



Natural Resources Commission

# Annual Report 2021-2022



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## **Acknowledgement of Country**

The Natural Resources Commission acknowledges and pays respect to traditional owners and Aboriginal peoples. The Commission recognises and acknowledges that traditional owners have a deep cultural, social, environmental, spiritual and economic connection to their lands and waters. We value and respect their knowledge in natural resource management and the contributions of many generations, including Elders, to this understanding and connection.

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Cover page image: (1) Post-fire growth in a forest (2) Lake Pinaroo in Sturt National Park. All images are by the Commission, unless otherwise credited

# Letter of transmittal

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Ref: D22/1942

October 2022

The Hon. Anthony Roberts, MP  
Minister for Planning and Minister for Homes  
52 Martin Place  
Sydney NSW 2000

Dear Minister

## **Letter of transmittal – Natural Resources Commission – Annual Report 2021-2022**

It is my pleasure to forward to you for presentation to the NSW Parliament the Annual Report of the Natural Resources Commission for the year ended 30 June 2022.

The Annual Report has been prepared in accordance with the provisions of the *Annual Reports (Statutory Bodies) Act 1984* and the *Government Sector Finance Act 2018*.

Yours sincerely

Professor Hugh Durrant-Whyte  
**Commissioner**

# Commissioner's message

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Independent oversight, accountability and evidence are touchstones of the Natural Resources Commission. Delivering these values through our work was more critical than ever in 2021-22, as NSW faced another challenging year, with the health and resilience of our people, communities, and natural resources at the forefront of decision making.

We continued to provide strong, trusted science, evidence and guidance to the NSW Government and wider community to improve the management of our rivers and forests. This included collaborating extensively with leading thinkers and practitioners in academia, government, and industry, convening six expert panels and technical working groups and working with more than 100 scientists from over 60 different institutions.

Our forest team helped the NSW Government finalise the four Codes of Practice for private native forestry, working closely with Local Land Services, the NSW Environment Protection Authority (EPA) and the Department of Planning and Environment (DPE). The result was a simplified set of Codes that provide certainty for landholders, as well as improved protections for koalas and other

threatened species. Following this, the NSW Government has tasked us with overseeing further improvements to threatened species protections, mapping of high value koala habitat and the design and implementation of the monitoring program.

Unfortunately, funding for our cross-tenure Forest Monitoring and Improvement Program ceased in June 2022. This is a significant setback for the informed management of our national parks, state forests, Crown land, Aboriginal land, and private native forests. Our ground-breaking work in partnership with agencies and universities has provided the first comprehensive baseline data and developed a proposed monitoring program for our forests, including baselines and trends of forest extent, biodiversity, water, soil, and carbon. This data is critical to managing the many threats our forests face from climate change, wildfires, drought, and pests, which don't stop at a fence line, and we will continue to advocate for the continuation of this program. On a positive note, there is continued funding for monitoring for Coastal IFOA (Integrated Forestry Operations Approval) forests until June 2023 and private native forestry until June 2024.

We have worked hard to ensure the data collected to date is openly shared via the SEED and TERN portals – to be easily accessed and analysed by many, not just those who collected the data. This is critical to generate new knowledge and inform management, and I encourage all scientists in government and the broader research community to fully embrace open data principles as standard.

Away from forests, our water team remained very busy, completing six water sharing plan reviews

and two water management plan audits. The major recurring issue in these reviews and audits is the lack of sustainable, numeric long term annual average extraction limits based on real data and the ecological needs of our riverine ecosystems. Without these, we cannot know how sustainable our use of rivers is. Outside of this, I note that the DPE – Water continues to advance its reform program, including implementing many of our recommendations.

Some of the other individual highlights included:

- overseeing new research on the impacts of forestry on koalas
- co-hosting a symposium on forest dieback with the Australian National University and the Environmental Trust
- preparing the first ever Regional Forest Agreement monitoring plan
- initiating an Aboriginal led, whole-of-Country cultural values assessment
- undertaking a risk-based review of 2019-20 wildfire impacts on Coastal IFOA objectives.

In the coming year, we will continue to provide independent oversight of water management and productive forestry, as well as undertaking other evaluations and audits as required.

I would like to extend my deep appreciation for the support and wise counsel of my Assistant Commissioners, Susan Madden and Peter Cochrane. I also congratulate my team for another highly productive and successful year despite the various challenges thrown our way. Your shared sense of purpose, dedication and intellectual integrity is inspiring.

Professor Hugh Durrant-Whyte  
**Commissioner**

# About the Commission

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## Purpose

Managing our natural resources well benefits all of NSW and ensures healthy and robust communities, environments and industries – now and into the future.

Managing finite resources is challenging, with complex and ever-evolving issues.

The Natural Resources Commission is an independent body that provides robust, evidence-based advice to help the NSW Government address these issues using the latest science, research and best practice.

## Strategic priorities

To achieve our purpose, we have the following strategic priorities:

- improved evidence base for decisions on forest management
- oversight of water planning and implementation
- audit and other evaluations
- corporate services and management excellence.

## Values

We embrace the NSW public sector core values – trust, accountability, integrity and service. These values help us remain fair, ethical and transparent.

## What we do

We have specific legislative functions relating to improving management of water, soil, native vegetation and biodiversity including:

- advising on strategic or investment priorities
- undertaking audits and reviews
- advising on program design
- undertaking significant inquiries and assessments, for instance, into forestry or emergency management
- reviewing the triple bottom line outcomes achieved by water sharing plans
- auditing implementation of water management plans
- assisting in the reconciliation of particularly complex issues
- conducting audits of Local Land Services' state and local strategic plans
- recommending state-wide standards and targets
- advising on priorities for research and arranging for information to be gathered and disseminated.

## How we work

To provide independent, evidence-based advice in a contested environment, we use a comprehensive process that includes:

- engaging in transparent collaborative approaches, consulting widely with all stakeholders using a 'no surprises' approach
- accessing the best available knowledge, including the use of expert panels
- retaining the highest quality people
- encouraging continuous improvement and thought leadership.

## Decision-making structure

The Commissioner is responsible for making decisions related to governing the Commission and providing advice to the NSW Government.

The Commissioner is appointed by the Governor of NSW for up to five years, and is responsible to the Minister for Planning and Minister for Homes for exercising functions under the *Natural Resources Commission Act 2003*.

Assistant Commissioners are appointed to support the Commissioner.

The Executive Director is responsible for the day-to-day leadership of our programs, administration, and financial affairs.

## Commissioners and Assistant Commissioners

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### **Commissioner**

Professor Hugh Durrant-Whyte  
HonFIEAus, FIEEE, FAA,  
FREng, FRS

Hugh is an internationally recognised scientist and a world authority on artificial intelligence and robotics.

He is also the current NSW Chief Scientist & Engineer. Before this, he was the Chief Scientific Advisor, United Kingdom Ministry of Defence.

Hugh is a Fellow of the Royal Society of London, the Royal Academy of Engineering, the Australian Academy of Sciences and recipient of numerous awards including the MA Sargent Medal and NSW Scientist of the Year.

He has been Chair of the NSW Government's Innovation and Productivity Council and head of National IT Australia.



### **Assistant Commissioner**

Mr Peter Cochrane  
BSc, MPP, FAICD

Peter is also a Commissioner of the Independent Planning Commission of NSW since 2017.

He chairs the Sydney Institute of Marine Science, the Australian Tropical Herbarium Board, and the National Environmental Science Program's Marine Biodiversity Hub Steering Committee (2016-2021).

Peter has been a Council Member of the International Union for Conservation of Nature since 2016. He was formerly Director of National Parks, CEO of Parks Australia, a member of the Commonwealth Environmental Water Holder Review Panel, and Co-chaired the Commonwealth Marine Reserves Review that re-examined the science and zoning for 40 marine reserves.



### **Assistant Commissioner**

Ms Susan Madden  
B.Ag Eco (Hons) University  
medal

Susan has over 20 years' experience in agriculture and natural resources management.

She has been on the board of the Murray-Darling Basin Authority since 2016. Susan is also Chair of the Central West Local Land Services and was first appointed in 2017. She is a Technical Director – Natural Resources and Agriculture with GHD Pty Ltd.

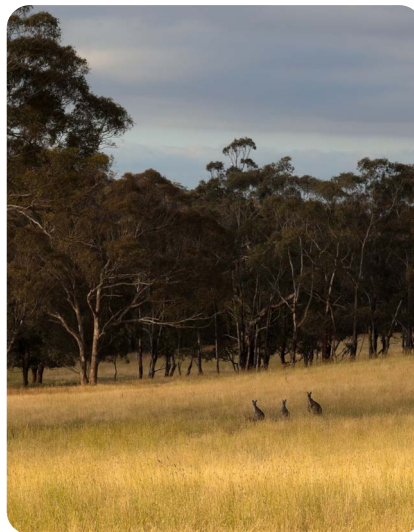
Prior to this, Susan was the Executive Officer, Macquarie River Food and Fiber, and a representative on the NSW and National Irrigators' Councils for six years. She has a strong interest in farming – living and working on a family cattle stud near Dubbo.

# 2021-2022 Highlights

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## Improved evidence base for decisions on forest management

- Independently overseeing and advising on a state-wide monitoring, evaluation and improvement program to support the strategic management of forests in NSW. This significantly improved the information base available to sustainably manage forests, finding that overall forest extent has increased while climate change and fire represent the most significant threat to biodiversity. The program funding ceased in June 2022.
- Independently overseeing a program to monitor the effectiveness of the Coastal IFOA. This established authoritative landscape-scale environmental and wood supply baselines and trends, and assessed forest recovery following the 2019-20 wildfires.
- Provided an independent research report to the NSW Government on the response of koalas to selective harvesting following the 2019-20 wildfires.
- Provided advice to the NSW Government that supported the delivery of a set of new Private Native Forestry (PNF) Codes to protect the environment, provide robust koala protections, provide consistency and certainty for private landholders and meet NSW Government policy commitments.
- Independently overseeing the development of a PNF monitoring, evaluation and reporting framework to ensure the PNF Codes effectively and actively manage the productive and environmental values of NSW's private forest estate.



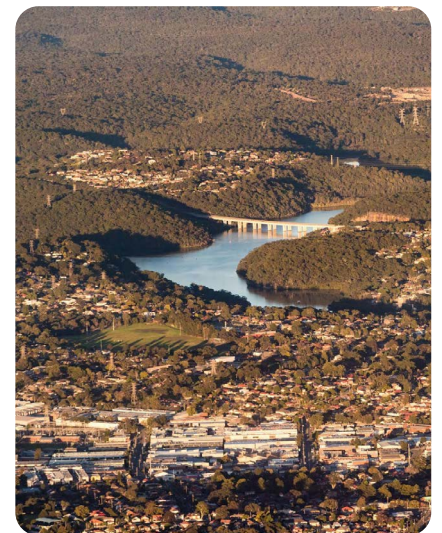
## Oversight of water planning and implementation

- Provided review reports to the NSW Government for six water sharing plans recommending all plans be extended for two years to allow time for data collection and analysis necessary to make recommended improvements.
- Delivered audit reports to the NSW Government for two floodplain management plans and commenced audits of two floodplain management plans and six water sharing plans.

## Audit and other evaluations

- Overseeing the NSW Government's \$1.2 million investment in research to tackle the causes of forest dieback by guiding research priorities, and synthesising and disseminating the research findings.
- Provided an evaluation report for the Environmental Trust's \$2.5 million Murrah Flora Reserves project, which aims to protect koala population and Aboriginal cultural heritage sites.

- Provided an evaluation report for the Environmental Trust's \$8 million Community Bush Regeneration program to regenerate degraded areas, and improve the health of important ecosystems, ecological connectivity, and the capacity of local community groups.
- Evaluated the NSW National Parks and Wildfires Services' cross-tenure Feral Deer Management Project to develop new cost-effective, humane and coordinated control techniques for feral deer.
- Commenced evaluation of the Environmental Trust's \$4.8 million Grow Sustainable Nature Based Tourism project to assess project effectiveness.
- Commenced an evaluation of the Environmental Trust's Linear Reserves Program to provide independent analysis, oversight and advice on program performance.





## Independently overseeing the Forest Monitoring and Improvement Program

In 2019, the NSW Government established the Forest Monitoring and Improvement Program (the program) to support ecologically sustainable management of all NSW forests, responding to community demand for relevant and reliable information on the health of forest ecosystems and the community values they support.

The then Premier asked the Commission to independently oversee the program in collaboration with NSW agencies, universities, private sector scientists, industry and the community.

The program delivers information and analysis to support the strategic management of forests on both public and private land.

This ensures the NSW Government has necessary evidence to support its commitments for ecological sustainable forest management, and to build community understanding and trust that it is meeting those obligations.

The program funding ceased in June 2022.

## Progress

An independent evaluation found the program has significantly improved the information base available in NSW to sustainably manage forests.

The program has commissioned more than a dozen projects that have collated, analysed and reported on different forest values, trends and management practices.

Large amounts of previously difficult to access historical data have been collated and integrated to establish baselines for a range of forest values.

Climate change and fire represent the most significant threat to biodiversity based on the largest and most significant study of its type in the history of NSW forest management.

Annual water flows have decreased in forested catchments in coastal NSW over the last 35 years, particularly in south coast forests, with 10 to 20 percent flow decreases relative to long-term averages in one third of coastal forest catchments.

Nearly half of the inland catchments showed similar results, with water flows decreasing by around 10 to 25 percent relative to mean annual flows in nearly half of the catchments analysed.

The information generated by the program has provided new knowledge about how to best manage NSW forests for our communities, industries, flora and fauna, and established a foundation for future monitoring and evaluation.

But large data gaps remain. This will continue to compromise our understanding of forest health and values unless there is a coordinated long-term monitoring and research program.







For example, there are few large-scale, long-term monitoring programs to establish reliable trends in species occupancy from field data alone. In the last decade, less than 50 soil carbon measurements have been collected by government across all NSW Regional Forest Agreement regions. Reliable results for water quality in forested catchments could not be determined due to poor data coverage.

The program commissioned several highly successful Aboriginal-led assessments of cultural values, providing good practice examples of how these assessments should be done (see Case study 1).

The program provided NSW's first comprehensive data on changes to forest extent (see Case study 2), as well as facilitated future thinking on a range of potential scenarios for NSW forests.

