



Natural  
Resources  
Commission

# ANNUAL REPORT

2012-2013



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23 October 2013

The Hon. Barry O'Farrell  
Premier of NSW  
Level 40, Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000

Dear Premier

**Letter of transmittal**  
**Natural Resources Commission - Annual Report 2012-13**

It is my pleasure to forward to you for presentation to the NSW Parliament the Annual Report of the Natural Resources Commission (NRC) for the year ended 30 June 2013.

The Annual Report has been prepared in accordance with the provisions of the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finance and Audit Act 1983*.

Yours sincerely

Dr John Keniry AM  
Commissioner

# Commissioner's message

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Welcome to the Annual Report of the Natural Resources Commission for fiscal 2013.

Throughout the year, the Commission carried out operational audits of two Catchment Management Authorities and assessed nine upgraded Catchment Action Plans. Our findings in each case were reported to the Minister for Primary Industries, and I am pleased to report that all of our recommendations were accepted and acted upon by the Minister. Additionally, the Commission collaborated with the NSW Office of Water in a review of 31 water sharing plans and, at year-end, provided its recommendations to the Minister for Primary Industries.

In addition to these legislated activities, in response to requests from the Minister for Primary Industries and the Minister for the Environment, the Commission has provided advice on a number of issues, including the review of native vegetation regulations, boundary adjustments in the south-western cypress reserves and the potential listing of Yellow Mimosa as a feral native species.

In September, Government announced its decision to undertake a major re-structure of those organisations within the Primary Industries portfolio that were focused on providing advice and other services to NSW landholders. This decision involved the consolidation of functions currently provided by

Catchment Management Authorities, Livestock Health and Pest Authorities and certain of the extension activities of Agriculture NSW into a series of Local Land Service organisations that would operate throughout NSW. The Commission was actively and extensively involved in providing input to the Stakeholder Reference Panel that was established to oversee the design and early implementation of Local Land Services. Local Land Services will become operational in January 2014.

The establishment of Local Land Services will provide for streamlined and customer-oriented provision of front-line advisory services to landholders that are focused on triple bottom line outcomes. The Commission looks forward to being actively involved in assisting with the establishment of Local Land Services and in its anticipated role in recommending appropriate standards for the organisation, as well as continuing its role in operational auditing and reviewing strategic plans.

Outside of Local Land Services, the Commission sees potential, and looks forward, to contributing in areas such as forest policy and management, weed policy and management, and in further contributing to the review of native vegetation legislation.

**Dr John Keniry AM**  
Commissioner

# What we do

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## Providing evidence-based advice to deliver triple bottom line outcomes

The Natural Resources Commission (NRC) provides credible, independent advice to the NSW Government on natural resources in the social, economic and environmental interests of the state.

We work to build healthy landscapes, productive primary industries and strong regional communities across NSW.

Our functions are established by the *Natural Resources Commission Act 2003*. They include reviewing and auditing the matters specified in this Act and, when requested, investigating matters specified in terms of reference.

Our goals are to:

- develop practical solutions that have triple bottom line outcomes
- promote performance, good governance and accountability
- support evidence based decision-making
- produce high quality independent advice to Government.

Our advice informs the Government on what is working in managing natural resources, what needs fixing, and how the Government is tracking against its stated policies and targets.

In 2012-13, our focus was to assist the Government by:

- promoting excellence in how the new Local Land Services deliver regional services to rate-payers, landholders and the community
- auditing the development and implementation of regional plans to promote accountability and drive performance.
- recommending how to reform monitoring, evaluation and reporting so there is more relevant information for decision making.



# Achievements in 2012-13

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## Promoting improvement

- Our Commissioner, Dr John Keniry, chaired a Stakeholder Reference Panel to oversee the establishment of Local Land Services. We supported the Reference Panel, in collaboration with the Department of Primary Industries, by providing papers on governance, boundaries, regional planning and performance auditing, and weed management to help make informed recommendations to the Minister for Primary Industries.
- Reviewed the state-wide monitoring, evaluation and reporting (MER) arrangements in NSW and made recommendations to better focus the available resources and improve the value of MER for decision makers.
- Provided input to the Native Vegetation Regulation Review calling for a result based regulatory framework that provides greater flexibility for farmers and landholders.
- Held a Natural Resource Management Roundtable to identify the best practices that have developed over the last 10 years.
- Gave four presentations to state and national conferences to share our work on and vision for natural resource management.

## Assessing catchment action plans

- Assessed upgraded catchment action plans of nine regions for their potential to improve the long-term health and productivity of local landscapes and communities. Our recommendations included 20 conditions of approval and seven actions for Catchment Management Authorities (CMAs). All our recommendations were accepted by the Government.
- Advised Government on lessons learned from assessing catchment action plans to help Local Land Services develop strategic plans that integrate their functions.

## Auditing the effectiveness of plan implementation

- Completed repeat audits of the implementation of Border Rivers-Gwydir and Sydney Metropolitan Catchment Action Plans.
- Reviewed nine strategic progress letters from CMA Boards and found these CMAs are implementing the recommendations from our assessments and audits, and thus improving their effectiveness.

## Advising on complex scientific and technical issues

- Reviewed 31 water sharing plans, ahead of their expiry in 2014, and provided advice on their contribution to the state-wide Standard and targets for natural resource management, and whether changes to the plans could achieve greater alignment of water and natural resource management planning.
- Recommended a funding profile to allocate *Catchment Action NSW* funding to CMAs for 2013-14 to maximise Government's return on investment.
- Reviewed the proposed listing of Yellow Mimosa as a feral native species and recommended its listing in all CMA regions across NSW to help contain it, as improved control is likely to deliver environmental and economic benefits to landholders and NSW.
- Advised the Minister for the Environment on proposed adjustments to boundaries of the south-western cypress reserves to improve land management outcomes for reserve managers and neighbouring landholders.
- Provided advice on whether nine coastal development proposals were consistent with the requirements of *State Environmental Planning Policy No. 77—Coastal Protection*.

# Promoting improvement

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In 2012-13, the NSW Government has reformed how biosecurity, natural resource management and agricultural services will be provided to farmers, land managers and communities.

## Reforming local land services

In October 2012, the Minister for Primary Industries announced the establishment of Local Land Services.

The Local Land Services is a new integrated regional service delivery model that brings together Livestock Health and Pest Authorities, Catchment Management Authorities and the agricultural advisory services part of the Department of Primary Industries.

Our Commissioner, Dr John Keniry, chaired an independent Stakeholder Reference Panel to oversee the design and establishment of these new bodies. The Reference Panel

conducted 22 workshops across NSW attended by more than 1500 people, and received 2000 pieces of online feedback.

In 2012-13, we collaborated with the Department of Primary Industries to support the Reference Panel in the areas of:

- **Governance** – by providing analysis and papers on governance arrangements, including structure and foundational principles of Local Land Services, Board composition and appointment processes, voting right options for elected Board members, roles and responsibilities of the Board of Chairs and Local Land Services Boards, delegations, auditing and accountability requirements, rating principles, skills and experience for Board members and Chairs, and local community engagement strategies.

- **Boundaries** – by providing analysis and papers on principles for establishing the boundaries for Local Land Services and maps showing options based on community and stakeholder feedback.
- **Regional planning and performance auditing** – by providing a paper outlining potential regional strategic planning and performance auditing arrangements for Local Land Services.
- **Weed management** – by providing analysis and a paper on weed management in NSW that recommended initiating a formal evaluation of current weed management arrangements in NSW, and making recommendations on how future institutional and regulatory arrangements would best achieve the NSW Biosecurity goals.

Our contribution helped the Reference Panel make informed recommendations to Government on establishing Local Land Services. The Government has adopted most of the recommendations in relation to the establishment of these new bodies.

## Improving resource condition MER program

The adoption of the NSW Natural Resources MER Strategy 2010-15 was a significant development in the state's MER arrangements.

In 2011, the NSW Natural Resource Management Senior Officers Group asked the NRC to review the existing resource condition datasets and indicators, and provide advice on how to best prioritise efforts under the resource condition monitoring program.



In October 2012, we provided our final report. We found aspects of the MER Strategy were comparable to some of the best national and international initiatives. However, there is still scope to improve the current arrangements to enhance the value of state-wide MER for decision makers.

We made seven recommendations across three areas:

- focusing monitoring and analysis on critical knowledge needs
- collaborating across different scales
- delivering timely and relevant information.

## Contributing to the Native Vegetation Regulation review

In 2011, the NSW Government announced the commencement of a review of regulations for the *Native Vegetation Act 2003* and appointed a Native Vegetation Regulation Review Facilitator.

In 2012-13, the NRC met with the Review Facilitator and provided written advice on the proposed changes to the *Native Vegetation Regulation 2005*.

We called for a results based regulatory framework for native vegetation that is regionally relevant and will empower landholders to achieve desired environmental outcomes. In doing so, we supported the proposed move towards a code based system that is regionally relevant and provides greater flexibility to landholders.

We emphasised that enhanced educational and extension efforts

will be required for the effective implementation of a code based system, and these services are best delivered through regional bodies. To ensure that administration of native vegetation is given priority, we proposed that regional strategic plans of these new bodies must provide guidance on native vegetation management and conservation, and be consistent with the Regulation.

## Identifying lessons learned

As part of our role to promote best practice in natural resource management, the NRC convened a Natural Resource Management Roundtable in June 2013.

The Roundtable brought together individuals with leadership experience in Catchment Management Authorities, agriculture, industry, community groups and academia.

The Roundtable highlighted successes in promoting regional decision making, delivering on-ground outcomes and improving accountability. It also provided insights into challenges for future natural resource management programs and how the integrated Local Land Services model can benefit from the lessons learned over the last ten years.

Key themes raised in the discussion were:

- the model of the Standard, targets and performance audit has driven continuous improvement in natural resource management
- the upgraded catchment action plans provide an excellent basis for strategic planning and prioritising evaluation and monitoring effort

- programs need to focus on people and better leverage skills of local organisations
- programs will need to provide confidence that they will deliver value to farm businesses and ensure ongoing opportunities for regional innovation.

### Next steps

- Provide, as required, guidance and advice to support improved performance of Local Land Services.
- Review and revise the Standard for Quality Natural Resource Management in light of the establishment of Local Land Services.
- Evaluate natural resource management investment over the last ten years and priorities for future investment to inform Local Land Services strategic planning processes.
- Review the approach for monitoring, evaluation and reporting to better account for integrated reporting on social, economic and environmental outcomes.

# Assessing catchment action plans

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## Recommending catchment action plans to improve the long term health and productivity of local landscapes and communities

Catchment action plans outline strategic regional priorities for sustainably managing the landscape. The NRC has a legislative role to assess these plans as they are developed, and recommend whether they should be approved by the Government.

In response to our recommendation in 2010, the NSW Government, in its *NSW 2021* plan, has committed to increasing devolved decision making at the regional scale by developing upgraded catchment action plans across the state.

### Assessing nine upgraded catchment action plans

In 2012-13, we reviewed the upgraded plans of Murray, Border Rivers-Gwydir, Southern Rivers, Hawkesbury-Nepean, Northern Rivers, Western, Hunter-Central Rivers, Lachlan and Murrumbidgee regions and assessed their potential to improve the long-term health and productivity of local landscapes and communities.

