

Annual Report

2019-2020



Dams
Safety

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Cover image: Blowering Dam on the Tumut River, upstream of Tumut in the Snowy Mountains region of NSW, photo by Chris Salkovic, Dams Safety NSW

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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
Our Strategic Plan 2020-2021	5
What we do	6
Our history	7
Our achievements	7
Community consultation on <i>Dams Safety Regulation 2019</i>	8
Stakeholder Engagement Strategy: Transition Period	9
Stakeholder engagement activities	9
Dams Safety Regulatory Policy	10
Defining Dams for Declaration Purposes Policy	10
Mining in notification areas	10
Mining consent and lease condition applications	11
Our people	11
<i>People Matter 2019</i> NSW Public Sector Employee Survey	11
Governance	12
Our governing body	12
Dams Safety NSW members	12
Ross Carter – Chair	12
Alex Fisher – Deputy Chair	12
Eric de Rooy	12
Shane McGrath	13
Rob O’Neill	13
John Stacpoole	13
Chris Salkovic - Chief Executive Officer	13
Code of Conduct	14
Governance framework	14
Delegations assurance framework	14

Public access to government information.....	14
Access applications received in 2019-20.....	14
Our management team	15
Workforce diversity and WHS	16
Our stakeholders.....	16
Our regulatory approach	17
Transition readiness assessments (TRAs).....	17
Financial statements.....	1

Letter of submission



Dams Safety

The Hon. Melinda Pavey MP
Minister for Water, Property and Housing
52 Martin Place
SYDNEY NSW 200

Dear Minister

In accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the *Government Sector Finance Act 2018*, and the Regulations under these Acts, we are pleased to submit to you the 2019–2020 Annual Report for Dams Safety NSW for presentation to Parliament.

Dams Safety NSW's annual report outlines achievements for the 2019-20 financial year in the context of our strategic priorities and responsibilities. These achievements were made possible by the expertise and commitment of staff and we thank them for their dedication and hard work.

Following the tabling of this report in Parliament, it will be available for public access from our website: www.damsafety.nsw.gov.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ross Carter'.

Ross Carter

Chair

A handwritten signature in blue ink, appearing to read 'Chris Salkovic'.

Chris Salkovic

Chief Executive Officer

Message from the Chair


Dams Safety NSW (DSNSW) was created on 1 November 2019 with the commencement of the *Dams Safety Act 2015* (the Act) and the *Dams Safety Regulation 2019*. This represented a substantial modernisation of the way in which dam safety standards were to be regulated in NSW. It built on the widely recognised work that had been in place under the NSW Dams Safety Committee.

This NSW Government reform included putting in place contemporary governance with a Board and Chief Executive Officer, and adjusting the regulatory approach to an outcome based one that is focused on establishing a coherent set of dams safety standards to seek to ensure the safety of all declared dams in NSW.

In the seven months since the establishment of DSNSW, the Board, Chief Executive Officer and the small team have made substantial progress in putting in place the foundational work which will deliver on the important mission of DSNSW for the people of NSW. This has included publishing the Strategic Plan and policy framework of the organisation, setting priorities and initiating broad engagement with industry stakeholders on the development of guidelines, and commencing initial field operations.

Much has been achieved in the short time since DSNSW was established and, while there is much more to do, I believe that the foundations laid will deliver for NSW as we build the capability of DSNSW and empower, support and regulate dam owners in managing dams safety risks for the NSW community.

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



Ross Carter

Chair, Dams Safety NSW

Operational statistics at a glance



13

Mining consent and lease condition assessments received and processed



150

Phone interviews conducted with declared dam owners



18

Information sessions held with stakeholders



9

Key documents (policies, frameworks, strategies) produced



25

Transition Readiness Audits (preliminary audits) conducted



251

Emergency Plans received



780

Pieces of formal correspondence received and responded to



5

S.15 notices to declared dam owners issued



2

New dams declared

About Dams Safety NSW

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

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

We are governed by six members with 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

Our Strategic Plan 2020-2021

The [Strategic Plan 2020-2021](#) sets the direction for Dams Safety NSW for the transition period under the legislation, and sets out the longer-term strategic outcomes we will focus on in order to achieve our vision of safe dams for NSW.

Dams Safety NSW identified three key goals on which to focus:

1. Develop and implement a risk-based and outcome-focused dams safety regulatory regime

- Achievements:
 - First amendment to Regulation and methodologies published in March 2020.
 - 25 Transition Readiness Assessments completed by 30 June 2020.
 - 13 consent applications received and assessed within 28 days of receipt.

2. Empower dam owners to achieve responsible and transparent dams safety management

- Achievements:
 - Stakeholder Engagement Strategy approved in June 2020.
 - 90% of declared dam owners called to inform and explain the new legislative requirements.
 - Developed and consulted on five guidelines, one guideline (Mining near declared dams) was published on our website in June 2020.
 - Regulatory Policy approved and published in March 2020.