### Case study 1: Aboriginal cultural assessments

The program commissioned Firesticks Alliance Indigenous Corporation – an Indigenous-led network – to coordinate a process to assess Aboriginal cultural values and renewal in forests in fire-affected areas. This role supported the Coffs Harbour, Tamworth and Brungle-Tumut Local Aboriginal Land Councils and Banbai Rangers to lead on-ground values and renewal assessments in their respective regions.

The assessments found many cultural values were destroyed or are at higher risk due to the impact of the 2019-2020 wildfires. Aboriginal people are concerned that cultural sites will be deregistered or devalued where tangible cultural values are damaged or lost. More broadly, there are significant knowledge gaps around Aboriginal cultural values both pre- and post-fire. The program has facilitated new and stronger partnerships between Aboriginal people, NSW public land management agencies and private landholders.

This project has been recognised as an outstanding example of Indigenous-led research and engagement providing solutions, shared understanding and pathways for genuine partnerships.

Image: Aboriginal cultural assessment (Courtesy Banbai Rangers)





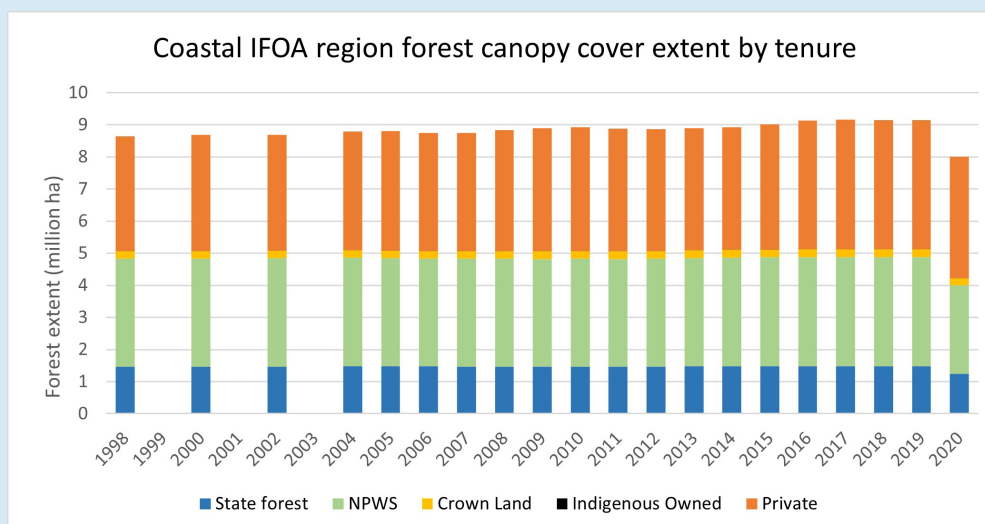
## Case study 2: Forest extent and condition

Spatial Vision and the Department of Primary Industries (DPI) Forest Science Unit led a consortium including RMIT University, University of New England, PF Olsen, UNSW Sydney, Forestry Corporation of NSW (FCNSW) and DPE to deliver baselines, drivers and trends for forest extent and condition across all tenures in NSW, including areas with historical forestry operations.

The work found that overall forest extent increased across NSW between 1998 and 2018 by nearly 1.3 million hectares (7.1 percent), most of which occurred on private land while forested extent on public land remained largely stable with minor increases.

However, the 2019-20 fires caused a significant reduction in forest canopy cover, disproportionately affecting national parks and state forests compared with forests on private land, particularly in coastal areas of NSW. After the fires, forest canopy decreased compared with 2018 values by just under 130,000 hectares across state forests and just under 440,000 hectares across national parks, with likely flow-on effects on forest condition.

Overall, forest extent was around 5 percent (just over 102,000 hectares) lower on state forests and 6.7 percent (just under 360,000 hectares) lower on national parks post-fire, compared with the 1998 baseline. In contrast, forest canopy extent increased on private land in this period by 14 percent (just under 965,000 hectares) with no loss of forest canopy extent observed following the 2019-20 wildfires.



## Next steps

- Focus on monitoring in production forests under existing and new mandates that require monitoring and evaluation for the Coastal IFOA and the PNF Codes.



## Independently overseeing a program to monitor the effectiveness of Coastal IFOA

The Coastal IFOA sets out rules for native timber harvesting in NSW coastal state forests and establishes environmental outcomes that must be achieved under the approval.

The Coastal IFOA tasks the Commission to independently oversee a scientifically robust program to monitor the effectiveness of the approval.

We have established a cross-agency steering committee, including FCNSW, the EPA and independent experts to help design and implement the program.

The EPA and the DPI approved the Coastal IFOA Monitoring Program in March 2020.

The program generates data and information to support evidence-based decision making for forestry in NSW coastal state forests.

As forests recover from the 2019-20 wildfires, it is important that systematic evidence about the health of production forests, future risks and the effectiveness of management actions continues to be gathered to inform decisions about managing state forests.

Science based plans are directing actions to monitor and analyse forest health, biodiversity, water quality, aquatic habitat, and wood supply.

Funding for the program is scheduled to cease in June 2023.

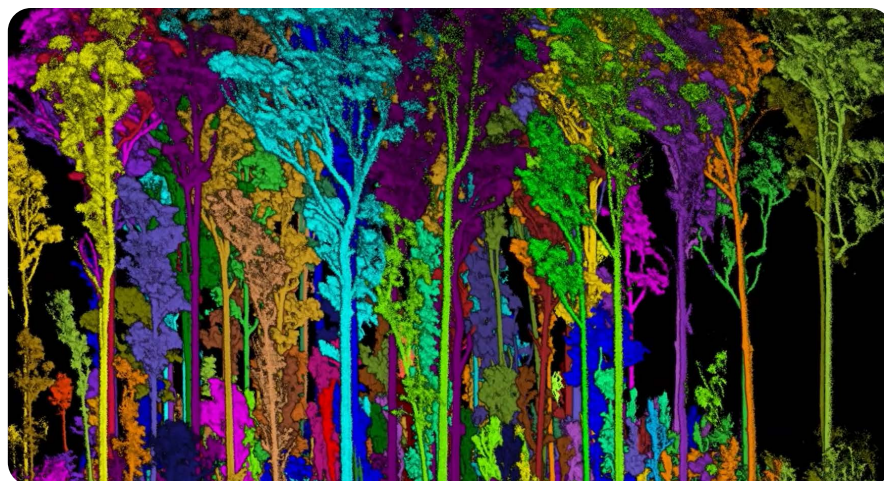
## Progress

The program has partnered with leading scientists from over 15 institutions, including universities, agency science groups and the private sector to strengthen the evidence base for forestry on state forests.

The program has:

- Established four authoritative landscape-scale environmental and wood supply baselines and trends to assess the effectiveness of the Coastal IFOA as required under the IFOA. These baselines are the first in NSW, with the species baseline recognised as the most significant assessment of its type ever undertaken for forest management in NSW. The species baseline is underpinned by extensive data analysis (accessing historical data from nearly 11,000 sites in the Coastal IFOA region) and delivers over 600 species distribution models.
- Delivered significant new research from the University of Wollongong on risks to achieving Coastal IFOA outcomes from changing fire regimes. The research concluded there is potential for cumulative impacts in harvested landscapes that are subject to fire. Further, larger areas of coastal NSW will be subject to more frequent and intense fires under predicted climate change, with increasing risks to forest health and biodiversity in eastern NSW forests.
- Commenced or continued six research and evaluation projects on issues such as tree hollows, drainage features, drones, post-fire erosion surveys and models with partners including the University of Tasmania, Australian National University, Jacobs and Canines for Wildlife.
- Reviewed three species management plans, building on previous reviews. The EPA has adopted suggested improvements for all plans.
- Delivered 14 reports and datasets relevant to the IFOA on open data portals. This includes making mobile terrestrial LiDAR data on north coast state forests accessible for further development of forest metrics in the research community.

Image: LiDAR image of a forest





- Commenced capturing LiDAR and high-resolution imagery across 250,000 hectares of state forests to inform analysis on forest structure, connectivity, and regeneration.

An independent evaluation of the program (and the broader Forest Monitoring and Improvement Program) found cross-agency collaboration is working effectively. Different agencies and perspectives have been brought together to contribute to the work so far, with good buy-in to the program. For example, staff from FCNSW, EPA, DPI and DPE have worked together to review and identify improvements for species management plans. The evaluation found our role as an 'honest broker' was critical to this outcome.



## Operations post 2019-20 wildfires

The (then) Minister for Planning and Public Spaces requested the Commission, under a Terms of Reference, to provide independent, evidence-based advice on forestry operations under the Coastal IFOA as the NSW public forest estate recovers from the 2019-20 wildfires.

The Minister requested this advice in confidence, and we provided advice in June 2021.

## Case study: Landscape-scale baselines across the Coastal IFOA region

Landscape-scale baselines across all tenures in the Coastal IFOA region and species-specific research have been completed and published on our website. These include:

- **Forest extent and condition** – notably there was a 12 percent increase on forest extent on private land between 1998 and 2018 across Regional Forest Agreement regions. While forest extent remained relatively stable across both state forests and national parks over this period. However, forest condition was significantly impacted by the 2019-20 wildfires. For example, forest canopy cover extent was 19 percent lower on national parks and 16 percent lower on state forests post-fire compared with the baseline from 1995 to 2018.
- **Biodiversity** – fauna species were found to exhibit a range of divergent responses across the Coastal IFOA region with some more or less sensitive to changes in forest structure, climate and other disturbance events. For example, the powerful owl and sooty owl recovered significantly after several major disturbances in the forests south of Eden for over two decades from a near-zero base in 1988. During the same period, the greater glider declined significantly and did not recover. Few plant species were adversely impacted by native timber harvesting. However, nine rainforest and wet sclerophyll forest species were identified as likely to be sensitive to timber harvesting if they occur within operational harvest areas. Combined effects of climate change and fire represent the most significant threat to biodiversity in eastern NSW forests. Climate projections suggest that potential occupancy of 54 of 78 threatened fauna species will decline by 2070.
- **Wood supply** – declined overall between 2003 to 2019 across the Coastal IFOA region, with the volume of pulp logs and low-quality logs decreasing by around 40 percent and high-quality sawlogs decreasing by around 15 percent. There are substantial differences in trends between subregions. For the North Coast, high- and low-quality supply declined by around 20 percent, while in the South Coast and Eden regions, high-quality log volumes were maintained but there were significant declines for other products. All product volumes in the Tumut subregion varied considerably.

## Next steps

- Continue to collaboratively provide scientific evidence and independent advice on productive forestry.
- Continue to work with agencies and experts to implement monitoring plans for the Coastal IFOA.
- Review of species management plans.



## Overseeing independent research on koalas

In 2018, the NSW Government requested us to oversee an independent research program under the NSW Koala Strategy to investigate how koalas respond to intensive harvesting in the North Coast state forests.

With support from an expert panel appointed by the Commission, eminent scientific researchers were selected through an open tender process to undertake the research. This included researchers from the Australian National University, Western Sydney University and the DPI Forest Science Unit.

The researchers collaborated to investigate how harvesting affected koala occupancy, density, diet and habitat.

On-ground research began in early 2019. However, the program was rescoped to focus on selective harvesting following the 2019-20 wildfires.

Additional research was funded under the NSW Forest Monitoring and Improvement Program to investigate the impact of wildfires on koalas and their habitat at the research sites.

Under the revised NSW Koala Strategy, the NSW Government requested us to extend the research program to reinvestigate koala response to intensive harvesting.

Evidence from this research program will inform the effectiveness of the NSW Government's Coastal IFOA which sets out the rules for native timber harvesting in NSW coastal state forests.

These rules include prescriptions for timber harvesting and koala protections, such as retention of preferred browse trees which are the subject of this research program.

Research on the impacts of wildfire on koalas will help identify opportunities to ensure koala populations remain resilient.

The research provides an independent evidence to inform

future decision making on forest management practices and supports adaptive and ecologically sustainable management of native forests for both koala habitat and timber production.

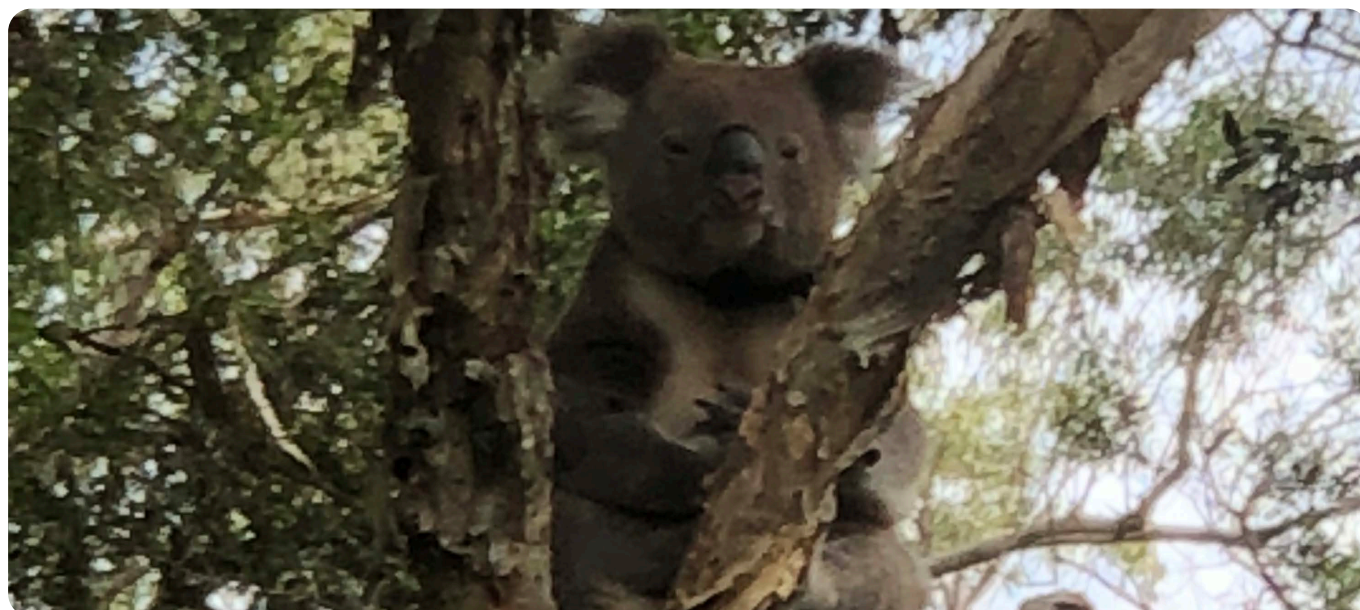
## Progress

In September 2021, we provided an independent research report to the NSW Government.