Although all of these plans are sound strategic plans, the plans of **Murray, Border Rivers-Gwydir** and **Southern Rivers** regions were assessed to be of the highest quality. All plans were developed through a comprehensive planning process and collaboration with local farmers, landholders, industry representatives and community groups. Successful implementation of these plans is likely to deliver improvements in long-term landscape health and community well-being.

Currently, CMAs have primary responsibility for effectively implementing their plans in collaboration with their partners. Local Land Services will take on this responsibility from January 2014.

We recommended the Government **approve all nine plans** with a condition to review and adapt each plan, as required, to fit with the Local Land Service boundaries. We also recommended the following additional conditions of approval:

#### Northern Rivers:

- prioritise actions within the plan through continued development of the links between social, economic and environmental aspects of the region's landscapes.

#### Hunter-Central Rivers:

- prioritise strategies and outcomes to ensure investment is directed to issues the CMA and its delivery partners can effectively influence
- accelerate its work to specify priority actions necessary to achieve strategies and outcomes

#### Murrumbidgee:

- clarify the strategic approach at the regional scale
- identify targets that promote accountability for the broad outcome statements and the plan goals
- identify shared priorities with government, industry and community stakeholders to increase the likelihood of actions contributing to multiple goals



**Lachlan:**

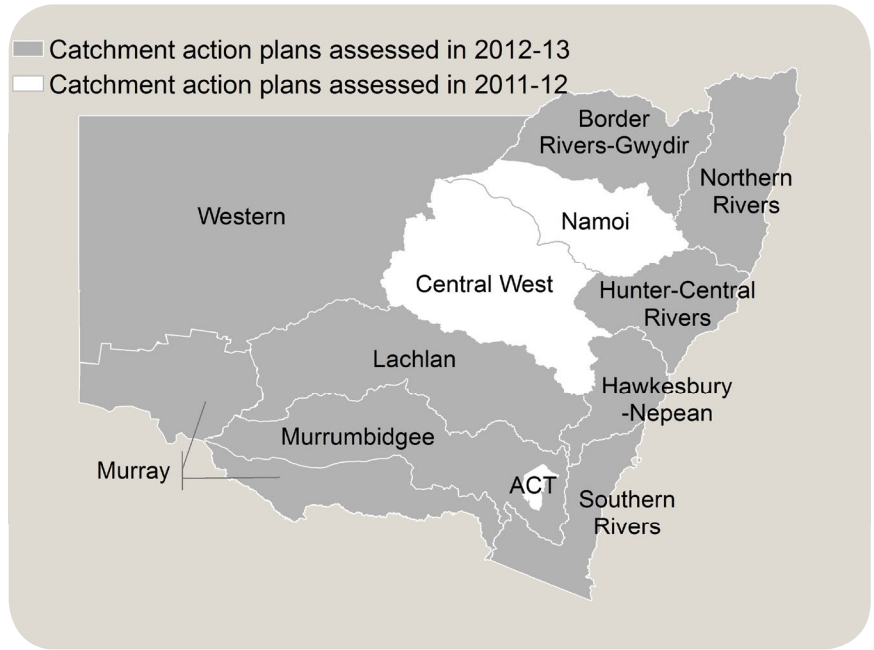
- confirm the roles of delivery partners and that they are committed to collaborative delivery of integrated actions across the catchment. This will assist the continuation of existing relationships during the transition to Local Land Services.
- consider how the plan and its supporting analysis can be used to inform the five relevant Local Land Services responsible for the Lachlan catchment

**Hawkesbury-Nepean:**

- ensure strategies are informed by analysis, based on best available information, and integrate social, economic and environmental aspects
- develop and prioritise specific actions to better guide delivery partners
- develop consistently auditable targets that support reporting against all goals to further improve accountability for delivering outcomes
- clarify the linkages between plan goals, strategies, targets and actions, to ensure that actions achieve the desired outcomes.

**Using lessons learned to inform Local Land Services strategic planning**

Following the assessment of all upgraded catchment action plans, the NRC provided advice to Government on lessons learned through the assessment process.



The upgraded plans deliver a significant improvement in regional landscape planning in NSW, as well as reflecting planning best practice internationally, through the adoption of innovative, robust and inclusive planning processes. These include the application of systems analysis and resilience thinking, and greater community participation and improved cooperation within government at all scales.

CMA's will soon transition into the Local Land Services delivery model. The upgraded plans will be adapted to guide natural resource investment for the next two years, until Local Land Services are in a position to review and update their regional plans to cover all functions, including biosecurity, agricultural productivity, emergency and natural resource management.

The Local Land Service strategic planning processes should be informed by what worked in the plan

upgrade process and what needs further improvement, including:

- leadership and governance
- regional strategic capacity
- knowledge of regional systems
- stakeholder engagement
- collaboration
- strategic prioritisation and measurability
- flexibility and adaptability.

**Next steps**

- Monitor catchment action plan conditions of approval through strategic progress letters.
- Provide guidance and support for Local Land Service strategic planning, including supporting the transition from Catchment Action Plans to strategic plans for the Local Land Services.

# Auditing the effectiveness of plan implementation

## Providing quality assurance to support devolved natural resource management

In addition to assessing catchment action plans, the NRC has a legislative role to audit the effectiveness of plan implementation.

Our audits provide the Government and investors with an understanding of progress in the effective implementation of catchment action plans, and guide the CMA Boards in continuous improvement.

In 2012-13 we conducted repeat audits of Border Rivers-Gwydir and Sydney Metro Catchment Management Authorities.

### Findings of the Border Rivers-Gwydir audit

The Border Rivers-Gwydir CMA demonstrated significant improvement since its 2009 audit by implementing 19 of the 21 suggested actions. It is also making good progress towards the catchment action plan targets and effectively applying the Standard in its operations.

The 2012 repeat audit recommended 13 actions the CMA should take to further improve its performance. The CMA agreed with these actions and developed a timeline to implement them.

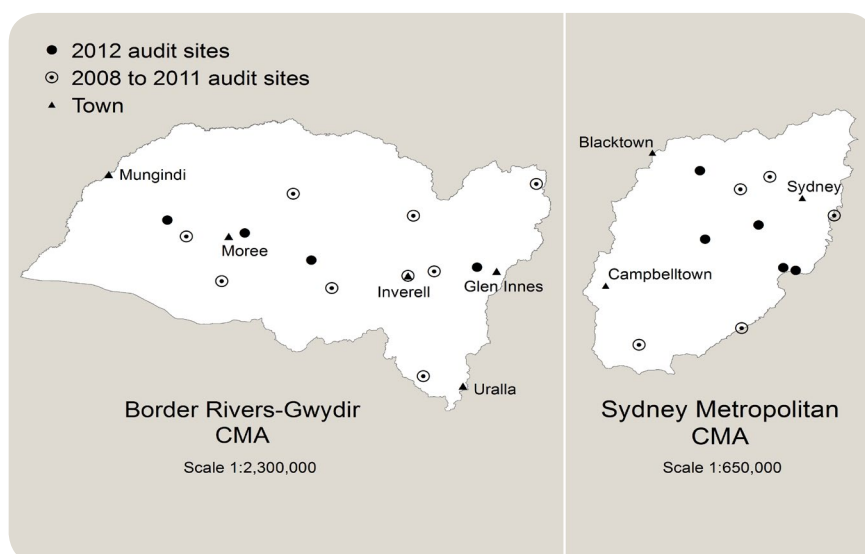
The recommended actions include improving the collection and use of socio-economic data, implementation of its Monitoring, Evaluation, Reporting and Improvement Strategy, and ensuring new concepts and policies are consistently applied.

### Findings of the Sydney Metropolitan audit

While the Sydney Metropolitan CMA had made some progress in addressing the priority areas identified in 2009, significant limitations remained to effective plan implementation.

The 2012 repeat audit identified three key issues to underpin improvement, including clarifying the strategic direction for the catchment, developing an operational strategy for the CMA, and achieving effective monitoring, evaluation and reporting.

The audit recommended 18 actions the CMA should take to further improve its performance. The CMA agreed with these actions and developed a timeline to implement them.



In late 2012, the Sydney Metropolitan CMA was incorporated into the Hawkesbury-Nepean CMA, who will report to the NRC on the audit recommendations.

## Reviewing CMA improvements

In our catchment action plan assessment and audit reports, we recommended actions for improving CMAs' strategic planning and business systems, and asked the CMA Boards to report to us, in the form of a strategic progress letter, on how their CMA is addressing the recommended actions. Some CMA Boards were asked to report annually and others half-yearly.

In 2012-13, we reviewed 10 strategic progress letters from the following CMAs, and found that all are implementing the recommended actions and improving their effectiveness:

- Border Rivers-Gwydir
- Hawkesbury-Nepean
- Hunter-Central Rivers
- Lachlan
- Lower Murray Darling (two letters)
- Namoi
- Southern Rivers
- Western (two letters).

## Reviewing audit framework

Prior to the announcement of the establishment of Local Land Services, we had commenced reviewing our Audit Strategy and the 2007 Audit Framework to support future audits of the effective implementation of upgraded catchment action plans. Part of this work included developing a revised strategy and risk-based audit approach.

Given the restructure and the extent of organisational change occurring, the Minister for Primary Industries agreed that audits of the implementation of catchment action plans not take place during the restructure. Audits of Local Land Services and associated plans can commence based on new legislative requirements.

### Next steps

- Continue to monitor CMA performance by reviewing strategic progress letters.
- Revise the NRC Audit Strategy and approach to reflect Local Land Services legislation and work with Local Land Services to develop a risk-based plan for the audit of Local Land Services natural resource management functions.



# Advising on complex and technical issues

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## Providing evidence-based advice to inform Government decision making

The NRC has an ongoing role to provide independent and objective advice to Government on complex scientific and policy issues.

### Review of water sharing plans

In 2012-13, we delivered our advice to the Minister for Primary Industries on whether to extend or remake 31 water sharing plans which will expire in 2014, as required under section 43A of the *Water Management Act 2000*.

Our review commented on:

- the extent to which the plans comply with the Standard and contribute to progress towards the state-wide targets, expressed at a regional scale in catchment action plans
- the alignment of water and natural resource management planning for overall landscape health, productivity and resilience
- the implications of the Murray Darling Basin Plan (the Basin Plan)
- whether changes to the plans are warranted.

We found that it is likely the plans have contributed to the state-wide targets, although assessment of the extent or materiality of this contribution was limited by a lack of available information on the outcomes of these plans. Analysis against the Standard indicated that these plans are an improvement on the arrangements in place prior to 2004, but there is room for further improvement, particularly in the plans' monitoring, evaluation and reporting frameworks.

Overall, we recommended that plan replacement would benefit consumptive users and the

environment, particularly for plans that do not fall within the Murray Darling Basin. However, we also advised that if Government intends to implement the Basin Plan, then the replacement of plans within the Basin should be deferred until the replacement plans can meet Basin Plan requirements. This will avoid duplicate planning and engagement processes, thus maximising the efficient use of government and community resources.