3. Build and enhance organisational and governance capability

- Achievements:
 - Commenced building capability through recruitment and training.
 - New website launched in November 2019.
 - Development of new information system in progress.
 - Governance Framework approved in March 2020.

A key element of the Strategic Plan is our aspirational measure: to work with dam owners to achieve a progressive reduction in their risk profile as soon as reasonably practicable.

At 30 June 2020 we had received quantitative risk assessments for 66 declared dams.

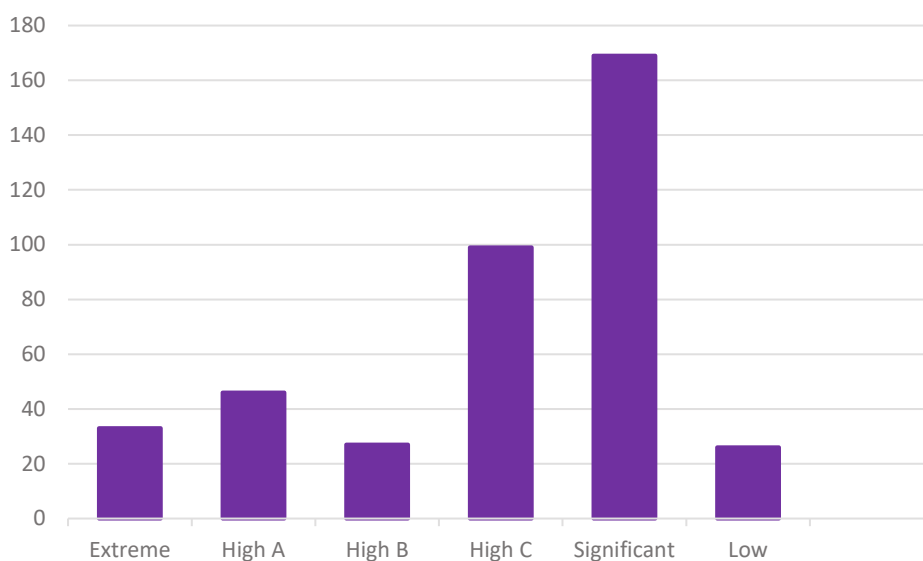
Looking to the future, Dams Safety NSW is committed to working closely with industry to see a progressive increase in the number of dams with risk assessments to ensure compliance with Sections 14 and 15 of the *Dams Safety Regulation 2019*.

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 must comply with the requirements of the *Dams Safety Act 2015* and *Dams Safety Regulation 2019*.

Dams Safety NSW regulates 400 declared dams across the State. These dams are owned by State-owned Corporations (SOCs), Government enterprises, mines and power generators, local Government councils and private owners.

Breakdown of consequence categories of declared dams



Our main role is to ensure 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 Regulation 2019*. Dams Safety NSW can enforce the regulation through a range of new 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 history

For over 40 years, the safety of NSW dams was administered under the *Dams Safety Act 1978*. In lieu of having detailed requirements set out in specific regulations, the Dams Safety Committee administered the 1978 Act by publishing guidance sheets for dam owners to follow. The 1978 Act had very limited penalty provisions.

The *Dams Safety Act 2015* replaces the 1978 Act. The 2015 Act required the *Dams Safety Regulation 2019*, to be made. This regulation sets out operational details and safety standards that declared dam owners must comply with to satisfy the provisions of the Act.

This new chapter for dam safety in NSW builds on the work of the Dam Safety Committee, which provided a strong industry environment for the new Act and regulation in which to operate.

An Interim Dams Safety Advisory Committee was tasked with preparing the necessary material to enable commencement of the 2015 Act. This included a new Regulation and new Dams Safety Standards (both commenced in November 2019) and supporting policies and guidance material.

The criteria under which dams were 'prescribed' under the 1978 Act remain unchanged under the 2015 Act; Dams Safety NSW declares dams that have a potential to endanger downstream life, or cause major damage or loss to infrastructure, the environment, or have major health or social impacts. Dam consequence categories also remain unchanged under the new regulation.

The new legislation has an emphasis on declared dam owners implementing a dam safety management system for their dam, which includes requirements to introduce a risk management framework, processes and procedures to comply with the international standard for asset management systems as per ISO 55001:2014.

A summary of these, and other changes introduced by the new legislation, can be found [here](#).

Declared dam owners have a two-year transition period (1 November 2019 – 30 October 2021) to implement most of the new regulatory requirements. However, dam owners who do not have operations and maintenance plans, or emergency plans, for their declared dams had until 1 May 2020 to establish these. During the transition period Dams Safety NSW will conduct site visits/trial audits, and inform declared dam owners about compliance with the 2015 Act and regulation and to track the progress of implementation.

Our achievements

Since its establishment on 1 November 2019, Dams Safety NSW has focussed 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.