Overall, the research findings suggest that the range of selective harvesting rates applied at the research sites are consistent with the Coastal IFOA conditions and protocols and did not adversely impact koala density.

Other research insights include:

- koala density was higher than anticipated in the surveyed forests and as noted above, was not reduced by selective harvesting
- koala density was generally similar between state forest and national park sites
- selective harvesting at the treatment sites did not significantly change canopy





tree species composition and therefore is not expected to impact on nutritional quality of koala habitat

- tree species composition is the key determinant of habitat nutritional quality for koalas.

The evidence to date also suggests intensive harvesting occurring in the past five to ten years is unlikely to have impacted koala density, but we recommended more research is needed on the immediate responses. The NSW Government adopted this recommendation and tasked us to extend the research program.

The program is also using DNA and chemical analysis of koala faecal pellets to determine what tree species koalas are feeding to improve targeting of species for retention. Researchers delivered the results of this analysis in 2022, with the results and implications for management under expert review.

### Next steps

- Deliver an updated research report with results from the DNA analysis and implications for management.
- Work with the Department of Environment and Heritage, FCNSW and the expert panel to deliver the extended research program, as requested under the NSW Koala Strategy.

## Advising on finalising the private native forestry codes of practice

In November 2021, the then Deputy Premier and the Minister for Planning and Public Spaces sought our advice under a Terms of Reference to assist in finalising the PNF Codes of Practice (PNF Codes).

Previously, the draft PNF Codes underwent public consultation and external reviews but were not finalised. We assisted to ensure robust protections for koalas in areas of high value koala habitat, and certainty and consistency for primary producers. This also helped meet legislative and policy requirements, as well as recommendations from previous reviews of the draft PNF Codes.

To undertake this review, we worked with an expert panel comprising Professor Patrick Baker (University of Melbourne), Dr Alistair Meltzer (Central Queensland University) and Dr Chris Armstrong (Deputy NSW Chief Scientist and Engineer).

We also worked closely with Local Land Services, EPA and the DPE Environment and Heritage Group.

This collaborative approach aimed to deliver practical outcomes and ensure an enforceable rule set.

## Progress

We found that the final draft PNF Codes were a substantive improvement on the existing codes and met the NSW Government's dual objectives of robust protections for koala habitat and providing certainty and consistency for primary producers.

For example, more koala trees will be retained in over 2.8 million hectares of high value koala habitat. New harvesting prescriptions make it easier for landholders to implement and comply with, while still maintaining ongoing habitat values for native fauna.

Overall, we determined the final draft PNF Codes met the objects of Part 5B of the *Local Land Services Act 2013*, including the principles of Ecologically Sustainable Forest Management.

In April 2022, the Deputy Premier and the Minister for Agriculture and Western NSW supported the timely implementation of all our recommendations.

The new PNF Codes were released in May 2022, with key improvements based on our advice (see case study).

The support and implementation of our advice has ensured the PNF Codes are an improved regulatory instrument, with enhanced outcomes for ecologically sustainable forest management.



### Case study: Key elements in the new PNF codes of practice

Our advice led to key changes in the PNF Codes, including providing for:

- long-term outcomes statements to shift towards outcomes focused regulation
- enhanced stream protections
- different planning options with provisions and approval processes in line with the scale and intensity of the proposed activities
- interventions to ensure adequate timing and distribution of forestry operations or following unforeseen events, such as significant bushfires or mass tree dieback
- establishing a PNF monitoring, evaluation and reporting framework.

Further, our recommendations highlighted the importance of complementary measures, which the NSW Government is now funding under the Farm Forestry Package. These measures include:

- clear and workable guidelines and operating standards
- extension and incentives
- strong enforcement capability
- understanding best practice and effective evidence base
- communication and collaboration.





## Overseeing a PNF MER Program

In May 2022, the NSW Government revised the PNF Codes of Practice following our advice into finalising the codes. The PNF Codes establish monitoring, assessment, and adaptive management requirements.

The PNF Codes task the NSW Forest Monitoring Steering Committee, independently chaired by the Commission, to propose and oversee a PNF MER framework.

Included in this role, we will:

- conduct annual checks to ensure the evidence base, including maps, is up to date, identify emerging evidence from monitoring and research, and opportunities for improvement
- oversee updates to the PNF Koala Prescription Map
- formally assess the data and evidence every five years and advise relevant Ministers whether there is sufficient evidence to warrant a review of the codes.

The NSW Government is investing \$1.5 million over two years to develop and implement the PNF MER framework, and deliver priority projects.

The PNF MER program will invest in monitoring, evaluation and research to address critical knowledge gaps around the benefits and impacts of private native forestry activities and provide a robust evidence base to inform decision-makers and landholders managing private forests, and contribute to a future review of the codes.

The outcomes include:

- ensuring the NSW Government meets its monitoring requirements under the new PNF Codes
- informing future changes to the PNF Codes and the management of private native forestry are informed by evidence through a long-term monitoring program
- ensuring the PNF Codes effectively and actively manage the productive and environmental values of the private forest estate.

### Progress

Working with the NSW Forest Monitoring Steering Committee, we established the project approach and governance, and began establishing cross-agency technical review teams with independent expert advisors, to deliver priority projects for this program.

### Next steps

In 2022-2023, we will oversee the delivery of priority projects under the program including:

- preparation of the PNF MER framework
- a process to verify and improve the PNF Koala Prescription Map
- a risk-based review of threatened species prescriptions
- the first annual check of the PNF MER evidence base.







## Reviewing water sharing plans

Water sharing plans prescribe how water is managed in NSW. They must first provide for the environment, while also supporting social and economic outcomes.

These plans typically apply for a period of ten years. At the end of this period, the Minister responsible for the *Water Management Act 2000* may decide to replace a plan or extend it for a further 10 years as is. The Minister may extend a plan for up to two years to allow replacement.

In making this decision, the Minister must consider a report from the Commission in accordance with s.43A of the Act.

We review the extent to which the plan provisions are achieving environmental, social and economic outcomes, consistent with the priorities of the Act.

We aim to contribute to improved and more transparent water management by:

- independently assessing plan performance
- evaluating key risks to plan outcomes based on a review of evidence, submissions, and stakeholder insights
- identifying areas where water sharing plan provisions can be improved to better achieve outcomes
- identifying new evidence and good practices to improve plan design and performance.

## Progress

We provided review reports to the Minister for Lands and Water for the six water sharing plans discussed below, recommending all be extended for two years to

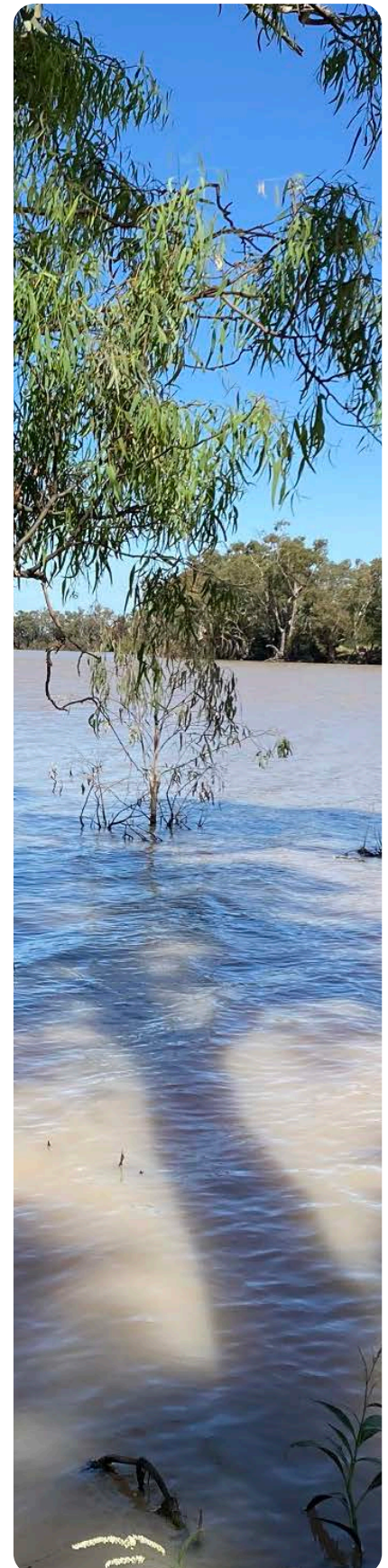
allow time for the data collection and analysis needed to make recommended changes.

In all reviews, we recommended DPE-Water establish numeric sustainable long-term average annual extraction limits (LTAAELs) and improve consideration of Aboriginal water values. Severe drought over the life of the plans highlighted the need to better secure town water supply in many regions. Other key issues identified for each plan are as follows.

## Border Rivers Unregulated River

This plan borders Queensland and is highly connected to the Border Rivers and Gwydir regulated river plans, and the Barwon-Darling unregulated plan. Our review found and made recommendations to manage considerable risks to outcomes, including around:

- a material risk of overextraction – this included setting precautionary available water determinations (AWDs) until numeric LTAAELs are established and monitored (see case study)
- inequities between users within and across plans, particularly in the Boomi River
- threats to the culturally significant Boobera Lagoon (the resting place of the Rainbow Serpent)
- potential extraction of water intended for the environment
- gaps in the consideration of floodplain harvesting within the plan area.





## Castlereagh Unregulated River

Forming part of the Murray-Darling Basin, this plan manages a portion of the Barwon-Darling floodplain, as well as significant subsurface flows through river sand beds on which many users rely. Our review found and made recommendations to manage risks, including around:

- a material risk of overextraction – this included setting precautionary AWDs until numeric LTAAELs are established and monitored (see case study)
- limited transparency around how floodplain harvesting is managed where the plan area intersects the Barwon-Darling River designated floodplain
- a lack of clarity around whether spearpoint users are included in the plan, despite the plan containing innovative spearpoint rules
- inadequate protection of low flows and a lack of clarity around the plan's contribution to downstream flows
- limited recognition and protection of wetlands providing critical drought refuge.

## Murray Unregulated River

This plan represents a small percentage of the overall water volume in the Murray Valley, but contains substantial environmental assets, including the Ramsar-listed Central Murray Forests. It also has significant connections to regulated Murray River, groundwater sources and Snowy Scheme storages. Our review found and made recommendations to manage risks, including around:

- threats to ecological values (including threatened species) and from highly altered flow regimes
- potential inequities within and across plans, with potential impacts on the environment, basic landholder rights and town water needs
- floodplain harvesting, which represents a significant take but is yet to be assessed
- growth in use in the Middle Murray Extraction Management Unit
- accounting for connectivity with groundwater and the Snowy Scheme.

## Lower-Murray Unregulated River / Intersecting Streams Unregulated River

Forming part of the Murray-Darling Basin, these plans cover the length of the Baaka/Darling River in NSW and were reviewed together to assess issues more holistically along the river. These plans are also subject to intergovernmental agreements – Intersecting Streams borders Queensland, while Lower Murray-Darling borders Victoria. Our review made recommendations to manage risks, including around:

- significant impacts in the Intersecting Streams plan from cross-border water resource development
- impacts to important wetlands and environmental flows
- limited management of connectivity
- important wetlands and environmental flows not adequately protected
- incomplete consideration of town water needs
- potential for inequitable sharing of potential reductions or available water.





## North Western Unregulated and Fractured Rock

This plan has a unique arid environment, land use, extraction profile and policy frameworks, and the region has a boom-bust cycle of water availability. While it contains less than 0.01 percent of NSW's population, it supports a \$90 million pastoral industry, tourism destinations and may become an important mining and gas development region. It also contains critical wetlands and state-significant Aboriginal cultural values. The plan has a small number of licences but the region's fragile, high-priority environmental and cultural assets, vulnerable communities and valuable industries warrant improvements to protect the very limited water resources, including around:

- accounting for all forms of take in setting extraction limits
- better recognising surface-groundwater connectivity and connectivity between water sharing plans
- assessing risks from growing industries and identifying town water needs
- protecting groundwater-dependent ecosystems that provide critical drought refuge
- implementing a monitoring, evaluation and reporting plan.

### Next steps

- Complete reviews of six water sharing plans in 2022-2023, all within the Murray Darling Basin.

### Case study: Proposed precautionary approach to available water determinations in high risk water sources

Given significant risks of unknown long-term average annual extraction limit (LTAAEL) exceedance in the Border Rivers and Castlereagh unregulated plan areas, we recommended a new, risk-based approach to setting available water determinations (AWDs) in the absence of numeric LTAAELs and LTAAEL compliance. If adopted, this may have material impacts on allocations for some water users.

We have consistently recommended that accurate, numeric LTAAELs based on sustainable levels of extraction be developed, and that LTAAEL compliance assessments be undertaken as required by the plans. These recommendations have not been implemented to date.

Entitlement in these plan areas is significantly greater than the LTAAELs. Despite high levels of entitlement, water users have continued to be allocated 100 percent AWDs. Therefore, allowable extraction is well above the LTAAELs. Given this, we consider that failing to assess and enforce compliance with numeric LTAAELs creates a material risk that actual extraction may exceed allowable limits.

This places the risk of an unknown LTAAEL exceedance on the environment, and there is currently no way to ensure planned environmental water is not being inappropriately taken from the system. It also places risk on downstream water users, including priority users such as towns and those with basic landholder rights. This is inconsistent with the priorities of the Act, as well as the precautionary principle that underpins the Act.

To manage these risks, we recommended that – until numeric LTAAELs are established and compliance undertaken – the Minister consider setting the AWD to the ratio of LTAAEL to entitlement. This would apply to all unregulated river access licences – including special additional high flow access licences in high-risk management units. This would not apply to local water utility and domestic and stock access licences.

There has been no decision made on these recommendations to date. However, if adopted, they may significantly curtail allocations in some management areas. We consider that this approach would only be necessary if LTAAEL compliance is not undertaken and AWDs adjusted in accordance with current rules and continue to recommend LTAAEL compliance is undertaken as a priority.

We also recommended that DPE-Water engage with stakeholders to ensure the risk of reductions to allocation is understood and managed to minimise impact on users.



## Auditing water management plans

We have a role under Section 44 of the *Water Management Act 2000* to audit water management plans within the first five years of each plan to ascertain whether their provisions are being given effect to.

Water management plans include water sharing plans and floodplain management plans made under the Act.

Our audits support accountability and promote confidence in water management. They also provide an independent line of evidence that contributes to improved water management in NSW.

