



Natural
Resources
Commission



ANNUAL REPORT

2016

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Letter of transmittal



20 October 2016

The Hon. Mike Baird
Premier of NSW
52 Martin Place
SYDNEY NSW 2000

Dear Premier

Letter of transmittal
Natural Resources Commission - Annual Report 2015 - 2016

It is my pleasure to forward to you for presentation to the NSW Parliament the Annual Report of the Natural Resources Commission for the year ended 30 June 2016.

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



Welcome to the Annual Report of the Natural Resources Commission for fiscal 2016. It was a busy year for the Commission, with involvement in a wide range of NRM and NRM-related issues.

During the year, we completed a number of projects, the largest of which was a review of Pest Animal Management in NSW. This review was carried out under a term of reference from the Premier, and a final report was submitted to Government in August 2016. At the time of writing, the Government response to the recommendations had not been issued. The Commission found that economic, social and environmental impacts of pest animals are increasing in NSW and recommended structural and organisational changes be made to improve outcomes on a cross-tenure basis. We also found that emerging pest species, such as deer and feral cats, are creating significant environmental and economic impacts, and recommended several changes to the manner in which these species are regulated and managed. Our report underlined the need for ongoing strategic research efforts on biological control of pest species.

During the year, we also completed a review of seven water sharing plans, as well as significant audits on governance and communications systems within Local Land Services.

During the year, the Department of Premier and Cabinet co-ordinated a review of the *Natural Resources Commission Act 2003*, including the on-going relevance of existing and proposed functions of the Commission. At the time of writing, we are not aware of the outcomes of the review.

Finally, I wish to acknowledge the significant contribution to the Commission over many years of Ms Dianne Bentley, who retired during the year. Di was an inaugural Assistant Commissioner and then assumed the role as a special adviser, in which role she made a significant contribution to many Commission projects and mentored the Commission staff. Her extensive experience in NRM will be missed.

Dr John Keniry AM
Commissioner

What we do

Purpose

The Natural Resources Commission (the Commission) provides credible, high quality, independent advice to the NSW Government on managing natural resources and related issues. Through its advice, the Commission aims to improve productivity, biodiversity and community well-being across the State.

Strategic priorities

To achieve the above purpose, the Commission's Strategic Plan 2015-2016 has established three strategic priorities:

- 1. Independent advice:** Developing evidence-based practical solutions and thoughtful leadership to resolve natural resource management challenges.
- 2. Brokering and mediation:** Providing cut-through options and negotiating solutions for contested issues.
- 3. Accountability and assurance:** Delivering independent oversight and assurance to investors and the community through performance audits, evaluations and planning reviews.

What we do

Established under the *Natural Resources Commission Act 2003*, the Commission has a general function to advise the Premier and Ministers on natural resource management.

The general advisory function is supported by specific functions, including:

- auditing, evaluating and reviewing plans, programs and organisational performance – for example, auditing performance of Local Land Services
- reviewing complex, scientific and policy issues under legislation or as requested by Government – for example, reviewing pest animal management, water sharing plans and conducting forest assessments
- evaluating trials of new Government initiatives – for example, evaluating supplementary pest control in national parks
- promoting and enabling best practice – for example, setting standards and targets.

Values

The NSW public sector values are integrity, trust, service and accountability.

The Commission interprets these values through the following behaviours:

- aiming high and continually learning
- working collaboratively both inside and outside the Commission
- listening to our clients, landholders, farmers and the community
- respecting by validating and affirming others
- discussing and sharing issues and challenges.

Achievements in 2015-16

Independent advice

- Conducted an independent review of pest animal management in NSW to identify opportunities to reduce the impacts from invasive species across all land tenures. The Commission's draft recommendations recognise that people will be integral to program success, and outline how, by engaging and involving people at all levels, government can drive higher returns on investment, improve on-ground results, and prevent damaging future incursions.
- Provided advice on the extent to which the seven water sharing plans, due to expire in 2017 or 2018, contributed to the achievement of State priorities for Local Land Services, and whether changes to the plans are warranted.

- Provided advice on wood supply and other forestry issues affecting the North Coast timber industry.

Accountability and assurance

- Conducted an interim evaluation of the Government's three-year supplementary pest control trial and found that the trial is building positive relationships between stakeholders, meeting human and animal welfare requirements, and improving the effectiveness of operations over time.
- Conducted audits of Local Land Services' governance and communications to drive improved performance.
- Recommended to the Minister approval of Local Land Services' State strategic plan and 11 regional strategic plans.