Over a two-year transition period (from 1 November 2019 to 31 October 2021) Dams Safety NSW's goal is to improve the safety performance of declared dam owners through a range of regulatory activities including:

- inspections, audits and investigations
- collecting, reporting and disseminating data
- providing information and education to declared dam owners.

Community consultation on *Dams Safety Regulation 2019*

The commencement of the *Dams Safety Regulation 2019* in November 2019 ushered in a new era in dams safety in NSW.

The regulation lays out enforceable operational requirements associated with the *Dams Safety Act 2015*, and defines a new regulator to monitor and enforce compliance.

A 2013 review of the *Dams Safety Act 1978* found that the Act lacked associated regulations and had limited enforceable penalty provisions. This prompted the development of the *Dams Safety Act 2015*, and subsequently the draft *Dams Safety Regulation 2019*. The Regulation sets out the operational details of the new Act.

The NSW Government publicly exhibited the proposed Regulation across the state from 6 June to 5 July 2019. Communities and industry stakeholders had the opportunity to voice their feedback during face-to-face and phone consultations, before making written submissions.

Summary of engagement

In June-July 2019 the Department of Planning, Industry and Environment set up a Dams Safety Reform team to manage the implementation of the Regulation, and facilitate community and stakeholder engagement.

The team prepared a suite of material to inform the public consultation. Fact sheets, change summaries, answers to frequently asked questions and other information were published on the department's website (damsafety.nsw.gov.au/reform).

Five community consultations sessions were held throughout NSW, with locations selected based on anticipated interest from the local community on dam safety issues. Sessions were held at Albury, Tamworth, Maitland, Penrith and Orange. Letters were sent to all prescribed dam owners explaining the changes within the proposed legislation, including their proposed new responsibilities.

The letters directed dam owners to the website, and alerted them to upcoming industry phone consultation sessions so they could learn more about, and provide feedback on, the proposed changes. The Dams Safety NSW website formed the hub for all stakeholder engagement.

It included information on the location and time of all consultation sessions, and provided information on how to make a submission on the proposed regulatory changes. The team created a dedicated reform email address to allow the community and stakeholders to directly ask questions or clarify information on the website.

The team asked 75 councils across the state and the Water Directorate to post on their websites details of the community and industry consultations and the dam safety website address. Public notices were placed in local papers advertising the community consultations events. In addition, Floodplain Management Australia (FMA), a leading network of flood professionals in Australia, promoted the dams safety public exhibition period on their website. FMA's members include over 140 councils, catchment management authorities, businesses, and professionals involved in all aspects of urban and rural floodplain risk management. Subject matter experts from the Dams Safety Reform team were on hand at community and industry consultations to provide answers to questions from attendees. Attendees could also email and/or send in a submission via the website.

Stakeholder Engagement Strategy: Transition Period

The Dams Safety NSW Stakeholder Engagement Strategy: Transition Period was approved by Dams Safety NSW members on 23 June 2020. The purpose of the strategy is to outline the activities that will ensure effective and genuine engagement with declared dam owners, other stakeholders and the broader community, to achieve better public policy outcomes, improved service delivery and enhanced regulatory outcomes. The Strategy is supported by a Communications Plan.

The strategy covers the two-year transition period (1 November 2019 – 30 October 2021) that declared dam owners have to meet their new legislative requirements. Lessons from this period will contribute to Dam Safety NSW communications after the transition period.

The Stakeholder Engagement Strategy (and the associated Communications Plan) seeks to ensure that:

- declared dam owners are empowered to achieve responsible and transparent dam management under the new legislation
- industry organisations are aware of the new legislative requirements
- Dams Safety NSW continues an active dialogue with industry, communities and stakeholders to ensure they have a common understanding of the changes, and their responsibilities.

In response to COVID-19, Dams Safety NSW replaced face-to-face stakeholder engagement activities with phone calls to dam owner representatives.

Stakeholder engagement activities

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

- The new Dams Safety NSW website was launched on 1 November 2019 to provide stakeholders with information on the new legislation and the changes to declared dam owners' responsibilities.
- Dams Safety NSW sought community feedback about the legislative changes at five face-to-face consultation sessions held in Maitland, Tamworth, Penrith, Orange and Albury during June 2019. These locations were chosen because high and extreme risk dams were located in each, along with a diverse range of stakeholders.
- Dams Safety NSW also sought feedback from industry about the legislative changes during four video conference sessions held in June 2019. A total of 50 stakeholders attended these workshops/information sessions.
- Dams Safety NSW sought public comment on five draft guidelines and two methodologies. The Mining near declared dams guideline was published on our website in June 2020.
- The CEO and two staff members attended the ANCOLD Conference, Auckland, New Zealand (9-11 October 2019), Water Directorate meetings (13 November 2019 and 20 March 2020), the NSW Resources Regulator Conference (December 2019), WSAA Dam Owners Group (13 November 2019), Disaster Management Conference, Melbourne (21-22 November 2019) and the Annual Mining Safety Seminar (3 December 2019)
- The CEO attended the National Dams Safety Regulators Reference group to discuss strategic policy and industry and regulatory direction.
- Our Operations Team members called 169 declared dam owners to verify contact details, seeking their understanding of the new legislation and their knowledge of the new agency, Dams Safety NSW.

