



Dams
Safety

Annual Report

2020-2021

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Cover image: Cowarra Dam near Wauchope, in the mid-north coast region of NSW, photo by Kristina Resanceff, Dams Safety NSW

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Acknowledgment of Country

Dams Safety NSW acknowledges the Traditional Owners and Custodians of the land on which we live and work and pays respect to Elders past, present and future.

Contents

Letter of submission	1
Message from the Chair	2
Operational statistics at a glance	3
About Dams Safety NSW	4
Our Vision	4
Our Mission.....	4
Our Values.....	4
Integrity	4
Trust.....	4
Service	4
Accountability	4
What we do	5
Our achievements	6
Transitional readiness assessments (TRAs)	6
Compliance audit program.....	6
Our compliance approach	8
Dams above the safety threshold	8
Dam safety reported incidents	8
Dam safety notices issued	9
Dams declared and de-declared.....	9
Stakeholder consultation on Dams Safety Levy	11
Outcome of consultation	12
Stakeholder engagement activities.....	12
Forging strong relationships with other agencies	13
Guidelines published	14
Emergency plans guideline	14
Operations and maintenance plans guideline	14
Dam safety management systems guideline	14
Fact sheets.....	15
Mining in notification areas	15
Mining consent and lease condition applications.....	15
Review of notification areas.....	15
Emergency preparedness.....	16
Redevelopment of the Dams Safety NSW website	16
Submission to Draft NSW Water Strategy	16
Participation in coal ash dam Legislative Council inquiry	17

Our people	17
Supporting our staff during COVID-19.....	18
<i>People Matter 2020</i> NSW Public Sector Employee Survey	18
Workforce diversity and WHS	18
Our employee networks	18
Multicultural Plan.....	19
Disability Inclusion Action Plans.....	19
Our management team	19
Chris Salkovic	19
Peter Boyd	19
Asim Chohan.....	19
Margaret Hynes.....	19
Governance	20
Our governing body	20
Ross Carter – Chair	21
Alex Fisher – Deputy Chair	21
Eric de Rooy.....	21
Shane McGrath	21
Rob O'Neill	22
John Stacpoole	22
Chris Salkovic - Chief Executive Officer.....	22
Code of Conduct.....	23
Governance framework	23
Delegations assurance framework	24
Ethics and integrity	24
Public Interest Disclosures.....	24
Corporate governance	24
Standing Order 52.....	24
Public access to information	24
Privacy	25
External complaints.....	25
Overseas visits	25
Consultants.....	25
Appendices	26
Appendix 1. Internal audit and risk management attestation	26
Appendix 2. Cyber security policy attestation	28

Financial statements	29
Independent Auditor’s Report	30
Statement by Members of Dams Safety NSW	32
Audited Financial Statements	33
Notes to and forming part of the Financial Statements for the year ended 30 June 2021	37

Letter of submission



Dams Safety

Minister for Water, Property and Housing
52 Martin Place
SYDNEY NSW 200

Dear Minister

Under section 12A of the *Annual Reports (Statutory Bodies) Act 1984*, I have pleasure in submitting for the information of members this report of the activities of Dams Safety NSW for the year ended 30 June 2021.

Following the tabling of this report in Parliament, it will be available for public access from the NSW Government's OpenGov NSW website, www.opengov.nsw.gov.au.

Yours sincerely

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

Chair

A handwritten signature in blue ink, appearing to read "C. ...".

Chief Executive Officer

Message from the Chair

Dams Safety NSW (DSNSW) is now well established as an independent regulator after its first full year of operations. Since being established 18 months ago, our operations have put us well on the path to achieving our mission of empowering, supporting and regulating dam owners in managing dam safety risks for the NSW community. We are achieving this through effective and transparent regulation that maintains the confidence of our stakeholders and the broader community.

This work has included engaging with NSW's declared dam owners to ensure they are aware of their regulatory responsibilities and assessing their capability to comply with the new legislation.

During the year, we have seen the devastating impacts of unprecedented summer fires, floods and a global pandemic. I am extremely proud of the work DSNSW has been able to achieve under these conditions and the positive responses from dam owners as they also operated under these conditions. We have been responsive and adaptive in meeting the challenges of 2020–21 while continuing to focus on our remit.

Much work has been done this year to ramp up our operations. DSNSW has built its staff from 14 to 22 to deliver on-the-ground audits across the state, focusing on education and engagement, emergency planning and operations, and maintenance planning.

During 2020-21, DSNSW auditors made 119 site visits; completed 54 on-the-ground audits, identified 647 gaps in how individual dam owners were seeking to meet their regulatory responsibilities, made 230 recommendations to dam owners to improve compliance and identified 133 non-compliances which are being addressed.

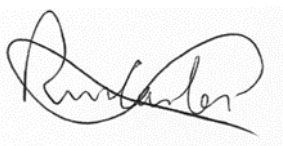
Our regulatory approach is multi-faceted, and we have recruited staff with the range of expertise to assist our efforts - including highly experienced engineers, auditors, innovative technology experts and communicators.

We now have in place clear minimum safety standards for all declared dams in NSW. These standards allow DSNSW to adopt a risk-based regulatory approach based on modern safety management systems. The standards can now be enforced through penalty provisions which provide an effective deterrence to non-compliance.

After 1 November 2021, when the two-year transition period ends, we will shift our focus to compliance. Dam owners will have had two years to become familiar with the new legislative requirements, such as the need to have in place a Dams Safety Management system and having to submit an annual Safety Standards Report to us.

We take a proportionate approach to non-compliance seeking to build on the high levels of voluntary compliance with education and engagement as our preferred approach. However, while enforcement is a last resort, we will take strong action if it is warranted.

On behalf of the Members of DSNSW, I am pleased to present this Annual Report.



Ross Carter

Operational statistics at a glance



About Dams Safety NSW

We are the State's independent regulator responsible for ensuring the safety of dams in NSW.

Established on 1 November 2019, under the *Dams Safety Act 2015*, Dams Safety NSW makes decisions on how the legislation is administered.

During 2020/201 we were governed by six members with combined expertise in dam engineering, mine engineering, emergency management, dam operations and management, public safety risk analysis and best practice regulation.

The chief executive officer is responsible for managing day-to-day operations of Dams Safety NSW. Staff are employed by the Department of Planning, Industry and Environment to carry out the agency's functions.

Dams Safety NSW replaced the Dams Safety Committee.

Our Vision

Safe dams for NSW

Our Mission

To empower, support and regulate dam owners in managing dams safety risks for the NSW community

Our Values

Integrity

We will be open and transparent

Trust

We will establish cooperative and collaborative relationships with stakeholders to promote trust

Service

We will listen and be responsive to requests

Accountability

We will publish our performance results in a timely manner

What we do

Dams Safety NSW 'declares' dams that have a potential to endanger downstream life, cause major damage or loss to infrastructure, the environment, or have major health and social impacts. Owners of declared dams are accountable for managing their dams to ensure their safety, and to be compliant with the requirements of the *Dams Safety Act 2015* and *Dams Safety Regulation 2019*.

Dams Safety NSW regulates 403 declared dams across the State. These dams are owned by State-owned Corporations (SOCs), Government enterprises, mining companies and power generators, local Government councils and private owners. There are 164 owners of declared dams in NSW.

Our main role is to regulate the dam owners to manage the safety of all declared dams. We do this by auditing declared dam owners' policies, processes and procedures to check compliance with the requirements of the *Dams Safety Act 2015* and the *Dams Safety Regulation 2019*. Dams Safety NSW can enforce the regulation through a range of penalties.

Dams Safety NSW provides guidance to declared dam owners on compliance with the regulation and standards.

We are also responsible for declaring notification areas surrounding, or in the vicinity of declared dams.

If a mining company applies to a consent authority to operate in a notification area, Dams Safety NSW will raise any concerns with the relevant consent authority. The authority must take these matters into account before granting development consent.

Our achievements

Since our establishment on 1 November 2019, Dams Safety NSW has focused on establishing the processes, policies and plans to support our mission of empowering, supporting and regulating dam owners in managing dam safety risks for the NSW community.

This financial year, to ensure that dam owners are aware of their regulatory responsibilities, we conducted detailed interviews with 167 dam owners to assess their capability to comply.

We conducted 54 on-the-ground audits, to identify high-level compliance gaps against nominated elements of the *Dams Safety Act 2015* and the *Dams Safety Regulation 2019*. As a result of these audits, 230 recommendations were made to dam owners to ensure they meet their safety obligations. In addition, we identified 133 non-compliances and 647 transitional gaps.

In addition, to the audits, we developed guidelines and fact sheets, and held several webinars to help dam owners understand their dam safety obligations under the *Dams Safety Act 2015*.

Our key achievements for this year are listed below.

Transitional readiness assessments (TRAs)

Dams Safety NSW undertook 139 preliminary audits (Transition readiness assessments – TRAs) of declared dam owners to increase their awareness of new legislative requirements, provide guidance to achieve compliance and to determine if declared dam owners are appropriately managing dam safety risks.

