administered Income			
Revenue	23,139	84,065	164,331
Total Administered Income	23,139	84,065	164,331
Administered Expenses			
Expenses	23,139	84,065	164,331
Total Administered Expenses	23,139	84,065	164,331
Operating Surplus	-	-	-
Current Assets			
Cash and cash equivalents	69	1,344	5,324
Receivables	23	1,179	10,926
Total Current Assets	92	2,523	16,250
Total Administered Assets	92	2,523	16,250
Current Liabilities			
Payables	92	2,523	15,726
Bank Overdraft	-	-	524
Total Current Liabilities	92	2,523	16,250
Total Administered Liabilities	92	2,523	16,250
Net Assets	-	-	-

39 Statement of administered items (continued)

	2010				
	River Murray Levy \$'000	Pensioner concessions \$'000	United Water payments \$'000	Rainwater Tank rebates \$'000	Water Purchases \$'000
Cash flows from operating activities					
Cash inflows	23,811	29,000	736	426	7,198
Total cash inflows	23,811	29,000	736	426	7,198
Cash outflows	23,658	29,361	736	-	7,100
Total cash outflows	23,658	29,361	736	-	7,100
Net cash inflows (outflows) from operating activities	153	(361)	-	426	98
Net increase (decrease) in cash held	153	(361)	-	426	98
Cash at the beginning of the reporting period	113	1,370	-	(426)	(98)
Cash at the end of the reporting period	266	1,009	-	-	-

South Australian Water Corporation
Notes to the Financial Statements
30 June 2010
(continued)

39 Statement of administered items (continued)

	2010	2009	
	Lower Lakes Irrigation Pipeline \$'000	Total \$'000	Total \$'000
Cash flows from operating activities			
Cash inflows	32,640	93,811	154,736
Total cash inflows	32,640	93,811	154,736
Cash outflows	36,412	97,267	153,111
Total cash outflows	36,412	97,267	153,111
Net cash inflows (outflows) from operating activities	(3,772)	(3,456)	1,625
Net increase (decrease) in cash held	(3,772)	(3,456)	1,625
Cash at the beginning of the reporting period	3,841	4,800	3,175
Cash at the end of the reporting period	69	1,344	4,800

South Australian Water Corporation
Notes to the Financial Statements
30 June 2010
(continued)

40 SA Government/Non-SA Government transactions

	2010	2009
	\$'000	\$'000
(a) INCOME		
Income received/receivable from entities external to the SA Government		
Rates and charges	646,692	593,122
Contributed assets	65,023	68,422
Recoverable works	74,997	64,131
Fees and charges	21,026	19,720
Miscellaneous	931	2,136
Government Grants	14	4
Interest received	84	467
Rents	1,050	1,058
Other income	245	745
	810,062	749,805
Income received/receivable from entities within the SA Government		
Rates and charges	42,266	37,045
Community service obligations	198,547	183,087
Recoverable works	14,336	18,895
Fees and charges	120	278
Miscellaneous	358	44
Government grants	56	-
Interest received	300	7
Rents	-	11
	255,983	239,367
Total Income	1,066,045	989,172

40 SA Government/Non-SA Government transactions (continued)

	2010 \$'000	2009 \$'000
(b) EXPENSES		
Supplies and services		
Provided by entities external to the SA Government		
Operational services	77,788	63,283
Materials & other	15,437	15,865
Administration	37,382	60,649
	130,607	139,797
Provided by entities within the SA Government		
Operational services	19,191	18,713
Materials & other	-	22
Administration	27,184	15,528
	46,375	34,263
Total Supplies and Services	176,982	174,060
Operational and service contracts		
Provided by entities external to the SA Government		
Operational and service contracts	129,436	138,021
	129,436	138,021
Provided by entities within the SA Government		
Operational and service contracts	1,847	1,528
	1,847	1,528
Total Operational and Service Contracts	131,283	139,549
Borrowing costs		
Provided by entities external to the SA Government		
Interest expense	-	344
Finance lease charges	13,511	13,940
	13,511	14,284
Provided by entities within the SA Government		
Interest expense	130,051	92,621
	130,051	92,621
Total Borrowing Costs	143,562	106,905

South Australian Water Corporation
Notes to the Financial Statements
30 June 2010
(continued)