The key agencies responsible for implementing water management plans in NSW, and therefore audited by us, are DPE-Water, the Natural Resources Access Regulator and WaterNSW. The focus of our audits relates to each agency's roles and responsibilities for implementing water management plans.

In 2020-2021, we completed audits of implementation of the *Floodplain Management Plan for the Gwydir Valley Floodplain 2016* and the *Floodplain Management Plan for the Barwon-Darling Valley Floodplain 2017*.

Our audits found that while many provisions of the plans are being implemented, on balance the provisions have not been given full effect in accordance with the Act.

Our audits found that relevant government agencies generally have appropriate systems, processes and procedures in place, and that flood work approvals were generally assessed in line with legislative requirements.

Our audits identified exceptions in the implementation of these plans and made recommendations to agencies to improve monitoring and evaluation, cumulative impact assessments of flood works, drafting of mandatory conditions, and the identification of approvals that are not in the approvals management system.

Relevant agencies are progressing work to address the recommendations.

We also commenced audits of two additional floodplain management plans and six regulated river water sharing plans. These audits will be completed in 2022-2023.

### Next steps

- Finalise audits of two floodplain management plans and six water sharing plans in 2022-2023.





## Audit and other evaluations

We undertake a variety of other projects commissioned by Ministers, government agencies or to fulfil legislative functions.

This work provides public value by bringing independent analysis, oversight, and advice on the performance of natural resource management programs in NSW.

### Setting research priorities for the Forest Dieback Research Program

Mass eucalyptus tree mortality – also known as dieback – refers to the gradual deterioration of health in trees, sometimes leading to tree death. Dieback is caused by a combination of factors, such as disease and pathogens, insect attack and/or stressful climate conditions. Dieback is a natural phenomena contributing to forest dynamics and heterogeneity.

However, recent reports of dieback – in NSW and globally – indicate the rate of dieback is accelerating and that additional stress from climate change may be contributing to this.

In September 2019, the Environmental Trust approved the Commission's business plan for a \$1.35 million competitive research grant program focusing on the causes of dieback. The program will be delivered under the Trust's Major Project stream.

We are partnering with the CSIRO, the Australian National University, Macquarie University, the University of New England and Western Sydney University to deliver a multi-disciplinary research program with the aim of determining the root causes and identifying potential future actions to improve the health of eucalyptus forests.

In the reporting year, we partnered with the Australian National University to host a two-day Eucalyptus Dieback Symposium 2022 in Canberra (see case study).

In 2022-2023, we will:

- monitor the activities of each research partner and identify opportunities for collaboration and improvement.
- organise a researcher and stakeholder forum to ensure that research retains relevance to ongoing forest management.
- plan to share results of the research program, including a synthesis report.

#### Case study: Eucalyptus Dieback Symposium

On 4-5 April 2022, we partnered with the Australian National University to host a Eucalyptus Dieback Symposium in Canberra. The free symposium attracted over 120 attendees from across NSW and the nation. Attendees spanned the range of stakeholder groups, public and private land managers, forest industry, government agencies, Indigenous and environmental groups, and academia.

Distinguished Professor Belinda Medlyn of Western Sydney University provided the keynote address. The symposium included presentations from all research partners and other groups engaged in eucalyptus dieback action and research.

These sessions highlighted the importance of a transdisciplinary approach to research and the engagement of land managers. A number of workshops covered a range of issues including the restoration of dieback affected areas, emerging technology, community engagement and policy considerations.

The symposium was well received. For many, it was the first opportunity to meet in person after the pandemic had constrained such activities. Many opportunities for collaboration emerged and continue to be explored. The Environmental Trust indicated that it was a model approach that could be applied to other complex land management issues.





## Evaluating the protection of koalas in Murrah Flora Reserves

In 2015-2016, the NSW Environment Trust provided a \$2.5 million grant to FCNSW to deliver the Protection of Koalas in Murrah Koala Reserves project over four years.

The project aimed to enhance the conservation status of areas within three state forests on the NSW Far South Coast to further protect the last remaining koala population in the region, as well as important Aboriginal cultural values and heritage sites. The project also funded actions to minimise impacts on the local timber industry and protect jobs.

The Trust engaged us to evaluate whether the project was effectively delivered and achieved expected outcomes.

Our evaluation provides assurance to the Trust and the NSW Government that investment in the environment is delivering outcomes and value for the people of NSW.

Our evaluation found that the project delivered expected short-term outcomes. The reserves were gazetted in 2016, changing these areas' management objectives, increasing their conservation status, and ceasing timber harvesting.

The (then) Minister for Forestry appointed NPWS as the land manager. The conservation of local koala populations and significant Aboriginal cultural values is now the primary management objective for the reserves.

FCNSW met its wood supply obligations to local timber mills by sourcing timber from state forests in other regions. Consistent with

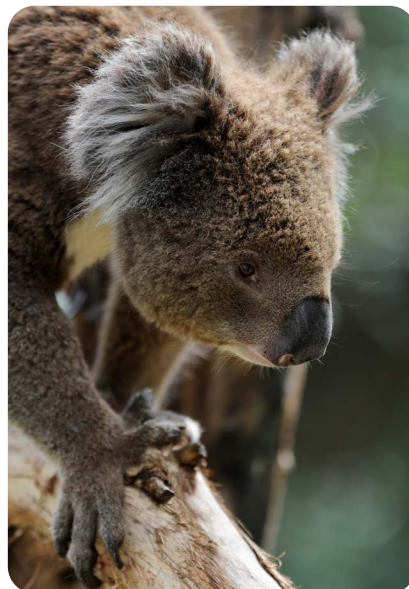
the objective of the project, it used most of the grant funding to subsidise additional costs thus minimising the economic impact on the mills and protecting local jobs.

The project delivery generated some risks related to engagement and administration. However, the Trust has since implemented processes to minimise these risks.

While expected short-term project outcomes were delivered, we advised that securing long-term outcomes will be a challenge. On-going and adequate funding to ensure the persistence of koalas and monitoring to track progress is uncertain.

We advised that the NSW Government allocate sufficient funding to effectively deliver the plan of management for the reserves. This will support the NSW Government's policy to double koala numbers by 2050.

We also suggested that the NSW Government consider expanding existing joint-management arrangements for the reserves from nearby parks or transferring ownership to the Gulaga and Biamanga boards of management.



## Evaluating the Community Bush Regeneration Program

The Environmental Trust asked us to evaluate the Trust's Community Bush Regeneration Program.

This \$8 million program funded 34 projects over six years, commencing in 2011-2012. The program aimed to:

- regenerate degraded natural areas, including bushland, riverbanks, degraded waterways and rare and endangered ecosystems
- improve the ongoing health and resilience of important ecosystems and habitats of rare and endangered flora and fauna
- improve ecological connectivity within and between natural areas
- improve the capacity of, and resource local community groups to protect, restore and enhance the environment by strengthening community organisations whose primary purpose is to undertake environmental works in their local area.

The evaluation of the program:

- assessed whether the program achieved its objectives
- tested the assumptions underpinning the program
- identified lessons for future Trust projects.

We submitted our final report to the Trust in September 2021, and it is currently being considered by the Trust. After the Trust's review, the report will be made available on our website.



## Evaluating the Cross-tenure Feral Deer Management Project

The Environmental Trust funded the NPWS Cross-Tenure Feral Deer Project. The project led by NPWS, received \$9.2 million funding with matching cash and in-kind contributions. This complex project is scheduled for eight years until 2027.

The project aims to improve the management of feral deer at the landscape scale. Effective feral deer management at the landscape scale requires co-ordinated action of the public and private landholders. Ongoing control, on both public and private land, is necessary to maintain low numbers. Control options for feral deer are limited. While aerial control can be effective in reducing population numbers, the project is trialing alternative and cost-effective control methods that can be adopted by private landholders.

Our 2019 review of the Trust's Major Projects Program recommended that long-term and higher risk projects have preliminary evaluations in addition to the final evaluation.

The preliminary evaluation makes recommendations for both NPWS and the Trust to adjust the project in its early stages to ensure the project meets its outcomes and provides return on investment of public funds. The evaluation also makes more general recommendations designed to improve future projects of a similar scale and scope.

Following engagement with NPWS and the Trust, we prepared an evaluation framework and plan in August 2021. Following further engagement and field visits, we conducted a formative project evaluation in May 2022.

The preliminary evaluation report will be submitted in July 2022 for consideration by NPWS and the Trust. Following this, we will monitor the progress of the project in preparation for the final evaluation in 2027.

## Evaluating the Nature-Based Tourism Project

The Environmental Trust requested us to undertake an independent evaluation of three projects, funded under the Grow Sustainable Nature-Based Tourism, including the:

- NSW National Parks Young Adults Brand Campaign
- Commercial Tour Operators Small Grant Program
- Wilder Quest Learning.

NPWS has been managing these projects since 2013-14 with \$4.8 million funding from the Trust.

Our evaluation will determine whether the projects have achieved their desired outcomes, identify lessons learned and provide recommendations for future Trust projects in nature-based tourism.

In collaboration with the Trust, we developed an evaluation framework that was used to analyse key documented evidence. Now, we are interviewing key stakeholders.

We will deliver our evaluation report to the Trust in February 2023.





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## Evaluating the Linear Reserves Project

We commenced an independent evaluation of the Environmental Trust's Linear Reserves Program, which covers two separate projects:

- Managing Travelling Stock Reserves for sustainable conservation outcomes
- Council Roadside Reserves.

Linear reserves include roadsides, travelling stock reserves, rail corridors and infrastructure easements.

The program aims to develop a land management and funding framework to increase the capacity of land managers to manage key conservation assets to deliver improved conservation outcomes.

Our evaluation aims to assess the design, delivery and achievement of project outcomes as well as identify lessons for future Trust projects.

We have commenced:

- developing an evaluation framework for each project
- undertaking desktop analysis of both projects, with a review of governance documentation, annual reporting, and assessment data generated by the projects
- conducting interviews with representatives from the projects, including from Local Land Services, Local Government NSW and local councils
- undertaking an electronic survey on the projects with Local Land Services and local councils.

We will deliver our evaluation report to the Trust in 2022-2023.







## 2021-2022 People Matters Survey



100%  
Team participation in survey



87%  
Report Commission is a high performance work place



97%  
Like flexible working options



97%  
Feel there is diversity and inclusion



83%  
Report Commission has customer service focus



97%  
Comfortable in reporting risks at workplace

## Learning and development

We continued to focus on building high performance, capability and excellence by providing team members with cost effective learning and development opportunities. These included:

- participating in a strengths and capability development program
- attending relevant conferences and seminars
- professional development support through customised coaching, feedback training and study assistance scheme
- using Microsoft Teams to assist in efficiency and team cohesiveness for remote and hybrid working
- providing access to online training and courses across a range of development areas through the LinkedIn Learning Library
- career development opportunities, including temporary assignments to senior roles

- face-to-face induction program for all incoming team members.

## Workforce diversity

We are committed to building a positive and diverse workplace that is free of discrimination.

We believe the makeup of our workplace should reflect the diversity of communities in which we live and work.

We demonstrate our commitment to workforce diversity by:

- providing recruitment processes and appointments to attract and increase diverse talent, and recruiting the most appropriate person
- using multiple inputs to ensure there is diversity of thinking in what we do
- using new technologies and communications to enable more flexible ways of working
- supporting flexible work practices, including requests to work part-time or on job share basis.





## Work health and safety

We continued to implement our COVID Safe plan for our office (52 Martin Place), team members and visitors.

Through regularly sharing information and discussion on changes to COVID workplace management, team members responded with resilience and courage, accepting the lockdown restrictions and juggling family responsibilities. There was an increase in access to the Employee Assistance Program services during 2021-2022.

During the reporting period, there were no work health and safety incidents.

## Aboriginal engagement

We continued to engage with Aboriginal people by implementing our Aboriginal Engagement Strategy that aims to improve understanding and respect for Aboriginal peoples' values, knowledge, and interests in natural resource management.

During the reporting year, we:

- worked with four Aboriginal consultancies with the total agreement amount of \$279,238 (incl. GST).
- continued to engage two Aboriginal independent advisors – one for the Forest Monitoring and Improvement Program and the other for the Forest Dieback Research project
- continued, through our Aboriginal NRM webpage, to invite Aboriginal knowledge holders, thought leaders and experts to get in touch with us, share their knowledge and stories to inform our reviews.

## Complaints handling

We are committed to handling feedback and complaints courteously, equitably and respecting the privacy of the person making the complaint.

We did not receive any complaints in the reporting year.

## Disability inclusion

Small statutory bodies need only report on a triennial basis. We reported this in 2019-2020 and will report again in 2022-2023.

## Multicultural policies and services

Small statutory bodies need only report on a triennial basis. We reported this in 2019-2020 and will report again in 2022-2023.

## Policies and guidelines

We provide advice and support to team members in relation to working conditions, policies, processes, and performance.

We reviewed our policies and procedures to provide current information that is easy to understand and is aligned to the government sector directives, policies, and best practice.

## Technology

During the reporting year, new devices were provided to team members that included increased cyber security applications, improved connectivity, cost savings and greater efficiency.

### Next steps

- Complete the enterprise agreement approval process
- Upgrade TRIM to include approved disposal authority auto record management
- Continue recruitment activities

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## Financial statements

Independent auditor's report

Financial statements for the period ended 30 June 2022



## INDEPENDENT AUDITOR'S REPORT

### Natural Resources Commission

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Natural Resources Commission (the Commission), which comprise the Statement by the Commissioner, the Statements of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statements 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 of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

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

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

#### Basis for Opinion

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

I am independent of the Commission and the consolidated entity 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.

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## **Other Information**

The Commission's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Commissioner is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the annual report.

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.

## **Commissioner's Responsibilities for the Financial Statements**

The Commissioner is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the GSF Act, GSF Regulation and Treasurer's Directions. The Commissioner's responsibility also includes such internal control as the Commissioner determines 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 Commissioner is responsible for assessing the ability of the Commission and the consolidated entity 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/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). The description forms part of my auditor's report.

