Annual Report 2012

Shaping our future.

Summary
Our area of operations

(Legislated local government areas)
About 12,700 sq km

Area of Operations – Abt 12,700 sq km
Water Delivery System – Abt 3,200 sq km
Wastewater Catchment System – Abt 2,000 sq km
Stormwater Catchment System – Abt 300 sq km

Source/Graphics: SWC, Asset Data & Information
Who are we?

We are Australia’s largest water utility, providing drinking water, wastewater services, recycled water and some stormwater services to over 4.6 million people in Sydney, the Illawarra and the Blue Mountains.

We are a statutory state owned corporation, constituted under the State Owned Corporations Act 1989, and operate under the Sydney Water Act 1994.

We realise we must focus on ensuring value in the short term, yet continue to have our eye on the future. This means we must have solutions to deal with the issues that face our customers.

During 2011–12, we developed a new vision and mission. Our vision is to provide valued water solutions. We will do this through our mission to put customers front of mind and contribute to liveable cities.

We have set ourselves a very challenging goal that by 2016 we will continue to improve customer satisfaction and work towards keeping price increases below inflation.

While this is an ambitious goal, we have three strategic priorities to help us achieve it:

• customer focus
• business excellence
• forward thinking.

We are working to give customers products and services that they value and to better understand their needs so we can build these into our decisions and provide value for money.

We will achieve excellence in how we do business by consistently improving our operations and processes.

We are also planning for the future. Better decision-making and investment will help us be more resilient and address critical future challenges such as climate change, population growth and economic uncertainty.

We will also continue to meet our objectives of protecting public health and the environment and being a successful business while putting safety first.

Figure 1 – Our corporate strategic direction 2012–16
Chairman and Managing Director’s review

This year has been a year of change for Sydney Water. We’ve come a long way with a new vision, a clear strategic direction and a corporate structure to support us in moving forward.

While there are some things that we do well, like providing high quality drinking water and wastewater services to our customers, we recognise there are other areas where we need to improve. The future requires us to operate more efficiently and in a way that provides value for our customers.

Our new structure gives us much clearer roles and accountabilities, a greater focus on strategy and service delivery, and removes much of the duplication that has crept into the business.

Now that we have these important foundations in place, we will continue to evolve our customer culture, listen to our customers and build what they have to say into our decision-making.

Focusing on our customers

This financial year, we continued to connect with and respond to customers in an honest and transparent way.

Our new Twitter and Facebook pages allow the community to discuss a range of issues related to water, public health and sustainability. They also give customers information on services, worldwide sustainability initiatives, and media-related news and updates.

Through social media, we launched our tap™ program, which aims to promote our drinking water as the most sustainable choice.

To improve our service, we successfully trialled changes to our out of hours service for fixing non-critical leaks and breaks. We also enhanced our range of assistance options and payment arrangements for customers facing financial difficulties. Moving forward we will continue to work with these customers and community service agencies.

We know that customers want more than just standard services. We are diversifying so we can give customers products and services that they value and address growing expectations around value for money.

Striving for business excellence

In December each year, the Independent Pricing and Regulatory Tribunal (IPART) releases a report on the quality of our drinking water for the previous financial year. In its 2011 report, IPART commended us for our excellence in water quality in 2010–11 and gave us a high compliance rating for our drinking water quality.

We know the community supports competition in water as a way of delivering infrastructure and improving productivity. This will bring greater innovation for the water industry, which is a win for customers.

With private sector entrants already applying to become retailers and/or network operators, we expect we will no longer be the sole water utility in some parts of Sydney.

In a competitive market, we will measure customer satisfaction by those who choose us as their water provider. Focusing on customers and getting ready for increased competition is a priority.

We also refinanced Sydney Desalination Plant Pty Limited to lower our debt, maximise the proceeds for the Government and create additional capacity for investment in other priorities.