40 SA Government/Non-SA Government transactions (continued)

	2010 \$'000	2009 \$'000
(c) RECEIVABLES		
Receivables from SA Government entities		
Community service obligations	12,025	11,722
Rates receivable (water and wastewater)	3,151	588
Sundry debtors	3,021	7,301
	18,197	19,611
Receivables from non SA Government entities		
Rates receivable (water and wastewater)	52,170	62,121
Sundry debtors	43,662	45,746
	95,832	107,867
Total Receivables	114,029	127,478
(d) PAYABLES		
Current		
Payables to SA Government entities		
Trade creditors	3,375	7,266
Interest payable	22,460	11,466
Other creditors	1,768	2,183
	27,603	20,915
Payables to non SA Government entities		
Trade creditors	180,101	156,531
Other creditors	9,523	10,789
	189,624	167,320
Total Current Payables	217,227	188,235
Non-current		
Payables to SA Government entities		
Other creditors	1,205	1,188
Payables to non SA Government entities		
Other creditors	434	442
	434	442
Total Non-Current Payables	1,639	1,630

Charter

South Australian Water Corporation

Part 1 Preliminary

1. Purpose
2. Charter's design
3. Governance context
4. Definitions
5. Fundamental governance arrangements

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22. Reporting on financial matters
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Schedule of Non-Commercial Operations (refer Clause 13)

26. Operations of SA Water
27. Non-commercial operations

Part 1 Preliminary

1. Purpose

- 1.1. The purpose of this Charter is to set out the Government's strategic objectives, operating arrangements, priorities and requirements for the South Australian Water Corporation's Board.

2. Charter's design

- 2.1. The Minister has prepared this Charter with input from the Treasurer following consultation with the South Australian Water Corporation.

3. Governance context

- 3.1. This Charter should be read in conjunction with the:
 - 3.1.1. Public Corporations Act 1993
 - 3.1.2. South Australian Water Corporation Act 1994
 - 3.1.3. Sewerage Act 1929
 - 3.1.4. Waterworks Act 1932
 - 3.1.5. Metropolitan Drainage Act 1935
 - 3.1.6. Rates and Land Tax Remission Act 1986
 - 3.1.7. Public Finance and Audit Act 1987
 - 3.1.8. Public Sector Management Act 1995
 - 3.1.9. Code of Conduct for South Australian Public Sector Employees March 2005.
- 3.2. This Charter aims to meet the following Australian and New Zealand Standards:
 - 3.2.1. AS8000 2003 Good Governance Principles
 - 3.2.2. AS4360 2004 Risk Management.

4. Definitions

- 4.1. Under this Charter the following definitions apply:
 - 4.1.1. **'Act'** means the *South Australian Water Corporation Act 1994*
 - 4.1.2. **'board'** means the Board of Directors established as the governing body of South Australian Water Corporation
 - 4.1.3. **'commercial'** means engaging in commerce with a view to building business value by making long term, ethical, sustainable returns on capital invested. This includes taking into account the cost of negative externalities from commercial activities
 - 4.1.4. **'director'** means a member of the Board
 - 4.1.5. **'Minister'** means the Minister for Water Security
 - 4.1.6. **'performance statement'** means the statement of performance targets that the Corporation must pursue in the coming financial year as specified by the Minister and the Treasurer after consultation with the Corporation under section 13 of the *Public Corporations Act 1993*
 - 4.1.7. **'stewardship'** means acting as an ethical trustee and fiduciary to manage, maintain, preserve and enhance the assets, resources and relationships of the Corporation
 - 4.1.8. **'the Corporation'** means the South Australian Water Corporation

- 4.1.9. **'the Government'** means the Government of South Australia
- 4.1.10. **'Treasurer'** means the Treasurer for the South Australian Government
- 4.1.11. **'water'** includes water from any source and of any class
- 4.1.12. **'water services', 'water industry' or 'water systems'** means water products, supplies, services and systems
- 4.1.13. **'whole-of-government policy'** means objectives for Government approved by Cabinet from time to time and relate to the functions or operations of all or various public sector agencies. This includes South Australia's Strategic Plan.