Below is an overview of data collected during 2020-2021:

- 85% of dam owners were aware of the continued need to undertake visual inspections and on-going monitoring
- 80% of dam owners had knowledge regarding the requirement to review emergency plan contact details at least annually
- 85% were aware of the requirements to establish and implement an operations and maintenance plan
- 49% of dam owners had good knowledge about reporting incidents to Dams Safety NSW under clause 19 of the Regulation
- 45% of dam owners have an understanding about the requirement for a Dam Safety Management System as per the new legislation

Compliance audit program

Our compliance audit program assesses requirements under the *Dams Safety Act 2015* and the *Dams Safety Regulation 2019*. It examines the performance of declared dam owners to ensure the safety of their dams.

The audit program is developed using a risk-based approach to ensure timely and efficient allocation of DSNSW's resources. The program addresses our Regulatory Policy, the *Dams Safety Act 2015* and regulatory requirements, and the AS/NZ ISO 19011:2019 framework for auditing management systems.

This year our auditing team undertook 54 audits of declared dam owners to identify high-level compliance gaps against nominated elements of the *Dams Safety Act 2015* and the *Dams Safety Regulation 2019*. Of the 54 audits undertaken, 25 were detailed audits, 20 were targeted audits and 9 were new works audits.

Detailed audits focused on dams with Extreme or High Consequence Categories and the dam owner's progress towards establishing and implementing of a Dam Safety Management System. Key issues identified during the audits included: deficiencies with asset management systems, content deficiencies in operations and maintenance plans and emergency plans, and a lack of emergency exercising.

Targeted audits focused on dams classified as 'off-river storages' and the effectiveness of their operations and maintenance and emergency plans. Twenty targeted audits were undertaken during the year. Key themes identified during the audits include: inspection routines are being followed, however trends are not being reviewed and actioned; lack of maintenance scheduling and ownership; most systems in place are ad-hoc in nature and most owners do not have good awareness of their plans, relying heavily on consultants

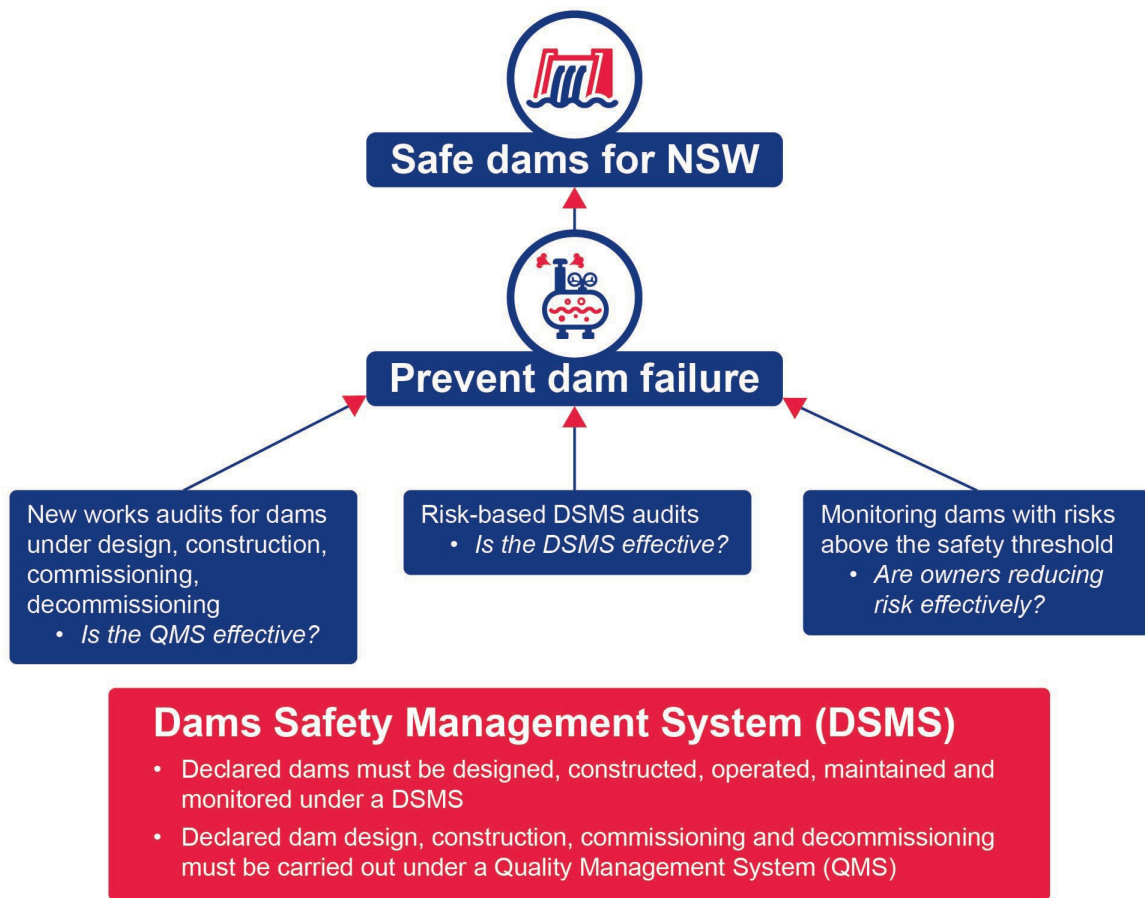
New works audits focused on dams where there was an active design, construction or major modification. These audits were focused on ensuring that new works were being carried out in accordance with the new legislation, with a special focus on Quality Management Systems being implemented.

Key issues identified during these audits include: lack of processes to ensure external contractors were working to ISO 9001 QMS; lack of processes to verify the effectiveness of independent peer reviewer and; most dam owners did not have effective change management processes in place.

A total of 133 non-compliances, 649 transitional gaps and 229 recommendations were identified during 54 audits.

We are actively following up on outstanding non-compliances as per our regulatory policy. Dams Safety NSW employs a graduated and proportionate approach to the noncompliance to ensure that dam owners are taking appropriate corrective action to work towards compliance with the Act and associated Regulation.

Our compliance approach



Dams above the safety threshold

The dams in this situation vary. On 30 June 2021 there were 17 dams with risk ratings above the safety threshold. Action plans to reduce risk were in place for 16 dams with one being actively pursued by Dams Safety NSW. The risk management plans for dams in this situation are closely monitored.

Dam safety reported incidents

An owner of a declared dam must ensure that incidents occurring at, or in relation to, the dam are reported to us as soon as possible after the incident. Depending on the severity of the incident, we carry out follow up investigations with the dam owner.

This year we established a standby duty officer system to ensure that we could promptly respond to incidents 24 hours a day, 7 days a week.

In 2020-21 we responded to 100% of dam safety incidents within a very short time of being notified. About 70% of incidents reported related to a heavy rain event during late March. The remaining 30% related to dam safety incidents with no loss or damage.

Dam safety notices issued

This year, under the *Dams Safety Act 2015*, we issued Section 15 notices to 6 declared dams with risk ratings above the safety threshold, requiring owners to produce a written report addressing:

- a program of improvement activities, including timeframes to reach a risk rating below the safety threshold as per the Dams Safety Regulation 2019, and
- implementing cost effective 'non-structural' fixes, such as operating restrictions, warning and evacuation plans.

All dam owners complied with requirements of issued notices within the timeframe allocated.

Dams declared and de-declared

Under the *Dams Safety Regulation 2019*, dams - or proposed dams - may be declared if they are more than 15m high, or if they failed would cause major or catastrophic damage and loss or would endanger the life of a person. The Regulation also stipulates that a declared dam must be classified into one of seven consequence categories.

The danger to life is based on the population at risk (PAR) or a more detailed potential loss of life (PLL) assessment. The assessments for PAR and PLL are undertaken by dam owners (or their competent persons) and then verified by our engineering team. The assessment are checked against requirements of the regulation and an agreed methodology (based on a DSC modification of ANCOLD Guidelines on the Consequence Categories for Dams, October 2012).

An estimate of the severity of damage and loss must also be determined using the methodology. This considers the estimated total infrastructure cost, the estimated environmental impacts, and estimated health and social impacts. These three broad categories must be examined in careful detail as set out in the methodology.

From time to time, Dams Safety NSW receives confirmation that some proposed declared structures will not be built. Such structures may be de-declared.

Consequence category assessments reduce the uncertainty in understanding around potential Loss Of Life and Severity of Damage and Loss. This better understanding of the Loss Of Life and Severity of Damage and Loss may result in a reassessment of the consequence categories, and, for some dams, a reassessment of the declared status, requiring some to be declared and others to be de-declared.

This financial year Dams Safety NSW began identifying new dams and existing dams that may need to be declared.

We have adopted three approaches to identify potential dams. These include:

- working alongside Spatial Services, a division of the NSW Department of Customer Service, to develop an interactive map to better identify possible dams for declaration
- communicating with local councils on new dam projects within their local government area and asking them to assess whether they are of a type that should be declared
- consulting with WaterNSW and the Natural Resources Access Regulator on dams that have been approved for construction.