In June 2012, IPART announced that our price increases for the next four years are less than the rate of inflation. It also determined significant changes to how we charge for some services.

We welcomed changes that mean fairer and more transparent pricing for customers. We worked with IPART, consumer groups and business customers to help get the best outcome.
IPART asked us to find $173 million in business efficiencies across the organisation. We accept this challenge and will drive these efficiencies to ensure we continue to deliver quality services.

Our vision of ‘valued water solutions’ means that we are aiming to keep price increases low while also improving customer satisfaction with our solutions to their problems, issues and ideas.

Achieving business excellence means we need a capable, safe and committed workforce.

During 2011–12, we rolled out our leadership framework to supervisor-level staff after launching it to managers in 2010–11. The program ensures managers and supervisors are capable and accountable.

To enable better communication and collaboration between staff, we launched an internal social media tool called Yammer. Staff embraced having more open dialogue and two-way communication, especially with leaders.

Unfortunately, our lost time injury rates for staff and contractors increased. This is unacceptable and we need to do more with a belief that all accidents are preventable. We are focusing on improving behaviours across the organisation. We are also looking to other industries and pursuing best practices in safety.

Looking forward

Climate change, population growth and economic uncertainty mean we must plan and look ahead.

Sydney’s population is set to grow by 1.3 million by 2031. Over the next financial year, we will spend more than $455 million on renewing Sydney Water’s infrastructure and expanding into the South West and North West growth centres.

In addition, we will receive $40 million from the NSW Government’s Housing Acceleration Fund (HAF) to build infrastructure for about 8,000 properties by 2015 in the North West Growth Centre and the Illawarra.

We will ensure that we are flexible and able to adapt to the rate and pace of growth while investing in new infrastructure that customers value.

We are also working collaboratively with the private sector and others to add value to their planned developments while still ensuring there is water available for population growth, to protect rivers and respond to droughts.

Our customers expect us to be a leader in improving the sustainability and liveability of the cities we service.

This year, we continued to improve our understanding of climate change impacts on critical services like water, electricity and telecommunications services. We also continued to look for ways to improve our energy efficiency and have a positive effect on the environment.

Finally, we wish to acknowledge the efforts of Sydney Water staff, Executive and the Board, who have worked hard to ensure a smooth transition to our new structure. This has been a significant change for Sydney Water and we have seen some good improvements. We are in good shape to move forward as a more modern and agile organisation and deliver valued water solutions for our customers.

Kevin Young  Dr Thomas G Parry
Managing Director  Chairman
Our services

12,700 square kilometres covered in area of operations

4.6 million people with water services

4.5 million people with wastewater services

69,440 people with recycled water services

442 kilometres of stormwater channels managed as well as some flood prone areas
Below is a summary of the water, wastewater, recycled water and stormwater services we provided during the financial year.

• Area of operations – Sydney, the Illawarra and the Blue Mountains.

• About 1,300 million litres of drinking water a day supplied.
• Over 1.8 million homes and businesses with a water service.
• The desalination plant supplied 13% of drinking water.

• 1,600 million litres of wastewater a day collected and treated.
• 1.76 million properties have a wastewater service.
• 100% of captured biosolids used in agriculture and composting.
• 90% of captured grit screenings reused.

• 125 million litres of wastewater a day recycled.
• Recycled water distributed via a network of about 539 km of recycled water mains.

• 525,564 properties with stormwater drainage available.
• We work with councils and other agencies to manage stormwater where possible. Most stormwater channels are the direct responsibility of local councils.
What have our highlights been?

Focusing on our customers

Customers rated their drinking water 8.4 out of 10.

• Customers view the overall quality of our service positively, rating us 7.5 out of 10.

• Customers rated the quality of the water that comes out of their taps 8.4 out of 10. We have continued to improve this rating since 2008.

• Customers use an average of 297 litres of water a person a day. This is an excellent result and is less than our Operating Licence target of 329 litres a person a day.