5. Fundamental governance arrangements

- 5.1. The Corporation shall discharge its duties under the legislation listed above as well as under any other piece of legislation which has an impact on SA Water activities.
- 5.2. The Corporation owns assets for and on behalf of the Crown for the benefit of South Australians and has the powers of a natural person and those conferred on it by the Acts of Parliament.
- 5.3. The Minister and the Treasurer are shareholders of the Corporation for and on behalf of the people of South Australia.
- 5.4. The Board through the Chair is accountable to the Minister for:
 - 5.4.1. sound management and stewardship of the Corporation and its assets for and on behalf of its shareholders in accordance with the law
 - 5.4.1. attainment of performance objectives as established in the 'performance statement'.
- 5.5. The Minister and the Treasurer, after consultation with the Corporation, must prepare an annual performance statement in accordance with section 13 of the *Public Corporations Act 1993*.
- 5.6. The Minister and Treasurer will assess the Board's performance as against the Board's annual performance objectives.
- 5.7. The Chief Executive, appointed by the Board, is accountable to the Board for day-to-day management of the Corporation and the implementation of the Board's decisions, directions and policies and discharge of delegated powers or functions.

Part 2 Purpose and Direction

6. Function of the Corporation

The function of the Corporation is to provide services:

- 6.1. for the supply of water by means of reticulated systems
- 6.2. for the storage, treatment and supply of bulk water
- 6.3. for the removal and treatment of wastewater by means of sewerage systems
- 6.4. to carry out research and works to improve water quality and wastewater disposal and treatment methods
- 6.5. to provide consultancy and other services within areas of the Corporation's expertise
- 6.6. to develop commercially and market products, processes and intellectual property produced or created in the course of the Corporation's operations

- 6.7. to advise users of water in the efficient and effective use of water
- 6.8. to encourage and facilitate private or public sector investment and participation, whether from within or outside the State, in the provision of water and wastewater services and facilities subject to section 9 of the *SA Water Corporation Act 1994* and only where there is a clear public benefit
- 6.9. to undertake any other function conferred on the Corporation by the Act, any other Act or the Minister or delegated to the Corporation by the Minister.

7. Government policies and directions

- 7.1. In pursuing its statutory functions and exercising its powers, the Corporation shall:
 - 7.1.1. work to advance the Government's vision and direction
 - 7.1.2. act in accordance with the Government's:
 - 7.1.2.1. governance framework for public corporations
 - 7.1.2.2. policies generally applying to its commercial agencies and
 - 7.1.2.3. policies specifically applying to the Corporation
- 7.2. work collaboratively with other Government agencies.
- 7.3. The Government requires the Corporation to play its part to support the objectives, targets and priority actions in South Australia's Strategic Plan and other whole-of-government policies and to work with other public sector agencies to achieve strategic objectives under the plan.
- 7.4. The Government seeks, through the Corporation's strategic plan, its associated targets and projects, to implement whole-of-government policies as per South Australia's Strategic plan objectives to:
 - Grow prosperity
 - Improve well being
 - Attain sustainability
 - Foster creativity
 - Build communities
- 7.5. Expand opportunity.

Part 3 Operational Matters

8. Corporation's operations

- 8.1. The Corporation shall operate in a sustainable manner. This includes undertaking activities in the following contexts:
 - long term
 - global
 - local
 - economic
 - financial
 - social
 - environmental.

- 8.2. For the purposes of the *Public Corporations Act 1993*, all operations of the Corporation are commercial operations, except for those operations referenced as non-commercial operations as outlined in the Schedule to this Charter.

9. Scope of commercial operations

- 9.1. The Corporation shall undertake and develop commercial operations consistent with its strategic business plan and in particular:
- 9.2. Customer Service & Water Quality – to deliver quality water services and be responsive to its customers needs
- 9.3. System Performance – to plan, develop, operate and maintain our infrastructure to consistently meet the needs of its customers and owner
- 9.4. Sustainable Future – to play a leading role in providing a sustainable and secure water supply for the community and minimize its impact on the environment in accordance with governance policy
- 9.5. People & Culture – to develop a high achieving culture with a talented and diverse workforce and aspire to a zero harm workplace
- 9.6. Commercial Success – to drive operating and capital efficiency and meet the financial expectations of its owner.
- 9.7. The Corporation may undertake other commercial operations within South Australia, including where such operations:
 - 9.7.1. support or are ancillary to or utilise by-products of its primary operations
 - 9.7.2. involve water trading to secure supplies to meet demand and
 - 9.7.3. relate to research and development to support primary or ancillary operations.
- 9.8. The Corporation may pursue opportunities beyond South Australia in accordance with risk management and other financial arrangements agreed with the Minister and the Treasurer including where such operations:
 - 9.8.1. support or are ancillary to or utilise by-products of its primary operations
 - 9.8.2. involve water trading to secure supplies to meet demand
 - 9.8.3. relate to research and development to support primary or ancillary operations.
- 9.9. With the approval of the Treasurer and the Minister the Corporation may pursue commercial opportunities through subsidiaries, joint ventures or other appropriate arrangements, provided that the services delivered under the arrangements relate to water or ancillary services.