Considering water sharing plans in a broader context, the alignment of catchment and water planning has generally improved through the catchment action plan upgrade process. We support the NSW Office of Water's plans to continue collaborating and sharing information with CMAs as they transition to the Local Land Services model.

In parallel with our review, the NSW Office of Water was undertaking an evaluation and a review of the water sharing plans in line with its own legislative requirements. Although these were independent processes with different review scopes, we collaborated with the Office of Water to maximise efficiency and share information, particularly by running a joint submissions process to inform both reviews. Over 170 public submissions were received, which can be accessed from our website.

### Funding allocations to CMAs

In 2012-13, we recommended a funding profile for the pool of \$30 million of *Catchment Action NSW* funding to the 11 CMAs for 2013-14.

For the past five years, *Catchment Action NSW* investment funds have been allocated using the NRC-recommended six stage decision-

making process, which includes a multi-criteria analysis (MCA) decision support tool. This process is designed to allocate funding in a way that maximises Government's return on investment by investing in those regions with higher performing CMAs and more valued natural resources.

The operating environment for this funding has changed due to a shift from 13 to 11 CMAs, and will continue to evolve in 2014 when Local Land Services take responsibility for these funds.

In addition to providing advice on 2013-14 allocations, the Minister also requested that the NRC review the funding methodology, and recommend how the methodology can be refined and applied to Local Land Services for 2014-15 and 2015-16. We are

conducting a more comprehensive review of the funding methodology to deliver our advice by 30 September 2013.

### Advice on listing Mimosa as a feral native species

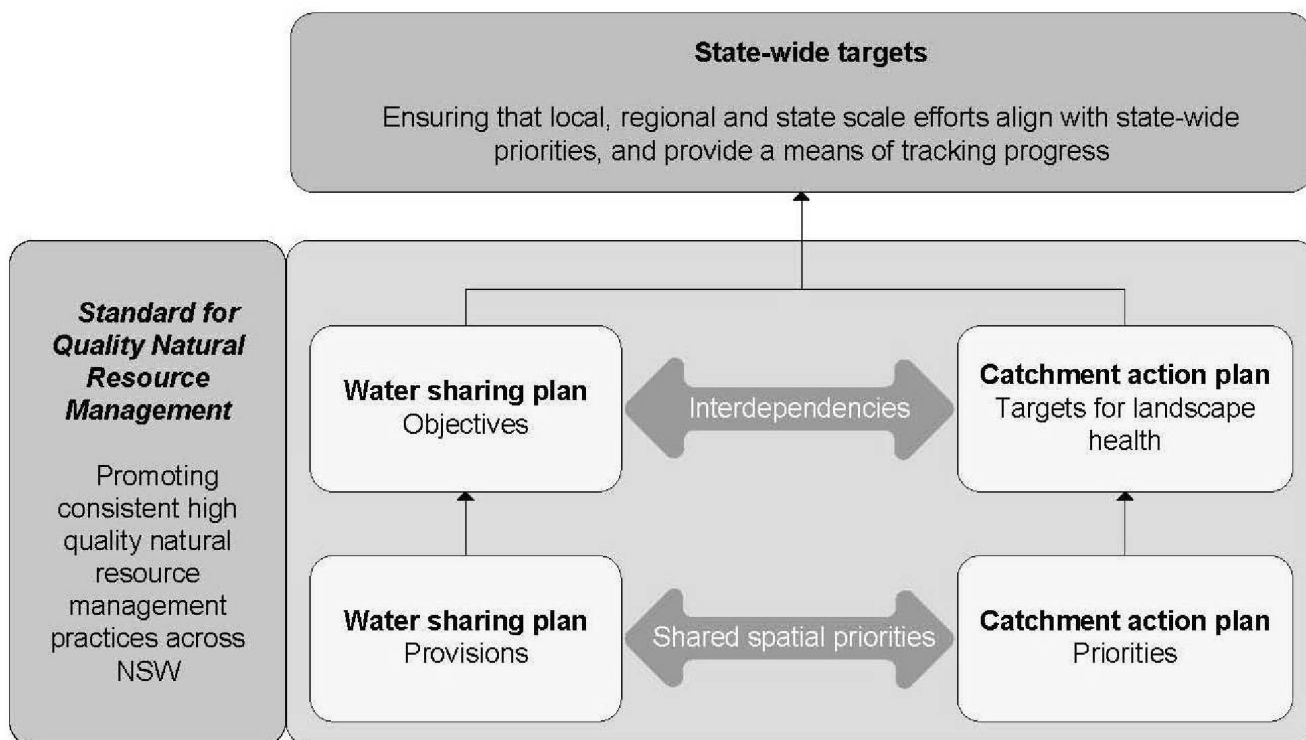
The *Native Vegetation Regulation 2005* provides for the listing of a species of native vegetation as a feral native species, and the Minister for the Environment is required to consult with the NRC before a feral species can be listed.

In 2012-13, we recommended that Yellow Mimosa (*Vachellia farnesiana*) be listed as a feral native species in all CMA regions across NSW. This was largely because the listing will help improve its control and deliver

economic and environmental benefits to landholders and NSW.

During our review, stakeholders also raised other issues and made suggestions that could promote better weed management in NSW and support the communities' environmental, social and economic values. As such, we also recommended the Government:

- ensure current and future regulation and strategies, for both native and non-native weeds, contribute to agreed outcomes for weed management
- expand or replace the current decision rule to define native vegetation in the *Native Vegetation Act 2003* with a more rigorous scientific assessment



- further explore whether Yellow Mimosa should be listed as a noxious weed under the *Noxious Weeds Act 1993* after it is listed as a feral native species under the *Native Vegetation Act 2003*.

## Advice on boundary adjustment to south-western cypress reserves

The *National Park Estate (South-Western Cypress Reservations) Act 2010* includes provisions to adjust reserve boundaries, if necessary.

In 2012, the Minister for the Environment sought the NRC's advice on adjustments to a small set of boundaries in the south-western cypress reserves that were potentially impacting landholders' continued land-uses and ongoing park management.

We found some of the adjustments were relatively minor and straight forward, and the Office of Environment and Heritage was in the process of negotiating satisfactory solutions for landholders and ongoing park management. In the future, we suggested the Office of Environment and Heritage implement clearer and more repeatable decision rules that consider both site and regional or subregional scales when assessing the impact of potential boundary adjustments.

However, we found many landholders were primarily concerned about their on-going use of the former state forests for livestock grazing. While some concerns could be resolved

through a boundary adjustment, others would require further consideration and clear decisions to be made about the future of grazing, and associated issues such as fencing, weed and fire management. These issues would normally be resolved through the process of formulating and adopting a Plan of Management for each of the reserves.

We recommended the Government:

- encourage landholders to voluntarily surrender grazing permits, for example by charging commercial rates for permits (supported by assessment and oversight by the Independent Pricing and Regulatory Tribunal), providing the full cost of fencing if a permit is surrendered voluntarily, and ensuring permits are non-transferrable
- start a well-designed and independently monitored grazing trial (or trials), and complete this by the end of 2015, to allow for due consideration of whether ongoing grazing can provide conservation benefits before existing permits expire
- use the principles from the NRC's 2010 forest assessment to implement active, flexible and adaptive management of cypress forests on public land including livestock grazing, fire regimes, ecological thinning and silviculture (such as non-commercial thinning).

The NSW Government has since approved a scientifically monitored grazing trial in the south-western cypress and river red gum reserves.

## Advice on coastal development proposals

In 2012–13, we provided advice on nine coastal development proposals. Our advice helps promote the aims of the *State Environmental Planning Policy No. 71 – Coastal Protection (SEPP 71)* and encourages greater connection between natural resource management and planning processes.

SEPP 71 aims to protect and manage the state's coast, marine environment, native coastal vegetation and cultural heritage. It requires that a master plan be prepared for land development before development consent can be granted. The Minister responsible for planning must consult the NRC before approving a master plan or waiving the need for a master plan.

### Next steps

- Review the funding allocation methodology for *Catchment Action* NSW funding and recommend how the methodology can be refined and applied to Local Land Services.
- Continue to provide advice on sensitive coastal development proposals, as required by Government.

# Corporate governance

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Continually improving our business systems to enhance the quality and timeliness of our advice

## Decision-making structure and roles

The Commissioner is responsible for making decisions related to governing the NRC and providing advice to government. The Commissioner is assisted in his decision making by the advice of the governing body called the Commission.

The Commission comprises the Commissioner, the Assistant Commissioner and the Executive Director. The Director Corporate Services is secretariat to the Commission. The Commission meets as required, which is typically once a month.

The Commissioner is appointed by the Governor of NSW for a period of up to five years and is accountable to the Premier for the exercise of all functions under the *Natural Resources Commission Act 2003*. The Assistant Commissioner may from time to time be delegated authority by the Commissioner to decide on the NRC's direct advice to Government.

The Executive Director is responsible for the day-to-day leadership of the NRC's programs, administration and financial affairs. The Director Corporate Services reports to the Executive Director and leads corporate governance, financial management, audit and reporting activities within the NRC. Program Directors report to the Executive Director and are responsible for managing agreed programs.

We also establish project-specific review panels to provide us with additional expertise as needed.

## Commissioners and executives

### Commissioner

#### **Dr John Keniry AM**

*BSc (Hons), PhD, FAICD, FTSE, FRACI*

John joined the Natural Resources Commission as Commissioner in December 2011. John was awarded an Order of Australia in 2005 and a Centenary Medal in 2003 for service to primary industry and applied science in agricultural and environmental settings. He also chairs the Sydney Institute of Marine Science, the Cooperative Research Centres for the pork and sheep industries and the Australian Wool Exchange. John is a Fellow of the Royal Australian Chemical Institute, the Academy of Technological Sciences and Engineering, and the Australian Institute of Company Directors. He is the past Chairman of Ridley Corporation Ltd, the Australian Chamber of Commerce and Industry, the Livestock Export Review, the National Registration Authority for Agricultural and Veterinary Chemicals, and Unisearch Ltd. John also owns a wool and lamb enterprise in central west NSW.

### Assistant Commissioner

#### **Mr Brian Gilligan**

*BA, DipEd, MA, FAICD*

Brian was appointed as Assistant Commissioner in August 2009, and has 33 years experience working in environment protection and education roles in NSW government agencies. He is also a Member of the NSW Planning Assessment Commission,

and has been the Director-General of the National Parks and Wildlife Service of NSW. He has led inquiries and evaluations advising governments in various jurisdictions on contentious planning and policy issues, and making recommendations for improvements in program delivery.

### **Executive Director**

#### **Mr Bryce Wilde**

*BA(Hons), ExecMPA*

Bryce has 20 years experience in public policy, strategic planning and organisational development. He has been a member of the senior management team at the Natural Resources Commission since 2006. Prior to joining the Natural Resources Commission, Bryce was a senior manager at the Department of Juvenile Justice.

## **Audit and risk management**

The NRC's internal audit program helps to ensure our programs and processes comply with legislation and management best practice.

From 1 July 2012 until 31 December 2012, we operated an independent Audit and Risk Management Committee with an internally appointed Chief Audit Officer.