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

- that the Commission or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Min Lee  
Director Financial Audit Services

Delegate of the Auditor-General for New South Wales

29 September 2022  
SYDNEY

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**Natural Resources Commission  
& its Controlled Entity  
Financial statements  
for the period ended 30 June 2022**

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**Natural Resources Commission  
Consolidated Financial Statements  
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**Statement by the Commissioner  
The Natural Resources Commission  
for the Consolidated Natural Resources Commission financial statements**

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

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

Yours sincerely

Prof Hugh Durrant-Whyte  
**Commissioner**

**Date: 27<sup>th</sup> September 2022**

**Natural Resources Commission**  
**Statements of comprehensive income**  
**for the period ended 30 June 2022**

	Notes	Consolidated			Commission		
		Budget	Actual	Actual	Budget	Actual	Actual
		2022	2022	2021	2022	2022	2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses excluding losses</b>							
Operating expenses							
Employee related	2(a)	4,296	<b>4,009</b>	4,198	-	-	-
Other operating expenses	2(b)	2,100	<b>2,698</b>	5,023	2,100	<b>2,698</b>	5,023
Depreciation and amortisation expense	2(c)	507	<b>544</b>	588	507	<b>544</b>	588
Personnel services	2(d)	-	-	-	4,239	<b>4,020</b>	4,138
Finance costs	2(e)	131	<b>132</b>	143	131	<b>132</b>	143
<b>Total expenses excluding losses</b>		<b>7,034</b>	<b>7,383</b>	9,952	<b>6,977</b>	<b>7,394</b>	9,892
<b>Revenue</b>							
Cluster Grants and Contributions	3(a)	7,686	<b>6,138</b>	5,205	7,686	<b>6,138</b>	5,205
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	57	<b>(11)</b>	60	-	-	-
Grants - Terms of Reference funding	3(c)	-	<b>1,589</b>	2,161	-	<b>1,589</b>	2,161
Project recoveries funding	3(d)	-	<b>617</b>	821	-	<b>617</b>	821
License to use premises	3(e)	-	<b>200</b>	-	-	<b>200</b>	-
<b>Total Revenue</b>		<b>7,743</b>	<b>8,533</b>	8,247	<b>7,686</b>	<b>8,544</b>	8,187
<b>Gain/(loss) on disposal</b>	4	-	<b>3</b>	-	-	<b>3</b>	-
<b>Other gains/(losses)</b>	5	815	<b>196</b>	843	815	<b>196</b>	843
<b>Net Result</b>		<b>1,524</b>	<b>1,349</b>	(862)	<b>1,524</b>	<b>1,349</b>	(862)
Other comprehensive income		-	-	-	-	-	-
<b>Other comprehensive income</b>		-	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,524</b>	<b>1,349</b>	(862)	<b>1,524</b>	<b>1,349</b>	(862)

The accompanying notes form part of these financial statements.

**Natural Resources Commission**  
**Statement of financial position**  
**as at 30 June 2022**

	Notes	Consolidated			Commission		
		Budget	Actual	Actual	Budget	Actual	Actual
		2022	2022	2021	2022	2022	2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	7	143	<b>1,492</b>	653	143	<b>1,485</b>	642
Receivables	8	165	<b>266</b>	522	165	<b>266</b>	526
<b>Total current assets</b>		<b>308</b>	<b>1,758</b>	1,175	<b>308</b>	<b>1,751</b>	1,168
<b>Non-current assets</b>							
Property, plant and equipment							
Plant and equipment	9	117	<b>131</b>	184	117	<b>131</b>	184
Leasehold improvements	9	215	<b>340</b>	451	215	<b>340</b>	451
<b>Total property, plant and equipment</b>		<b>332</b>	<b>471</b>	635	<b>332</b>	<b>471</b>	635
Right of Use Assets	10	6,002	-	5,505	6,002	-	5,505
<b>Total non-current assets</b>		<b>6,334</b>	<b>471</b>	6,140	<b>6,334</b>	<b>471</b>	6,140
<b>Total assets</b>		<b>6,642</b>	<b>2,229</b>	7,315	<b>6,642</b>	<b>2,222</b>	7,308
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Payables	11	321	<b>1,669</b>	2,227	321	<b>1,676</b>	2,233
Borrowings	12	345	-	330	345	-	330
Provisions	13	449	<b>455</b>	486	449	<b>441</b>	473
Unearned Revenue	14	250	<b>7</b>	200	250	<b>7</b>	200
<b>Total current liabilities</b>		<b>1,365</b>	<b>2,131</b>	3,243	<b>1,365</b>	<b>2,124</b>	3,236
<b>Non-current liabilities</b>							
Borrowings	12	5,001	-	5,331	5,001	-	5,331
Employee benefits and related on-costs	13	7	<b>8</b>	9	7	<b>8</b>	9
Other provisions		146	<b>145</b>	136	146	<b>145</b>	136
<b>Total non-current liabilities</b>		<b>5,154</b>	<b>153</b>	5,476	<b>5,154</b>	<b>153</b>	5,476
<b>Total liabilities</b>		<b>6,519</b>	<b>2,284</b>	8,719	<b>6,519</b>	<b>2,277</b>	8,712
<b>Net assets/(liabilities)</b>		<b>123</b>	<b>(55)</b>	(1,404)	<b>123</b>	<b>(55)</b>	(1,404)
<b>EQUITY</b>							
Accumulated funds/(deficit)		123	<b>(55)</b>	(1,404)	123	<b>(55)</b>	(1,404)
<b>Total equity</b>		<b>123</b>	<b>(55)</b>	(1,404)	<b>123</b>	<b>(55)</b>	(1,404)

The accompanying notes form part of these financial statements.

**Natural Resources Commission**  
**Statements of changes in equity**  
**for the period ended 30 June 2022**

	Accumulated Funds \$'000	Total \$'000
<b>Consolidated and Commission</b>		
<b>Balance at 1 July 2021</b>	(1,404)	(1,404)
<b>Result for the year</b>	1,349	1,349
<b>Total comprehensive income for the year</b>	1,349	1,349
<b>Balance at 30 June 2022</b>	(55)	(55)
<b>Balance at 1 July 2020</b>	(542)	(542)
<b>Net Result for the year</b>	(862)	(862)
<b>Total comprehensive income for the year</b>	(862)	(862)
<b>Balance at 30 June 2021</b>	(1,404)	(1,404)

The accompanying notes form part of these financial statements.

Natural Resources Commission  
Statement of cash flows  
for the period ended 30 June 2022

	Consolidated			Commission		
	Budget	Actual	Actual	Budget	Actual	Actual
	2022	2022	2021	2022	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee related	(4,239)	(4,050)	(4,141)	(4,239)	(4,049)	(4,166)
Finance costs	(131)	(132)	(143)	(131)	(132)	(143)
Other payments	(3,313)	(3,581)	(4,375)	(3,313)	(3,578)	(4,352)
<b>Total Payments</b>	<b>(7,683)</b>	<b>(7,763)</b>	<b>(8,659)</b>	<b>(7,683)</b>	<b>(7,759)</b>	<b>(8,661)</b>
<b>Receipts</b>						
Grants and contributions	7,686	7,727	7,366	7,686	7,727	7,366
Other receipts	-	1,203	1,254	-	1,203	1,254
<b>Total Receipts</b>	<b>7,686</b>	<b>8,930</b>	<b>8,620</b>	<b>7,686</b>	<b>8,930</b>	<b>8,620</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>3</b>	<b>1,167</b>	<b>(39)</b>	<b>3</b>	<b>1,171</b>	<b>(41)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems	-	3	(63)	-	3	(63)
Purchases of land and buildings, plant and equipment and infrastructure systems	-	-	-	-	-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-</b>	<b>3</b>	<b>(63)</b>	<b>-</b>	<b>3</b>	<b>(63)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Repayment of borrowings and advances	(336)	(331)	(325)	(336)	(331)	(325)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(336)</b>	<b>(331)</b>	<b>(325)</b>	<b>(336)</b>	<b>(331)</b>	<b>(325)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(333)</b>	<b>839</b>	<b>(427)</b>	<b>(333)</b>	<b>843</b>	<b>(429)</b>
Opening cash and cash equivalents	476	653	1,080	476	642	1,071
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>143</b>	<b>1,492</b>	<b>653</b>	<b>143</b>	<b>1,485</b>	<b>642</b>

The accompanying notes form part of these financial statements.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Reporting entity**

The Natural Resources Commission, (the Commission), was established as an independent body with broad investigating and reporting functions for the purpose of establishing a sound scientific basis for the properly informed management of natural resources in the social, economic and environmental interests of the State, and enabling the adoption of Statewide standards and targets for natural resource management issues.

The Commission, as a reporting entity, comprises all the entities under its control, namely the Natural Resources Commission Staff Agency (Staff Agency) which is a public service agency established under the Administrative Arrangements Order 2014 and is pursuant to Part 2 of Schedule 1 of the *Government Sector Employment Act 2013* (formerly the Natural Resources Commission Division established under the former *Public-Sector Employment and Management Act 2002*).

All employee provisions are held within the Staff Agency and are shown in the consolidated section of these statements.

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter entity transactions and balances have been eliminated, and like transactions and other events, are accounted for using uniform accounting policies.

The Commission is a NSW government statutory authority.

For administrative purposes the Commission receives grant funding through the Cluster model. Up until the 30 March 2022 the Cluster was known as the Department of Planning, Industry and Environment. From 1<sup>st</sup> April 2022 there was a name change under a machinery of government change to Department of Planning and Environment. There were no other impacts to the Commission.

The Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These consolidated financial statements for the year ended 30th June 2022 have been signed by the Commissioner on 27th September 2022.

### **(b) Basis of preparation**

The Commission's financial statements are general purpose financial statements which have been prepared in accordance with:

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

Leasehold obligations and plant and equipment at fair value through profit and loss are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.

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

Property, plant and equipment are measured using the fair value basis. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

The Commission's financial statements have been prepared on a going concern basis, which contemplates the continuity of normal operating activity and the realisation of assets and the settlement of liabilities in the normal course of operations. The Commission held cash at bank as at 30 June 2022 of \$1,485k (2021: \$642k). As at 30 June 2022 it had net working capital deficit of \$373k (2021: deficit of \$2,068k). The Commission receives its grant funding through the cluster on the basis of cashflow that is sufficient to fund its ongoing operations.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

## **1. Statement of Significant Accounting Policies (Cont'd)**

### **(c) Statement of compliance**

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

### **(d) Insurance**

The Commission's insurance is provided through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on a whole of government approach including past claim experience.

### **(e) Accounting for the Goods and Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of GST, except that the amount of GST incurred by the Commission as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and cash flows are included in the cash flow statement on a gross basis. However, the GST components of cash flows arising from investing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

### **(f) Income recognition**

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.

#### **(i) Sale of goods**

Revenue from sale of goods is recognised when the Commission satisfies a performance obligation by transferring the promised goods.

#### **(ii) Rendering of services**

Revenue from rendering of services is recognised when the Commission satisfies the performance obligation by transferring the promised services.

#### **(iii) Grants**

Grant funding received to support the functions of the Commission, are recognised as income under AASB 1058 when the Commission obtains control of the granted asset. For all grants and or funding, this is on receipt.

The Commission received funding for Premiers Terms of Reference that commenced in 2019 and will conclude in FY 2023. These funds are for use specifically in delivering the project advice to government and is not part of the standard grant funding. Refer note 3(c).

**1. Statement of Significant Accounting Policies (Cont'd)**

**(g) Property, plant and equipment**

**(i) Property, Plant and Equipment**

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standard.

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

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted over the period of credit.

**(ii) Capitalisation thresholds**

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

**(iii) Restoration costs**

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

**(iv) Depreciation of property, plant and equipment**

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Commission.

All material identifiable components of assets are depreciated separately over their useful lives.

	<b>% Rate 2022</b>	<b>% Rate 2021</b>
<b>Depreciation Rates</b>		
<b>Plant &amp; Equipment</b>		
Office furniture and fittings	range from 10 to 33	range from 10 to 33
Computer equipment and software	range from 25 to 33	range from 25 to 33
General plant and equipment	range from 10 to 20	range from 10 to 20
Intangible	33	33
Leasehold improvements	Over the period of the lease	Over the period of the lease
Right-of-use asset – leases	Over the period of the lease	Over the period of the lease



## **1. Statement of Significant Accounting Policies (Cont'd)**

### **(v) Revaluation of property, plant and equipment**

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 21-09) and Treasurer's Direction Valuation of Physical Non-Current Assets at Fair Value' (TD21-05). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment.

Nonspecialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

### **(vi) Impairment of property, plant and equipment**

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. However, the right-of-use assets are subject to impairment. The Commission assesses at each reporting date, whether there is an indication that the asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Commission estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### **(h) Leases**

The Commission has only one operating lease that is for its office premises at Level 6, 56 Martin Place, Sydney. The lease commenced on 1 January 2016 and finishes on 31 December 2025, with an option to extend for another 10 years. The Commission is highly likely to exercise the option to extend.

#### On 30<sup>th</sup> June 2022

As at year ended 30 June 2022, the Commission accepted changes to the office accommodation agreement with Property NSW (PNSW), namely the introduction of the "substitution right" clause for PNSW to relocate the Commission during the term of the agreement. This clause provides PNSW with a substantive substitution right. Therefore, the original agreement is no longer accounted for as a lease within the scope of AASB 16.

On the 30<sup>th</sup> the corresponding right of use assets and lease liabilities were derecognised. Effective 1<sup>st</sup> July 2022, the accommodation charges will be recognised as expenses as incurred over the agreement duration.

The net impact of the derecognition is recognised in "Other Gains/(Losses)" (refer to Note 5).

The Commission maintains responsibility for the make good, and the fit-out during the remaining occupancy period, as it receives the economic benefits from using the fit-out or expected compensation from PNSW upon relocation.

The accounting treatment for the Commission's make-good provision and fit-out costs remains unchanged.

#### Before 30<sup>th</sup> June 2022

The Commission had only one operating lease that was for the office premises at Level 6, 56 Martin Place, Sydney. The lease commenced on 1 January 2016 and expires on 31 December 2025, with an option to extend for another 10 years. The Commission is highly likely to exercise the option to extend and has been factored into the calculation of the initial right of use asset and the lease liability.

Extension and termination options are included in the lease agreement with Property NSW. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Commission and not by the respective lessor. In determining the lease term, management will consider all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

## 1. Statement of Significant Accounting Policies (Cont'd)

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event, or a significant change in circumstances occurs, which affects this assessment and that is within the control of the lessee.

Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site. The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. The Commission assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Commission estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

The Commission has elected to recognise payments for short-term leases and low-value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets with a fair value of \$10,000.

As at 30 June the Commission did not have any short term or low-value leases, the details of the application of AASB 16 are disclosed in note 10.

### (i) Receivables

The Commission 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.

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.

#### (i) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 8.4% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability.