We are also re-assessing the historical list of non-declared and 'de-declared' dams to identify any dams which may need to be re-proposed for declaration.

The project has uncovered over 60 potential dams that will be analysed further for their potential to endanger life, the environment, or the community.

During 2020/21 we de-declared 13 dams (Table 1) and declared an additional 6 dams (Table 2). At the end of 2020/21 there were 403 declared dams, with their consequence categories summarised in Table 3.

Table 1. Dams removed from the list of declared dams in 2020/21

Name of dam	Location
Bagnalls Beach Road Basin	Off-stream, Corlette, Port Stephens
Bengalla Stage Discharge Dam	Unnamed creek, Bengalla, near Muswellbrook
Carrington In-Pit Tailings Storage Facility	Hunter Valley
Chinamans Dam	Sawpit Gully, Young
Dobinson Retarding Basin	Wollongong
Georgia Terrace Detention Basin	Cattai Creek, Glenhaven
Houston Dam	Saltwater Creek, Houston Gully, Jerrys Plains
Howell Close Retarding Basin	McMahons Creek, Newport
Oaky River Dam	Oaky River near Armidale
Puddledock Creek Dam	Puddledock Creek near Armidale
Pymble Golf Course Dam	Unnamed tributary of Cowan Creek, St Ives
Redbank Creek Dam	Redbank Creek near Mudgee
Western Sydney Airport Basin 1	Tributary to Badgerys Creek

Table 2. Dams added to the list of declared dams in 2020/2021

Name of dam	Location
Atlas Off-Path Tailings Dam	20km west of Willandra Lakes
Camden Valley Way Detention Basin	Tributary of Maxwell Creek, Edmondson Park
Castle Hill Country Club Pond B	Tributary of Strangers Creek, Castle Hill
Hera Water Management Dam	4km south of Nymagee
South Cessnock Dam	Unnamed tributary of Black Creek, South Cessnock
Taralga Dam	Off-stream storage, Taralga

Table 3. Breakdown of consequence categories of declared dams in 2020/2021

Consequence Category	No of dams
Extreme	30
High A	53
High B	28
High C	110
Significant	159
Low	21
Very Low	2
TOTAL	403

Stakeholder consultation on Dams Safety Levy

On 30 September 2020, Dams Safety NSW began targeted consultation with declared dam owners on the proposal to introduce a dams safety levy under the *Dams Safety Regulation 2019* to fund the regulator's regulatory and compliance activities. The funding model and proposal was developed with the Centre for International Economics and peer reviewed by Peter Abelson, Applied Economics.

Details of the proposal were emailed to all declared dam owners, together with an invitation to attend scheduled online consultation sessions with the Chief Executive Officer, Chris Salkovic and an economist from the Centre of International Economics.

During the consultation period, we held 10 information sessions for declared dam owners and their nominated representatives. 101 participants registered for the sessions, representing 34 local councils, 14 mining companies, two mining representative organisations, 10 government agencies and state-owned corporations, and five private dam owners.

During the consultation period we published the following documents on our website and emailed them to all declared dam owners and their nominated representatives.

- Fact sheet on the proposed levy from the Centre of International Economics
- Final Report on the proposed levy and funding model from the Centre of International Economics
- List of declared dams and their consequence categories as at 20 September and 20 October 2020
- Additional information on Dams Safety NSW resourcing model
- Powerpoint presentations from the information sessions.

We received 41 submissions: 29 from local councils and one council representative organisation; four government agencies and state-owned corporations; two mining companies

and two mining representative organisations; two private dam owners and Floodplain Management Australia.

From the overall submission comments received, two supported the proposed funding model and levy as fair and reasonable. Twenty-five opposed the levy in favour of continued funding from NSW general taxation revenue. The 14 remaining submissions said the levy should be conditional on:

- exempting council flood mitigation and non-operational dams
- considering dam owner's ability to pay
- basing the levy on real costs, not estimates
- referral to IPART for independent assessment
- differing charges for commercial dams versus non-commercial dams.

The concerns of those not supporting the levy included:

- Economic efficiency and benchmarking
- Alternative calculation methods such as risk and ability to pay
- Fairness of the impactor pays versus beneficiary pays models
- Already increased costs to meet the needs of new legislation
- A new levy on top of existing levies and fees for the mining industry
- Potential duplication of activities and fees with other regulators
- Lack of hardship provisions and consideration, especially in wake of bushfires, drought and the pandemic
- Cost shifting from State to local government
- Inability for councils to absorb or recover costs without cutting services

Many comments suggested that Dam Safety NSW should establish and understand the true workload and costs of regulation before introducing a levy.

Outcome of consultation

On 24 June 2021 the NSW Government announced that the proposed Dams Safety Levy will not be introduced in July 2021.

Taking into consideration the feedback from dam owners, in particular from local councils, the government decided that the introduction of a levy at this time would not be appropriate. The NSW Government is considering options for funding of Dams Safety NSW operations.

Stakeholder engagement activities

In line with our Stakeholder Engagement Strategy: Transition Period, this financial year Dams Safety NSW continued to focus on engaging with our primary stakeholders, declared dam owners.

- During 2020/21 three webinars were held: Mining near declared dams; Emergency plans for declared dam owners; and Operations and Maintenance plans for declared

dam owners. Sessions include information and insights from Dams Safety NSW officers, engineers and auditors about the challenges involved with owning a declared dam. The webinar program proved highly successful with over 250 people attending the three sessions and many appreciating the opportunity to have their questions answered.

- *Dams Safety Focus* is the Dams Safety NSW e-newsletter that provides important safety information to declared dam owners and other stakeholders. This financial year three issues of the newsletter were sent out to more than 650 subscribers, as well as nine other EDMs (Electronic Direct Mail items) notifying stakeholders about new guidelines, inviting them to webinars and asking for their feedback.
- Dams Safety NSW sought public feedback on three guidelines, aimed to assist industry in gaining a deeper understanding of safety requirements.
- The Town Water Risk Reduction Program is an initiative involving NSW Government, Local Water Utilities and the wider water sector to identify long-term solutions to water service challenges and risks, including dam safety, in regional towns. From the beginning of 2021, the DSNSW CEO and Manager Governance and Assurance have been part of a senior officers' stakeholder group to share data, knowledge and formulate improvement projects. The project is ongoing.
- The Queensland Audit Office is reviewing Queensland's dam safety regulator to provide insights on the regulators framework for ensuring dams are managed safely. DSNSW's CEO and Manager Governance and Assurance participated in a jurisdictional analysis across state dam safety regulators to share learnings from our change journey.

Forging strong relationships with other agencies

Dams Safety NSW completed three Memoranda of Understanding (MoU) in 2020/2021. MoUs are important to establish cooperative relationships with regulatory agencies, develop consultative processes to consider operational, strategic and environmental issues, and allow for exchange data and information.

NSW Resources Regulator

Both Dams Safety NSW and NSW Resources Regulator have a role in ensuring the safety of declared dams on mine sites. The objectives of this MOU are to:

- make clear the responsibilities and functions of each party
- establish a framework for cooperation on joint operational activities and investigations.

The framework aims to assist with the planning, collaboration, harmonisation, and information sharing between the two regulators. Ultimately this will reduce the administrative burden for industry and encourage their participation in the regulatory process.

Public Works Advisory

The purpose of the MoU between Dams Safety NSW and Public Works Advisory is to support the principle of cooperation between the two agencies, and to establish a working arrangement in the event of a dam safety incident or emergency. The objectives of the MoU are to:

- establish communication between the agencies regarding dams safety incidents and emergencies
- agree to undertake exercises to test the protocols and procedures employed by dam owners and agencies when responding to dam safety emergencies.

Revenue NSW

Under the *Dams Safety Act 2015*, Dams Safety NSW's authorised officers may issue a penalty notice if an offence has been committed against the Act or *Dams Safety Regulation 2019*.

Revenue NSW is the state's principal revenue management agency and is responsible for administering penalty notices. The objectives of this MoU are to:

- provide a framework for cooperation in implementing and maintaining administrative arrangements for the collection and enforcement of penalty notices
- promote a collaborative approach between the two agencies to minimise administrative and transactional costs to the Government.

Guidelines published

Dams Safety NSW publishes guidelines to help declared dam owners comply with the requirements of the *Dams Safety Act 2015* and *Dams Safety Regulation 2019*. As they are intended to assist industry achieve compliance, the guidelines themselves do not contain compulsory requirements. Compliance with dam safety legislation may be achieved by adopting other methods, if they are a better fit with a declared dam owner's systems.

We published three guidelines in 2020/2021, all available on our website www.damsafety.nsw.gov.au.

Emergency plans guideline

This guideline contains information on emergency plans for declared dams. It should assist declared dam owners who are preparing or amending their dam emergency plans.

An emergency plan is a tool the dam owner, relevant emergency management group(s) and local government(s) will use during an emergency event aimed at protecting people and property. A declared dam owner must prepare and implement an appropriate emergency plan for their dam. The emergency plan is intended to address an imminent or actual failure of the dam structure.