• We launched our tap™ campaign to promote the benefits of tap water.

• We enhanced our range of assistance options and payment arrangements to help customers in financial hardship.

• We re-established the Community Consultation Committee for North Head Wastewater Treatment Plant to improve communications with the local community.

Striving for business excellence

We renewed or rehabilitated 63 km of water pipes and 48 km of wastewater pipes and spent less money than budgeted.

• IPART commended us for our excellence in water quality during 2010–11, and we received a high compliance rating for our drinking water for that period. (The report for this financial year will be released around December.)

• We spent $659 million on capital works projects which allow us to renew and upgrade our existing assets, deliver Government programs and support urban growth.

• We renewed or rehabilitated 63 km of water pipes and 48 km of wastewater pipes. This was more kilometres than planned, but we spent less money than budgeted.

• We reviewed our structure, and identified improvements and efficiencies. Our new structure will help us achieve our vision, and address customer needs and challenges facing the water industry.

• We refinanced Sydney Desalination Plant Pty Limited (SDP) to maximise the proceeds for the Government and create additional capacity for investment in other priorities.

• We worked with councils and other agencies to manage Sydney’s stormwater. This included delivering a $3.1 million project with Randwick City Council to divert stormwater from Malabar Beach.

• We implemented our Women in Leadership Corporate Talent Program to increase the number of women in more complex roles. Twenty-three per cent of participants were promoted following the launch of the program.
Looking forward

We developed new and more efficient tests for water quality, saving time and money.

- We invested $8.1 million in 62 research and development projects. Some of these projects include national and international research partnerships.
- We partnered with the Water Services Association of Australia (WSAA) and Climate Risk Pty Ltd to develop a tool to analyse direct and indirect climate change risks.
- We developed a model to forecast the impact of increased wastewater and stormwater flows to the Hawkesbury-Nepean River due to growth and to better inform our wastewater planning.
- We invested in a range of energy efficiency projects that will save us $350,000 a year. This included improving our use of lighting and how we pump water and wastewater.
- We reduced our emissions from electricity and fuel by 24% from our 2010–11 levels. Our current emissions are 60% lower than in 1993–94.

Areas to improve

- We received a number of customer complaints about the frequency of water supply disruptions in Bayview and Church Point. The area also experienced three water main breaks. We have now improved the reliability of the water supply to the area.
- Our lost time injury rates for staff and contractors increased. We are focusing on improving behaviours across the organisation and pursuing best practices in safety.
- During heavy rainfall in March 2012, part of an emergency relief structure on the North Georges River Submain failed. Discharges containing a low amount of water and high amount of wastewater entered the nearby wetland and Lime Kiln Bay. We fixed the problem immediately and are improving our processes and emergency relief structures.
- We faced significant concern from the community when we submitted an application to the Department of Planning and Infrastructure to raise the levels of nutrients we release from Brooklyn Wastewater Treatment Plant. We made the application to try and reduce costs for customers, as the high amount of chemicals we need to meet our licence requirements was greatly reducing the life of some of the equipment at the plant. We listened to these concerns, found an alternative solution and withdrew our application. Instead, we will install extra filters, to meet our licence limits while still reducing the amount of chemicals we use.
- The Office of Environment and Heritage fined us because we did not provide up to date information to our contractor about Coastal Saltmarsh around our stormwater assets. We are improving environmental outcomes by mapping the area of the Coastal Saltmarsh around our assets and working with City of Sydney Council to protect and rehabilitate the damaged saltmarsh.
Balanced Sustainability Scorecard

We communicate our social, economic and environmental performance to our customers and stakeholders through our Balanced Sustainability Scorecard. The scorecard is an annual snapshot of our performance, reflecting our corporate strategic themes – customer focus, business excellence and forward thinking.

We assess progress against our sustainability indicators each year and reflect this in the summary statements and ratings in the scorecard. Detailed performance data and commentary on our sustainability indicators are available in the full 2012 Annual Report at www.sydneywater.com.au/AnnualReport.