- Following the phone calls, declared dam owners were surveyed to seek their feedback on their first interaction with Dams Safety NSW.
 - 88% of declared dam owners found the phone call useful
 - 9% of declared dam owners learnt something new about their responsibilities
 - Overall, declared dam owners rated their first interaction with Dams Safety NSW's as a 4.6 rating out of 5.
- Our Operations Team members provided guidance and assistance to declared dam owners who are building capacity to comply with the new legislation
- Launched the first issue of *Dams Safety Focus*, Dams Safety NSW's new e-newsletter providing safety information to stakeholders, in June 2020.

Dams Safety Regulatory Policy

The [Regulatory Policy](#), published in March 2020, sets out how Dams Safety NSW will administer the legislation, educate dam owners on how to comply with new requirements, and monitor dams safety risks during the transition period.

The policy adopts an outcomes-focused and risk-based regulatory approach that aligns with the requirements of the NSW Quality Regulatory Services Initiative. It will be reviewed at least annually and will be replaced with a regulatory policy addressing administration of the full legislative requirements at the end of the transition period (November 2021).

Defining Dams for Declaration Purposes Policy

This [document](#) was published in May 2020 to define the types of structures that Dams Safety NSW will consider to be dams for the purposes of declaration under the *Dams Safety Act 2015* (the Act).

The criteria in the regulation are based on the consequence of dam failure (whether a dam failure endangers life, the environment, or the community).

The Act and regulation do not define what structures are taken to be a dam for the purposes of declaration. This led to questions from (potential) dam owners about whether their structure would be considered by Dams Safety NSW to be a dam for the purposes of the Act and requests for clarity on what structures are dams for declaration purposes.

This policy establishes criteria for evaluating types of structures and determines whether each of the structures should be considered a dam for the purposes of the Act.

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.

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 its 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.

People Matter 2019 NSW Public Sector Employee Survey

The *People Matter 2019* 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 2019 100% of Dams Safety 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 75% as compared with 68% for the broader Department.

High scores were achieved in the areas of Engagement with work, Diversity & Inclusion and Flexible working satisfaction.

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: 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 monthly, or more frequently as required.

Dams Safety NSW members



Ross Carter – Chair

Mr Carter is a regulatory expert with over 30 years' experience in the design and implementation of policy and regulation. He has extensive experience leading the development and maturation of regulatory capability and capacity including risk identification, treatment and control; compliance and enforcement strategy and reporting; field-based operations; and emergency response.

Mr Carter is a Commissioner with the NSW Independent Planning Commission and is the Inspector-General of Live Animal Exports with the Australian Government.



Alex Fisher – Deputy Chair

Ms Fisher is an experienced organisational leader, senior executive and director with over 25 years of 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

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 also has experience in project management; financial management; quality management systems; people and culture and industrial relations for engineers (Institute of Administration).



Shane McGrath

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

Mr O'Neill has extensive water engineering expertise and has an in-depth understanding of the NSW water management and infrastructure framework, having been in this sector for 28 years.

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



John Stacpoole

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 2019-20

In 2019-20, Dams Safety NSW members met eight times. All members attended each meeting.

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 2019-20 financial year in November 2019.

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.

Public access to government information

Members of the public, the media, business and other organisations have the right to access government information under the *Government Information (Public Access) Act 2009* (GIPA Act), unless releasing this information is against the public interest. This includes information that is not usually available to the public.