Dams Safety NSW considers that effective emergency plans are a vital part of a dam owner's dam safety management system to minimise consequences in the unlikely event of such an event.

Operations and maintenance plans guideline

The purpose of this guideline is to provide dam owners and their consultants with guidance when they are developing or reviewing the operations and maintenance plan for a declared dam.

For the dam owner, an effective plan is focused on the continued safety of the dam and its appurtenant structures. It should minimise the risk of dam failure due to poor operation and maintenance, maximise uninterrupted service, minimise costly repairs and extends the useful life of the dam. Improper operation of a dam may result in dam failure, and poor maintenance can lead to abnormal deterioration of the dam and its components, reducing its life expectancy and increasing the likelihood of dam failure.

Dam safety management systems guideline

From 1 November 2021, all declared dam owners must implement a dam safety management system to ensure the ongoing safety of their dam(s), and to comply with the requirements specified in the regulation.

This guideline aims to provide dam owners and their consultants with guidance in developing or reviewing a dam safety management system for a declared dam, which is focused on the continued viability and safety of the dam and its appurtenant structures.

A dam safety management system is a systematic approach to managing dam safety including the required organisational structures, accountabilities, policies and procedures. It is the

primary means of ensuring that dam failure risks to life, property, the environment, and public welfare are managed throughout the life cycle of the dam, which includes the design, construction, operation and maintenance and decommissioning of the dam.

Fact sheets

Dams Safety NSW also published two fact sheets to clarify regulatory requirements:

- Annual Dams Safety Standards Report and
- Risk reports for declared dams.

Mining in notification areas

In accordance with Section 48 of the *Dams Safety Act 2015*, Dams Safety NSW may declare a notification area surrounding, or in the vicinity of, a declared dam.

Dams Safety NSW will consider the impact of mining on the declared dam itself when declaring notification areas, not the impact of mining on the contents impounded by the dam.

Not all declared dams have notification areas, only those dams which Dams Safety NSW considers may be affected by mining.

In accordance with the *Dams Safety Act 2015*, the consent authority will refer an application for mining within a notification area to Dams Safety NSW.

Dams Safety NSW will normally have 28 days to assess the application and raise any dam safety concerns with the consent authority. Dams Safety NSW may request a time extension from the consent authority if needed.

The aim is to determine that mining operations will not introduce unacceptable dam safety risks, based on the dam's design and construction and its consequence category.

Mining consent and lease condition applications

Before granting development consent for any mining operations in a notification area, a consent authority must:

- refer the application for development consent to Dams Safety NSW, and
- consider any matters that are raised by Dams Safety NSW in relation to the application.

Any existing lease conditions that relate to mining in notification areas continue to apply. Any reference to the former Dams Safety Committee in existing lease conditions can be taken to refer to Dams Safety NSW, and the conditions remain in force. For example:

- a lease condition that requires notification to the minister of any plans to mine in a notification area
- a specific lease condition that required regular reporting of mining parameters to the Dams Safety Committee. The lease holder must report to Dams Safety NSW in accordance with the lease condition.

This financial year Dams Safety NSW reviewed and provided advice on 61 mining consent and lease condition applications.

Review of notification areas

Notification Areas were first declared under the *Mining Act 1992* to surround dams and their storage reservoirs. Notification Areas were intended to:

- Enable the dam safety regulator to provide input and impose conditions on mining activities near dams and their storages, and to

- Protect the dam and storage from damage due to mining.

Under the old *Dams Safety Act 1978*, the former Dams Safety Committee was responsible for the protection of water impounded by dam structures as well as the dam structure itself.

Under the new *Dams Safety Act 2015* Dams Safety NSW is focused on protection of the dam structure and not stored waters. The dam owners, together with Department of Planning, Industry and Environment, are responsible for protecting dam water storage.

Under the new Act, Notification Areas are still gazetted as delineating an area around a dam within which any proposed mining needs to be referred to Dams Safety NSW.

To reflect its changed focus, Dams Safety NSW is changing the shape and size of Notification Areas to more accurately reflect its area of jurisdiction.

Dams Safety NSW has redefined all of the Notification Areas, and has completed the work needed to enable consultation with affected declared dam owners to commence. Successful trials of the review process were completed in June 2021.

There are currently 269 Notification Areas of which 140 surround water supply dams. It is primarily the 140 water supply dams that are subject to review of their associated Notification Areas.

Emergency preparedness

Dams Safety NSW conducted an exercise in May 2021 to test our capability to respond to a dam emergency. The exercise required Dams Safety NSW staff and members to respond to a large water supply dam failure scenario. The scenario was designed to determine if Dams Safety NSW can effectively and efficiently respond to a complex dam safety emergency in a systematic and timely way. Other agencies that assist Dams Safety NSW in responding to an emergency were also involved.

The exercise effectively tested Dams Safety NSW's documented plans and processes for emergency response and identified a number of areas for improvement, which were addressed before the end of the financial year.

Redevelopment of the Dams Safety NSW website

Dams Safety NSW is redeveloping its website in line with Australian Government and international best practice to be more accessible, responsive and robust. This ensures that stakeholders can access our content in their desired format.

The website uses the NSW Government Digital Design system to ensure that users can easily navigate and search content using a common interface across NSW government sites.

Dams Safety NSW is committed to responding to and meeting the needs of declared dam owners and other stakeholders. The new site has been improved based on stakeholder feedback and will feature online form submission, a dedicated resource centre, and subscriber alerts when content is updated. This will ensure that all interested parties can be informed immediately when new information and guidance material is available. The new website will be launched later in 2021.

Submission to Draft NSW Water Strategy

The NSW Government is developing a 20-year, state-wide NSW Water Strategy to improve resilience of the state's water resources over the coming decades. The Draft NSW Water Strategy was on public exhibition from Monday 15 February until Sunday 28 March 2021.

Dams Safety NSW provided a submission recommending that, given the importance of dams in the overall water cycle, the strategy should include actions that connect 'dam safety regulatory requirements' with 'water security and resilience'.

Participation in coal ash dam Legislative Council inquiry

On 1 October 2019 the NSW Parliamentary Public Works Committee established an inquiry into the costs for remediating coal ash dams in New South Wales.

DSNSW is responsible for regulating eight coal ash dams. They are:

- Bayswater ash dam, Muswellbrook - Significant.
- Colongra Creek ash dam, Doyalson - Significant.
- Eraring ash dam, Dora Creek - High A.
- Liddell ash disposal dam, Muswellbrook - High C.
- Liddell ash levee, Muswellbrook - High C.
- Mannering Creek ash (also known as Vales Point), Manning Park - Significant.
- Ravensworth ash dam, Singleton - Significant.
- Sawyers Swamp Creek ash dam, Lithgow - High A.

DSNSW CEO, Chris Salkovic, and Manager Governance and Assurance, Peter Boyd, provided evidence at the inquiry. The final report for the inquiry was published on 22 March 2021.

Two of the 16 recommendations from the inquiry report concerned Dams Safety NSW.

Recommendation 1 is that the NSW Environment Protection Authority (EPA) and Dams Safety NSW establish a Memorandum of Understanding (MOU) by 30 June 2021 in relation to the management and remediation of coal ash dams.

A MOU between the EPA and Dams Safety NSW has been drafted and the agencies are currently finalising the document.

The MOU aims to clarify the responsibilities and functions of each agency to assist with the planning, collaboration, harmonisation and information sharing between the two regulators. This will ensure that the agencies' regulatory oversight of dams aligns and that intelligence on the safety of coal ash dams, in particular their operation and impact, is shared.

Recommendation 5 is that Dams Safety NSW publish on its website in a timely manner, where practicable, all ash dam assessments and responses undertaken by Dams Safety NSW or submitted to it by power station operators from time to time.

In support of Recommendation 5 and to increase transparency, all owners of declared dams, including coal ash dams regulated by Dams Safety NSW, will be required to submit their first annual compliance report in 2022 and make them publicly available. Dams Safety NSW will also publish on its website any penalty notices and prosecutions resulting from regulatory non-compliance.

Our people

In accordance with the *Dams Safety Act 2015*, Dams Safety NSW does not directly employ staff. Staff are employed by the Department of Planning, Industry and Environment to enable Dams Safety NSW to exercise its functions.

Dams Safety NSW recognises that our people are our most important asset. Our ability to attract and retain the most suitable and qualified people is critical to achieving our goals. Our Program Plan sets the direction to maintain a capable, efficient and effective workforce to meet

our current and future needs. The plan focuses on governance, people, systems and processes.

Supporting our staff during COVID-19

In this challenging year, most staff worked from home with many also juggling home-schooling. Dams Safety NSW supported the success of a remote workforce by:

- letting staff use workplace technology, such as monitors, keyboards, mice and headsets, at home
- providing guidance on how to use technology effectively, and how to work remotely in general
- allowing variations in the pattern of working hours to help our people manage the new arrangements in ways that suited them
- guiding operational staff in how to use teleconferencing options with their regulatory work
- advising operational staff on how to attend emergencies and incidents safely and in compliance with public health orders
- providing resources and regular updates to help staff navigate the changes prompted by COVID-19.