▲ Expectations met or exceeded
Indicators show a positive long-term trend towards the goal.

● Areas to improve
Mixed results, positive trends for some indicators and negative trends for others towards the goal.

■ Action required
Indicators show a negative long-term trend towards the goal.

– Not applicable
Performance area not reported.

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<td><strong>Customer focus</strong></td>
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<tr>
<td>• <strong>Customer satisfaction</strong>: Customers have a positive view of the overall quality of service we deliver. We aim to resolve customer enquiries and complaints quickly, efficiently and to the customer’s satisfaction.</td>
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<td>• <strong>Customer satisfaction with water</strong>: Customer satisfaction with Sydney’s drinking water quality has continually improved since 2008.</td>
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<td>• <strong>Social assistance</strong>: Sydney Water continued to support customers experiencing difficulties by providing flexible payment arrangements.</td>
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<td>• <strong>Reuse and recycling</strong>: Sydney Water saved over 13 billion litres of drinking water by recycling to help secure water supply for greater Sydney and the environment.</td>
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<td>• <strong>Water leakage</strong>: Over the past eight years, leakage has fallen by about 73 million litres a day due to our comprehensive leak prevention and repair program.</td>
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<td>• <strong>Water conservation</strong>: Water conservation initiatives saved more than 44 billion litres of water in 2011–12. We are continuing to develop cost-effective, tailored water efficiency programs that meet individual customers’ needs.</td>
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<td>• <strong>Water drawn</strong>: Customers have continued the water saving behaviours adopted during drought restrictions, maintaining the low level of total water use.</td>
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<td>• <strong>Service quality and system performance</strong>: High levels of water and wastewater system performance continued and licence targets were met.</td>
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<tr>
<td><strong>Business excellence</strong></td>
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<tr>
<td>• <strong>Infrastructure management</strong>: We ensure that our infrastructure is reliable and essential services are available through ongoing investment in renewal, rehabilitation and maintenance programs.</td>
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<td>• <strong>Profitability</strong>: Profit was above target due to the refinancing of the Sydney Desalination Plant, higher capital contributions and lower core operating costs.</td>
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<td>• <strong>Debt servicing</strong>: We decreased our debt due to the refinancing of the Sydney Desalination Plant.</td>
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<td>• <strong>Return on assets and equity</strong>: Return on assets and equity increased, although still low by commercial standards, reflecting our position as a regulated utility.</td>
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<td>• <strong>Safety</strong>: Sydney Water’s goal is to achieve zero injuries to staff, contractors and visitors. To achieve this we are focusing on behavioural change and the continued application of safety procedures.</td>
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2011–12 Performance summary | Progress rating
---|---|---|---|---
Key behaviours: We did not conduct our yearly staff survey in this reporting period. Survey results for the previous reporting period showed that we met our target for the key behaviours of honesty, teamwork, achievement driven and personal responsibility. | 2008–09 | 2009–10 | 2010–11 | 2011–12

Staff engagement: We did not conduct our yearly staff survey in this reporting period. Previous survey results indicate that the drivers of staff effort and retention were improving. | 2008–09 | 2009–10 | 2010–11 | 2011–12

Capability: We continued to roll out our leadership framework and competency program to help improve staff skills and knowledge. Staff-initiated turnover for those with five years of service or less is below industry benchmarks, and our entry level programs continued to have high applicant numbers. | ▲ | ▲ | ▲ | ▲

Work-life balance: We did not conduct our yearly staff survey in this reporting period. Previous survey results showed that staff feel they are able to achieve work-life balance and that managers are supportive of this. | 2008–09 | 2009–10 | 2010–11 | 2011–12

Wastewater treatment system discharges: We continued to meet treated wastewater load discharge licence requirements to help protect the local environment and public health. | ▲ | ▲ | ▲ | ▲