- Co-designed a performance and improvement framework to help Local Land Services measure their performance.
- Conducted a mid-term review of Local Land Services' delivery of Catchment Action NSW funding and found that despite some areas for improvement, Local Land Services' projects are likely to deliver intended outcomes.
- Developed potential funding allocation for the Australian Government's National Landcare Programme regional funding stream for Local Land Services in 2016-17.

The map below shows 32 towns and surrounding districts visited by the Commission in relation to its work throughout the 2015-16.

Places visited by the Commission and staff in 2015-2016



Independent advice

Developing evidence-based practical solutions and thought leadership to resolve natural resource management challenges

In 2015-16, the Commission:

- conducted a major review of pest animal management in NSW
- reviewed seven water sharing plans due to expire in 2017 or 2018
- provided advice on North Coast timber industry.

Review of pest animal management

Through a Terms of Reference, the NSW Premier requested that the Commission undertake an independent, state-wide review of pest animal management in NSW to identify opportunities to improve the management of introduced terrestrial and freshwater vertebrate species.

Introduced pest animals are pervasive across NSW. Conservative estimates place the annual economic impact of all invasive pest animals at \$0.72 - \$1 billion nationally, or \$170 million in NSW from wild rabbits, carp, pigs, foxes, dogs, goats and introduced birds. Environmental costs are harder to ascertain but have been estimated at \$345 million in relation to impacts from foxes, feral cats and carp.

The Commission's recommendations recognise that people will be integral to program success. The draft report outlines how, by engaging and involving people at all levels, government can drive higher returns on investment, improve on-ground results, and prevent damaging future incursions.

The Commission's recommendations address pest management in NSW in an increasingly urbanised and globally connected context. The Commission encouraged a more strategic, shared and people-centric approach to securing NSW's biosecurity future as it enters the next phase of pest management, through the implementation of the *NSW Biosecurity Act 2015* and draft *Invasive Species Plan 2015-2022*.

The Commission's recommendations relate to:

- the value of strengthened governance and planning
- better risk management

- improved engagement and education
- changes to legislation and regulations
- improved management
- improved knowledge base
- targeted funding.

As required in the Terms of Reference, an advisory committee, chaired by the Commissioner Dr John Keniry, was formed to ensure stakeholder input is appropriately considered.

In conducting this review, the Commission used the best available evidence. The Commission also consulted with relevant community, industry and environmental groups as well as Australian, state, regional and local government organisations.

During the review period, the Commission:

- hosted a workshop of over 45 pest control experts
- undertook five regional tours
- conducted six focus group meetings
- conducted seven public forums
- interviewed key stakeholders face-to-face or on telephone
- considered 587 public submissions on the draft report and issues paper.

Review of water sharing plans

The Commission reviewed seven water sharing plans that are due to expire in 2017 or 2018.

The Commission's report to the Minister for Lands and Water examined the extent to which the plans have contributed to the achievement of State priorities for Local Land Services, and whether changes to the plan are warranted.

The Commission recommended replacing the six inland alluvial water (groundwater) sharing plans to incorporate current science and knowledge, improve monitoring and reporting, and deliver better outcomes for all water users. The Commission made 10 specific recommendations for these plans.

The Commission found the Water Sharing Plan for the Paterson Regulated River Water Source is of value to water users, communities and the environment that the water source supports. Any replacement plan should incorporate current science and knowledge, and ensure consistency with the plan for the Hunter Regulated River Water Source that is currently being replaced. The Commission made six specific recommendations for this plan.

The Commission considered 28 submissions from a range of stakeholders in developing its advice.

Advice on North Coast timber industry

The Minister for Primary Industries requested that the Commission provide advice on wood supply and other issues affecting the North Coast high quality native hardwood timber industry.

The Commission identified the key issues faced by the North Coast industry during one-on-one interviews with industry stakeholders. These issues were then discussed and prioritised at an industry forum held by the Commission.

The Commission recommended that industry and Government work together to resolve outstanding critical issues around resource security and sustainability identified during this process.

Further, the Forestry Corporation of NSW and the Department of Primary Industries had already agreed to address some of the secondary issues raised by the industry, for example those around market conditions and confidence in sustainable resource forecasts.