People Matter 2020 NSW Public Sector Employee Survey

The *People Matter 2020* NSW Public Sector Employee Survey provides important feedback on how our staff feel about working at Dams Safety NSW and where improvements can be made.

In 2020 100% of Dams Safety NSW staff responded to the survey, which suggests that our people recognise the value of the survey. The overall employee engagement score for the agency was 83% as compared with 69% for the broader Department.

High scores were achieved in the areas of flexible working satisfaction 100%, wellbeing health and safety 93%, job satisfaction 92% and autonomy and employee voice 92%.

Workforce diversity and WHS

Dams Safety NSW believes a diverse and inclusive workforce contributes to the success of our business and reflects the communities we serve.

Dams Safety NSW falls under Department of Planning, Industry and Environment (DPIE) policies in respect of workforce diversity. Our staff were also covered under the Work, Health and Safety policies and procedures issued by the DPIE.

All Workforce Diversity strategies and achievements for Dams Safety NSW now fall under the Department of Planning, Industry and Environment and will be reported in the DPIE Annual Report 2020-21.

Our employee networks

- Disability Employee Network, a department-wide staff community open to employees with a disability, their supervisors, carers and supporters, which aims to improve cultural awareness, provide networking opportunities and the development of ideas
- Harmony Council, a cluster-wide committee that aims to embed diversity and inclusion within all operations of the Department of Planning, Industry and Environment (DPIE)
- Rainbow Connection, an employee-led LGBTQI+ network
- Spokeswomen Program, an employee-led network aiming to improve gender equity

- Young Professionals Network, which provides a professional and social networking platform for staff who are new and/or young (35 years and under) and plays an advocacy role on relevant issues.

Multicultural Plan

All Multicultural Plan initiatives for Dams Safety NSW now fall under the Department of Planning, Industry and Environment and will be reported in its Annual Report.

Disability Inclusion Action Plans

All Disability Inclusion Action Plans initiatives for Dams Safety NSW now fall under the Department of Planning, Industry and Environment and will be reported in its Annual Report.

Our management team

Chris Salkovic

Chris is the Chief Executive Officer of Dams Safety NSW. Chris is responsible for the day-to-day operations of the agency.

Chris is an asset management leader and certified asset management assessor (CAMA) with over 25 years' experience in infrastructure risk management, strategic planning, program management and operations and maintenance improvement.

Peter Boyd

Peter is the Governance and Assurance Manager. Peter is responsible for regulation and policy development, and regulatory best practice.

Peter has a mechanical engineering background. After an initial technical career, Peter gained extensive experience in developing and auditing quality and safety management systems. Joined the Civil Aviation Safety Authority Australia to establish risk-based compliance monitoring based on safety management systems. Peter held senior executive positions at CASA in organisation design, governance, risk, operational strategy and regulatory practice, regulation development and regulation implementation, and airworthiness engineering.

Asim Chohan

Asim Chohan is the Operations Manager. Asim Chohan is a Chartered professional engineer and joined Dams Safety NSW in 2020.

Asim has demonstrated experience in regulatory oversight and compliance management. Before joining DSNSW, Asim held various inspector roles with safety regulators across NSW and Queensland. He has also worked in private industry and gained extensive experience in operations management, risk engineering, safety management systems, auditing and project management. Asim is currently responsible for leading DSNSW Operations team to ensure compliance oversight of declared dam owners.

Margaret Hynes

Margaret Hynes is the Capability Manager. Margaret's 20 years' experience in water and in corporate services, business improvement and administration bring vital skills and leadership to the organisation.

Margaret oversees the Board Secretariat, stakeholder engagement, information management, education activities and the corporate relationship with the Department of Planning, Industry and Environment. Margaret runs continuous improvement initiatives to ensure that Dams Safety NSW successfully supports dam owners and the Government.

Table 4. Number of officers and employees by category with previous year comparison

	2020-2021	2019-2020
Ongoing	13	10
Temporary	4	4
Executive	1	1
TOTAL	18	15

NB: Headcount data reported at end of reporting period

Table 5. Numbers and remuneration of senior executives

	2020-2021		
	Female	Male	Total
Band 4 Secretary	0	0	0
Band 3 Group/Deputy Secretary	0	0	0
Band 2 Executive Director	0	0	0
Band 1 CEO Dams Safety NSW	0	1	1
TOTAL	0	1	1

NB: These are senior executive statistics as of 30 June 2021. This data is based solely on senior executives in their substantive role and band level.

Governance

Our governing body

Dams Safety NSW is an independent governing body that oversees and monitors the organisation. The governing body consists of six members: at least five part-time members who are appointed by the Governor of NSW on the recommendation of the Minister for Property, Water and Housing and the CEO who manages the day-to-day operations of the Dams Safety NSW. The Minister approved the appointment of the inaugural members of Dams Safety NSW on 1 November 2019.

Members (including the chairperson) hold office for the period specified in their instrument of appointment.

Members meet approximately monthly, or more frequently as required.

Dams Safety NSW members



Ross Carter – Chair

Term of appointment: November 2019 – October 2022

Mr Carter is a regulatory expert with over 30 years' experience in the design and implementation of policy and regulation. His roles have ranged from field-based regulatory operations in rural and regional areas to senior executive positions at both state and national levels. His senior executive roles have included key leadership, governance and decision-making roles in significant independent regulatory institutions, for example as Executive Director Sydney Region with the NSW EPA and as Executive General Manager with the Australian Clean Energy Regulator. Ross was a Commissioner with the NSW Independent Planning Commission for six years. Ross is a member of the Code Review Panel of the Carbon Industry Code of Conduct, Independent Chair of the NSW DPIE Compliance and Enforcement Panel (Native Vegetation), and is the Inspector-General of Live Animal Exports with the Australian Government.



Alex Fisher – Deputy Chair

Term of appointment: November 2019 – October 2022

Ms Fisher is an experienced organisational leader, senior executive and director with over 25 years' experience in a diversity of environments including the military, academia, utilities, government and consulting. Ms Fisher has expertise in dam operation and management, emergency management and best practice regulation, organisational leadership and governance working across a range of stakeholders.



Eric de Rooy

Term of appointment: November 2019 – September 2020

Mr De Rooy is a water industry professional with over 40 years' experience in public safety risk analysis; emergency management and dam operations and management. He has experience in project and financial management; quality management systems; people and culture and industrial relations for engineers (Institute of Administration).



Shane McGrath

Term of appointment: November 2019 – October 2022

Mr McGrath is a civil engineer with over 40 years' experience in the water industry. He has extensive experience in senior leadership roles for construction, operation, maintenance and management of major dams and other water supply infrastructure, both in Australia and overseas.

Mr McGrath is an executive member of the Australian National Committee on Large Dams (ANCOLD), a member of the Dam Safety Committee of the International Commission on Large Dams (ICOLD), a Fellow of the Institution of Engineers and a Chartered Professional Engineer.



Rob O'Neill

Term of second appointment: November 2020 –October 2021

Mr O'Neill has extensive water engineering and management expertise and has an in-depth understanding of best-practice regulation for the NSW water management and infrastructure sector, having worked for a number of different organisations in this sector for over 30 years.

Mr O'Neill also served as a member and chairperson of the Interim Dams Safety Advisory Committee.



John Stacpoole

Term of second appointment: November 2020 – October 2021

Mr Stacpoole is a dual qualified geologist and mining engineer and has expertise in mining, geotechnical engineering, tailings dams and radiation safety. He is a member of the Geology Society of Australia and is a Chartered Professional and Fellow of Australian Institute of Mining and Metallurgy.

Mr Stacpoole is a Councillor for the Radiation Council of NSW and a member of the Board of Survey and Spatial Services NSW.



Chris Salkovic - Chief Executive Officer

Mr Salkovic is an asset management leader and certified asset management assessor (CAMA) with over 25 years' experience in infrastructure risk management, strategic planning, program management and operations and maintenance improvement. As Chief Executive Officer of Dams Safety NSW, Chris is responsible for the day-to-day operations of the agency.

Dams Safety NSW Meetings 2020-21

In 2020-21, Dams Safety NSW members met for 11 scheduled meetings:

- 28 July 2020
- 25 August 2020
- 29 September 2020
- 27 October 2020
- 24 November 2020
- 28 January 2021
- 23 February 2021
- 7 April 2021
- 18 May 2021
- 22 June 2021

Four members were unable to attend the following meetings during the year.

- John Stacpoole, 28 July 2020
- Rob O'Neill, 25 August 2020 and 24 November 2020
- Ross Carter, 7 April 2021
- Chris Salkovic, 22 June 2021

Integrity of Dams Safety NSW

Members of Dams Safety NSW must disclose any pecuniary or other interests that may conflict with the proper performance of their duties. All members of Dams Safety NSW lodged their disclosures for the 2020-21 financial year. These disclosures are monitored and discussed for their relevance at the start of every meeting.