Trade waste agreements: We managed trade waste consents to meet wastewater discharge limits and ensure biosolids meet required standards. | ▲ | ▲ | ▲ | ▲

Water quality: Drinking water supplied to customers continued to show a high level of compliance with NSW Health and *Australian Drinking Water Guidelines 2004* requirements. | ▲ | ▲ | ▲ | ▲

Breaches of statutory instruments: One tier 3 penalty notice was issued under the *Protection of the Environment Operations Act 1997* to a Sydney Water biosolids contractor. Minimal environmental harm occurred from the incident and controls have been implemented. | ● | ▲ | ● | ●

Forward thinking

Environmental footprint: We reduced our full supply chain carbon footprint by about 14% and our ecological footprint by about 15% compared to last year. | — | — | ▲ | ▲

Energy use: We achieved our target to reduce greenhouse gas emissions by 60% against the 1993–94 baseline. | ▲ | ▲ | ▲ | ▲

Environmental performance monitoring: Long-term monitoring results show that water quality and ecosystem health of inland and coastal waterways are being maintained. | ▲ | ▲ | ▲ | ▲

Flora and fauna: A temporary net loss of native vegetation occurred this year as several major capital works projects began in remnant bushland areas. We revegetate disturbed land, resulting in a net cumulative gain of 21.5 hectares over the last six years. | ▲ | ▲ | ▲ | ▲

By-products: We continued to meet our target of 100% beneficial use of biosolids. | ▲ | ▲ | ▲ | ▲

Waste reduction: We maintained a steady waste recycling rate of 72%. | ● | ▲ | ▲ | ▲
Financial highlights

Note: All figures below are based on a comprehensive management view of Sydney Water and include the net proceeds from the refinancing of SDP, and are presented on a consistent basis with prior years.

Figure 2 – Total income 2011–12

Total income for 2011–12 was $2.7 billion, $364 million higher than in 2010–11. This was due to the net proceeds we received from the refinancing of SDP ($254 million), higher non-regulated income (mostly developer contributions) and higher prices determined by IPART.

Figure 3 – Operating expenditure 2011–12

Total operating expenditure for 2011–12 was $1.2 billion, $85 million higher than in 2010–11. This was due to higher water purchase and one-off labour costs.

Figure 4 – Total asset investment 2011–12

Asset investment included:

- replacement or rehabilitation of water and wastewater pipelines
- renewals at water and wastewater treatment plants
- programs to provide for growth in existing areas and the North West and South West of Sydney.
Profit after tax for 2011–12 was $367 million, $93 million higher than in 2010–11. This was due to higher income (mostly from SDP refinancing and developer contributions), partially offset by higher operating expenses.

The capital investment program in 2011–12 included continued major investment in core water and wastewater assets for reliability and growth. Total capital expenditure over the past two years focused on core investment, such as renewals and to provide for growth. In previous years, we focused on major projects such as the desalination plant and major wastewater recycling projects.

Debt and gearing (debt/debt plus equity) declined in 2011–12 compared to 2010–11. This was due to the repayment of debt with the funds generated from the refinancing of SDP.
Table 1 – Summary profit and loss 2011–12 (continuing and discontinued operations)