Next steps

- Finalise pest animal review.
- Prepare for further water sharing plan reviews.
- Prepare advice on Coastal Integrated Forestry Operations Agreements.



Accountability and assurance

Delivering independent oversight and assurance to investors and the community through standards, performance audits, evaluations and reviews

In 2015-16, the Commission:

- conducted an evaluation of the trial supplementary pest control program
- conducted audits of Local Land Services' governance and communications
- recommended the Local Land Services strategic plans for approval
- conducted a review of Local Land Services' delivery of Catchment Action NSW funding
- developed potential funding allocation for the Australian Government's National Landcare Programme
- co-designed a performance improvement framework for Local Land Services
- advised on coastal development proposals.

Evaluation of supplementary pest control trial

The NSW Government is undertaking a three-year trial of the supplementary pest control program in national parks and other reserves, using volunteer shooters who work under the direct supervision of the NSW National Parks and Wildlife Service.

The Premier and the Minister for the Environment requested that the Commission evaluate the trial to inform the Government's decision on whether to proceed with the program beyond the three-year trial period.

The Commission provided an interim evaluation report which is the second in a series of three reports that the Commission will deliver as part of its independent evaluation of the trial.

The report found that the trial is building significant positive relationships among volunteers, neighbours, Aboriginal groups and the National Parks and Wildlife Service staff. The trial is being implemented in line with relevant legislation and Ministerial requirements, and is meeting the human safety and animal welfare requirements. The Commission also found that the efficiency and effectiveness of operations has improved.

An ongoing priority of the trial will be to identify a set of circumstances where it can be most useful to the National Parks and Wildlife Service's primary pest management program.

The Commission staff attended two field operations, organised a workshop to collect feedback on the trial from volunteers and the National Parks and Wildlife Service staff, and conducted survey interviews with park neighbours, and relevant community and Aboriginal groups.



Audits of Local Land Services

The Minister for Primary Industries asked the Commission to conduct independent performance audits of Local Land Services' communications and governance.

The Commission's audits offer independent assurance to the Minister and the community that public money has been spent wisely, and that the results meet the Government's expectations.

Governance audit

The governance audit focused on assessing the maturity of key aspects of governance to provide a basis for accelerating organisational maturity and improving performance.

The Commission found areas of sound practice in governance in Local Land Services, as well as significant areas for improvement.

During the audit, the Commission:

- conducted 41 interviews with Local Land Services representatives and stakeholders
- observed four board meetings
- surveyed board members, stakeholders, senior executive teams and staff.

Communications audit

The Commission used a risk-based audit framework and evidence to assess the overall maturity of Local Land Services' communications.

The audit identified good operational communications practices, and professional and diligent frontline service delivery staff across Local Land Services.

While many examples of sound on-ground communications practices were identified, the audit also highlighted insufficient valuing and prioritising of communications as a core business function. This has

prevented Local Land Services from maximising customer service and stakeholder engagement efforts.

During the audit, the Commission assessed:

- 230 responses to an online survey of Local Land Services staff
- 137 responses to an online survey of Local Land Services customers
- 33 interviews with Local Land Services staff and 31 interviews with external partners and investors (spending 65 hours over 12 days)
- 105 communication documents.

Review of Local Land Services' strategic plans

Local Land Services is required to prepare a State strategic plan as well as strategic plans for local service delivery. The Minister for Primary Industries requested that the Commission review these plans prior to their approval.

The Commission found that the strategic plans comply with all relevant sections of the Act, except for requirements around timeliness. The plans also meet the strategic planning requirements established in the Performance Standard for Local Land Services.

The Commission recommended that the current versions of the State and 11 regional strategic plans be approved, and that the plans are revised to address priority areas for improvement, identified in the report.

The plans will help Local Land Services deliver high quality customer services, and respond to investor requests, emerging risks and changing community needs.

Review of Local Land Services' delivery of Catchment Action NSW funding

Catchment Action NSW funding is the NSW Government's regionally-delivered project funding to address the State's natural resource management priorities.

In 2013, the NSW Government approved \$112 million in Catchment Action NSW funding to Local Land Services over four years (2013-2017), using funds collected from the Waste and Environmental Levy.

Since 2014, this funding has been administered under a funding agreement between the Office of Environment and Heritage and Local Land Services.