Code of Conduct

Members of Dams Safety NSW follow:

- the [Dams Safety NSW Code of Conduct](#), which outlines the fundamental values and principles that define the standards of behaviour expected by each member
- the [Dams Safety NSW Charter](#), which outlines the main principles adopted by the Members of Dams Safety NSW to develop, implement and maintain good corporate governance
- the NSW Government Boards and Committees Guidelines, which outline fundamental values and principles that members should adhere to when carrying out their duties

Governance framework

The Dams Safety NSW Governance framework describes how Dams Safety NSW sets responsibilities, practices, policies, processes and procedures to provide strategic direction, achieve Dam Safety NSW's intended purpose, manage risks, comply with all relevant legislation and meet expectations of probity, accountability and transparency.

Delegations assurance framework

Dams Safety NSW has established financial and operational instruments to delegate functions of Dams Safety NSW to officers of Dams Safety NSW.

As part of its governance processes, Dams Safety NSW has implemented a delegation assurance plan and associated procedures to ensure that delegations to officers are managed appropriately, and that officers of Dams Safety NSW are exercising their delegations appropriately.

The plan's controls and assurance measures have been designed to be commensurate with the risk associated with each delegation.

Ethics and integrity

In 2020-21, the Department launched the Ethics Portal in which provides an on-line, centralised and up-to-date resource for all employees to declare and comply with their obligations under the Code of Ethics and Conduct (the Code). In its development the Ethics Branch undertook comprehensive consultation and engagement with all the business units within the Cluster to ensure the Ethics Portal was both accessible and relevant to the compliance needs to all employees across the Department. The Ethics Portal has strengthened reporting capabilities to ensure the Department is committed to the highest standards of ethical conduct and integrity.

The Code underpins the Department's compliance framework, which was supported by:

- The new Ethics Portal which manages declarations concerning conflicts of interest, code of ethics and conduct, senior executive private interests, and gifts, benefits and hospitality, as well as approvals of secondary employment
- the Fraud and Corruption Control Framework and Policy
- the Public Interest Disclosures Policy and Procedure (which includes access to an anonymous reporting tool)
- the Lobbying of Government Officials Policy
- training and resources to assist with the management of ethics related workplace issues.

The Department worked in collaboration with the NSW Ombudsman to ensure a robust framework that supports staff to raise workplace concerns and make reports of wrongdoing.

Public Interest Disclosures

Under the *Public Interest Disclosures Act 1994*, each public authority is required to prepare an annual report on their obligations under this Act. This information for Dams Safety NSW is captured in the Department of Planning, Industry and Environment Annual Report as all Public Interest Disclosures are managed centrally by the Department.

Corporate governance

Standing Order 52

During the reporting period, the NSW Legislative Council did not compel Dams Safety NSW to produce any documents.

Public access to information

Dams Safety NSW has delegated its functions under section 9 of the *Government Information (Public Access) Act 2009* (GIPA Act) to the Information Access and Privacy Unit of the NSW Department of Planning, Industry and Environment. Therefore, all statistical information about access applications required to be included in an annual report regarding Dams Safety NSW, in

compliance with s125 of the *Government Information (Public Access) Act 2009* and Clause 8 of the *Government Information (Public Access) Regulation 2018*, is included in the annual report for the Department of Planning, Industry and Environment.

In 2020-21, Dams Safety NSW did not receive any applications for access to information.

Privacy

Under Clause 6 of the *Annual Reports (Departments) Regulation 2010*, Dams Safety NSW must provide a statement of its actions to comply with the requirements of the *Privacy and Personal Information Protection Act 1998* (PPIP Act). It must also provide statistical details of any reviews conducted by or on behalf of the Department, under Part 5 of the PPIP Act.

Dams Safety NSW complies with the Privacy Management Plan for the Department of Planning, Industry and Environment. The Plan outlines how the Department and its cluster agencies comply with the principles of the PPIP Act and the *Health Records and Information Privacy Act 2002*. Officers in the Department's Information Access & Privacy unit also provide specialist privacy advice and training to departmental cluster staff. In 2020-21, Dams Safety NSW received no applications for review under Part 5 of the PPIP Act.

External complaints

If complaints about Dams Safety are received through DPIE Feedback Assist platform, they will be managed under the Department's complaint handling process and will be included in the Department's statistical information. In 202-21, Dams Safety NSW received no external complaints.

Overseas visits

There were no overseas visits during 2020-2021.

Consultants

Table 7. Consultancies less than \$50,000

Name	Description	Cost
Applied Economics P/L	Peer review of CIE Levy report	\$9,100
Infrastream P/L	Peer review of DSMS guideline	\$1,400

Appendices

Appendix 1. Internal audit and risk management attestation

Internal Audit and Risk Management Attestation Statement for the 2020-2021 Financial Year for Dams Safety NSW

I, Chris Salkovic, Chief Executive Officer, am of the opinion that Dams Safety NSW has internal audit and risk management processes in operation that are, excluding the transitional arrangements described below, compliant with the seven (7) Core Requirements set out in the Internal Audit and Risk Management Policy for the General Government Sector, specifically:

Core Requirements

Risk Management Framework	
1.1 The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency.	Compliant
1.2 The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018.	Compliant
Internal Audit Function	
2.1 The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose.	In transition
2.2 The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing.	In transition
2.3 The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.	In transition
Audit and Risk Committee	
3.1 The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.	In transition
3.2 The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.	In transition
<i>Membership</i>	In transition

Departures from Core Requirements

I, Chris Salkovic, Chief Executive Officer, advise that the internal audit and risk management processes for Dams Safety NSW depart from the following Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*:

The departure from the Core Requirements is due to the agency implementing measures to achieve compliance with new policy requirements consistent with the permitted transitional arrangements.

Departure	Reason for departure and description of practicable alternative measures implemented/being implemented
In Transition	
<ul style="list-style-type: none"> • Core Requirement 2.1 • Core Requirement 2.2 • Core Requirement 2.3 • Core Requirement 3.1 • Core Requirement 3.2 	<p>Dams Safety NSW, a very small agency of fewer than 25 officers, is assessing the steps needed to establish an internal audit function and an internal audit committee.</p> <p>In the interim, the Dam Safety NSW Board has established the agency's risk framework and is overseeing the agency's risk processes. This includes agency management regularly reporting on risk management and specific risks to the Board at Board meetings, as an agenda item.</p>

These processes, including the practicable alternative measures being implemented, demonstrate that Dams Safety NSW has established and maintained frameworks, including systems, processes and procedures for appropriately managing audit and risk within Dams Safety NSW.



Chris Salkovic
Chief Executive Officer

Date: 21/09/2021

INT21/140095

Agency contact:

Peter Boyd
Governance and Assurance Manager
0418 259984

Appendix 2. Cyber security policy attestation

Cyber Security Annual Attestation for the 2020-2021 Financial Year for

Dams Safety NSW

I, Chris Salkovic, Chief Executive Officer, am of the opinion that the Dams Safety NSW have an Information Security Management System in place via the Department of Planning, Industry and Environment (DPIE) Cluster Corporate Services and have managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy and in alignment with DPIE's enterprise risk management framework.

Governance is in place to manage the cyber security maturity and initiatives of DPIE.

Risks to the information and systems of DPIE have been assessed and are managed.

There exists a current cyber incident response plan for DPIE which has been tested during the reporting period.

The DPIE Cluster Corporate Services has maintained certified compliance with ISO 27001 Information technology - Security techniques - Information security management systems - Requirements by an Accredited Third Party (BSI) during the 2020/2021 financial year (Certificate Number: IS 645082).

The DPIE Cluster Corporate Services has a Cyber Security Strategy in place to ensure continuous improvement and management of cyber security governance and resilience.



Chris Salkovic
Chief Executive Officer
Dams Safety NSW

Date: 21 September 2021

Financial statements



INDEPENDENT AUDITOR'S REPORT

Dams Safety NSW

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Dams Safety NSW (the DSN), which comprises the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- present fairly the DSN's financial position, financial performance and cash flows.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the DSN in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

The Members of DSN's Responsibilities for the Financial Statements

The members of DSN are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the GSF Act, GSF Regulations and Treasurer's Directions. The members of DSN's responsibility also includes such internal control

as the members of DSN determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of DSN are responsible for assessing the DSN's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

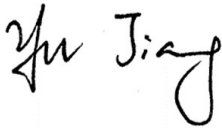
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

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



Reiky Jiang
Director, Financial Audit

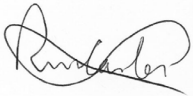
Delegate of the Auditor-General for New South Wales

27 October 2021
SYDNEY

**DAMS SAFETY NSW
STATEMENT BY ACCOUNTABLE AUTHORITY**

Pursuant to section 7.6(4) of the Government Sector Finance Act 2018 ('the Act'), I state that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the Government Sector Finance Regulation 2018 and the Treasurer's directions, and
- present fairly Dams Safety NSW's financial position, financial performance and cash flows.