10. Scope of non-commercial operations

- 10.1. The Corporation's non-commercial operations, in terms of the *Public Corporation Act*, include those operations:
 - 10.1.1. listed in the Schedule to this Charter
 - 10.1.2. subject to a community service agreement between the Corporation and a purchasing Minister
 - 10.1.3. agreed to be non-commercial by the Minister and the Treasurer.
- 10.2. The Corporation is required to perform all non-commercial operations so as to minimise their negative impact on the State.

- 10.3. Non-commercial operations are to be costed and funded in accordance with arrangements determined by the Minister and Treasurer.
- 10.4. The Corporation may undertake approved non-commercial operations within or outside the State.

11. Service standards

- 11.1. The Corporation shall comply with service standards that are prescribed by legislation or regulatory requirements and guidelines.
- 11.2. The Corporation shall propose, in consultation with the community and any customer council appointed by the Minister, other service standards that shall be approved by the Minister and the Treasurer.
- 11.3. The Corporation shall maintain and review every three years those service standards that have been approved by the Minister and the Treasurer.
- 11.4. The Corporation shall report annually to the Minister and the Treasurer on benchmarking of price and service quality based on national reporting requirements required by the National Water Initiative.

12. Financial and commercial management

- 12.1. All accounts and financial records must be kept in accordance with legislative requirements under the *Public Finance and Audit Act* and associated Regulations and Treasurer's Instructions.
- 12.2. The Corporation must prepare a general purpose financial report in accordance with applicable Australian Accounting Standards (including Australian equivalents to International Financial Reporting Standards), other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the Treasurer's Instructions and Accounting Policy Framework issued pursuant to the *Public Finance and Audit Act*.
- 12.3. Pricing
 - 12.3.1. The Corporation shall adopt rates, fees and other charges set by:
 - 12.3.1.1. the Minister under the *Waterworks Act* and *Sewerage Act*
 - 12.3.1.2. regulation by the Governor in Executive Council pursuant to the *Waterworks Act*, *Sewerage Act* and *Fees Regulation Act*
 - 12.3.1.3. the Corporation by agreement, under the *Waterworks Act* and *Sewerage Act*
 - 12.3.1.4. the Corporation on a commercial basis, for other services not covered by the above.
- 12.4. Capital Structure
 - 12.4.1. In accordance with the policy guidelines for the capital structure of Public Non Financial Corporations, the Corporation shall maintain a capital structure commensurate with the capital intensity of its operations and the risk profile of its operating revenue and expenses. In addition, consideration will also be given to the:
 - impact of alternative asset valuation methods on business value
 - dividend requirements
 - credit rating objectives
 - need for financial flexibility and
 - ability to finance approved capital expenditure.

13. Accounting and internal auditing systems and practices

- 13.1. The Corporation must establish and maintain:
 - 13.1.1. effective internal auditing of its operations in accordance with appropriate standards of practice and the *Public Corporations Act*
 - 13.1.2. a register of governance arrangements for all subsidiaries and audit committees.

Part 4 The Board

14. Board powers

- 14.1. The Board is empowered under the Act to make binding decisions for the implementation of the Act.
- 14.2. The Board shall have authority to interpret the meaning of this Charter and any other matter relating to the affairs of the Board on which this Charter is silent.
- 14.3. The Board (through the Chair) may make recommendations to the Minister about improvements or modifications to the Charter.

15. Board responsibilities

- 15.1. The Board is responsible to the Minister for overseeing the operations of the Corporation to:
 - 15.1.1. secure sustainable supplies of water for the benefit of the Corporation's customers
 - 15.1.2. protect the long term viability of the Corporation and the Crown's financial interests in SA Water
 - 15.1.3. secure continuing improvements in the Corporation's performance.