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<tr>
<td>Total income</td>
<td>2,671</td>
<td>2,307</td>
<td>2,187</td>
<td>1,958</td>
<td>1,766</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>1,204</td>
<td>1,120</td>
<td>1,076</td>
<td>1,027</td>
<td>975</td>
</tr>
<tr>
<td>Earnings before interest, tax, depreciation and amortisation</td>
<td>1,467</td>
<td>1,187</td>
<td>1,111</td>
<td>931</td>
<td>791</td>
</tr>
<tr>
<td>Depreciation, amortisation and impairments</td>
<td>298</td>
<td>274</td>
<td>182</td>
<td>238</td>
<td>193</td>
</tr>
<tr>
<td>Interest expense</td>
<td>557</td>
<td>473</td>
<td>291</td>
<td>235</td>
<td>210</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td><strong>612</strong></td>
<td><strong>440</strong></td>
<td><strong>638</strong></td>
<td><strong>458</strong></td>
<td><strong>388</strong></td>
</tr>
<tr>
<td>Taxation expense</td>
<td>245</td>
<td>166</td>
<td>192</td>
<td>207</td>
<td>109</td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td><strong>367</strong></td>
<td><strong>274</strong></td>
<td><strong>446</strong></td>
<td><strong>251</strong></td>
<td><strong>279</strong></td>
</tr>
<tr>
<td>Dividend payable</td>
<td>242</td>
<td>230</td>
<td>232</td>
<td>205</td>
<td>190</td>
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</tbody>
</table>

Earnings before interest, tax, depreciation and amortisation were $1.467 billion, $280 million higher than in 2010–11. This is a result of the higher income (as above), partially offset by higher expenses compared to 2010–11.

Depreciation, amortisation and impairments were $298 million, $24 million higher than in 2010–11. This was due to higher depreciation reflecting the completion of major capital works projects in previous years.

Interest expense was $557 million, $84 million higher than in 2010–11, mostly due to the one-off financing costs associated with the SDP refinancing, plus the higher Government guarantee fee. Although Sydney Water made significant debt repayments with the proceeds from refinancing SDP, this occurred late in the year.

Tax expense for the year was $245 million, $79 million higher than in 2010–11. This was largely due to the additional income tax expense payable on the net proceeds of refinancing SDP and also a one-off tax expense adjustment related to the non-deductibility of certain expenses for the Macarthur Water Filtration Plant lease.

Table 2 – Summary balance sheet

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<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>13,450</td>
<td>14,488</td>
<td>13,475</td>
<td>12,316</td>
<td>12,355</td>
</tr>
<tr>
<td>Other assets</td>
<td>567</td>
<td>582</td>
<td>481</td>
<td>398</td>
<td>318</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>14,017</strong></td>
<td><strong>15,070</strong></td>
<td><strong>13,956</strong></td>
<td><strong>12,714</strong></td>
<td><strong>12,673</strong></td>
</tr>
<tr>
<td>Total debt</td>
<td>5,412</td>
<td>7,114</td>
<td>6,505</td>
<td>5,558</td>
<td>4,218</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>2,673</td>
<td>2,043</td>
<td>1,884</td>
<td>1,775</td>
<td>1,714</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>8,085</strong></td>
<td><strong>9,157</strong></td>
<td><strong>8,389</strong></td>
<td><strong>7,333</strong></td>
<td><strong>5,932</strong></td>
</tr>
<tr>
<td>Net assets/equity</td>
<td>5,932</td>
<td>5,913</td>
<td>5,567</td>
<td>5,381</td>
<td>6,741</td>
</tr>
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</table>

Our total assets were valued at $14.0 billion, $1.1 billion lower than in 2010–11. The reason for the reduction is the refinancing of SDP, partially offset by capital expenditure on renewing existing assets and adding new assets.

Our total liabilities were $8.1 billion, $1.1 billion lower than in 2010–11 due to the repayment of debt with the funds received from the refinancing of SDP. Total debt outstanding at the end of the year decreased to $5.4 billion.
Table 3 – Summary cash flow