Ross Carter - Chair
Dated 26 October 2021



Alex Fisher - Deputy Chair
Dated

26 October 21

Beginning of financial statements

DAMS SAFETY NSW

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$'000	2020 \$'000
Expenses excluding losses			
Personnel services	2(a)	2,701	1,950
Other operating expenses	2(b)	1680	684
Total expenses excluding losses		4,381	2,634
Revenue			
Grants and contributions	3(a)	4,379	2,660
Sale of goods and services	3(b)	(6)	27
Investment revenue	3(c)	1	4
Total revenue		4,374	2,691
Net result		(7)	57
TOTAL COMPREHENSIVE INCOME		(7)	57

The accompanying notes form part of these financial statements.

DAMS SAFETY NSW
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2021 \$'000	2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	566	569
Receivables	5	11	3
Other current assets	5	64	-
Total current assets		641	572
Non-current Assets			
Intangible assets	6	135	40
Total non-current assets		135	40
Total assets		776	612
LIABILITIES			
Current liabilities			
Payables	7	191	20
Total liabilities		191	20
Net assets		585	592
EQUITY			
Accumulated funds		585	592
Total equity		585	592

The accompanying notes form part of these financial statements.

DAMS SAFETY NSW
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Accumulated Funds \$'000	Total Equity \$'000
Balance at 1 July 2020	592	592
Net result for the year	(7)	(7)
Balance at 30 June 2021	585	585
Balance at 1 July 2019	535	535
Net result for the year	57	57
Balance as at 30th June 2020	592	592

The accompanying notes form part of these financial statements.

DAMS SAFETY NSW
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$'000	2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to suppliers		(7)	(10)
Total payments		(7)	(10)
Receipts			
Sale of goods and services		3	22
Interest received		1	4
Total receipts		4	26
NET CASH FLOWS FROM OPERATING ACTIVITIES	9	(3)	16
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Opening cash and cash equivalents		569	553
CLOSING CASH AND CASH EQUIVALENTS	4	566	569

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Reporting entity**

Dams Safety NSW was constituted on 1 November 2019, under the *Dams Safety Act 2015* to be an independent, transparent and effective regulator with the responsibility for the safety of declared dams within NSW. Schedule 2, Part 2 (3) of the Act establishes Dams Safety NSW to be a continuation of the Dams Safety Committee which was established under the *Dams Safety Act 1978*. The Dam Safety Committee ceased operation 31st October 2019.

Dams Safety NSW is a NSW government entity and is controlled by the State of New South Wales. Though Dams Safety NSW generates cash it is a not for profit entity, as profit is not its principle objective.

A Dams Safety NSW Fund (Dams Safety Fund) has been established within the entity into which is to be paid the following:

- (a) any money advanced to Dams Safety NSW by the Treasurer or appropriated by Parliament for the purposes of Dams Safety NSW,
- (b) any dams safety levy paid under section 41, the proceeds of the investment of money in the Fund,
- (d) any money required or authorised to be paid into the Fund by or under this or any other Act.

Money may be paid from the Dams Safety Fund for the following purposes:

- (a) all amounts required to meet expenditure incurred by Dams Safety NSW in exercising its functions and in the administration of this Act, and
- (b) all other payments required by or under this or any other Act to be paid from the Fund.

Dams Safety NSW may invest money in the Dam Safety Fund for the following purposes:

- (a) Dams Safety NSW is a GSF agency for the purposes of Part 6 of the Government Sector Finance Act 2018. Dams Safety NSW is permitted to invest money under that Part.

All expenditure incurred by the Dams Safety entity is to be paid from the Dams Safety Fund.

The financial statements have been authorised for issue by the Chairman of Dams Safety NSW on the date the accompanying statement by members of Dams Safety NSW was signed.

b) Basis of preparation

Dams Safety NSW's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- the requirements of the *Government Sector Finance Act 2018 (GSF Act)*; and
- the Treasurer's Directions issued under the GSF Act.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is Dams Safety NSW's presentation and functional currency.

c) Statement of compliance

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

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

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that:

- the amount of GST incurred by Dams Safety NSW as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

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

Cash flows are included in the statement of cash flows on a gross basis.

e) Services provided by Department of Planning, Industry and Environment

Dams Safety NSW does not have any employees and receives administrative, secretarial support and operational assistance from the Department of Planning, Industry and Environment (DPIE). Employee expenses are recharged to Dam Safety NSW and recorded as personnel services, refer Note 2 (a). A non-cash contribution from DPIE is recognised for the services. The Department of Planning, Industry and Environment prepare statutory financial statements free of charge to Dams Safety NSW.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**f) Comparative information**

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

Dams Safety NSW regrouped the 2019-2020 comparative details within the operating expenses, refer to note 2(b). There is no change to the total revenue, total expenses, net result and equity position of Dams Safety for the 2019-20 financial year.

g) Deemed Appropriation

Dams Safety Fund is a special deposits account established under section 40 of the *Dams Safety Act 2015* into which is paid all of the money that is expended by Dams Safety NSW in the exercise of its functions. Dams Safety NSW therefore does not have any deemed appropriations and hence no disclosure under section 4.7 of the GSF Act on movement of deemed appropriations is required.

h) Changes in accounting policies, including new or revised Australian Accounting Standards**i) Effective for the first time in 2020-21 financial year**

AASB 1059 is effective for Dams Safety NSW from 1 July 2020. The NSW Treasury Policy and Guideline Paper TPP06-8: *Accounting for Privately Financed Projects (TPP 06-8)* was also withdrawn effective from 1 July 2020.

Service Concession Arrangements are contracts between an operator and a grantor, where the operator provides public services to a service concession asset on behalf of the grantor for a specified period of time and manages at least some of those services.

Where Australian Accounting Standards Board 1059 (AASB 1059) applies, the grantor recognises the service concession asset when the grantor obtains control of the asset and measures the service concession asset at current replacement cost. At the same time the grantor recognises a corresponding financial liability or unearned revenue liability or a combination of both.

The adoption of AASB 1059 did not have any financial impact on statement of financial position, statement of comprehensive income and the statement of cash flows for the financial year.

Several other amendments and interpretations apply for the first time in the 2020-21 financial year, but do not have an impact on the financial statements of the Regulator.

ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

- *AASB 17 Insurance Contracts (effective from 1 January 2021)*
- *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (effective from 1 July 2021)*
- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (effective from 1 January 2022)*
- *AAAASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments (effective from 1 January 2022)*
- *AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts (effective from 1 January 2021)*
- *AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current (effective from 1 January 2022)*
- *AASB 2020-7 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures (effective from 1 January 2021)*
- *AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 (effective from January 2021)*

Dams Safety NSW has assessed the impact of the new standards and interpretations issued and not yet effective where relevant and consider the impact to be not material.

i) Impact of Covid-19 on 2020-21 financial statements

COVID-19 has not resulted in any material impact on Dams Safety NSW revenue and expenses. The entity is continually assessing the impact of COVID-19 on the operating performance and its financial assets and liabilities.

j) Going Concern

The financial statements have been prepared on a going concern basis. Dams Safety NSW receives financial support from the Department of Planning, Industry and Environment. At the date of this report there is no reason not to expect this financial support to continue.

2. EXPENSES EXCLUDING LOSSES

	2021 \$'000	2020 \$'000
a) Personnel services		
Committee members remuneration	176	198
Salaries and wages (including annual leave)	2,097	1,441
Superannuation	219	132
Long service leave	68	76
Payroll tax	122	92
Workers compensation insurance	19	11
	2,701	1,950

Recognition & Measurement**Personnel services**

Dams Safety NSW does not employ staff but uses the personnel services of the DPIE. The costs of salaries, wages, superannuation, annual leave, long service leave, and for sick leave are directly charged to Dam Safety NSW for hours worked. Provision for unused employee leave entitlements remain the responsibility of DPIE. Refer Note 1(e).

Committee Members fees and on-costs

Committee member fees and on-costs include fees for committee member services plus superannuation, payroll tax and departmental on costs. Committee members are not entitled to any leave provisions.

b) Other operating expenses

	2021 \$'000	2020 \$'000
Administration costs	53	22
Audit fees	16	15
Communication & IT	155	10
Consultancy fees	27	17
Contractors	1,151	539
Education & training	41	21
Low value assets	18	1
Low value and short term leases	159	12
Travelling costs	60	47
	1,680	684

Recognition and Measurement

Dams Safety NSW completed a review of classifications for other operating expenses to reflect material and current operating activities as per Note 1(f) 2020 comparative details were regrouped to match 2021 reclassifications. 'Computer expenses and Telephone' have been reclassified to 'Communication & IT', 'Fees for services' has been reclassified to 'Consultancy Fees', 'Other' has been split between 'Administrative expenses' and 'Low value assets' and 'Staff Training' and 'Training event expense' have been grouped as 'Training & Events'. 'Audit fees', 'Contractors', and 'Travelling Expenses' have remained within the same classifications.