From the 1 January 2013, we commenced participation in the Principal Department led shared services agreement with the Department of Premier and Cabinet. The Department of Premier and Cabinet appointed the Chief Audit Executive and the Committee ensured compliance with requirements of Treasury Policy TPP 09-05. The Committee met quarterly, and officers

from the Audit Office of NSW regularly attended meetings as observers.

In 2012-13, the Internal Audit Bureau Services completed the contract management and knowledge management audits of our activities. These audits found our operational and administrative systems to be sound.

## **Insurance**

In 2012-13, our insurance for workers compensation, property and public liability was provided by the NSW Treasury Managed Fund. There were no claims except for workers compensation.

## **Work health and safety**

In 2012-13, we continued our commitment to a safe and healthy working environment that enhanced the overall wellbeing of our staff and promoted healthy lifestyle choices.

## **Corporate initiatives**

In 2012-13, we delivered the following corporate projects.

### **Policy review and update**

We reviewed and improved nine policies to ensure they are consistent with Government requirements and are relevant to our organisation. These are listed in Appendix 1 under Publications.

### **Conversion to Systems, Applications and Products (SAP) system**

We completed conversion to SAP ERP 6.0 (a supplier relationship management system) in line with the whole-of-government Corporate Shared Services improvements

initiated by the Government. This system allows the management and monitoring of all finance and human resource related functions for managers and staff.

### **Document and records management system upgrade**

We upgraded our document and records management system to the latest version (HP TRIM 7.2) to meet our obligations and business needs for record management, and deliver enhanced cost-effective information management.

### **Knowledge Management Strategy implementation**

We implemented our Knowledge Management Strategy that aims to manage knowledge in a manner to support the achievement of our business goals. As a part of this strategy, we will maintain and improve current good practices, identify gaps and implement new approaches, and improve practical knowledge across Local Land Service function.

### **Enterprise Agreement finalisation**

We finalised our Enterprise Agreement 2012 which was gazetted on 5 October 2012.

### **Next steps**

- Commence information technology upgrade.
- Continue to build staff capacity through professional development.



# Financial statements

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for the year ended 30 June 2013

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## INDEPENDENT AUDITOR'S REPORT

### Natural Resources Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Natural Resources Commission (the Commission), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows, and a summary of compliance with financial directives for the year then ended, notes comprising a summary 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.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

### The Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Commission
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- 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 other information which may have been hyperlinked to/from the financial statements
- about the assumptions used in formulating the budget figures disclosed in the financial statements

### **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence 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, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Caroline Karakatsanis  
Director, Financial Audit Services

20 September 2013  
SYDNEY

# Statement on behalf of the Natural Resources Commission

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## Internal Audit and Risk Management statement for the 2012-2013 Financial year for the Natural Resources Commission

I, John Keniry, am of the opinion that the Natural Resources Commission has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TPP 09/05 *Internal Audit and Risk Management Policy*. These processes provide a level of assurance that enables the senior management of the Natural Resources Commission to understand, manage and satisfactorily control risk exposures.

I, John Keniry, am of the opinion that the Audit and Risk Committee for the Natural Resources Commission is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/05. The Chair and Members of the Audit and Risk Committee for the financial year 2013 are:

- Joan Wilcox - Independent Chair - appointed on 1 April 2010 ceased December 2012
- Janet Grant - Independent Member - appointed on 28 April 2010 ceased December 2012
- Andrea Ehlers - non-independent Member, Program Manager - appointed on 1 February 2012 ceased August 2013.
- Pia Zadnik - non-independent Member, Program Manager - appointed on 20 April 2013
- Bruce Turner- Independent Chair - appointed on 1 January 2013
- Arthur Butler- Independent Member - appointed on 1 January 2013
- Bonita Bozeman - Independent Member - appointed on 1 January 2013.

This Audit and Risk Committee was established under a Treasury approved shared arrangement from the 1 January 2013 with the following departments/statutory bodies:

- Department of Premier and Cabinet

I, John Keniry declare that this Internal Audit and Risk Management Attestation is made on behalf of the following controlled entities (or subsidiaries):

- Natural Resources Commission (controlled entity)
- Natural Resources Commission Division

These processes provide a level of assurance that enables the senior management of Natural Resources Commission to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to Treasury on behalf of the Treasurer.

A handwritten signature in black ink, appearing to read 'J Keniry'.

Dr John Keniry AM  
Commissioner

30 June 2013

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Telephone 02 8227 4300 Facsimile 02 8227 4399 Website: [www.nrc.nsw.gov.au](http://www.nrc.nsw.gov.au) ABN 36 106 334 821

# Natural Resources Commission

## Statement of comprehensive income

for the year ended 30 June 2013

	Notes	Consolidated		Actual 2012 \$'000	Commission		Actual 2012 \$'000
		Actual 2013 \$'000	Budget 2013 \$'000		Actual 2013 \$'000	Budget 2013 \$'000	
<b>Expenses excluding losses</b>							
Operating expenses							
Employee related	2(a)	3,230	3,230	2,756	-	-	-
Other operating expenses	2(b)	1,520	1,509	1,908	1,520	1,509	1,908
Depreciation and amortisation expenses	2(c)	86	91	100	86	91	100
Personnel services	2(d)	-	-	-	3,126	3,193	2,681
<b>Total expenses excluding losses</b>		<b>4,836</b>	4,830	4,764	<b>4,732</b>	4,793	4,689
<b>Revenue</b>							
Investment income	3(a)	21	26	28	21	26	28
Grants and contributions	3(b)	4,713	4,713	4,750	4,713	4,713	4,750
Acceptance by the Crown Entity of employee benefits and other liabilities	3(c)	104	37	75	-	-	-
Other revenue	3(d)	1	-	-	1	-	-
<b>Total Revenue</b>		<b>4,839</b>	4,776	4,853	<b>4,735</b>	4,739	4,778
<b>Gain / (loss) on disposal</b>	4	<b>(1)</b>	-	-	<b>(1)</b>	-	-
<b>Net Result</b>		<b>2</b>	(54)	89	<b>2</b>	(54)	89
<b>Other comprehensive income</b>							
<b>Total other comprehensive income</b>		-	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2</b>	(54)	89	<b>2</b>	(54)	89

The accompanying notes form part of these financial statements.

# Natural Resources Commission

## Statement of financial position

for the year ended 30 June 2013

	Notes	Consolidated			Commission		
		Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and cash equivalents	6	580	40	493	576	40	493
Receivables	7	43	227	42	43	227	42
<b>Total Current Assets</b>		<b>623</b>	<b>267</b>	<b>535</b>	<b>619</b>	<b>267</b>	<b>535</b>
<b>Non-Current Assets</b>							
Property, plant and equipment	8	39	-	93	39	-	93
Intangible assets	9	-	3	1	-	3	1
<b>Total Non-Current Assets</b>		<b>39</b>	<b>3</b>	<b>94</b>	<b>39</b>	<b>3</b>	<b>94</b>
<b>Total assets</b>		<b>662</b>	<b>270</b>	<b>629</b>	<b>658</b>	<b>270</b>	<b>629</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Payables	10	193	183	286	189	283	286
Provisions	11	261	99	168	261	-	168
<b>Total Current Liabilities</b>		<b>454</b>	<b>282</b>	<b>454</b>	<b>450</b>	<b>283</b>	<b>454</b>
<b>Non-Current Liabilities</b>							
Provisions	11	102	65	71	102	64	71
<b>Total Non-Current Liabilities</b>		<b>102</b>	<b>65</b>	<b>71</b>	<b>102</b>	<b>64</b>	<b>71</b>
<b>Total Liabilities</b>		<b>556</b>	<b>347</b>	<b>525</b>	<b>552</b>	<b>347</b>	<b>525</b>
<b>Net Assets</b>		<b>106</b>	<b>(77)</b>	<b>104</b>	<b>106</b>	<b>(77)</b>	<b>104</b>
<b>EQUITY</b>							
Accumulated funds		106	(77)	104	106	(77)	104
<b>Total Equity</b>		<b>106</b>	<b>(77)</b>	<b>104</b>	<b>106</b>	<b>(77)</b>	<b>104</b>

The accompanying notes form part of these financial statements.

# Natural Resources Commission

## Statement of changes in equity

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for the year ended 30 June 2013

<b>Consolidated and Commission</b>	<b>Accumulated Funds \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2012</b>	<b>104</b>	<b>104</b>
<b>Net result for the year</b>	<u><b>2</b></u>	<u><b>2</b></u>
<b>Total comprehensive income for the year</b>	<u><b>2</b></u>	<u><b>2</b></u>
<b>Balance at 30 June 2013</b>	<u><b>106</b></u>	<u><b>106</b></u>

Consolidated and Commission

<b>Balance at 1 July 2011</b>	15	15
<b>Net result for the year</b>	<u>89</u>	<u>89</u>
<b>Total comprehensive income for the year</b>	<u>89</u>	<u>89</u>
<b>Balance at 30 June 2012</b>	<u>104</u>	<u>104</u>

# Natural Resources Commission

## Statement of cash flows

for the year ended 30 June 2013

	Consolidated			Commission		
	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee related	(3,053)	(3,192)	(2,641)	(3,050)	(3,192)	(2,641)
Other	(1,736)	(1,511)	(2,045)	(1,743)	(1,511)	(2,045)
<b>Total Payments</b>	<b>(4,789)</b>	<b>(4,703)</b>	<b>(4,686)</b>	<b>(4,793)</b>	<b>(4,703)</b>	<b>(4,686)</b>
<b>Receipts</b>						
Interest received	21	26	26	21	26	26
Grants and contributions	4,713	4,713	4,750	4,713	4,713	4,750
Reimbursements from the Crown Entity (Transfers to the Crown Entity)	-	-	(232)	-	-	(232)
Other	144	-	183	144	-	183
<b>Total Receipts</b>	<b>4,878</b>	<b>4,739</b>	<b>4,727</b>	<b>4,878</b>	<b>4,739</b>	<b>4,727</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>89</b>	<b>36</b>	<b>41</b>	<b>85</b>	<b>36</b>	<b>41</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchases of plant and equipment	(2)	-	-	(2)	-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>87</b>	<b>36</b>	<b>41</b>	<b>83</b>	<b>36</b>	<b>41</b>
Opening cash and cash equivalents	493	4	452	493	4	452
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>580</b>	<b>40</b>	<b>493</b>	<b>576</b>	<b>40</b>	<b>493</b>

The accompanying notes form part of these financial statements.



# Natural Resources Commission

## Notes to the financial statements

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for the year ended 30 June 2013

### 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 State-wide 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 Division. Staff of the Commission were transferred to the Natural Resources Commission Division on 17 March 2006. All employee provisions are now held within the Division, 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.

The Commission is a NSW government statutory authority. 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 30 June 2013 have been authorised for issue by the Commissioner on 20 September 2013.

#### (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 *Public Finance and Audit Act 1983* and Regulation and
- the Financial Reporting Directions published in the Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets held for trading and available for sale 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.

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

#### (c) Statement of compliance

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

#### (d) Administered activities

The Commission does not administer any activities on behalf of the Crown Entity.