The Office of Environment and Heritage selected the Commission as an independent reviewer to conduct a mid-term review of Local Land Services' delivery of Catchment Action NSW funding.

The Commission found that Local Land Services is generally delivering projects that align with the identified funding themes and are likely to deliver the intended outcomes.

However, several barriers at the State level, including organisational immaturity, lack of effective risk management and limited communications with regions, are preventing Local Land Services from fully meeting the intent of the program.

The Commission found that some aspects of regional project planning and quality assurance could also be improved.

The Commission made seven recommendations for improving the delivery of Catchment Action NSW funding. All of these recommendations have been actioned.

The Commission reviewed a range of evidence to inform its findings, including interviews with Local Land Services staff and assessment of 25 sample project plans drawn from three Local Land Services regions.

Advice on allocation of National Landcare Programme funding in NSW

The Australian Government asked the Commission for assistance in developing a potential funding allocation for the National Landcare Programme regional funding stream for Local Land Services in 2016-17.

The National Landcare Programme regional funding stream will invest over \$420 million through 56 natural resource management organisations across Australia over four years.

The Commission worked with the Australian Government and Local Land Services to provide advice on applying a structured decision making process, develop a potential allocation profile and identify risks or issues to be considered.

The Commission's advice draws on previous experience of developing regional allocations for NSW Government funding to Local Land Services (and previously Catchment Management Authorities).

Performance improvement framework for Local Land Services

Local Land Services asked the Commission to help develop a way forward for performance evaluation and reporting that can best support its service delivery model.

The Commission co-designed a performance and improvement framework that aligns with the Local

Land Services State Strategic Plan and the Performance Standard for Local Land Services. The framework helps Local Land Services measure, demonstrate and improve their performance.

In developing the framework, the Commission and Local Land Services worked together to develop a set of state-wide key performance indicators. These indicators provide a way of tracking progress and measuring performance against the state-wide Local Land Services goals and planned outcomes.

The Commission also developed a performance and improvement implementation plan that details the systems and processes that are required to support implementation of the framework.

Advice on coastal development proposals

The State Environmental Planning Policy No. 71 – Coastal Protection aims to protect and manage the State's coast, marine environment, native coastal vegetation and cultural heritage.

The Policy requires that a master plan be prepared for development of land before development consent can be granted. The Minister responsible for planning must consult the Commission before approving a master plan or waiving the need for a master plan.

The Commission provided advice on four coastal development proposals.

Our advice helps promote the aims of the Policy and encourages greater connection between natural resource management and planning processes.

Next steps

- Provide final evaluation report on the trial of the supplementary pest control program.
- Update risk assessment of Local Land Services audit plan.
- Conduct reviews of contaminated land and contestable grants for the Environmental Trust.
- Undertake a Landcare baseline audit study.



Building the capabilities of our people and systems to deliver our goals

The Commission aims to be a role model for good governance by adaptively managing our work, continually encouraging innovation and retaining the highest quality people with skills in key areas.

Decision-making structure

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

The Commissioner is appointed by the Governor of NSW for a period of up to five years and is accountable to the Premier for exercising all functions under the *Natural Resources Commission Act 2003*.

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

The Director Corporate Services reports to the Executive Director and leads corporate governance, financial management, audit and reporting activities.

Director's roles report to the Executive Director and are responsible for managing multiple programs and projects.

The Commission also establishes project-specific review panels to seek additional expertise, as needed.

Commissioner and executives

Commissioner
Dr John Keniry AM
BSc (Hons), PhD, FAICD, FTSE, FRACI

John joined the Commission as Commissioner in December 2011. He was awarded an Order of Australia in 2005 and a Centenary Medal in

2003. He also chairs the Sydney Institute of Marine Science. 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.

Executive Director
Mr Bryce Wilde
BA(Hons), ExecMPA

Bryce has over 20 years of experience in natural resource management, public policy, strategic planning and organisational development. He has been at the Commission since 2005 where he has led major reviews including review of weed management in NSW, review of river red gum and woodland forests in the Riverina bioregion.

Audit and risk management

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

The Commission has continued the shared arrangement with the Department of Premier and Cabinet led Audit and Risk Committee. Under this arrangement, the Department appoints the Chief Audit Executive and our Audit and Risk Committee ensures compliance with requirements of Treasury Policy Paper TPP 15-03. The Committee met five times, and officers from the Audit Office of NSW attended meetings as observers.