Insurance

Dams Safety NSW's insurance activities are covered with no charge by Department of Planning, Industry and Environment's insurance premium with the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies.

Services provided by Department of Planning, Industry and Environment

The Department of Planning, Industry and Environment prepare financial statements free of charge. Refer Note 1(e).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3. REVENUES**Recognition and Measurement**

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*. Comments regarding the accounting policies for the recognition of income are discussed below.

a) Grants and contributions

	2021	2020
	\$'000	\$'000
Donations:		
Personnel services contribution - Department of Planning, Industry and Environment	2,699	1,863
Personnel services contribution - other agencies and organisations	-	84
Travel contribution - other agencies and organisations	14	10
Operating expenses contribution - Department of Planning, Industry and Environment	1,666	703
	4,379	2,660

Recognition and Measurement**Non-cash grants and contributions**

Non cash grants and contributions are generally recognised at their fair value. Contributions of services are recognised when a fair value of those services can be reliably determined and the services would be purchased if not donated. Refer to Notes 1 (e), 2(a) and note 2(b)

b) Sale of goods and services

	2021	2020
	\$'000	\$'000
Course fee revenue*	(6)	27
	(6)	27

*The debit balance in course fee revenue relates courses paid for during 2020 which have been refunded during the current year.

Recognition and Measurement**Rendering of Services**

Revenue from rendering of services is recognised when Dams Safety NSW satisfies performance obligations by transferring promised services of training courses. Dams Safety NSW satisfies its performance obligations when training courses are completed.

c) Investment revenue

	2021	2020
	\$'000	\$'000
Interest	1	4
	1	4

Recognition and Measurement**Investment Revenue**

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2021 \$'000	2020 \$'000
Cash at bank and on hand	566	569
	566	569

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

Cash and cash equivalents (per statement of financial position)	566	569
Closing cash and cash equivalents (per statement of cash flows)	566	569

Refer Note 10 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. CURRENT ASSETS - RECEIVABLES

	2021 \$'000	2020 \$'000
Trade Debtors	-	2
Net GST receivable	11	1
Prepayments	64	-
	75	3

Details regarding credit risk of trade receivables that are either past due or impaired, are disclosed in Note 10.

Recognition and Measurement**Receivables**

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

Dams Safety NSW holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

Dams Safety NSW recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that Dams Safety NSW expects to receive, discounted at the original effective interest rate.

For trade receivables, Dams Safety NSW applies a simplified approach in calculating ECLs. Dams Safety NSW recognises a loss allowance based on lifetime ECLs at each reporting date. Dams Safety NSW has established a provision matrix based on its historical credit expenses for trade receivables, adjusted for forward looking factors specific to the receivables.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

6. INTANGIBLE ASSETS

	Intangible assets \$'000
At 1 July 2020 - fair value	
Cost (gross carrying amount)	40
Accumulated amortisation and impairment	-
Net Carrying amount	40
Year ended 30 June 2021	
Net carrying amount at beginning of year	40
Additions	95
Amortisation (recognised in 'depreciation and amortisation')	-
Net carrying amount at end of year	135
At 30 June 2021	
Cost (gross carrying amount)	135
Accumulated amortisation and impairment	-
Net Carrying amount	135

Recognition and Measurement

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

Following initial recognition intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for Dams Safety NSW's intangible software assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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

The useful lives of intangible assets are assessed to be finite. Dams Safety NSW's intangible assets are amortised using the straight line method over their estimated useful lives. The rate Dams Safety NSW uses are 20% to 50%. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

7. CURRENT LIABILITIES - PAYABLES

	2021 \$'000	2020 \$'000
Creditors	12	4
Accruals	179	16
	191	20

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 10.

Recognition and Measurement

Payables represent liabilities for goods and services provided to Dams Safety NSW and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

8. EQUITY**Accumulated funds**

The category 'accumulated funds' includes all current and prior period retained funds.

9. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2021 \$'000	2020 \$'000
Net cash from operating activities	(3)	16
Non- cash revenue	4,379	2,660
Non- cash expenses	(4,377)	(2,620)
Increase / (decrease) in receivables	2	2
Decrease / (increase) in payables	(8)	(1)
Net result	(7)	57

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

10. FINANCIAL INSTRUMENTS

Dams Safety NSW's principal financial instruments are outlined below. These financial instruments arise directly from Dams Safety NSW's operations or are required to finance its operations. Dams Safety NSW does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Dams Safety NSW's main risks arising from financial instruments are outlined below, together with Dams Safety NSW's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Dams Safety NSW's Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by Dams Safety NSW, to set risk limits and controls and to monitor risks.

a) Financial instrument categories

Class:	Note	Category	Carrying Amount	
			2021 \$'000	2020 \$'000
Financial Assets				
Cash and cash equivalents	4	Amortised cost	566	569
Receivables ¹	5	Amortised cost	-	2
Financial Liabilities				
Payables ²	7	Financial liabilities measured at amortised cost	191	20

Notes

1. Receivables excludes statutory receivables and prepayments, not within scope of AASB 7.

2. Payables excludes statutory payables and unearned revenue, not within scope of AASB 7.

b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if Dams Safety NSW transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- Dams Safety NSW has transferred substantially all the risks and rewards of the asset; or
- Dams Safety NSW has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

Where Dams Safety NSW has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of Dams Safety NSW's continuing involvement in the asset.

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

c) Financial risks**i. Credit risk**

Credit risk arises when there is the possibility of Dams Safety NSW's debtors defaulting on their contractual obligations, resulting in a financial loss to Dams Safety NSW. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of Dams Safety NSW, including cash, receivables and authority deposits. No collateral is held by Dams Safety NSW. Dams Safety NSW has not granted any financial guarantees.

Credit risk associated with Dams Safety NSW's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Dams Safety NSW has no deposits held with NSW TCorp.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

10. FINANCIAL INSTRUMENTS (continued)

c) Financial risks (continued)

i. Credit risk (continued)

Receivables - trade receivables

Accounting policy for impairment of trade receivables and other financial assets under AASB 9

Collectability of trade receivable is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions and the *Dams Safety Act 2015* are followed to recover outstanding amounts, including letters of demand.

Dams Safety NSW applies the Australian Accounting Standards Board 9 (AASB 9) simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 180 days past due.

There was no allowance for expected credit losses for trade receivables as at 30 June 2021.

Dams Safety NSW is not materially exposed to concentrations of credit risk to a single receivable or group of receivables as at 30 June 2021. Dams Safety NSW had no financial assets past due or impaired as at 30 June 2021.

ii. Liquidity risk

Liquidity risk is the risk that Dams Safety NSW will be unable to meet its payment obligations when they fall due. Dams Safety NSW continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current and prior year, there were no defaults or breaches of borrowings. No assets have been pledged as collateral. Dam Safety NSW's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. There was no interest paid during the period (2020:nil).

The table below summarises the maturity profile of Dams Safety NSW's financial liabilities, together with the interest rate Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate %	Nominal Amount ¹ \$'000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non-interest bearing \$'000	< 1 year \$'000	1 to 5 years \$'000	> 5 years \$'000
2021 Payables	0%	191	-	-	191	191	-	-
2020 Payables	0%	20	-	-	20	20	-	-

Notes:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which Dams Safety NSW can be required to pay.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

10. FINANCIAL INSTRUMENTS (continued)

iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Dams Safety NSW's exposure to market risk is very limited as it has no borrowings and all its deposits are at call. Dams Safety NSW has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which Dams Safety NSW operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposure in existence at the year end. The analysis is performed on the same basis as for 2020. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through Dams Safety NSW's cash balances. A reasonably possible change of + / - 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. Dams Safety NSW's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	Profit \$'000 -1%	Equity \$'000	Profit \$'000 +1%	Equity \$'000
2021					
Financial Assets					
Cash and cash equivalents	566	(6)	(6)	6	6
Receivables	-	-	-	-	-
Financial Liabilities					
Payables	191	2	2	(2)	(2)
2020					
Financial Assets					
Cash and cash equivalents	569	(6)	(6)	6	6
Receivables	2	-	-	-	-
Financial Liabilities					
Payables	20	-	-	-	-

d) Fair value measurement

Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Dams Safety NSW is unaware of the existence of any contingent liabilities or contingent assets as at 30 June 2021 (2020: nil).

12. COMMITMENTS

Dams Safety NSW is unaware of the existence of any commitments as at balance date (2020: nil).

13. RELATED PARTY DISCLOSURE

During the year, Dams Safety NSW entered into transactions with other entities that are controlled / jointly controlled / significantly influenced by NSW Government. These transactions (incurred in the normal course of business) in aggregate are a significant portion of Dams Safety NSW's revenue and expenses. The nature of these significant transactions are detailed below:

Entity	Nature of Transaction
Department of Planning, Industry and Environment	Provision of administrative and secretarial support, personnel services, Capital grants and operational assistance

14. EVENTS AFTER REPORTING DATE

There are no events subsequent to the balance date that affect the financial information disclosed in these financial statements.

END OF FINANCIAL STATEMENTS