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<td><strong>Sources</strong></td>
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<tr>
<td>Receipts from operations</td>
<td>2,231</td>
<td>2,152</td>
<td>2,093</td>
<td>1,891</td>
<td>1,618</td>
</tr>
<tr>
<td>Grants, interest, CSO and other operational receipts</td>
<td>182</td>
<td>151</td>
<td>155</td>
<td>138</td>
<td>119</td>
</tr>
<tr>
<td>Borrowings</td>
<td>610</td>
<td>720</td>
<td>957</td>
<td>1,336</td>
<td>1,100</td>
</tr>
<tr>
<td>Other receipts</td>
<td>2,222</td>
<td>62</td>
<td>63</td>
<td>21</td>
<td>270</td>
</tr>
<tr>
<td><strong>Total sources</strong></td>
<td><strong>5,245</strong></td>
<td><strong>3,085</strong></td>
<td><strong>3,268</strong></td>
<td><strong>3,386</strong></td>
<td><strong>3,107</strong></td>
</tr>
<tr>
<td><strong>Uses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational expense payments</td>
<td>1,328</td>
<td>1,232</td>
<td>1,251</td>
<td>1,244</td>
<td>1,172</td>
</tr>
<tr>
<td>Capital expenditure payments</td>
<td>666</td>
<td>650</td>
<td>1,196</td>
<td>1,567</td>
<td>1,234</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>230</td>
<td>232</td>
<td>205</td>
<td>190</td>
<td>140</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>92</td>
<td>131</td>
<td>88</td>
<td>71</td>
<td>105</td>
</tr>
<tr>
<td>Interest paid</td>
<td>557</td>
<td>493</td>
<td>410</td>
<td>285</td>
<td>258</td>
</tr>
<tr>
<td>Borrowing reduction and other payments</td>
<td>2,413</td>
<td>343</td>
<td>79</td>
<td>51</td>
<td>191</td>
</tr>
<tr>
<td><strong>Total uses</strong></td>
<td><strong>5,286</strong></td>
<td><strong>3,081</strong></td>
<td><strong>3,227</strong></td>
<td><strong>3,408</strong></td>
<td><strong>3,101</strong></td>
</tr>
<tr>
<td><strong>Increase (decrease) in cash</strong></td>
<td><strong>(41)</strong></td>
<td><strong>4</strong></td>
<td><strong>41</strong></td>
<td><strong>(22)</strong></td>
<td><strong>6</strong></td>
</tr>
</tbody>
</table>

**Note:** Interest paid includes the Government guarantee fee and capital expenditure payments include payments for intangibles.

Cash receipts from operations in 2011–12 were $5.2 billion, $2.1 billion higher than in 2010–11. The main reason for the increase was $2.2 billion we received from the refinancing of SDP during 2011–12.

Cash used for operational purposes in 2011–12 was $5.3 billion, $2.2 billion higher than in 2010–11. This was because of the funds we received from refinancing SDP that we used to repay borrowings. Operational expenses were higher compared to 2010–11, due to higher labour-related costs associated with reforms, costs associated with the refinancing of SDP and general cost increases.

We used a total of $666 million to fund the asset investment program. Interest paid increased by $64 million, due to higher borrowings to fund capital expenditure and an increase in the Government guarantee fee.

The dividend we paid to the NSW Government of $230 million was in line with the amount agreed in the Statement of Corporate Intent (SCI).
Awards in 2011–12

• Won National Australian Teleservices Association Awards for:
  – Contact Centre of the Year
  – Contact Centre Manager of the Year
  – Team Leader of the Year.
• Won an International Water Association Project Innovation Award with Sinclair Knight Mertz for our critical water mains strategy.
• Won an Australian Water Association National Water Award for our safety performance while rehabilitating the Bondi Ocean Outfall Sewer.
• Received two awards at the 2011 Annual Australian Service Excellence Awards including:
  – an award in the NSW/ACT State and Federal Government category
  – a high commendation in the National State and Federal Government category.
• Won the Most Optimised Contact Centre Award at Workforce Optimisation week for our workforce planning processes.
• Won a Bronze Award at the Australasian Reporting Awards for our 2010–11 Annual Report.
• Highly Commended award from National Trust Australia (NSW) for our $3.5 million conservation program of our heritage-listed buildings and assets.
• Highly Commended at the NSW Stormwater Excellence Awards for the Cup and Saucer Creek Wetland.