16. Board activities

- 16.1. The Board's activities will include:
 - 16.1.1. Meeting the Government's expectations by:
 - 16.1.1.1. setting the long term strategic direction for the Corporation, mindful of expectations set by the Minister and the Treasurer in performance statements and this Charter
 - 16.1.1.2. optimising the value of the Corporation for the long term whilst achieving other key requirements of Government
 - 16.1.1.3. ensuring organisational and operational congruence with whole-of-government policy and in particular contributing to South Australia's Strategic Plan
 - 16.1.1.4. collaborating with others in the public sector to ensure congruence with Government policy and activities
 - 16.1.1.5. providing advice and reports to the Minister in accordance with the reporting obligations outlined in this Charter
 - 16.1.1.6. making recommendations to the Minister on the impacts on the Corporation, or implementation, of relevant water policy.
- 16.2. Providing good strategic management and sound stewardship of the Corporation by:
 - 16.2.1. modeling high standards of corporate and business ethics and fostering a positive, dynamic and ethical culture by appropriate investment in the development of the Corporation's human resources

- 16.2.2. good decision making on material matters that effect the Corporation and resource allocation
- 16.2.3. setting:
 - strategic directions and corporate strategy
 - broad policy of the Corporation
 - strategic objectives, key performance indicators, targets and their respective priorities
- 16.2.4. monitoring:
 - the Corporation’s ability to meet its statutory obligations and functions
 - performance to ensure strategic objectives are achieved and continuous operational improvement
 - governance arrangements to ensure good governance principles are applied by the Corporation and its subsidiaries
 - the Corporation’s capacity and competence to meet future anticipated requirements.
- 16.3. Setting operational management parameters by:
 - 16.3.1. empowering the Chief Executive to manage the Corporation’s operations
 - 16.3.2. setting annual expectations of the Chief Executive and assessing the Chief Executive’s performance against those expectations
 - 16.3.3. requiring the Corporation and its subsidiaries to aim to:
 - adopt a customer centric approach to service delivery
 - work constructively with other public sector organisations
 - operate in a sustainable manner (financially, socially and environmentally) to maximize long-term business value
 - promote demand management, water conservation and the use of recycled water consistent with Government policy
 - adopt appropriate systems and practices for the management and financial planning and control of all assets and liabilities
 - undertake appropriate risk management in all decision making throughout the organisation
 - maintain processes and procedures to ensure staff demonstrate high levels of honesty and accountability and appropriately manage any conflicts of interest.

17. Board’s methodology in monitoring the corporation’s performance

- 17.1. The Board will:
 - 17.1.1. approve the Corporation’s strategic direction and priorities and ensure they are communicated to all staff and stakeholders. It will ensure that the expectations of the Minister and commitments from the Board to achieve those expectations are incorporated into plans and implemented
 - 17.1.2. approve a strategic resource allocation plan that aligns resources against strategic objectives and it’s nominated priorities

- 17.1.3. approve strategic key performance indicators as they link to the strategic plan and will expect regular reports on the Corporation's performance against those indicators
- 17.1.4. review reports by the Corporation on attainment of its strategic and financial objectives and consider recommendations to adjust its strategies to ensure achievement of its objectives
- 17.1.5. review and approve the Corporation's annual report, which will assess performance on a triple bottom line basis.
- 17.2. The Board may use internal audit functions to assess whether the Corporation is performing in accordance with its stated directions.

18. Board membership

- 18.1. The Board is comprised of:
 - the chief executive and
 - six directors appointed by the Governor
 - one director (who must not be the chief executive) will be appointed by the Governor to Chair meetings of the Board.
- 18.2. The Governor may appoint a director (who must not be the chief executive officer) to be the deputy of the director appointed to Chair meetings of the Board. The deputy may perform or exercise the functions and powers of that director in their absence.
- 18.3. Membership of the Board is subject to review and confirmation by the Minister and Governor.
- 18.4. The Board's membership must include persons who together have, in the Minister's opinion, the abilities and experience required for the effective performance of the Corporation's functions and the proper discharge of its business and management obligations.
- 18.5. At least two directors must be women and two men.
- 18.6. A director will be appointed for a term, not exceeding three years, specified in the instrument of appointment and will, at the expiration of a term of appointment, be eligible for reappointment.
- 18.7. The Governor may remove an appointed director from office on the recommendation of the Minister.
- 18.8. The Minister may recommend removal of an appointed director on any ground the Minister considers sufficient including a failure to meet agreed performance expectations.
- 18.9. The office of an appointed director becomes vacant if the director:
 - dies or
 - completes a term of office and is not reappointed or
 - resigns by written notice to the Minister or
 - becomes bankrupt or applies to take the benefit of a law for the relief of insolvent debtors or
 - is convicted of an indictable offence or sentenced to imprisonment for an offence or
 - is removed from office under the Act.