The Commission has assessed the actuarial advice based on the Commission's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

## **1. Statement of Significant Accounting Policies (Cont'd)**

### **(ii) Long service leave and superannuation**

The Commission's liabilities for long service leave are assumed by the Crown Entity. The Commission accounts for the liability as having been extinguished; resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in TC21-03) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formula specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary.

### **(iii) Consequential on-costs**

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

### **(j) Other Provisions**

Provisions are recognised when: The Commission has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of provisions to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

### **(k) Fair value hierarchy**

Fair value hierarchy disclosure under AASB 13 Fair Value Measurement, is not required as the Commission's assets are non-specialised assets with short useful lives and measured at depreciated historical cost as an approximation of fair value.

### **(l) Equity and reserves**

#### **(i) Accumulated Funds**

The category accumulated funds include all current and prior period retained funds.

### **(m) Budgeted amounts**

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 16.

### **(n) 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.

## **1. Statement of Significant Accounting Policies (Cont'd)**

### **(o) Superannuation on Annual Leave Loading**

The Commission has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: Finance Sector Union of Australia v Commonwealth Bank of Australia [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period.

This position will be re-assessed in future reporting periods as new information comes to light on this matter.

### **(p) Changes in accounting policy, including new or revised Australian Accounting Standards**

(i) Effective for the first time in 2021-22:

During the year the Commission adopted all standards which were mandatory effective for the first time at 30 June 2022. None of these standards had significant impact on reported position or performance.

(ii) Issued but not yet 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 not been applied and are not yet effective (ref TPG22-07):

- AASB 17 Insurance Contracts
- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- AASB 2021-7a Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2021-7b Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2021-7c Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- The Commission anticipates that the adoption of these Standards in the period of initial application will have no material impact on the financial statements.

**1. Statement of Significant Accounting Policies (Cont'd)**

***(q) Impact of COVID-19 on Financial Reporting for 2021-22***

The Commission has considered the potential impacts of COVID-19 on the end-of-year financial statements. There is no impact on any of the following areas:

- Fair value of property, plant and equipment
- Impairment of non-financial assets
- Financial instruments
- Expected credit losses
- Superannuation and long-term provisions (including employee provisions)
- Events after the reporting period

**Natural Resources Commission**  
**Notes to the financial statements**  
**for the period ended 30 June 2022**

**1. Expenses Excluding Losses**

	Consolidated		Commission	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>(a) Employee related expenses</b>				
Salaries and wages (including annual leave)	3,625	3,738	-	-
Superannuation: defined contribution plans	246	250	-	-
Long service leave	(11)	60	-	-
Worker's compensation insurance	21	22	-	-
Payroll tax and fringe benefit tax	134	103	-	-
On-costs - annual leave and long service leave	(6)	7	-	-
Temporary employees and short-term staff	-	18	-	-
	<b>4,009</b>	<b>4,198</b>	<b>-</b>	<b>-</b>

	Consolidated		Commission	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>(b) Other operating expenses include the following:</b>				
Auditor's remuneration - audit or review of the financial statements	25	24	25	24
Consultancy costs	1,939	4,261	1,939	4,261
Contractors	145	58	145	58
Insurance	14	13	14	13
Postage and telephone	9	11	9	11
Advertising, Printing and Publication	3	5	3	5
Variable lease payments, not included in lease liabilities	69	92	69	92
Training and conferences	62	15	62	15
Travelling	27	46	27	46
Corporate Services	98	331	98	331
Administration Expenses	175	88	175	88
ICT Expenses	132	79	132	79
	<b>2,698</b>	<b>5,023</b>	<b>2,698</b>	<b>5,023</b>

	Consolidated		Commission	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>(c) Depreciation and amortisation expense</b>				
Depreciation				
Plant and Equipment	53	130	53	130
Leasehold Improvements	111	111	111	111
Right-of-use Asset	380	347	380	347
<b>Total depreciation and amortisation</b>	<b>544</b>	<b>588</b>	<b>544</b>	<b>588</b>

**Natural Resources Commission  
Notes to the financial statements  
for the period ended 30 June 2022**

**2. Expenses Excluding Losses (cont'd)**

	Consolidated		Commission	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>(d) Personnel Services</b>				
Paid to Natural Resources Commission Staff Agency	-	-	4,020	4,138
	<b>-</b>	<b>-</b>	<b>4,020</b>	<b>4,138</b>

	Consolidated		Commission	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>(e) Finance costs</b>				
Unwinding of discount rate	1	1	1	1
Interest expense from lease liabilities	131	142	131	142
	<b>132</b>	<b>143</b>	<b>132</b>	<b>143</b>

**3. Revenue**

	Consolidated		Commission	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>(a) Cluster Grants and Contributions</b>				
Grant funding from Department of Planning and Environment	6,138	5,205	6,138	5,205
	<b>6,138</b>	<b>5,205</b>	<b>6,138</b>	<b>5,205</b>

The Commission receives its funding under appropriations from grant funding from the Department of Planning and Environment (DPE) which receives appropriations from the Consolidated Fund.

**Natural Resources Commission  
Notes to the financial statements  
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**3. Revenue (cont'd)**

**Summary of Compliance**

Under the *Appropriation Act 2021* (Appropriations Act) (and the subsequent variations, if applicable), the spending authority of the responsible Cluster Minister from deemed appropriation money has been delegated or sub-delegated to Officers of the Commission for its own services and entities that it is administratively responsible for, including Natural Resources Commission Staff Agency.

The responsible Minister for each GSF agency is taken to have been given an appropriation out of the Consolidated Fund under the authority s4.7 of the *Government Sector Finance Act 2018*, at the time the GSF agency receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the GSF agency.

A summary of compliance is disclosed in the DPE Annual Report financial statements. The Commission's spending authority and expenditure is included in the summary of compliance.

The delegation/sub-delegations for FY2021-22 authorising officers of the Commission to spend Consolidated Fund money, impose limits to the amounts of individual transactions, but not the overall expenditure of the Commission. However, as it relates to expenditure in reliance on a sum appropriated through an annual Appropriations Act, the delegation/sub-delegations are referable to the overall authority to spend set out in the relevant Appropriations Act. The individual transaction limits have been properly observed.

	Consolidated		Commission	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>(b) Acceptance by the Crown Entity of employee benefits and other liabilities</b>				
Long service leave	(11)	60	-	-
	<b>(11)</b>	<b>60</b>	<b>-</b>	<b>-</b>

	Consolidated		Commission	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>(c) Grants - Terms of Reference funding</b>				
Terms of Reference funding	1,589	2,161	1,589	2,161
	<b>1,589</b>	<b>2,161</b>	<b>1,589</b>	<b>2,161</b>

	Consolidated		Commission	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>(d) Project recoveries funding</b>				
Cost recoveries other agencies	617	821	617	821
	<b>617</b>	<b>821</b>	<b>617</b>	<b>821</b>

	Consolidated		Commission	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>(e) License to use premises</b>				
License to use premises	200	-	200	-
	<b>200</b>	<b>-</b>	<b>200</b>	<b>-</b>



**Natural Resources Commission  
Notes to the financial statements  
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**4. Gain / (Loss) On Disposal**

	Consolidated		Commission	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Written down value of assets disposed - Plant and equipment	3	-	3	-
	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>

**5. Other Gains / (Losses)**

	Consolidated		Commission	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Impairment losses on right-of-use Assets	-	833	-	833
Derecognition of right-of-use assets and lease liabilities with Property NSW*	205	-	205	-
Gain / (loss) from movement in provision for restoration cost	(9)	10	(9)	10
	<b>196</b>	<b>843</b>	<b>196</b>	<b>843</b>

\*The net gains(losses) are recognised from the derecognition of the right-of-use asset and lease liability with Property NSW as at 30 June 2022. Please refer to Note 10 for further details on the derecognition.

The net gain/(loss) from the derecognition of right-of-use asset and lease liability as at 30 June 2022 is reconciled as below:

	<b>2022</b>
<b>Right-of-use asset</b>	<b>\$'000</b>
Gross carrying value	(6,224)
Less: accumulated depreciation and accumulated impairment provision	1,099
Net book value	<b>(5,125)</b>
<b>Lease liability</b>	<b>5,330</b>
<b>Net Gains/(Losses)</b>	<b>205</b>

**Natural Resources Commission  
Notes to the financial statements  
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**6. Budget Program – Independent Advice and Accountability**

The Commission is an independent body within government and is not subject to Ministerial control or direction over the preparation and contents of advice or recommendations. Government looks to the Commission for credible balanced advice in a challenging environment. The Commission provides independent advice on contested issues, and practical recommendations to help resolve complex natural resource management issues with triple bottom line focus.

**7. Current Assets Cash and Cash Equivalents**

	Consolidated		Commission	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at bank and on hand	1,492	653	1,485	642
	<b>1,492</b>	<b>653</b>	<b>1,485</b>	<b>642</b>

For the purposes of the Statements of cash flows, cash and cash equivalents include cash at bank and cash on hand.

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:

	Consolidated		Commission	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash and cash equivalents (per balance sheet)	1,492	653	1,485	642
Closing cash and cash equivalents (per statements of cash flows)	<b>1,492</b>	<b>653</b>	<b>1,485</b>	<b>642</b>

Refer Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

**8. Current Assets - Receivables**

	Consolidated		Commission	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Current Receivables</b>				
Goods and Service Tax recoverable from Australian Tax Office	196	307	196	307
Receivable	70	215	70	214
Intercompany receivable	-	-	-	5
	<b>266</b>	<b>522</b>	<b>266</b>	<b>526</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 18.

**Natural Resources Commission  
Notes to the financial statements  
for the period ended 30 June 2022**

**9. Non-Current Assets - Plant and Equipment**

	Plant and equipment \$'000	Leasehold improvements \$'000	Work in progress \$'000	Total \$'000
<b>Consolidated and Commission</b>				
<b>At 1 July 2021 - fair value</b>				
Gross carrying amount	732	1,108	-	1,840
Accumulated depreciation and impairment	(548)	(657)	-	(1,205)
Net carrying amount	184	451	-	635
<b>At 30 June 2022 - fair value</b>				
Gross carrying amount	529	1,108	-	1,637
Accumulated depreciation and impairment	(398)	(768)	-	(1,166)
Net carrying amount	131	340	-	471

**Reconciliation**

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

	Plant and equipment \$'000	Leasehold improvements \$'000	Work in progress \$'000	Total \$'000
<b>Year ended 30 June 2022</b>				
Net carrying amount at start of year	184	451	-	635
Depreciation expense - asset owned	(53)	(111)	-	(164)
<b>Net carrying amount at end of year</b>	<b>131</b>	<b>340</b>	<b>-</b>	<b>471</b>

	Plant and equipment \$'000	Leasehold improvements \$'000	Work in progress \$'000	Total \$'000
<b>At 1 July 2020 - fair value</b>				
Gross carrying amount	669	1,108	-	1,777
Accumulated depreciation and impairment	(418)	(546)	-	(964)
Net carrying amount	251	562	-	813
<b>At 30 June 2021 - fair value</b>				
Gross carrying amount	732	1,108	-	1,840
Accumulated depreciation and impairment	(548)	(657)	-	(1,205)
Net carrying amount	184	451	-	635

**Natural Resources Commission  
Notes to the financial statements  
for the period ended 30 June 2022**

**9. Non-Current Assets Plant and Equipment (cont'd)**

**Reconciliation**

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below.

	Plant and equipment \$'000	Leasehold improvements \$'000	Work in progress \$'000	Total \$'000
<b>Year ended 30 June 2021</b>				
Net carrying amount at start of year	251	562	-	813
Additions	63	-	-	63
Depreciation expense	(130)	(111)	-	(241)
Net carrying amount at end of year	184	451	-	635

**10. Leases**

The Commission has completed an impairment assessment for this right-of-use asset, to determine whether the carrying amount exceeded the recoverable amount. The Commission considered internal and external sources of information to determine the impairment.

As the manager, of all leases held by the Crown, Property NSW has performed a central assessment including market rent index movement and provided the valuation of the impairment. The impairment amount advised has been assessed by the Commission and is considered material.

**(a) Right-of-use assets under leases**

The following table presents right-of-use assets that are shown in statement of financial position:

	Right-of-use Assets \$'000	Total \$'000
Balance at 1 July 2021	5,505	5,505
Depreciation expense - right-of-use assets	(380)	(380)
Derecognition of right-of-use-asset	(5,125)	(5,125)
Balance at 30 June 2022	-	-
	Right-of-use Assets \$'000	Total \$'000
Balance at 1 July 2020	4,856	4,856
Additions	163	163
Depreciation expense - right-of-use assets	(347)	(347)
Other movements (impairment Loss)	833	833
Balance at 30 June 2021	5,505	5,505

**Natural Resources Commission  
Notes to the financial statements  
for the period ended 30 June 2022**

**10. Leases (cont'd)**

**(b) Lease liabilities**

The following table presents liabilities under leases, including leases in respect of investment properties.

	2022	2021
	\$'000	\$'000
Balance at 1 July 2021	5,661	5,823
Additions	-	163
Interest expenses	131	142
Payments	(462)	(467)
Derecognition of lease liabilities	(5,330)	-
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>5,661</b>

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the Commission is the lessee:

	2022	2021
	\$'000	\$'000
<b>Consolidated and Commission</b>		
Depreciation expense of right-of-use assets	380	347
Interest expense on lease liabilities	131	142
Variable lease payments, not included in the measurement of lease liabilities	36	28
Gains or losses arising from derecognising the right-of-use assets and lease liabilities with Property NSW	(205)	-
<b>Total amount recognised in the statement of comprehensive income</b>	<b>342</b>	<b>517</b>

The Commission had total cash outflows for leases of \$497k in FY 2021-22 (FY 2020-2021: \$496k).

**11. Current Liabilities – Payables**

	Consolidated		Commission	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Accrued salaries, wages and on-costs	56	53	-	-
Creditors	1,613	2,174	1,616	2,177
Personnel Services	-	-	60	56
<b>Total current liabilities - payables</b>	<b>1,669</b>	<b>2,227</b>	<b>1,676</b>	<b>2,233</b>

Refer to Note 18 for details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables.

**Natural Resources Commission  
Notes to the financial statements  
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**12. Current / Non-Current Liabilities - Borrowings**

	Consolidated		Commission	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Lease liability - current (see Note 10)	-	330	-	330
Lease liability - non-current (see Note 10)	-	5,331	-	5,331
	<b>-</b>	<b>5,661</b>	<b>-</b>	<b>5,661</b>

Refer to Note 18 for details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables.