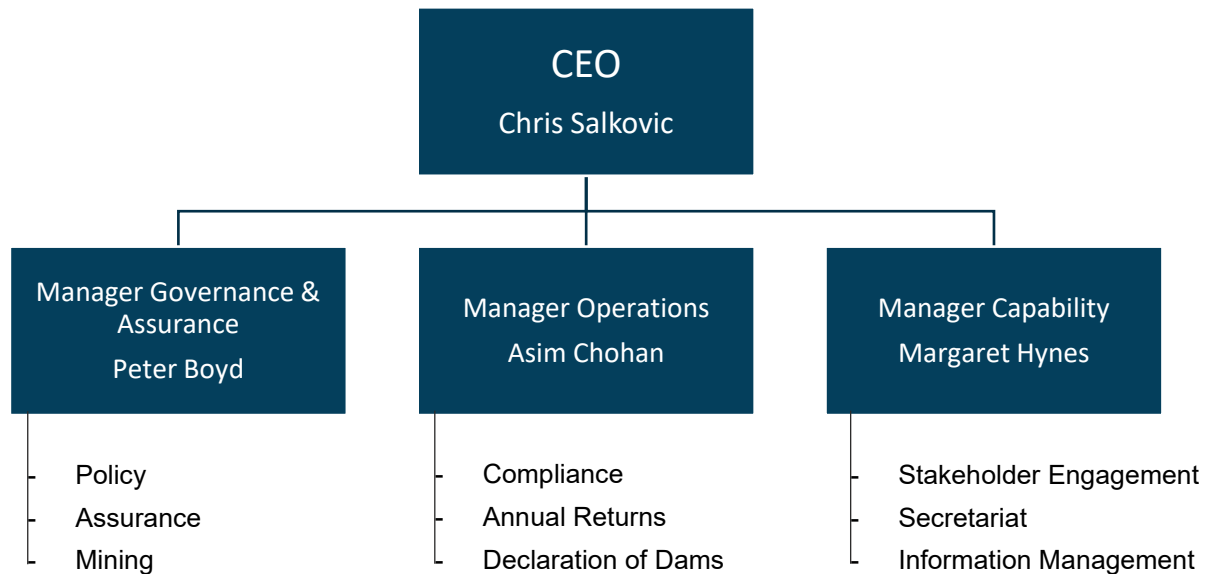
Under sections 7(3) and 125 of the GIPA Act and clauses 8(a) and (b) of the Government Information (Public Access) Regulation 2018, Dams Safety NSW has annual reporting obligations relating to:

- the review of its proactive release of information to the public
- its response to formal applications for access to information.

Access applications received in 2019-20

This year Dams Safety NSW received one application for access to information.

Our management team



Dams Safety NSW staff by category

Staff (as at)	30 June 2019		1 Nov 2019		30 June 2020	
Permanent full-time	4	2	4	2	8	3
Permanent part-time						
Temporary full-time	2	2	2	3	1	2
Temporary part-time	1		1			
Totals	7	4	8	5	9	5

Senior Executive staff full time equivalent (FTE)

	2017-2018		2018-2019		2019-2020	
SES						
Band 1	1		1		1	

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. The regulator's staff were also covered under the Work, Health and Safety policies and procedures issued by the DPIE.

The regulator has three staff representing 20% of the workforce having a non-English speaking background.

Overseas visits

Name	Purpose of travel (summary)	Dates
Chris Salkovic, CEO	Attendance at ANCOLD conference, Auckland, New Zealand	9-12 October 2019
Peter Boyd, Manager Governance & Assurance	Attendance at ANCOLD conference, Auckland, New Zealand	9-12 October 2019
Norm Himsley Member DSC	Attendance at ANCOLD conference, Auckland, New Zealand	9-12 October 2019

Our stakeholders

Dams Safety NSW's primary stakeholders are owners of declared dams in NSW.

The introduction of the *Dams Safety Act 2015* placed new legislative requirements on declared dam owners. The *Dams Safety Regulation 2019* introduced a performance-based approach to regulation that requires demonstration of compliance, which is a significant shift in approach from the previous legislative regime. For some dam owners, this poses little change to the way they manage their assets, but for others it poses a significant challenge for compliance.

The impacts to public safety, environmental and economic assets in the event of a dam incident or failure can be catastrophic. Therefore, transitioning dam owners to the new regulatory framework, and ensuring they can demonstrate compliance with the new requirements, are of critical importance to the whole community.

There are varying levels of capability maturity, organisational sophistication, level of pre-existing compliance and willingness to transition within the declared dam owner community. Recognising this variance in our stakeholders is key to engaging with them in a targeted and meaningful way and supporting the entire cohort through a timely and coordinated transition.

Our regulatory approach

Dams Safety NSW is committed to improving declared dam owners' safety and risk management capability so that dam safety risks are appropriately managed for the NSW community.

The new *Dams Safety Act 2015* and *Dams Safety Regulation 2019* provide the framework to achieve this and compliance with the legislation is important to achieving the outcome. Improving the compliance culture of declared dam owners is an important step in achieving compliance. To help declared dam owners, Dams Safety NSW publishes information to clarify legislative requirements and to assist dam owners improve their dam safety practices, for example guidelines and fact sheets.

Our approach to compliance is to:

- encourage declared dam owners to voluntarily comply with the legislation and policies that govern dam safety activities
- support, monitor and, where necessary, enforce the requirements so that dam owners ensure the safety of their dams
- educate and provide guidance to dam owners and the community about the legislation and compliance with it

Transition readiness assessments (TRAs)

Dams Safety NSW undertook 25 preliminary audits (Transition Readiness Assessments – TRAs) of declared dam owners to increase awareness of new legislative requirements, provide guidance to achieve compliance and to determine if declared dam owners are appropriately managing dam safety risks.

Planning for these TRAs used a risk-based approach to prioritise higher consequence declared dams and those dams that are assessed as having a higher societal risk.