- 18.10. Where an office of a director becomes vacant the Chair, who has been duly informed, will notify the Minister of the circumstances and seek a replacement appointment.
- 18.11. A current list of directors and their contact particulars will be kept by the Corporation Secretary and on a register kept by the Department of Premier and Cabinet.
- 18.12. Where a director ceases to be a director for whatever reason, any Board papers in their possession must be returned to the Corporation Secretary as soon as practicable.

19. Duties of board directors

- 19.1 Directors are required to:
 - 19.1.1. follow written directions of the Minister
 - 19.1.2. comply with all statutory and legal obligations
 - 19.1.3. continuously improve their skills and knowledge relevant to their Board membership
 - 19.1.4. be accountable for their actions
 - 19.1.5. act in good faith
 - 19.1.6. abstain from any involvement in any decision where there may be a conflict of interest
 - 19.1.7. support and implement decisions of the Board
 - 19.1.8. exercise a reasonable degree of care and diligence in the performance of their functions, and (without limiting the effect of the foregoing) for that purpose:
 - 19.1.8.1. must take reasonable steps to inform themselves about the Corporation and its subsidiaries, their businesses and activities and the circumstances in which they operate and
 - 19.1.8.2. must take reasonable steps through the processes of the Board to obtain sufficient information and advice about all matters to be decided by the Board or pursuant to a delegation to enable themselves to make conscientious and informed decisions and
 - 19.1.8.3. must exercise an active discretion with respect to all matters to be decided by the Board or pursuant to a delegation
 - 19.1.9. exercise reasonable diligence in attendance at and preparation for Board meetings but are not bound to give continuous attention to the affairs of the Corporation
 - 19.1.10. act honestly at all times in the performance of the functions of their office, whether within or outside the State
 - 19.1.11. model high levels of corporate ethics and values of a public sector corporation director
 - 19.1.12. ensure that neither a director or an associate of the director is either directly or indirectly involved in a transaction with the Corporation or its subsidiary unless they have written approval from the Minister
 - 19.1.13. ensure all Board papers are secure whilst in their possession.

20. Director training

- 20.1. It is incumbent on each director to undertake:
 - 20.1.1. induction and training on appointment to the Board
 - 20.1.2. ongoing training and development to model continuous improvement in their skills and knowledge.
- 20.2. The Chair must ensure that induction and training is provided to all directors.

21. Board decision making

- 21.1. The Board will have documented decision-making procedures in place which exemplify good governance practice and meet the Minister's expectation.

PART 5 Reporting

22. Reporting on financial matters

- 22.1. The Board is obliged to:
 - 22.1.1. advise the Minister, as soon as practicable, of any material development that affects the financial or operating capacity of the Corporation or any of its subsidiaries or gives rise to an expectation that the Corporation or any of its subsidiaries may not be able to meet its debts as and when they fall due
 - 22.1.2. ensure that all information furnished to the Minister by the Corporation or any of its subsidiaries is accurate and comprehensive
 - 22.1.3. provide advice on dividends to the government and dividend returns to Government in accordance with the Public Non-Financial Corporations Ownership Framework 2004.

23. Reporting statement on operations

- 23.1. In addition to statutory reporting, the Corporation must provide the following reports to the Minister and the Treasurer:
 - 23.1.1. quarterly, a statement of financial position, statement of financial performance, capital investment report and a statement of cash flows
 - 23.1.2. quarterly reports on any commercial operations beyond South Australia
 - 23.1.3. annually for the budget planning process, a forward estimates report covering the Budget year and the four out years
 - 23.1.4. annual reports on performance against customer service standards
 - 23.1.5. other information as requested from time-to-time by the Minister or the Treasurer.

24. Annual reporting

- 24.1. The Board must report annually to the Minister on:
 - 24.1.1. achieving its statutory obligations, functions and expectations of the Minister
 - 24.1.2. achievements in implementing whole-of-government policy
 - 24.1.3. comparisons between strategic plan targets and actual results
 - 24.1.4. why targets were not achieved or exceeded and lessons from the process

24.1.5. compliance with legislative obligations

24.1.6. activities of the Corporation in implementing policies.