#### (e) Insurance

The Commission's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

## 1 Summary of Significant Accounting Policies (cont'd)

### (f) 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
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the cash flow statement on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

### (g) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

#### (i) Parliamentary Appropriations and Contributions

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenue when the Commission obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash. Appropriations are not recognised as revenue in the following circumstances:

- Unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

#### (ii) Sale of Goods

Revenue from the sale of goods is recognised as revenue when the Commission transfers the significant risks and rewards of ownership of the assets.

#### (iii) Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

#### (iv) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

### (h) Assets

#### (i) Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the agency. 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 Standards.

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 means the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

## 1 Summary of Significant Accounting Policies (cont'd)

### (h) Assets (cont'd)

#### (ii) Capitalisation thresholds

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

#### (iii) 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 07-1). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

#### (iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, AASB 136 Impairment of Assets effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

#### (v) 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.

#### Depreciation Rates

#### % Rate

#### Plant & Equipment

Office furniture and fittings	33
Computer equipment and software	33
General plant and equipment	25
Leasehold improvements - over the period of the lease	

#### (vi) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

#### (vii) Intangible assets

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

## 1 Summary of Significant Accounting Policies (cont'd)

### (h) Assets (cont'd)

#### (vii) Intangible assets (cont'd)

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the agency's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Commission's intangible assets are amortised using the straight line method over a period of three years.

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

#### (viii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the statements of comprehensive income when impaired, derecognised or through the amortisation process.

### (i) Liabilities

#### (i) Payables

These amounts represent liabilities for goods and services provided to the Commission and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

#### (ii) Employee benefits

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

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*.

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.

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

##### (b) Long service leave and superannuation

The Commission's liabilities for long service leave and superannuation 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 NSWTC 12/06) 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.

## 1 Summary of Significant Accounting Policies (cont'd)

### (i) Liabilities (cont'd)

#### (ii) Employee Benefits and other provisions (cont'd)

The superannuation expense for the financial year is determined by using the formulae 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. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

#### (c) Personnel Services

The Personnel Services are provided by the Natural Resources Commission Division according to Part 3, Schedule 1 to the Public Sector Employment and Management Act 2002 as amended in 2006.

### (j) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to parliament in respect of the reporting period, as suggested in section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

### (k) 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.

### (l) *New Australian Accounting Standards issued but not effective*

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

The following new Accounting Standards have not been applied and are not yet effective. The Treasury Circular TC13/02 mandates not to early adopt any of the new Accounting Standards and Interpretations.

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13, AASB 2011-8 and AASB 2012-1 regarding fair value measurement
- AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures
- AASB 1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding Trans Tasman Convergence – RDR
- AASB 2011-4 removing individual KMP disclosure requirements
- AASB 2011-6 regarding RDR and relief from consolidation
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-12 regarding Interpretation 20
- AASB 2012-1 regarding fair value measurement – RDR requirements
- AASB 2012-2 regarding disclosures – offsetting financial assets and financial liabilities
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2012-4 regarding government loans – first time adoption
- AASB 2012-5 regarding annual improvements 2009-2-11 cycle
- AASB 2012-7 regarding RDR
- AASB 2012-9 regarding withdrawal of Interpretation 1039
- AASB 2012-10 regarding transition guidance and other amendments
- AASB 2012-11 regarding RDR requirements and other amendments

It is considered that the impact of these new Standards and Interpretations in future periods will have no material impact on the financial statements of the Commission.

## 2 Expenses Excluding Losses.

	Consolidated		Commission	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>(a) Employee related expenses</b>				
Salaries and wages (including recreation leave)	2,770	2,370	-	-
Superannuation - defined contribution plans	191	168	-	-
Long service leave	104	75	-	-
Workers compensation insurance	9	9	-	-
Payroll tax and fringe benefit tax	128	134	-	-
Other	28	-	-	-
	<b>3,230</b>	<b>2,756</b>	<b>-</b>	<b>-</b>
<b>(b) Other operating expenses include the following:</b>				
Auditor's remuneration - audit or review of the financial statements	15	15	15	15
Consultancy costs	638	724	638	724
Insurance	6	6	6	6
Postage and telephone	28	4	28	4
Advertising, Printing and Publication	26	43	26	43
Rental expense relating to operating leases	321	300	321	300
Training (staff development)	74	68	74	68
Travel	92	99	92	99
Corporate services	118	118	118	118
Administration Expenses	111	363	111	363
EDP expenses	91	168	91	168
	<b>1,520</b>	<b>1,908</b>	<b>1,520</b>	<b>1,908</b>
Maintenance expense - contracted labour and other (non-employee related), as above	-	-	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	-	-	-	-
<b>(c) Depreciation and amortisation expense</b>				
Depreciation				
Plant and Equipment	79	97	79	97
Total Depreciation	<b>79</b>	<b>97</b>	<b>79</b>	<b>97</b>
Amortisation				
Leasehold improvements	6	1	6	1
Intangible	1	2	1	2
	<b>86</b>	<b>100</b>	<b>86</b>	<b>100</b>
<b>(d) Personnel services</b>				
Paid to the Natural Resources Commission Division	-	-	3,126	2,681
	-	-	<b>3,126</b>	<b>2,681</b>

### 3 Revenue

	Consolidated		Commission	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>(a) Investment revenue</b>				
Interest	<u>21</u>	<u>28</u>	<u>21</u>	<u>28</u>
	<b>21</b>	<b>28</b>	<b>21</b>	<b>28</b>
<b>(b) Grants and contributions</b>				
Grants and Contributions	<u>4,713</u>	<u>4,750</u>	<u>4,713</u>	<u>4,750</u>
	<b>4,713</b>	<b>4,750</b>	<b>4,713</b>	<b>4,750</b>
<b>(c) Acceptance by the Crown Entity of employee benefits and other liabilities</b>				
Long Service Leave	<u>104</u>	<u>75</u>	<u>-</u>	<u>-</u>
	<b>104</b>	<b>75</b>	<b>-</b>	<b>-</b>
<b>(d) Other revenue</b>				
Recoveries	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>

### 4 Gain / (Loss) On Disposal

Proceeds from disposal of plant and equipment	-	-	-	-
Written down value of assets disposed	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
Net gain / (loss) on disposal of plant and equipment	<b>(1)</b>	<b>-</b>	<b>(1)</b>	<b>-</b>

### 5 Service Groups of the Agency

#### Natural Resources Commission

Objectives: To provide independent advice to the NSW Government on natural resource management (NRM) issues which enables NRM decisions to be based on sound science and best practice management and ensures decisions are made in the environmental, social and economic interests of the State.

## 6 Current Assets - Cash and Cash Equivalents

	Consolidated		Commission	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash at bank and on hand	<b>580</b>	493	<b>576</b>	493
	<b>580</b>	493	<b>576</b>	493

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits and bank overdraft.

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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash and cash equivalents (per statement of financial position)	<b>580</b>	493	<b>576</b>	493
Closing cash and cash equivalents (per statement of cash flows)	<b>580</b>	493	<b>576</b>	493

Refer Note 16 for details regarding credit risk, liquidity risk, and market risk arising from financial instruments.

## 7 Current Assets - Receivables

	Consolidated		Commission	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Goods and Services Tax recoverable from ATO	<b>31</b>	30	<b>31</b>	30
Other debtors	<b>12</b>	12	<b>12</b>	12
	<b>43</b>	42	<b>43</b>	42



## 8 Non-Current Assets - Property, Plant and Equipment

### Plant and Equipment \$'000

#### Consolidated and Commission

##### At 1 July 2012 - fair value

Gross carrying amount	1,347
Accumulated depreciation and impairment	<u>(1,254)</u>
Net carrying amount	<u>93</u>

##### At 30 June 2013 - fair value

Gross carrying amount	1,329
Accumulated depreciation and impairment	<u>(1,290)</u>
Net carrying amount	<u>39</u>

#### 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

#### Year ended 30 June 2013

Net carrying amount at start of year	93
Additions	32
Disposals	(40)
Depreciation expense	(85)
Write back on disposals	39
Net carrying amount at end of year	<u>39</u>

### Plant and Equipment \$'000

#### At 1 July 2011 - fair value

Gross carrying amount	1,356
Accumulated depreciation and impairment	<u>(1,165)</u>
Net carrying amount	<u>191</u>

#### At 30 June 2012 - fair value

Gross carrying amount	1,347
Accumulated depreciation and impairment	<u>(1,254)</u>
Net carrying amount	<u>93</u>

#### 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

#### Year ended 30 June 2012

Net carrying amount at start of year	191
Disposals	(9)
Depreciation expense	(98)
Write back on disposals	9
Net carrying amount at end of year	<u>93</u>

## 9 Intangible Assets

	<b>Software \$'000</b>
<b>Consolidated and Commission</b>	
<b>At 1 July 2012</b>	
Cost (gross carrying amount)	4
Accumulated amortisation and impairment	<u>(3)</u>
Net carrying amount	<u>1</u>
<b>At 30 June 2013</b>	
Cost (gross carrying amount)	13
Accumulated amortisation and impairment	<u>(13)</u>
Net carrying amount	<u>-</u>
<b>Year ended 30 June 2013</b>	
Net carrying amount at start of year	1
Amortisation (recognised in 'depreciation and amortisation')	<u>(1)</u>
Net carrying amount at end of year	<u>-</u>
	<b>Software \$'000</b>
<b>At 1 July 2011</b>	
Cost (gross carrying amount)	4
Accumulated amortisation and impairment	<u>(1)</u>
Net carrying amount	<u>3</u>
<b>At 30 June 2012</b>	
Cost (gross carrying amount)	4
Accumulated amortisation and impairment	<u>(3)</u>
Net carrying amount	<u>1</u>
<b>Year ended 30 June 2012</b>	
Net carrying amount at start of year	3
Amortisation (recognised in 'depreciation and amortisation')	<u>(2)</u>
Net carrying amount at end of year	<u>1</u>

## 10 Current Liabilities-Payables

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2013 \$'000</b>	2012 \$'000	<b>2013 \$'000</b>	2012 \$'000
Accrued salaries, wages and on-costs	60	81	-	-
Creditors	133	141	126	141
Personnel services	-	-	63	81
Other	-	64	-	64
	<u>193</u>	<u>286</u>	<u>189</u>	<u>286</u>

## 11 Current / Non-Current Liabilities - Provisions

	Consolidated		Commission	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Current</b>				
<b>Employee benefits and related on-costs</b>				
Recreation leave	215	139	-	-
Long service leave on-costs	21	13	-	-
Payroll tax	25	16	-	-
Personnel services	-	-	261	168
<b>Total provisions</b>	<b>261</b>	<b>168</b>	<b>261</b>	<b>168</b>
<b>Non-current</b>				
<b>Employee benefits and related on-costs</b>				
Long service leave on-costs	1	1	-	-
Payroll tax	1	-	-	-
Personnel services	-	-	2	1
	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>
<b>Other provisions</b>				
Restoration costs	100	70	100	70
	<b>100</b>	<b>70</b>	<b>100</b>	<b>70</b>
<b>Total provisions</b>	<b>102</b>	<b>71</b>	<b>102</b>	<b>71</b>
<b>Aggregate employee benefits and related on-costs</b>				
Provisions - current	261	168	-	-
Provisions - non-current	2	1	-	-
Accrued salaries, wages and on-costs (Note 10)	60	81	-	-
	<b>323</b>	<b>250</b>	<b>-</b>	<b>-</b>
			<b>Restoration costs</b>	
			<b>\$'000</b>	
<b>Consolidated / Commission</b>				
<b>2013</b>				
Carrying amount at the beginning of financial year		70		
Additional provisions recognised		30		
Carrying amount at end of financial year		<b>100</b>		

## 12 Commitments for Expenditures

Consolidated		Commission	
2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000

### (a) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable

Not later than one year	335	340	335	340
Later than one year and not later than five years	28	735	28	735
Total (including GST)	<u>363</u>	<u>1,075</u>	<u>363</u>	<u>1,075</u>

Commitments include GST of \$33,043 (\$97,925 for 2012) which is expected to be recovered from the Australian Taxation Office (ATO).