Below is an overview of data collected during the Transition to Readiness Assessments as of 30 June 2020:

- 71 % of dam owners were aware of the continued need to undertake visual inspections and on-going monitoring.
 - Of those dam owners assessed, only 1 with Extreme/High rating (Snowy Monaro Regional Council) was unaware of this requirement.
- 78 % of dam owners had knowledge about the annual review of their emergency plan to update contact details.
- 71 % of dam owners had good knowledge about reporting incidents.
- Of those dam owners assessed, all with Extreme/High rating were aware of this requirement.
- 48 % of dam owners have an understanding about the requirement for a Safety Management System as per new legislation
- 88 % were aware of the requirements to have in place an O&M plan.

Targeted guidance and engagement activities aimed at building declared dam owners' capacity to comply with the legislation and reduce their risk profile as soon as practicable has commenced.

TRAs will continue into 2020-2021 with other declared dam owners.

Using a risk-based regulatory approach ensures that:

- Dams Safety NSW resources are focused where the risk and consequence of non-compliance are greatest and where the likelihood of non-compliance is highest.
- Dams Safety NSW's resources are deployed to the greatest effect.
- Available regulatory tools are applied based on the required outcomes.
- Flexible and innovative responses are promoted to reduce non-compliance risks.
- Proportionate action is taken where non-compliance is detected.
- Compliance burden is reduced by tailoring regulatory intervention to match the assessed risks.

2019-2020 Operational statistics

Operational activity	2019-2020
Declared dams	400
Dams declared	2
Declarations revoked	1
Declared dams with risks above the safety threshold	16
Site visits/inspections completed	1
Section 15 Notices issued	5
Incidents reported	1
Transition Readiness Assessments / preliminary audits completed	25
New work audits completed	1
Mining consent and lease condition applications received and reviewed	13
Emergency Plans received from declared dam owners	251
Prosecutions	NIL
Directions issued	NIL
Emergency orders issued	NIL

Financial statements

Contents

Independent Auditor's Report	21
Statement by Members of Dams Safety NSW.....	24
Audited Financial Statements.....	25
Notes to and forming part of the Financial Statements for the year ended 30 June 2020.....	31

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020



INDEPENDENT AUDITOR'S REPORT

Dams Safety NSW

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Dams Safety NSW (DSN), which comprises the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, 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:

- give a true and fair view of the financial position of DSN as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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 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.

Other Information

DSN's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The members of DSN are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by Members of Dams Safety NSW.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Members of Dams Safety NSW'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 PF&A Act, and for 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 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 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 it may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, appearing to read 'Min Lee', with a stylized, cursive script.

Min Lee
Director, Financial Audit


Delegate of the Auditor-General for New South Wales

17 November 2020
SYDNEY

DAMS SAFETY NSW
STATEMENT BY MEMBERS OF DAMS SAFETY NSW

Pursuant to Section 41C (1B) and (1C) of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the members of the Dams Safety NSW, we declare on behalf of Dams Safety NSW that, in our opinion:

- (a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the *Public Finance and Audit Act 1983* (the Act), the applicable clauses of the *Public Finance and Audit Regulation 2015*, and the Treasurer's directions issued under the Act;
- (b) the accompanying financial statements exhibit a true and fair view of the financial position as at 30 June 2020 and the financial performance of Dams Safety NSW for the year ended 30 June 2020;
- (c) at the date of signing we are not aware of any circumstances that would render the financial statements misleading or inaccurate.



Ross Carter - Chair
Dated 16/11/20



Alex Fisher - Deputy Chair
Dated 16/11/20

Beginning of audited financial statements

DAMS SAFETY NSW

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$000	2019 \$000
Expenses excluding losses			
Personnel services	2(a)	1,950	1,470
Other operating expenses	2(b)	684	283
Total expenses excluding losses		2,634	1,753
Revenue			
Grants and contributions	3(a)	2,660	1,629
Sale of goods and services	3(b)	27	206
Investment revenue	3(c)	4	5
Total revenue		2,691	1,840
Net result		57	87
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		57	87

The accompanying notes form part of these financial statements.

DAMS SAFETY NSW
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2020 \$000	2019 \$000
ASSETS			
Current assets			
Cash and cash equivalents	4	569	553
Receivables	5	3	1
Total current assets		572	554
Non-Current Assets			
Intangible assets	6	40	-
Total Non-Current Assets		40	-
Total assets		612	554
LIABILITIES			
Current liabilities			
Payables	7	20	19
Total liabilities		20	19
Net assets		592	535
EQUITY			
Accumulated funds		592	535
Total equity		592	535

The accompanying notes form part of these financial statements.

DAMS SAFETY NSW
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Accumulated Funds \$000	Total Equity \$000
Balance at 1 July 2019	535	535
Net result for the year	57	57
Balance at 30 June 2020	592	592
Balance at 1 July 2018	448	448
Net result for the year	87	87
Balance at 30 June 2019	535	535

The accompanying notes form part of these financial statements.