24.1.7.

25. Date of operation

25.1 This Charter comes into operation upon signing by the Minister and the Treasurer, and is binding on the Corporation.

Karlene Maywald
Minister for Water Security
Date:

Kevin Foley
Treasurer
Date:

Schedule of Non-Commercial Operations (refer Clause 13)

26. Operations of SA Water

- 26.1. Services that are funded by the South Australian Water Corporation:
 - 26.1.1. plumbing standards administration
 - 26.1.2. flood mitigation and environmental schemes
 - 26.1.3. water services pursuant to the Water Conservation Act
 - 26.1.4. construction and maintenance on behalf of the constructing authority to the Murray Darling Basin Commission (MDBC) in South Australia and upstream to Lock 9 (reimbursed by the MDBC)
 - 26.1.5. manage and operate assets on behalf of the MDBC
 - 26.1.6. irrigation and drainage services within Government Reclaimed Irrigation Districts
 - 26.1.7. works management under the River Torrens Linear Park and the South West Suburbs Drainage Act assets
 - 26.1.8. management and administration of water industry economic development agreements on behalf of the Government for South Australia
 - 26.1.9. in cooperation with the economic development agencies of Government, facilitate and support the Water Industry Development Program and the Water Industry Alliance and
 - 26.1.10. fluoride dosing of water supplies where the Department of Health deems that dosing is appropriate.

27. Non-commercial operations

- 27.1. Until further notice from the Minister, the Corporation is required to provide the non-commercial operations listed in this Schedule.
- 27.2. Services for which funding is provided by Government or other agencies:
 - 27.2.1. provision of country water and wastewater services
 - 27.2.2. manage and apply pensioners remissions
 - 27.2.3. provide exemptions to properties in accord with the Waterworks Act and the Sewerage Acts
 - 27.2.4. administer the River Murray levy
 - 27.2.5. provide water and wastewater services to emergency services at no cost and
 - 27.2.6. maintain water services free of charge to the City of Port Adelaide and Enfield as provided under s.27 of the Waterworks Act.

Glossary and acronyms

ADWG	Australian Drinking Water Guidelines
AWQC	Australian Water Quality Centre
AwwaRF	American Water Works Association Research Foundation
BOOT	Build, Own, Operate, Transfer
BWS	Business Water Savers
CBD	Central Business District
CSIRO	Commonwealth Scientific & Industrial Research Organisation
CSO	Community Service Obligation
DEH	Department of Environment & Heritage
DWQMS	Drinking Water Quality Management System
DWLBC	Department of Water, Land and Biodiversity Conservation
E&WS	Engineering and Water Supply Department
EPA	Environmental Protection Authority
EPO	Environment Protection Order
FOI	Freedom of Information
FTE	Full Time Equivalent (employee)
GIS	Geographic Information Systems
GL	Gigalitre – 1 billion litres
ILI	Infrastructure Leakage Index
IMS	Incident Management System
IPOS	Irrigated Public Open Space (Code of Practice)
IUCN	International Union for Conservation of Nature
KL	Kilolitre – 1000 litres
KPI	Key performance indicator
LTIFR	Lost Time Injury Frequency Rate
MASDP	Metropolitan Adelaide Service Delivery Project
MDBA	Murray Darling Basin Authority
ML	Megalitre – 1 million litres
MOU	Memorandum of Understanding
MP	Member of Parliament
MWh	Megawatt hours
NHMRC	National Health and Medical Research Council
NRM	Natural Resources Management
NSISP	North South Interconnection System Project
OHS&W	Occupational Health, Safety and Welfare
PAC	Powdered Activated Carbon
PJ	Petajoule
RCEES	Research Centre for Eco-Environmental Sciences
RDI	Research Development Institute
SARDI	SA Research & Development Institute
SCADA	Supervisory Control, Automation and Data Acquisition
SIFR	Significant Injury Frequency Rate
SIS	Salt Interception Scheme

Glossary and acronyms (continued)

UUVH	United Utilities Victor Harbor
UWI	United Water International
WELS	Water Efficiency Labelling Scheme
WIA	Water Industry Alliance
WTP	Water Treatment Plant
WWTP	Wastewater Treatment Plant
YTD	Year to Date

Contacting us

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directed to our Customer Service Centre.