## 13 Contingent Liabilities and Contingent Assets

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

## 14 Budget Review

### Net result

The actual net result was \$56k higher than the budget mainly due to the increase in valuation and acceptance by the Crown Entity of employee benefits and other liabilities.

The budgeted net result of (\$54k) represents the original budget. During the year, Treasury approved an increase in net cost of service limits of \$131,000 to be carried forward from FY12 to FY13.

### Assets and liabilities

Current assets are \$356k higher than budget due to an increase in cash held at end of financial year.

Non-Current assets are higher than the budget by \$36K mainly due to the capitalisation of restoration costs.

Current liabilities were \$172k higher than budget due mainly to increases in employee benefits and related on-costs.

Non-current liabilities were \$37k higher than budget due to an increase in make good provision.

### Cash flows

Cash flows from Operating Activities was \$53k higher than budget due to lower cash payments.

## 15 Reconciliation of Cash Flows from Operating Activities to Net Result

	Consolidated		Commission	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Net cash used on operating activities	89	41	85	41
Depreciation and amortisation	(86)	(100)	(86)	(100)
Decrease / (increase) in provisions and other liabilities	(94)	(18)	(94)	(18)
Increase / (decrease) in prepayments and other assets	1	(27)	1	(27)
Decrease / (increase) in creditors	93	193	97	193
Net gain / (loss) on sale of plant and equipment	(1)	-	(1)	-
Net result	<u>2</u>	<u>89</u>	<u>2</u>	<u>89</u>

## 16 Financial Instruments

The Commission's principal financial instruments are outlined below. These financial instruments arise directly from the Commission's operations or are required to finance the Commission's operations. The Commission does not enter into or trade financial instruments for speculative purposes. The Commission does not use financial derivatives.

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

### (a) Financial instrument categories

#### Consolidated

Financial Assets	Note	Category	Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
<b>Class:</b>				
Cash and cash equivalents	6	N/A	580	493
Receivables <sup>1</sup>	7	Loans and receivables (at amortised cost)	12	12

Financial Liabilities	Note	Category	Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
<b>Class:</b>				
Payables <sup>2</sup>	10	Financial liabilities measured at amortised cost	193	286

#### Commission

Financial Assets	Note	Category	Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
<b>Class:</b>				
Cash and cash equivalents	6	N/A	576	493
Receivables <sup>1</sup>	7	Loans and receivables (at amortised cost)	12	12

Financial Liabilities	Note	Category	Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
<b>Class:</b>				
Payables <sup>2</sup>	10	Financial liabilities measured at amortised cost	189	286

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)

### (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 and receivables. No collateral is held by the Commission. The Commission has not granted any financial guarantees.

## **16 Financial Instruments (cont'd)**

### **Cash**

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

### **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. Sales are made on 30 day terms.

The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. There are no debtors which are currently past due or impaired whose terms have been renegotiated.

### **(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. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made 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. There was no penalty interest paid in 2012/13 (Nil in 2011/12).

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

## 16 Financial Instruments (cont'd)

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

	Nominal Amount <sup>1</sup>	Interest Rate Exposure		Maturity Dates		
		Non-interest bearing		< 1 yr	1-5 yrs	> 5 yrs
\$'000						
<b>Consolidated 2013</b>						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	60	60		60	-	-
Creditors	133	133		133	-	-
	193	193		193	-	-

	Nominal Amount <sup>1</sup>	Interest Rate Exposure		Maturity Dates		
		Non-interest bearing		< 1 yr	1-5 yrs	> 5 yrs
\$'000						
<b>2012</b>						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	81	81		81	-	-
Creditors	205	205		205	-	-
	286	286		286	-	-

	Nominal Amount <sup>1</sup>	Interest Rate Exposure		Maturity Dates		
		Non-interest bearing		< 1 yr	1-5 yrs	> 5 yrs
\$'000						
<b>Commission 2013</b>						
<i>Payables:</i>						
Personnel Services	63	63		63	-	-
Creditors	126	126		126	-	-
	189	189		189	-	-

	Nominal Amount <sup>1</sup>	Interest Rate Exposure		Maturity Dates		
		Non-interest bearing		< 1 yr	1-5 yrs	> 5 yrs
\$'000						
<b>2012</b>						
<i>Payables:</i>						
Personnel Services	81	81		81	-	-
Creditors	205	205		205	-	-
	286	286		286	-	-

Note:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore may not reconcile to the balance sheet.

#### (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's exposures to market risk are primarily through interest rate risk on the Commission's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment facilities. The Commission has no borrowings, no exposure to foreign currency risk and does not enter into commodity contracts.

## 16 Financial Instruments (cont'd)

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 taking into account 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 balance sheet date. The analysis is performed on the same basis for 2012. The analysis assumes that all other variables remain constant.

### Interest rate risk

Exposure to interest rate risk arises primarily through the Commission's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. 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.

	Carrying Amount	-1%		+1%		
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	
<b>Consolidated 2013</b>						
<i>Financial assets</i>						
Cash and cash equivalents	580	(6)	(6)	6	6	
Receivables	12	-	-	-	-	
<i>Financial liabilities</i>						
Payables	193	-	-	-	-	
<b>Total</b>	<b>785</b>	<b>(6)</b>	<b>(6)</b>	<b>6</b>	<b>6</b>	
<b>2012</b>						
<i>Financial assets</i>						
Cash and cash equivalents	493	(5)	(5)	5	5	
Receivables	12	-	-	-	-	
<i>Financial liabilities</i>						
Payables	286	-	-	-	-	
<b>Total</b>	<b>791</b>	<b>(5)</b>	<b>(5)</b>	<b>5</b>	<b>5</b>	
<b>Commission 2013</b>						
<i>Financial assets</i>						
Cash and cash equivalents	576	(6)	(6)	6	6	
Receivables	12	-	-	-	-	
<i>Financial liabilities</i>						
Payables	189	-	-	-	-	
<b>Total</b>	<b>777</b>	<b>(6)</b>	<b>(6)</b>	<b>6</b>	<b>6</b>	
<b>2012</b>						
<i>Financial assets</i>						
Cash and cash equivalents	493	(5)	(5)	5	5	
Receivables	12	-	-	-	-	
<i>Financial liabilities</i>						
Payables	286	-	-	-	-	
<b>Total</b>	<b>791</b>	<b>(5)</b>	<b>(5)</b>	<b>5</b>	<b>5</b>	



## **16 Financial Instruments (cont'd)**

### **(e) Fair Value**

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments.

## **17 Events after the Reported Period**

There are no events subsequent to balance date which affect the financial statements.

**End of audited financial statements.**



## INDEPENDENT AUDITOR'S REPORT

### Natural Resources Commission Division

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Natural Resources Commission Division (the Division), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Division as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

### The Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Division's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Division
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements

### **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence 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, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Caroline Karakatsanis  
Director, Financial Audit Services

20 September 2013  
SYDNEY

# Natural Resources Commission Division

## Statement of comprehensive income

for the year ended 30 June 2013

	Notes	Actual 2013 \$'000	Actual 2012 \$'000
<b>Expenses excluding losses</b>			
Operating expenses			
Employee related expenses	2(a)	<u>3,230</u>	2,756
<b>TOTAL EXPENSES EXCLUDING LOSSES</b>		<u>3,230</u>	2,756
<b>Revenue</b>			
Personnel services	3(a)	3,126	2,681
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	<u>104</u>	75
<b>Total Revenue</b>		<u>3,230</u>	2,756
<b>Net Result</b>		<u>-</u>	-
<b>Other comprehensive income</b>			
<b>Total Other comprehensive income</b>		<u>-</u>	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>-</u>	-

The accompanying notes form part of these financial statements.

# Natural Resources Commission Division

## Statement of financial position

for the year ended 30 June 2013

	Notes	Actual 2013 \$'000	Actual 2012 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	3	-
Receivables	5	327	250
<b>Total Current Assets</b>		<u>330</u>	<u>250</u>
<b>Total Assets</b>		<u>330</u>	<u>250</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	6	67	81
Provisions	7	261	168
<b>Total Current Liabilities</b>		<u>328</u>	<u>249</u>
<b>Non-Current Liabilities</b>			
Provisions	7	2	1
<b>Total Non-Current Liabilities</b>		<u>2</u>	<u>1</u>
<b>Total Liabilities</b>		<u>330</u>	<u>250</u>
<b>Net Assets</b>		<u>-</u>	<u>-</u>
<b>EQUITY</b>			
<b>Total Equity</b>		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

# Natural Resources Commission Division

## Statement of changes in equity

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for the year ended 30 June 2013

	\$'000
<b>Balance at 1 July 2012</b>	-
<b>Net result for the year</b>	<u>-</u>
<b>Total other comprehensive income</b>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u>-</u>
<b>Balance at 30 June 2013</b>	<u>-</u>
<b>Balance at 1 July 2011</b>	-
<b>Net result for the year</b>	<u>-</u>
<b>Total other comprehensive income</b>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u>-</u>
<b>Balance at 30 June 2012</b>	<u>-</u>

# Natural Resources Commission Division

## Statement of cash flows

for the year ended 30 June 2013

	Notes	Actual 2013 \$'000	Actual 2012 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee related		<u>(3,046)</u>	(2,640)
<b>Total Payments</b>		<u>(3,046)</u>	(2,640)
<b>Receipts</b>			
Other		<u>3,049</u>	2,640
<b>Total Receipts</b>		<u>3,049</u>	2,640
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	9	<u>3</u>	-
<b>NET INCREASE /(DECREASE) IN CASH</b>		<u>3</u>	-
<b>Opening cash and cash equivalents</b>		<u>-</u>	-
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	4	<u>3</u>	-

The accompanying notes form part of these financial statements.

# Natural Resources Commission Division

## Notes to the financial statements

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for the year ended 30 June 2013

### 1 *Summary of Significant Accounting Policies*

(a) Reporting entity

The Natural Resources Commission Division (The Division) is a Division of the Government Service, established pursuant to Part 3 of Schedule 1 to the Public Sector Employment and Management Act 2002 as amended in 2006. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at Level 10, 15 Castlereagh Street, Sydney 2000.