**13. Current / Non-Current Liabilities - Provisions**

	Consolidated		Commission	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Current</b>				
<b>Employee benefits and related on-costs - current</b>				
Annual leave	330	358	-	-
Long service leave on-costs	62	65	-	-
Payroll tax	61	62	-	-
Fringe benefits tax	2	1	-	-
Personnel Services	-	-	441	473
<b>Total current provisions</b>	<b>455</b>	<b>486</b>	<b>441</b>	<b>473</b>
<b>Non-current</b>				
<b>Employee benefits and related on-costs</b>				
Long service leave on-costs	5	6	-	-
Payroll tax	3	3	-	-
Personnel Services	-	-	8	9
	<b>8</b>	<b>9</b>	<b>8</b>	<b>9</b>
<b>Other Provisions</b>				
Restoration Cost (Make good 52 Martin Place Provision)	145	136	145	136
<b>Total non-current provisions</b>	<b>153</b>	<b>145</b>	<b>153</b>	<b>145</b>

**Natural Resources Commission  
Notes to the financial statements  
for the period ended 30 June 2022**

**13. Current / Non-Current Liabilities - Provisions (cont'd)**

	Consolidated		Commission	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Aggregate</b>				
<b>Employee benefits and related on-costs</b>				
Provisions - current	455	486	441	473
Provisions - non-current	8	9	8	9
Accrued salaries, wages and on-costs (Note 11)	56	53	-	-
Personnel Services (Note 11)	-	-	60	56
	<b>519</b>	<b>548</b>	<b>509</b>	<b>538</b>

**Movement in Provisions (other than employee benefits)**

	Restoration Costs \$ '000
Carry forward amount at the beginning of financial year	136
Additional Provisions recognised:	9
	<b>145</b>

**14. Current / Non-Current Liabilities - Unearned Revenue**

	Consolidated		Commission	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Unearned revenue <sup>1</sup>	7	200	7	200
	<b>7</b>	<b>200</b>	<b>7</b>	<b>200</b>

Unearned revenue is related to advance invoicing for licenced use of the Commission's premises and cost recoveries.

1. Deferred income received, service not performed.

## **15. Contingent Liabilities and Contingent Assets**

The Commission is not aware of any contingent liabilities and/or contingent assets associated with its operations.

## **16. Budget Review**

### **Net Results**

The Commission achieved the FY 2022 Treasury revised budget, by completing a carry forward request of \$500k to finalised Premier Terms of Reference in FY 2023.

At 30 June there was an AASB lease adjustment processed resulting in an adjusted net result of \$175k under budget.

Details of the net results are as follows:

- In conjunction with the sector wide approach from Property NSW, the Commission derecognised the right of use assets and lease liabilities as at 30 June 2022.
- This lease is subject to an annual market rent review and as such a market impairment calculation was not required.
- The grant - terms of reference funding line item - note 3(C), was directly related to providing advice under specific Term of Reference. All associated costs were reimbursed from other agencies and this recovery revenue was not associated with the Cluster grant funding.
- The project recoveries funding line item at note 3(d) was directly related to formal advice requests for which all associated costs were recovered. This revenue was not associated with the grant funding.
- The Commission has an approved carry forward of \$500k relating to the final year of a Premiers terms of reference. This work will be completed in FY 2023.

### **Assets and Liabilities**

Current assets are \$1,450k higher than the budget due to a higher cash balance to cover the year-end accruals, and the subsequent increase in payables will be paid in the following months.

Total net assets are lower than the budget by \$178k due to the reversal of non-current asset (i.e. derecognised the right of use assets and lease liabilities) which led to a gain.

Current Liabilities are \$766k higher than the budget due to an increase in payables.

Total non-current liabilities are \$5,001k lower than the budget due to the derecognised lease liabilities.

### **Cash flows**

Cash flows from Operating Activities are \$1,164k higher than the budget due to Terms of Reference, recoveries for advice and the associated costs.



**Natural Resources Commission  
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**17. Reconciliation of Cash Flows from Operating Activities to Net Result**

Reconciliation of cash flows from operating activities to the net result as reported in the statements of comprehensive income as follows.

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Net cash used on operating activities	<b>1,167</b>	(39)	<b>1,171</b>	(41)
Allowance for Impairment	-	833	-	833
Derecognition of right-of-use assets and lease liabilities with Property NSW	<b>205</b>	-	<b>205</b>	-
Depreciation and amortisation	<b>(544)</b>	(588)	<b>(544)</b>	(588)
Decrease / (increase) in provisions	<b>23</b>	27	<b>24</b>	31
Increase / (decrease) in receivables	<b>(256)</b>	328	<b>(260)</b>	336
Decrease / (increase) in creditors	<b>558</b>	(1,223)	<b>557</b>	(1,233)
Decrease / (increase) in unearned revenue	<b>193</b>	(200)	<b>193</b>	(200)
Net gain / (loss) on sale of plant and equipment	<b>3</b>	-	<b>3</b>	-
<b>Net result</b>	<b>1,349</b>	(862)	<b>1,349</b>	(862)

The Commission had no investment or financing transactions which did not result in cash flows.

**18. Financial instruments**

The Commission's principal financial instruments are outlined in Note 18. These financial instruments arise directly from the Commission's operations or are required to finance its operations. The Commission does not enter into or trade financial instruments.

The Commission does not use financial derivatives.

The Commission's main risks arising from financial instruments are outlined overpage, together with the Commission's objectives, policies and processes for measuring and managing risk.

## 18. Financial instruments (cont'd)

Further quantitative and qualitative disclosures are included throughout these financial statements.

### (a) Financial instrument categories

As at 30th June 2022

Class:	Note	Category	Carrying Amount 2022 \$'000	Carrying Amount 2021 \$'000
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#### Consolidated

##### Financial assets

Cash and cash equivalents	7	Amortised cost	1,492	653
Receivables <sup>1</sup>	8	Amortised cost	70	215

##### Financial Liabilities

Payables <sup>2</sup>	11	Financial liabilities measured at amortised cost	1,669	2,227
Borrowings	12	Financial liabilities measured at amortised cost	-	5,661

Class:	Note	Category	Carrying Amount 2022 \$'000	Carrying Amount 2021 \$'000
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#### Commission

##### Financial assets

Cash and cash equivalents	7	Amortised cost	1,485	642
Receivables <sup>1</sup>	8	Amortised cost	70	214

##### Financial Liabilities

Payables <sup>2</sup>	11	Financial liabilities measured at amortised cost	1,676	2,233
Borrowings	12	Financial liabilities measured at amortised cost	-	5,661

#### Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

The Commission determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

**18. Financial instruments (cont'd)**

**(b) Credit Risk**

Credit risk arises when there is the possibility of the Commission's debtors defaulting on their contractual obligations, resulting in a financial loss to the Commission. 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 the Commission, including cash, receivables and authority deposits. No collateral is held by the Commission. The Commission has not granted any financial guarantees.

**Cash**

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System.

**Receivables - trade debtors**

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Commission applies the AASB-9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

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

The Commission is not exposed to concentrations of credit risk to trade debtors as they are mainly other government departments.

As at 30 June 2022 total debtors were \$70k: all were current and the Commission has determined there to be nil-expected credit loss.

As at 30 June 2021 total debtors were \$214k: \$200k were current and \$14k were due past 90 days, the Commission determined there to be nil credit loss.

**(c) Liquidity risk**

Liquidity risk is the risk that the Commission will be unable to meet its payment obligations when they fall due. The Commission continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high-quality liquid assets.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Commission's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

**Natural Resources Commission  
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**18. Financial instruments (cont'd)**

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 no 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 period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payment to other suppliers, The Commissioner (or a person appointed by the Commissioner) may automatically pay the supplier simple interest. No interest for late payment was paid during the year 2021-2022 (2012-2021 nil).

The table below summarises the maturity profile of the Commission's financial liabilities, together with the interest rate exposure.

**Maturity Analysis and interest rate exposure of financial liabilities**

	Weighted average effective interest rate %	Interest Rate Exposure			Maturity dates		
		Nominal Amount \$'000	Variable Interest Rate \$'000	Non-interest bearing \$'000	< 1 year \$'000	1-5 years \$'000	>5 years \$'000
<b>Consolidated</b>							
<b>2022</b>							
Payables:							
Accrued salaries, wages and on-costs		56		56	56	-	-
Creditors		1,613		1,613	1,613	-	-
		<u>1,669</u>	-	<u>1,669</u>	<u>1,669</u>	-	-
<b>2021</b>							
<b>Payables</b>							
Accrued salaries, wages and on-costs		53		53	53	-	-
Creditors		2,174		2,174	2,174	-	-
Lease liabilities	2.42%	6,693	6,693		462	1,846	4,385
		<u>8,920</u>	<u>6,693</u>	<u>2,227</u>	<u>2,689</u>	<u>1,846</u>	<u>4,385</u>

18. Financial instruments (cont'd)

**Maturity Analysis and interest rate exposure of financial liabilities**

	Weighted average effective interest rate %	Interest Rate Exposure			Maturity dates		
		Nominal Amount	Variable Interest Rate	Non-interest bearing	< 1year	1-5 years	>5 years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Commission</b>							
<b>2022</b>							
Payables:							
Accrued salaries, wages and on-costs		60		60	60	-	-
Creditors		1,616		1,616	1,616	-	-
		<u>1,676</u>	-	<u>1,676</u>	<u>1,676</u>	-	-
<b>2021</b>							
<b>Payables</b>							
Accrued salaries, wages and on-costs		56		56	56	-	-
Creditors		2,177		2,177	2,177	-	-
Lease liabilities	2.42%	6,693	6,693		462	1,846	4,385
		<u>8,926</u>	<u>6,693</u>	<u>2,233</u>	<u>2,695</u>	<u>1,846</u>	<u>4,385</u>

**(d) 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. The Commission has no borrowings, 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 and other price risk. A reasonably possible change in risk variable has been determined after considering the economic environment in which the Commission 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 exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2021-2022. The analysis assumes that all other variables remain constant.

**Natural Resources Commission  
Notes to the financial statements  
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**18. Financial instruments (cont'd)**

**(e) Interest rate risk**

The Commission does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. 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. The Commission's exposure to interest rate risk is set out below.

		-1%		1%	
	Carrying Amount	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>Consolidated</b>					
<b>2022</b>					
<i>Financial assets</i>					
Cash and cash equivalents	1,492	(15)	(15)	15	15
<b>Total</b>	<b>1,492</b>	<b>(15)</b>	<b>(15)</b>	<b>15</b>	<b>15</b>

**2021**

*Financial assets*

Cash and cash equivalents	653	(7)	(7)	7	7
<b>Total</b>	<b>653</b>	<b>(7)</b>	<b>(7)</b>	<b>7</b>	<b>7</b>

		-1%		1%	
	Carrying Amount	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>Commission</b>					
<b>2022</b>					
<i>Financial assets</i>					
Cash and cash equivalents	1,485	(15)	(15)	15	15
<b>Total</b>	<b>1,485</b>	<b>(15)</b>	<b>(15)</b>	<b>15</b>	<b>15</b>

**2021**

*Financial assets*

Cash and cash equivalents	642	(6)	(6)	6	6
<b>Total</b>	<b>642</b>	<b>(6)</b>	<b>(6)</b>	<b>6</b>	<b>6</b>

**18. Financial instruments (cont'd)**

**(f) Fair value measurement**

**(i) 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.

**19. Related Party Disclosures**

The Commission's key management personnel compensation was paid by the Natural Resources Commission Staff Agency and details for the period ending 30 June 2022 are as follows:

<b>Short Term Employee Benefits:</b>	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Salaries	<b>473</b>	460
Other monetary allowances	-	-
Non-monetary benefits	<b>3</b>	5
Other long-term employee benefits	<b>14</b>	13
Post-employment benefits	-	-
Termination benefits	-	-
<b>Total remuneration</b>	<b>490</b>	478

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

During the year, the Commission entered into transactions with NSW Government related entities that are controlled, jointly controlled or significantly influenced by NSW Government. These transactions are all at arm's length and in the ordinary course of the business of the Commission.

**20. Events after the Reporting Period**

There were no significant events after the reporting period.

**End of audited financial statements**

# Appendix 1: Operation and performance

## Commission meetings

Number held	Attendees	Title	Number attended
11	Prof Hugh Durrant-Whyte	Commissioner	11/11
	Mr Peter Cochrane	Assistant Commissioner	5/5
	Ms Susan Madden	Assistant Commissioner	5/5
	Mr Bryce Wilde	Executive Director	11/11
	Ms Maree Leonard	Secretary to the Commission	11/11

## Publications

*IFOA - Integrated Forestry Operations Approval*

*FMIP - Forest Monitoring and Improvement Program*

Date	Publication
Jul 2021	Environmental Trust – Evaluation of Coastal Rivers and Estuaries Project – Report
Jul 2021	Environmental Trust – Evaluation of Coastal Rivers and Estuaries Project – Investment strategy
Aug 2021	Water management plan audit - WSP - Hunter - Final report
Aug 2021	Water management plan audit - FMP - Gwydir Valley - Final report
Sep 2021	Koala research – Koala response to harvesting in NSW north coast state forests – Final report
Sep 2021	Coastal IFOA – Risks to Coastal IFOA posed by 2019-2020 fire season
Sep 2021	FMIP – NSW Future scenarios workshop – Introduction and overview
Oct 2021	FMIP - Baselines, drivers and trends for soil health and stability – Final report
Nov 2021	FMIP – Supporting post-fire ecological resilience and recovery planning in forests – Final report
Dec 2021	Forest dieback – Eucalyptus Dieback Research Symposium
Dec 2021	FMIP – Mid-term evaluation report
Feb 2022	FMIP – Carbon balance of NSW forests – Methodology and baselines report
Mar 2022	Water sharing plan reviews – Murray – Final report
Mar 2022	WMP audit - Barwon-Darling floodplain management plan - Final report
Mar 2022	Private native forestry – Draft PNF Codes of Practice – Final report
Apr 2022	FMIP – Baselines, drivers and trends for species occupancy and distribution – Final report
May 2022	FMIP – Extent methodology – Methods paper
May 2022	FMIP – Condition methodology – Methods paper
May 2022	FMIP – Loss and recovery methodology – Methods paper
May 2022	FMIP – NSW Future forest scenarios - Final report
Jun 2022	Water sharing plan reviews – North-Western – Final report
Jun 2022	Water sharing plan reviews – Castlereagh – Final report
Jun 2022	Water sharing plan reviews – NSW Border Rivers – Final report
Jun 2022	Water sharing plan reviews – Lower Murray and Intersecting Streams – Final report
Jun 2022	FMIP – Extension of state-wide trends in water quality and quantity - Final report
<b>Corporate</b>	
Jul 2021	Strategic Plan 2021-2022
Oct 2021	Annual Report 2020-2021



## Appendix 2: Funding and expenditure

### Annual report production

In accordance with the Premier's Memorandum M2013-09, we are committed to minimising the cost of producing its annual report.