DAMS SAFETY NSW
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$000	2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to suppliers		(10)	(295)
Total payments		(10)	(295)
Receipts			
Sale of goods and services		22	328
Interest received		4	5
Grants and contributions		-	175
Total receipts		26	508
NET CASH FLOWS FROM OPERATING ACTIVITIES	9	16	213
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Opening cash and cash equivalents		553	340
CLOSING CASH AND CASH EQUIVALENTS	4	569	553

The accompanying notes form part of these financial statements.

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* and ceased operation 31 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, as profit is not its principle objective.

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 *Public Finance and Audit Act 1983* (the Act) and *Public Finance and Audit Regulation 2015*; and
- the Treasurer's Directions issued under the 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) 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.

(f) Services provided by Department of Planning, Industry and Environment

The Department of Planning, Industry and Environment provide preparation of financial statements and accommodation free of charge. Dams Safety NSW does not have any employees and receives administrative, secretarial support and operational assistance from the Department of Planning, Industry and Environment for personnel and operational expenses and a non-cash contribution is recognised for these services provided.

(g) Changes in accounting policies, including new or revised AAS

i) Effective for the first time in 2019-20 financial year

The Dams Safety NSW applied AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities*, and AASB 16 *Leases* for the first time.

The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations also applied for the first time in the financial year 2019-20, but do not have an impact on the financial statements of Dams Safety NSW.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(g) Changes in accounting policies, including new or revised AAS (continued)****AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which Dams Safety NSW expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

In accordance with the transition provisions in AASB 15, Dams Safety NSW has adopted AASB 15 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, i.e. 1 July 2019. Dams Safety NSW has used the transitional practical expedient permitted by the standard to reflect the aggregate effect of all of the modifications that occur before 1 July 2019 when:

- identifying the satisfied and unsatisfied performance obligations
- determining the transaction price
- allocating the transaction price to the satisfied and unsatisfied performance obligations

The adoption of AASB 15 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.

AASB 1058 Income of Not-For-Profit Entities (AASB 1058)

AASB 1058 replaces most of the existing requirements in AASB 1004 *Contributions*. The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of a contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

AASB 1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and volunteer services. AASB 1058 adopts a residual approach, meaning that entities first apply other applicable Australian Accounting Standards (e.g. AASB 1004, AASB 15, AASB 16, AASB 9, AASB 137) to a transaction before recognising income.

Not-for-profit entities need to determine whether a transaction is/contains a donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15).

AASB 1058 requires recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:

- when the obligations under the transfer is satisfied, for transfers to enable an entity to acquire or construct a recognisable non financial asset that will be controlled by Dams Safety NSW.
- immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, Dams Safety NSW has adopted the AASB 1058 retrospectively with the cumulative effect of initially applying the standard at the date of initial application, i.e. 1 July 2019. Dams Safety NSW has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable Dams Safety NSW to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(g) Changes in accounting policies, including new or revised AAS (continued)****AASB 16 Leases (AASB 16)**

AASB 16 supersedes AASB 117 *Leases*, and, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessee accounting

AASB 16 requires an entity to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the entity recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right-of-use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

The Dams Safety NSW has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

Dams Safety NSW elected to use the practical expedient to expense lease payments for lease contracts that at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at \$10,000 or under when new (low-value assets).

The adoption of AASB 16 did not have an impact statement of financial position, statement of comprehensive income or statement of cash flows for the financial year.

ii) Issued but not effective

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

The following new Australian Accounting Standards have been issued but are not yet effective.

- AASB 1059 *Service Concession Arrangements - Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- AASB 2019-7 *Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations*

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.

(h) Going Concern

The financial statements have been prepared on a going concern basis. Covid-19 has not resulted in any material impact on Dams Safety NSW revenue and expenses. 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. The NSW Government has announced that the 2020-21 NSW budget will be delayed from June 2020 until late this year. The delayed 2020-21 NSW budget will not have any impact on Department of Planning, Industry and Environment's ability to draw down on the consolidated fund arising from the Treasurer authorising expenses under Section 4.10 of the GSF Act. In particular, the temporary measures introduced for Covid-19.

2. EXPENSES EXCLUDING LOSSES

	2020	2019
	\$000	\$000
a) Personnel services		
Committee members remuneration - Department of Planning, Industry & Environment - sitting fees	114	42
Committee members remuneration - Department of Planning, Industry & Environment - other	-	36
Committee members remuneration - other agencies and organisations	84	148
Salaries and wages (including annual leave)	1,441	1,079
Superannuation	132	64
Long service leave	76	32
Payroll tax	92	64
Workers compensation insurance	11	5
	1,950	1,470

Refer to note 1 (f) for details regarding recognition and measurement.

b) Other operating expenses

	2020	2019
	\$000	\$000
Auditor's remuneration	15	15
Computer expenses	3	5
Contractors	539	40
Fees for services	17	10
Other	34	95
Motor vehicle	2	3
Printing	2	1
Rent	-	15
Staff training	3	31
Storage	1	1
Telephone	4	2
Training event expenses	17	29
Travel	47	36
	684	283

Recognition and Measurement**Maintenance**

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

Insurance

Dams Safety NSW's insurance activities are covered by Department of Planning, Industry and Environment's insurance premium with the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. REVENUES**Recognition and Measurement**

Until 30 June 2019, income is recognised in accordance with AASB 111 *Construction Contracts*, AASB 118 *Revenue* and AASB 1004 *Contributions*.