The Division's objective is to provide personnel services to the Natural Resources Commission.

The financial statements for the year ended 30 June 2013 have been authorised for issue by the Commissioner on 20 September 2013.

(b) Basis of preparation

The Division'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 *Public Finance and Audit Act 1983* and Regulation and
- the Financial Reporting Directions published in the Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

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

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

(c) Statement of compliance

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

(d) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

The Personnel Services are provided to the Natural Resources Commission according to the Public Sector Employment and Management Act 2002.

(e) *Liabilities*

(i) Payables

These amounts represent liabilities for goods and services provided to the Division and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.



## 1 Summary of Significant Accounting Policies (cont'd)

### (e) Liabilities (cont'd)

- (ii) Employee benefits
- (a) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within 12 months is measured at present value in accordance with AASB 119 Employee Benefits.

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.

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

### (b) Long service leave and superannuation

The Division's liabilities for long service leave and superannuation are assumed by the Crown Entity. The Division 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 NSWTC 12/06) 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 formulae 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. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

### (f) Comparative information

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

New Australian Accounting Standards issued but not effective

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

The following new Accounting Standards have not been applied and are not yet effective. The Treasury Circular TC13/02 mandates not to early adopt any of the new Accounting Standards and Interpretations.

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13, AASB 2011-8 and AASB 2012-1 regarding fair value measurement
- AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures

## **1 Summary of Significant Accounting Policies (cont'd)**

Comparative information (cont'd)

- AASB 1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding Trans-Tasman Convergence – RDR
- AASB 2011-4 removing individual KMP disclosure requirements
- AASB 2011-6 regarding RDR and relief from consolidation
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-12 regarding Interpretation 20
- AASB 2012-1 regarding fair value measurement – RDR requirements
- AASB 2012-2 regarding disclosures – offsetting financial assets and financial liabilities
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2012-4 regarding government loans – first time adoption
- AASB 2012-5 regarding annual improvements 2009-2-11 cycle
- AASB 2012-7 regarding RDR
- AASB 2012-9 regarding withdrawal of Interpretation 1039
- AASB 2012-10 regarding transition guidance and other amendments
- AASB 2012-11 regarding RDR requirements and other amendments

It is considered that the impact of these new Standards and Interpretations in future periods will have no material impact on the financial statements of the Division.

## 2 Expenses Excluding Losses

	2013 \$'000	2012 \$'000
<b>(a) Employee related expenses</b>		
Salaries and wages (including recreation leave)	2,770	2,370
Superannuation - defined contribution plans	191	168
Long service leave	104	75
Workers compensation insurance	9	9
Payroll tax and fringe benefit tax	128	134
On- costs (Recreation and Long service leave)	28	-
	<u>3,230</u>	<u>2,756</u>

## 3 Revenue

	2013 \$'000	2012 \$'000
<b>(a) Personnel services</b>		
Personnel services	<u>3,126</u>	<u>2,681</u>
	<u>3,126</u>	<u>2,681</u>

### (b) Acceptance by the Crown Entity of employee benefits and other liabilities

Long Service Leave	<u>104</u>	<u>75</u>
	<u>104</u>	<u>75</u>

## 4 Current Assets – Cash and Cash Equivalents

	2013 \$'000	2012 \$'000
Cash at bank and on hand	<u>3</u>	<u>-</u>
	<u>3</u>	<u>-</u>

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, 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:

	2013 \$'000	2012 \$'000
Cash and cash equivalents (per statement of financial position)	<u>3</u>	<u>-</u>
Closing cash and cash equivalents (per statement of cash flows)	<u>3</u>	<u>-</u>

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

## 5 *Current / Non-Current Assets - Receivables*

	2013 \$'000	2012 \$'000
Personnel services	327	250
	<u>327</u>	<u>250</u>

## 6 *Current Liabilities - Payables*

	2013 \$'000	2012 \$'000
Accrued salaries, wages and on-costs	60	81
Creditors	7	-
	<u>67</u>	<u>81</u>

## 7 *Current / Non-Current Liabilities – Provisions*

	2013 \$'000	2012 \$'000
<b>Current</b>		
<b>Employee benefits and related on-costs</b>		
Recreation leave	215	139
Long service leave	21	13
Payroll tax	25	16
<b>Total provisions</b>	<u>261</u>	<u>168</u>
<b>Non-current</b>		
<b>Employee benefits and related on-costs</b>		
Long service leave	1	1
Payroll tax	1	-
<b>Total provisions</b>	<u>2</u>	<u>1</u>
<b>Aggregate employee benefits and related on-costs</b>		
Provisions - current	261	168
Provisions - non-current	2	1
Accrued salaries, wages and on-costs (Note 6)	60	81
	<u>323</u>	<u>250</u>

## 8 *Contingent Liabilities and Contingent Assets*

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

## 9 Reconciliation of Cash Flows from Operating Activities to Net Result

	2013 \$'000	2012 \$'000
Net cash used on operating activities	3	-
Decrease / (increase) in provisions	(94)	-
Increase / (decrease) in prepayments and other assets	77	-
Decrease / (increase) in creditors	14	-
Net result	<u>-</u>	<u>-</u>

## 10 Financial Instruments

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

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

### (a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
<b>Class:</b>				
Cash and cash equivalents	4	N/A	3	-
Receivables <sup>1</sup>	5	Loans and receivables (at amortised cost)	327	250
<b>Financial Liabilities</b>				
Financial Liabilities	Note	Category	Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
<b>Class:</b>				
Payables <sup>2</sup>	6	Financial liabilities measured at amortised cost	67	81

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)

### (b) Credit Risk

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

### Cash

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

## **10 Financial Instruments (cont'd)**

### **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. Sales are made on 30 day terms.

The Division is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

### **(c) Liquidity risk**

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

During the current and prior years, there were no defaults on or breaches of 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.

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. There was no penalty interest paid in 2012/13 (Nil in 2011/12).

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

## 10 Financial Instruments (cont'd)

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

	Nominal Amount <sup>1</sup>	Interest Rate Exposure		Maturity Dates		
		Non-interest bearing		< 1 yr	1-5 yrs	> 5 yrs
<b>2013</b>						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	60	60	60	-	-	
Creditors	7	7	7	-	-	
	<u>67</u>	<u>67</u>	<u>67</u>	<u>-</u>	<u>-</u>	
<b>2012</b>						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	81	81	81	-	-	
	<u>81</u>	<u>81</u>	<u>81</u>	<u>-</u>	<u>-</u>	

Note:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore may not reconcile to the balance sheet.

#### (d) Market risk

The Division has no exposure to foreign currency risk and does not enter into commodity contracts.

#### (e) Fair value

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments.

## 11 Events after the Reporting Period

There are no events subsequent to balance date which affect the financial statements.

**End of audited financial statements.**

# Appendix 1 - Operation and performance

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## Commission meetings

The Commission held 11 meetings in 2012-13.

The Commissioner, Dr John Keniry, and the Executive Director, Mr Bryce Wilde, attended all meetings. The Assistant Commissioner, Mr Brian Gilligan, attended 10 meetings.

## External committees

We participated in the following inter agency groups:

- Our Commissioner, Dr John Keniry, chaired the independent Local Land Services Stakeholder Reference Panel to oversee the establishment of Local Land services.
- Natural Resource Management Knowledge Working Group to develop a knowledge strategy to support the whole-of-government adaptive management approach to natural resource management.
- Inter-agency Native Vegetation Working Group to review the *Native Vegetation Regulation 2005* to ensure efficient and timely management of native vegetation.

## External presentations

Our Commissioner and Executive Director gave the following presentations at conferences and events.

Date	Event and venue	Topic
February 2013	Australian Agricultural and Resource Economics 2013 Annual Conference, Sydney	Planning and practice—From resilience thinking to planning and actions for resilient landscapes
May 2013	Pastoralists' Association of West Darling Annual General Meeting	NRC's role and work
June 2013	National Climate Change Adaptation Research Facility Climate Adaptation 2013 Conference, Sydney	Maiden speech to the Parliament of Climate Change Adaptation
June 2013	2013 Sustaining Rural Communities Conference, Narrabri	How integrated planning can build resilient communities



## Publications

Date	Publication
	<b>Standard, targets and approval of catchment action plans</b>
March 2013	Assessment of Border Rivers-Gwydir Upgraded Catchment Action Plan
March 2013	Assessment of Hunter-Central Rivers Upgraded Catchment Action Plan
March 2013	Assessment of Murrumbidgee Upgraded Catchment Action Plan
March 2013	Assessment of Northern Rivers Upgraded Catchment Action Plan
March 2013	Assessment of Southern Rivers Upgraded Catchment Action Plan
June 2013	Assessment of Hawkesbury-Nepean Upgraded Catchment Action Plan
June 2013	Assessment of Lachlan Upgraded Catchment Action Plan
June 2013	Assessment of Murray Upgraded Catchment Action Plan
June 2013	Assessment of Western Upgraded Catchment Action Plan
June 2013	Upgrading catchment action plans: Lessons for Local Land Services
	<b>Implementation of catchment action plans in complying with standard and targets</b>
August 2012	Audit report: Border Rivers-Gwydir CMA
September 2012	Audit report: Sydney Metropolitan CMA
	<b>Reviews under new terms of reference, or provide advice under other legislation</b>
October 2012	Advice on process to determine boundary adjustments for south-western cypress reserves
October 2012	Review of NSW resource condition monitoring, evaluation and reporting: Final report
January 2013	Submission to the Native Vegetation Regulation Review
January 2013	(*) Local Land Services: Chair skills
January 2013	(*) Local Land Services: Governance
February 2013	(*) Local Land Services: Board skills
April 2013	(*) Local Land Services: Regional planning and performance audits
April 2013	(*) Local Land Services: Functions and service delivery
April 2013	(*) Local Land Services: Recommended boundaries
April 2013	Listing Yellow Mimosa as a feral native species: Recommendations
May 2013	Review of Catchment Action NSW 2013-14 funding allocations to CMAs
June 2013	Review of 2004 water sharing plans
	<b>Corporate</b>
October 2012	Annual Report 2011-12
October 2012	Workplace health and safety policy and framework
December 2012	NRC Strategic plan 2012-15
February 2013	Code of conduct
February 2013	Governance policy
February 2013	Knowledge management strategy
February 2013	Policy for managing external complaints and allegations
March 2013	Performance excellence process policy and guidelines
March 2013	Audit and Risk Management Committee charter
March 2013	Billing policy
March 2013	Internal audit charter
March 2013	Risk management policy and framework

(\*) Output for the Local Land Services Stakeholder Reference Panel, in collaboration with the Department of Primary Industries

# Appendix 2 - External liaison

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## Access to government information

In accordance with the *Government Information (Public Access) Act 2009*, we:

- reviewed our program for the release of government information
- proactively released information on our website, including the information guide, documents tabled in Parliament, policy documents, disclosure log of information released in response to access applications, and contracts register
- did not receive any request for documents under the Act.