This report was designed in-house without incurring any external costs on its production. Two copies of this report were printed (on recycled paper) and provided to the Minister for presentation to Parliament.

### Consultants

During 2021-2022, we engaged consultants and subject matter experts for a total expenditure of \$2,292,400 (including GST). There were 28 contracts with a value of \$50,000 or more with an expenditure of \$1,123,082, and several contracts under \$50,000 with an expenditure of \$1,169,000. Some of these contracts commenced prior to 2021-2022 and others were still in progress as at 30 June 2022.

Table A2.1: Contracts with a value \$50,000 or more (Amount incl. GST)

Consultant	Title/Nature	Amount
University of Melbourne	Deliver baselines and trends for environmental values related to water quality and quantity for the Forest Monitoring and Improvement Program (FMIP)	\$547,188.00
Aerometrex Limited	Capture LiDAR data and coincident imagery over various areas within three regions for the FMIP	\$503,371.00
Spatial Vision Technologies Pty Ltd	Deliver baselines, drivers and trends for forest extent, condition and health for the FMIP	\$345,004.00
University of New England	Deliver baselines, drivers and trends for species occupancy and distribution for the FMIP	\$275,299.00
Alluvium Consulting	Assess the effectiveness of forest road network design and management to reduce soil erosion and maintain in-stream water for the FMIP	\$255,624.00
Mullion Group	Quantify the carbon balance of NSW forests and how this may change under different policy, management and climate for the FMIP	\$217,800.00
O'Connor Marsden and Associates	Assist in planning, scoping and auditing water management plans, including audit quality assurance	\$191,884.00
Synergies Economic Consulting	Assist in addressing the socio-economic focus areas to better account for forest-dependent jobs across NSW for the FMIP	\$161,700.00
Jacobs Group	Assist in monitoring of harvesting in fire-affected sites, specifically the waterway health of the Coastal IFOA program	\$125,781.00
University of Sydney	Provide advice on health and stability of soil in forests and their predicted trajectory for the FMIP	\$110,909.00
K2 Professional Services Pty Ltd (Bissett)	Provide writing support for various Commission reviews	\$108,890.00
KPMG Australia	Assist in establishing evidence and developing a proposal for new funding for the creation of NSW Futures Forest Hub	\$108,524.00

Consultant	Title/Nature	Amount
University of Melbourne (Baker)	Provide expert advice as a member of the NSW Forest Monitoring Steering Committee	\$104,128.00
Tamworth Local Aboriginal Landcare Council	Deliver a case study to develop an overarching model of Aboriginal values in NSW forests for the FMIP	\$89,763.00
Firesticks Alliance Indigenous Corporation	Lead cultural values assessment of NSW forests for the FMIP	\$77,000.00
Eco Logical Australia Pty Ltd	Conduct a risk-based review of prescriptions for the threatened fauna and flora species of the PNF Codes	\$77,000.00
2Rog Consulting Pty Ltd	Provide technical advice for three water sharing plan reviews	\$75,460.00
K2 Professional Services Pty Ltd (Rosewall)	Assist in reviewing the Environmental Trust's Nature Based Tourism project	\$67,753.00
ANU Enterprise Pty Ltd	Establish a scenario framework and process to deliver an evidence base for decision-making about the future management of NSW forests	\$65,582.00
Spatial Vision Technologies Pty Ltd	Assist in providing access to data and information generated by the FMIP through publication on the NSW Spatial Collaborative	\$64,867.00
O'Connor Marsden and Associates	Provide audit services for floodplain management plans	\$62,137.00
K2 Professional Services Pty Ltd (Munks)	Provide expert advice in evaluating the effectiveness of species and habitat survey and modelling conditions in the Coastal IFOA	\$60,495.00
K2 Professional Services Pty Ltd (Hughes)	Provide expert advice for reviewing water sharing plans	\$60,398.00
K2 Professional Services Pty Ltd (Leis)	Survey national park estate as part of the spring fauna pilot for the FMIP	\$57,552.00
Coffs Harbour Local Aboriginal Landcare Council	Deliver a case study to develop an overarching model of Aboriginal values in NSW forests for the FMIP	\$57,475.00
O'Connor Marsden and Associates	Provide audit services for floodplain management plans	\$56,588.00
2Rog Consulting Pty Ltd	Develop data synthesis framework and key insights report for the FMIP	\$55,000.00
Brungle-Tumut Local Aboriginal Land Council	Deliver a case study to develop an overarching model of Aboriginal values in NSW forests for the FMIP	\$55,000.00

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## Funds granted to non-community organisations

In the reporting year, we did not grant any funds to non-government community organisations.

## Insurance

The iCare provided insurance for workers compensation, property and public liability. There were no worker compensation claims in the reporting year.

## Payment of accounts

There were no instances where penalty interest was paid in accordance with the *Government Sector Finance Act 2018*. In addition, there were no significant events that affected payment performance.

Table A2.2: Aged analysis of account payment in 2021-2022

Quarter ending	Current (within due date)	Less than 30 days overdue	30-60 days overdue	61-90 days overdue	More than 90 days overdue
Sep-21	\$457,835	\$73,128	\$32,763	-	\$31,403
Dec-21	\$699,796	\$179,056	\$35,778	\$23,283	-
Mar-22	\$797,339	\$222,902	\$22,480	\$8,687	\$51,073
Jun-22	\$1,020,405	\$153,914	\$2,816	-	\$18,361

Table A2.3: Report on account payment performance in 2021-2022

Measure / Quarter ending	Sep-21	Dec-21	Mar-22	Jun-22
Invoices due for payment	61	103	76	106
Invoices paid on time	39	72	55	85
Invoices paid on time (% of total number)	64%	70%	72%	80%
Amount due for payment	\$595,129	\$937,913	\$1,102,479	\$1,195,496
Amount paid on time	\$457,835	\$699,796	\$797,339	\$1,020,405
Amount paid on time (% amount due)	77%	75%	72%	85%

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## Resource efficiency

We continued to implement the NSW Government Resource Efficiency Policy.

As of 2021, our operations are carbon neutral through the purchase of Australian Carbon Credit Units through the Aboriginal Carbon Foundation. We also continue to implement several initiatives to minimise our resource use, including:

- targeting field trips and offsetting travel through our travel organisation
- reducing travel to work
- decreasing use of electricity, printing, consumables, and waste in the office
- encouraging sustainable resource use by team members working from home
- sharing our office and resources through an arrangement with the Office of the NSW Chief Scientist & Engineer.

Our office is located at 52 Martin Place – a building whose environmental credentials include:

- 4.5-star National Australian Built Environment Rating System (NABERS) Energy unassisted rating
- 4.0-star NABERS Water rating
- Onsite energy monitoring systems.

The Premier's Memorandum M2014-08 states that Clusters are required to publish a statement of their performance against the Resource Efficiency Policy on an annual basis. We were part of the Planning and Environment Cluster in 2021-2022 and thus not required to report separately on its resource efficiency performance.

## Appendix 3: Human resources and plans

### Employees

Table A3.1: Number of employees by category as at 30 June 2022

Band	2018-2019	2019-2020	2020-2021	2021-2022
Commissioner - Part time	1	1	1	1
Assistant Commissioners - Part time	3	3	2	2
Public Service Senior Executives	4	5	4	4
Non-Executive - FTE	15	15	15	9
Non-Executive - Part time	3.2	3	7	7
<b>Total</b>	<b>26.2</b>	<b>27</b>	<b>29</b>	<b>23</b>

### Senior executives

The tables show the number of Public Service Senior Executives employed at the end of the last two reporting years and their average remuneration.

Table A3.2: Number of roles and gender breakdown

Band	2020-2021		2021-2022	
	Male	Female	Male	Female
Band 4 (Secretary)	1	-	1	-
Band 3 (Deputy Secretary)	-	-	-	-
Band 2 (Executive Director)	1	-	1	-
Band 1 (Director)	1	2	1	2

Table A3.3: Average remuneration

Band	2020-2021		2021-2022	
	Range	Average remuneration	Range	Average remuneration
Band 4 (Secretary)	-	-	-	-
Band 3 (Deputy Secretary)	-	-	-	-
Band 2 (Executive Director)	\$274,701 to \$345,550	\$345,548	\$281,569 - \$354,189	\$354,187
Band 1 (Director)	\$192,600 to \$274,700	\$256,074	\$197,415 - \$281,568	\$262,476

(Note: 28% of the Commission's employee-related expenditure in 2021-2022 was related to public sector senior executives.)

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## Overseas visits

During the reporting year, there was no overseas travel for official duty.

## Privacy and personal information

We comply with the requirements of the *Privacy and Personal Information Protection Act 1998* through implementation of the Privacy Management Plan. The Plan provides to uphold and respect the privacy of staff and others about whom it holds personal information. The Plan also acts as a reference tool for staff to best meet privacy obligations under the Act.

During the reporting year, no internal review was conducted by or on behalf of the Commission under Part 5 of the Act in relation to entitlement of a person aggrieved by the Commission.

## Public interest disclosures

During the reporting year, we neither received any public interest disclosures nor any member of the Commission made public interest disclosures under the *Public Interest Disclosures Regulation 2011*.

## Statement of business ethics

Our statement of business ethics is reviewed annually and is available on our website. It is also included in contract documents to ensure commitment by service providers.

## Appendix 4: Audit and risk management

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Our internal audit program helps to ensure a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

In 2020, we obtained Small Agency exemption from NSW Treasury, which was supported by the then Minister, not to maintain a separate Audit and Risk Committee.

The Commission assumed all audit and risk management reporting functions.

In the reporting year, the following internal audits were conducted and any recommendations are being implemented by the team:

- Cyber security
- Fraud and corruption
- Internal audit quality assurance

The table on the following page addresses our response to the requirements of the Internal Audit and Risk Management Policy for the General Government Sector (TPP20-08).

## Internal Audit and Risk Management Attestation Statement for the 2021-2022 Financial Year for Natural Resources Commission

I, Professor Hugh Durrant-Whyte, am of the opinion that the Natural Resources Commission has internal audit and risk management processes in operation that are, compliant with the eight (8) core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector, specifically:

Core Requirements		
<b>Risk Management Framework</b>		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
<b>Internal Audit Functions</b>		
2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
<b>Audit and Risk Committee</b>		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	Exempted (*)
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Exempted (*)
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Exempted (*)

(\*) Ministerial determination received for exemption

I, Professor Hugh Durrant-Whyte declare that this Internal Audit and Risk Attestation is made on behalf of the following controlled entities (or subsidiaries):

- Natural Resources Commission (controlled entity).

Professor Hugh Durrant-Whyte  
**Commissioner**



Ref: D22/2160

31 August 2022

**Cyber Security Annual Attestation Statement for the 2021-2022 Financial Year for the  
Natural Resources Commission**

I, Professor Hugh Durrant-Whyte, Commissioner of the Natural Resources Commission (Commissioner), am of the opinion that:

- The Commission has assessed its cyber security risks as set out in the NSW Government Cyber Security Policy.
- Risks to the Commissions' information and systems have been assessed and are being managed both internally through policies and procedures and through the outsourced services of the Department of Customer Services - GovConnect Vendors.
- Governance is in place to manage Commission's cyber security maturity and initiatives.
- Cyber security incidents are escalated to Cyber Security NSW as required. The Commission has a cyber incident response plan and has participated in formally testing the plan in the reporting period.
- The Commission has a Cyber Security Information Security Management System (ISMS) and continues to be vigilant in all activities to maintain and develop cyber maturity, and improve the management of cyber security governance and resilience.

Prof Hugh Durrant-Whyte  
**Commissioner**

31 August 2022

Letter of Certification  
to the Commissioner of Natural Resources Commission  
copied to NSW Treasury  
for the Financial Year 2021-2022

**Expression of opinion as to the effectiveness  
of internal controls over financial information**

I Maree Leonard, Director Corporate Services, in my capacity as Chief Financial Officer of the Natural Resources Commission acknowledge my responsibility for the design, implementation and operation of internal control systems over the Commission's financial information.

I certify that, to the best of my knowledge and belief and having undertaken the relevant processes, the Natural Resources Commission had an effective system of internal control to ensure that financial information presenting the financial position and performance of the agency is true and fair in all material respects.

This certification is made on behalf of the following wholly controlled entities:

- Natural Resources Commission
- Natural Resources Commission Staff Agency.

Maree Leonard  
**Chief Financial Officer**

## Appendix 5: GIPA Act

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The *Government Information (Public Access) Act 2009* (GIPA Act) requires agencies to provide access to government information and encourages proactive release of such information.

As required by the GIPA Act, we provided the following information on our website:

- publication guide
- documents tabled in Parliament by or on behalf of the Commission
- policy documents
- disclosure log of access information
- register of government contracts.

Where information is not available on the website, an informal request may be made to our Right to Information Officer. Where information is not available on the website or not provided by informal request, a formal access application can be made.

In the reporting year, we:

- reviewed our program for proactive release of information to identify the kind of information that can be made publicly available, and made relevant information available on our website
- received one request from another agency for information relevant to a GIPA application the agency had received, and we released that information
- received two formal access applications, and released information related to one application whereas did not release information related to the second as disclosure of information was against public interest.

## Appendix 6: Legislation and legal change

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### Principal legislation relevant to the Commission

(As at 1 July 2021)

- *Natural Resources Commission Act 2003*
- *Biodiversity Conservation Act 2016*
- *Crown Land Management Act 2016*
- *Environmental Planning and Assessment Act 1979*
- *Fisheries Management Act 2012*
- *Forestry Act 2012*
- *Government Sector Employment Act 2013*
- *Government Sector Finance Act 2018*
- *Local Land Services Act 2013*
- *Threatened Species Conservation Act 1995*
- *Water Management Act 2000*

### New legislation relevant to Commission

(Assented to during 2021-2022)

- None

### Repealed legislation that were relevant to Commission

(Repealed during 2021-2022)

- None

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