From 1 July 2019, 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

	2020	2019
	\$000	\$000
Non-cash contributions:		
Personnel services contribution - Department of Planning, Industry and Environment	1,863	1,322
Personnel services contribution - other agencies and organisations	84	148
Travel contribution - other agencies and organisations	10	15
Operating expenses contribution - Department of Planning, Industry and Environment	703	144
	2,660	1,629

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.

b) Sales of goods and services

	2020	2019
	\$000	\$000
Course fee revenue	27	206
	27	206

Recognition and Measurement**Rendering of Services**

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

c) Investment revenue

	2020	2019
	\$000	\$000
Interest	4	5
	4	5

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).

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2020	2019
	\$000	\$000
Cash at bank and on hand	569	553
	569	553

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)	569	553
Closing cash and cash equivalents (per statement of cash flows)	569	553

Refer Note 9 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. CURRENT ASSETS - RECEIVABLES

	2020 \$000	2019 \$000
Sale of goods and services	2	-
Net GST receivable	1	1
	<u>3</u>	<u>1</u>

Details regarding credit risk of trade receivables that are either past due or impaired, are disclosed in Note 9.

**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.

6. INTANGIBLE ASSETS

	Intangible assets \$000
At 1 July 2019 - fair value	
Gross carrying amount	-
Accumulated depreciation	-
Net carrying amount	<u>-</u>
At 30 June 2020 - fair value	
Gross carrying amount	40
Accumulated depreciation	-
Net carrying amount	<u>40</u>
Year ended 30 June 2020	
Net carrying amount at beginning of year	-
Additions	40
Net carrying amount at the end of the year	<u>40</u>

Recognition and Measurement

Dams Safety NSW recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market for Dams Safety NSW's intangible assets, the assets are carried at cost less any accumulated losses. The useful lives of intangible assets are assessed to be finite and amortised using the straight-line method.

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 2020

7. CURRENT LIABILITIES - PAYABLES

	2020	2019
	\$000	\$000
Creditors	4	3
Accruals	16	16
	20	19

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 the entity 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 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

	2020	2019
	\$000	\$000
Net cash from operating activities	16	213
Increase / (decrease) in receivables	2	(139)
Decrease / (increase) in payables	(1)	13
Net result	17	87

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 Dams Safety NSW's 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	
			2020 \$'000	2019 \$'000
Financial Assets				
Cash and cash equivalents	4	Amortised cost	569	553
Receivables ¹	5	Amortised cost	2	-
Financial Liabilities				
Payables ²	7	Financial liabilities measured at amortised cost	20	19

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

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.

10. FINANCIAL INSTRUMENTS (continued)**c) Financial risks (continued)****i. Credit risk (continued)****Receivables - trade debtors**

Accounting policy for impairment of trade debtors 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 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 debtors 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 2020.

Dams Safety NSW is not materially exposed to concentrations of credit risk to a single debtor or group of debtors as at 30 June 2020. Dams Safety NSW had no financial assets past due or impaired as at 30 June 2020.

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 year (2019: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
2020 Payables	0%	20	-	-	20	20	-	-
2019 Payables	0%	19	-	-	19	19	-	-

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 2020

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 2019. 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
2020					
Financial Assets					
Cash and cash equivalents	569	(6)	(6)	6	6
Receivables	2	-	-	-	-
Financial Liabilities					
Payables	20	-	-	-	-
2019					
Financial Assets					
Cash and cash equivalents	553	(6)	(6)	6	6
Financial Liabilities					
Payables	19	-	-	-	-

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 balance date (2019: Nil).

12. RELATED PARTY DISCLOSURE

During the year, Dams Safety NSW expensed \$113,607 (2019: \$77,846) in respect of the key management personnel services that are provided by a separate management entity, Department of Planning, Industry and Environment. These are all reported in the financial statements as non-cash grants received (refer to Note 3).

During the year, Dams Safety NSW did not enter into transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

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

Entity	Nature of Transaction
Department of Planning, Industry and Environment	Provision of administrative, secretarial support and operational assistance
Natural Resources Access Regulator	Provision of administrative, secretarial support and operational assistance
Water NSW	Provides training services
TAFE Commission	Provides training services

13. 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 AUDITED FINANCIAL STATEMENTS