## Annual report production

In accordance with the Premier and Cabinet memo M2012-11, we are committed to minimising the cost of producing our annual report, and did not incur any external costs to produce this report. We designed the report in-house and printed five copies (on recycled paper) for distribution to various sections of Government. An electronic copy of the annual report will be made available on our website.

## Consumer response

We did not receive any complaints in 2012-13.

## Funds granted to non-government community organisations

We did not grant any funds to non-government community organisations in 2012-13.

## Overseas visits

Our Commissioners and staff did not undertake any overseas visits in 2012-13.

## Public interest disclosures

We neither received any public interest disclosures nor did any member of the NRC make any public interest disclosures under the *Public Interest Disclosures Regulation 2011*.

Effective implementation of our *Corruption Prevention and Reporting Policy* promoted an organisational culture of ethical conduct, and contributed towards maintaining public confidence in the integrity of the NRC.

## Statement of business ethics

Our statement of business ethics policy can be located on our website [www.nrc.nsw.gov.au](http://www.nrc.nsw.gov.au)

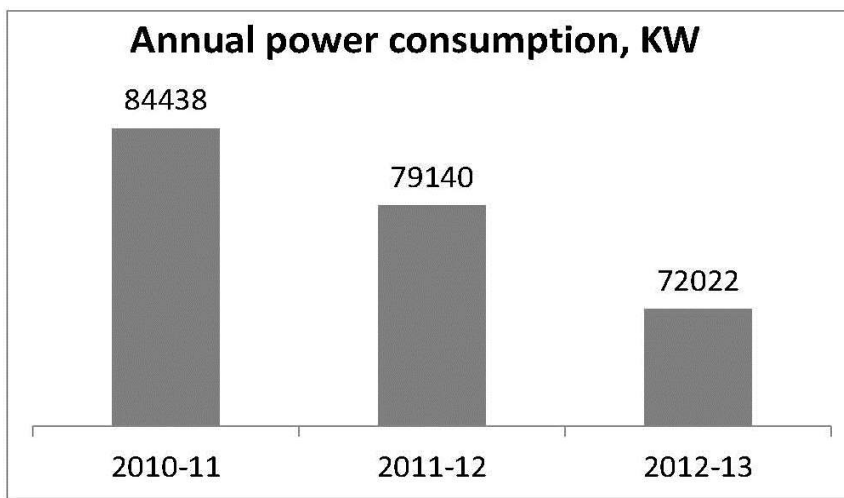
## Sustainability policy

We have an ongoing commitment to reducing our impact on the environment by using resources more efficiently and embedding environmentally sustainable business practices in our daily activities.

In 2012-13, we continued to implement the following principles to avoid waste and recover resources.

### **Saving energy**

- We reduced our power consumption by 7,118 KW (see figure).
- We bought 100 per cent green electricity and used energy-efficient lighting.
- We minimised air and road travel as far as possible and used alternative means to convene meetings with stakeholders in remote locations.



### **Reducing the generation of waste paper**

- We continued to release reports electronically, from our website and by email, with only limited in-house printing of paper-copy reports.

### **Recovering resources**

- We reused and recycled paper, cardboard, toners, glass and plastic material.

### **Using recycled material**

- All our office paper, excluding our letterhead, was recycled. We continued to use A4 80 percent recycled paper and changed A3 from 80 percent to 100 percent recycled paper.
- We purchased other recycled paper products, such as notebooks and pads, wherever possible.
- We procured remanufactured toner cartridges for use in all black-and-white printers.

# Appendix 3 - Legislative provisions

The table shows our functions under the *Natural Resources Commission Act 2003* and certain functions under other legislation.

Legislation	Relevant sections	Details
<i>Natural Resources Commission Act 2003</i>	Whole Act	Establishes the NRC, details its functions and includes operational provisions.
<i>Catchment Management Authorities Act 2003</i>	ss.22, 23, 26, 28	<p>The Minister is to seek advice from the NRC in assessing a draft catchment action plan.</p> <p>Catchment action plans must be audited at least every five years by the NRC or an independent audit panel appointed by the Minister.</p> <p>The Minister may seek advice from the NRC on any annual implementation program submitted to the Minister.</p>
<i>Native Vegetation Regulation 2005</i>	ss.8, 17, 25	<p>The Minister must consult with the NRC before listing a native species as a feral species.</p> <p>The Minister is to seek advice from the NRC regarding any proposed amendment to the Environmental Outcomes Assessment Methodology.</p> <p>The NRC may suggest amendments to the Assessment Methodology.</p>
<i>Threatened Species Conservation Act 1995</i>	ss.18, 21, 24, 25A, 90B, 126E, 128, 141B, 141C	<p>Establishes links between the NRC, the Threatened Species and Fisheries Scientific Committees and relevant Advisory Councils.</p> <p>The NRC may provide advice on preparation or review of a priorities action statement.</p> <p>The Minister may suspend biodiversity certification based on the outcomes of any audit undertaken by the NRC.</p>
<i>Fisheries Management Act 1994</i>	ss. 220H, 220I, 220J, 220MA, 220NA, 220ZVB, 221ZB, 221ZI	
<i>Water Management Act 2000</i>	s.43A	Before making a decision to extend or replace a water sharing plan, the Minister must consider a report provided by the NRC. The section includes provisions for the NRC's review and report.
<i>Forestry Act 2012</i>	ss. 69B	A forest agreement can only be made after an assessment by the NRC.
<i>State Environmental Planning Policy No 71—Coastal Protection</i>	ss.18, 21, 22	The Minister must consult with the NRC when considering approval of a master plan or waiving the need for a master plan.

# Appendix 4 - Staffing and consultants

In 2012-13, we engaged the following consultancies.

Consultant	Title/Nature	Contract value excl. GST (\$)	Amount spent excl. GST (\$)
<b>A. Consultancies equal to or more than \$50,000</b>			
Alloporus Environmental Pty Ltd	Assist with review of catchment action plans, review of monitoring, evaluation and reporting, and review of grazing trial design in red gum and cypress reserves	53,557	53,557
Aither Pty Ltd	Assist with review of 31 water sharing plans commenced in 2004	73,194	73,194
Avante IT Pty Ltd	Assist with upgrade of document and records management system to the latest version of HP TRIM 7.2	84,799	84,799
Environmental Risk Science and Audit Pty Ltd	Assist with two catchment action plan implementation audits, and development of audit framework	72,450	72,450
GHD Pty Ltd	Assist with assessment of nine upgraded catchment action plans	152,815	152,815
	<b>Subtotal (A)</b>		<b>436,815</b>
<b>B. Consultancies less than \$50,000</b>			
Various			1,101,244
	<b>Subtotal (B)</b>		<b>1,101,244</b>
	<b>Total (A+B)</b>	<b>1,538,059</b>	<b>1,538,059</b>

## Contract executive profile

In 2012-13, two contract positions, equivalent to the NSW Senior Executive Service Level 5 or higher, were filled by males (see table).

Name	Position	2012-13 gross salary
Dr John Keniry	Commissioner (part-time)	\$274,110
Mr Bryce Wilde	Executive Director	\$281,124

### **Dr John Keniry**

Key accountabilities of the Commissioner for 2012-13 were:

- leading development of the Commission's strategic direction, priorities and plans in collaboration with the Assistant Commissioner and the Executive Director
- directing the Commission's review of NRC projects (scope, progress, recommendations and related outputs) to ensure these are robust, scientifically credible and relevant to the terms of reference or legislative function
- providing independent advice to the Premier and Ministers, whenever appropriate, after taking input from NRC teams and the Commission, so that the Government is well informed on matters within the scope of the *Natural Resource Commission Act 2003*.

### **Mr Bryce Wilde**

The Commissioner expressed satisfaction with Bryce's performance throughout 2012-13.

Key accountabilities of the Executive Director in 2012-13 were:

- managing and maintaining the NRC team to drive the NRC's efficient operation and effectively implement the NRC's strategic direction
- advising the Commissioner on possible directions for the NRC and the actions necessary to achieve strategic goals so that the Commissioner can decide periodically on appropriate directions, priorities and plans
- monitoring the quality of outputs of NRC project teams, and inspiring excellence in processes and outcomes so that stakeholders are meaningfully engaged to contribute, and robust recommendations are made to the Commission for decision making.
- financial reporting and budget compliance for the Commission
- people and capability management through workforce and performance planning.

### **Credit card certification**

We have three credit cards with a combined limit of \$30,000, which have been certified as complying with procedures contained in the *Public Finance and Audit Act 1983*.

### **Disability plans**

We reported on this matter in 2010-11 and will report again in 2013-14. The *Annual Reports (Statutory Bodies) Regulation 2011* allows small statutory bodies to report on this matter on a triennial basis.

### **Equal employment opportunity**

We reported on this matter in 2010-11 and will report again in 2013-14. The *Annual Reports (Statutory Bodies) Regulation 2011* allows small statutory bodies to report on this matter on a triennial basis.

### **Multicultural policies and services program**

We reported on this matter in 2010-11 and will report again in 2013-14. The *Annual Reports (Statutory Bodies) Regulation 2011* allows small statutory bodies to report on this matter on a triennial basis.

### Payment of accounts

In 2012-13, there were no instances where penalty interest was paid in accordance with s.18 of the *Public Finance and Audit (General) Regulation 1995*. In addition, there were no significant events that affected payment performance.

### Aged analysis at the end of each quarter (all suppliers)

Quarter	Current (within due date) \$	Less than 30 days overdue \$	30-60 days overdue \$	61-90 days overdue \$	More than 90 days overdue \$
September	(45,428)	-	-	-	-
December	(948)	-	-	-	-
March	(31,258)	-	(4,895)	0	0
June	(33,701)	-	700	0	(122)

### Accounts paid on time within each quarter (all suppliers)

Number of accounts due for payment	September 2012	December 2012	March 2013	June 2013
Invoices due for payment (#)	78	106	115	152
Invoices paid on time (#)	77	105	115	152
Invoices due for payment received from small business (#)	0	0	0	0
Invoices from small business paid on time (#)	0	0	0	0
Amount due for payment (\$)	236,802	166,362	239,787	390,536
Amount paid on time (\$)	231,665	166,295	239,787	390,536
Amount due for payment received from small business (\$)	0	0	0	0
Amount from small business paid on time (\$)	0	0	0	0
Number of payments for the interest on overdue account (#)	0	0	0	0
Interest paid on late accounts (\$)	0	0	0	0
Number of payments to small business for the interest on overdue account (#)	0	0	0	0
Interest to small business on late account (\$)	0	0	0	0

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# Shortened forms

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CMA	Catchment management authority
LLS	Local Land Services
NRC	Natural Resources Commission
NRM	Natural resource management
NSW	New South Wales
MER	Monitoring, evaluation and reporting
SEPP 71	State Environmental Planning Policy No. 71 – Coastal Protection
SOG	Natural Resource Management Senior Officers Group



Published by:

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Office hours 9am to 5pm

Photos by: Natural Resources Commission, unless otherwise credited

© Natural Resources Commission  
Document Number: D13/1390  
ISBN: 978 1 921050 88 6

This report and all our other reports are available for download from our website [www.nrc.nsw.gov.au](http://www.nrc.nsw.gov.au)