Corporate initiatives

In 2015-16, the Commission delivered the following corporate projects:

- completed relocation of Commission office to 52 Martin Place, Sydney
- handed over the previous Commission office at 15 Castlereagh Street, Sydney
- migrated all information technology services to shared corporate services provider
- migrated all data to the NSW government data centre
- completed Public Service Senior Executive transition plan
- completed internal audit
- moved to centrally managed print services at 52 Martin Place to reduce printing costs
- moved to central electricity contract, including installation of efficient lighting, at 52 Martin Place to reduce electricity costs.

Next steps

- Update Citrix access for business continuity off-site plans.
- Schedule internal audits for 2017
- Review diversity, EEO and multicultural plans for 2017 annual reporting
- Rollout banking platform and management within the Commission.

Statement of Attestation - Internal audit and risk management



Internal Audit and Risk Management Attestation Statement for the 2015-2016 Financial Year for Natural Resources Commission

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

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

Membership

This Audit and Risk Management 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.

The Chair and Members of the Audit and Risk Committee are:

- Independent Chair, Arthur Butler, 1 January 2014 to 31 December 2017
- Independent Member 1, Bruce Turner, 1 January 2014 to 31 December 2017
- Independent Member 2, Gerardine Brus, 2 October 2013 to 1 October 2017.

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

- Natural Resources Commission (controlled entity)
- Natural Resources Commission Staff Agency.


 Dr John Keniry AM
 Commissioner

30 June 2016

Statement of Attestation - Digital information security



**Digital Information Security Annual Attestation Statement for the
2015-2016 Financial Year for Natural Resources Commission**

I, Dr John Keniry, Commissioner of Natural Resources Commission, am of the opinion that the Commission had an Information Security Management System (ISMS) in place during the 2015-2016 financial year that is consistent with the Core Requirements set out in the *NSW Government Digital Information Security Policy*.

The controls in place to mitigate identified risks to the digital information and digital information systems of the Commission are adequate. During the year the Commission transitioned ICT services to a new shared services provider. Independent risk assessments performed during the year, as part of this transition, identified some areas requiring remediation. Actions to address these areas have largely been completed with remaining issues to be closed by 30 September 2016.

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

Dr John Keniry AM
Commissioner
30 June 2016

Financial reporting and statements

for the year ended 30 June 2016

Natural Resources Commission and its Controlled Entity

Independent auditor's report

Statutory audit report

Statement on behalf of the Commission and its Controlled Entity

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

Natural Resources Commission Staff Agency

Independent auditor's report

Statutory audit report

Statement on behalf of the Commission Staff Agency

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

Natural Resources Commission and its Controlled Entity

Independent auditor's report



INDEPENDENT AUDITOR'S REPORT

Natural Resources Commission

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Natural Resources Commission (the Commission), which comprise the statement(s) of financial position as at 30 June 2016, the statement(s) of comprehensive income, the statement(s) of changes in equity and the statement(s) of cash flows 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission and the consolidated entity as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis of Opinion

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

I am independent of the Commission and the consolidated entity in accordance with the auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

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

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

The Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for preparing 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 are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioner must assess the ability of the Commission and the consolidated entity to continue as a going concern unless operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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



Caroline Karakatsanis
Director, Financial Audit Services

22 September 2016
SYDNEY

Statutory audit report



Dr John Keniry AM
Commissioner
Natural Resources Commission
Level 6, 52 Martin Place
SYDNEY NSW 2000

Contact: Caroline Karakatsanis
Phone no: (02) 9275 7143
Our ref: D1626629/1285

22 September 2016

Dear Mr Keniry

STATUTORY AUDIT REPORT

for the year ended 30 June 2016

Natural Resources Commission

I have audited the financial statements of Natural Resources Commission (the Commission) as required by the *Public Finance and Audit Act 1983* (PF&A Act). This Statutory Audit Report outlines the results of my audit for the year ended 30 June 2016, and details matters I found during my audit that are relevant to you in your role as one of those charged with the governance of the Commission. The PF&A Act requires that I send this report to Commission, the Minister and the Treasurer.

This report is not the Independent Auditor's Report, which expresses my opinion on the Commission's financial statements. I enclose the Independent Auditor's Report, together with the Commission's financial statements.

My audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify and report all matters you may find of governance interest. Therefore, other governance matters may exist, which have not been reported to you.

My audit is continuous. If I identify further significant matters, I will report these to you immediately.

Audit Result

I expressed an unmodified opinion on the Commission's financial statements and I have not identified any significant matters since my previous Statutory Audit Report.

Quality and Timeliness of Financial Reporting

Treasury Circular TC 16-01 'Agency guidelines for the 2015–2016 Mandatory Early Close' and TC 16-06 'Agency Guidelines for the 2015-16 Mandatory Annual Returns to Treasury' were issued as Treasurer's Directions in accordance with sections 9 and 45E of the PF&A Act. Non-compliance with such Directions represents a breach of the PF&A Act.

TC 16-01 required the Commission to prepare certain aspects of the financial statements before year-end and provide the outcomes to the audit team.

Treasury Circular TC 16-06 'Agency Guidelines for the 2015-16 Mandatory Annual Returns to Treasury' required the Commission to submit its year-end information to Treasury and its financial statements to the Audit Office on 25 July 2016.

The Commission complied with the Directions by completing the mandatory early close procedures set out in TC 16-01 and submitting its financial information to Treasury and its financial statements and supporting working papers to the Audit Office by the due dates.

Misstatements in the Financial Statements

I have certain obligations for reporting misstatements:

- the PF&A Act requires agencies to obtain the Auditor-General's approval for all changes to the financial statements originally submitted for audit. The more significant/material changes are reported in a Statutory Audit Report
- the Auditing Standards require matters of governance interest and significant misstatements identified during the audit to be brought to your attention and others charged with governance
- statutory obligations require the Auditor-General to report misstatements resulting from or not detected because of failures in internal controls and/or systemic deficiencies which pose a significant risk to Commission.

The financial statements contained misstatements, which are listed in the Appendix. The Appendix explains the nature and impact of the misstatements in the financial statements.

- Table One reports significant corrected misstatements.
- Table Two reports significant uncorrected misstatements

Compliance with Legislative Requirements

My audit procedures are targeted specifically towards forming an opinion on the Commission's financial statements. This includes testing whether the Commission has complied with legislative requirements that may materially impact on the financial statements. The results of the audit are reported in this context. My testing did not identify any reportable instances of non-compliance with legislative requirements.

Auditor-General's Report to Parliament

Volume Eight of the 2016 Auditor-General's Report to Parliament will incorporate the results of the audit.

Publication of the Statutory Audit Report

I consider this Statutory Audit report to fall within the definition of 'excluded information' contained in Schedule 2(2) of the *Government Information (Public Access) Act 2009*. Under Schedule 1(6) of this Act, you should ask for consent from the Audit Office before publicly releasing this report. You may also need to seek approval from the Minister and the Treasurer before publicly releasing this report.

Acknowledgment

I thank the Commission's staff for their courtesy and assistance.

Yours sincerely



Caroline Karakatsanis
Director, Financial Audit Services

APPENDIX

Table One: Corrected Monetary Misstatements and Disclosure Deficiencies

Corrected Monetary Misstatements

The audit team did not detect any corrected monetary misstatements in the financial statement.

Corrected Disclosure Deficiencies

The Commission has corrected minor disclosure changes identified in the financial statements and the item below. The audit team agrees with management's determination and confirms this treatment complies with Australian Accounting Standards.

| AASB reference | Disclosure title | Description of disclosure deficiency |
|----------------|-----------------------------|--|
| AASB 117 | Commitments for Expenditure | The Operating Lease Commitments later than five years were understated by approximately \$1.8 million. |

Table Two: Uncorrected Monetary Misstatements and Disclosure Deficiencies

Uncorrected Monetary Misstatements

The audit team did not detect any monetary misstatements that remain uncorrected in the financial statements.

Uncorrected Disclosure Deficiencies

The audit team did not detect any disclosure deficiencies that remain uncorrected in the financial statements.

Statement on behalf of Natural Resources Commission



For Official Use Only

20 September 2016

**Statement on behalf of
Natural Resources Commission and
Natural Resources Commission Staff Agency**

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, we state that to the best of our knowledge and belief:

- a) The accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards, the requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Audit regulation 2015, the Financial Reporting Code for NSW General Government Sector Entities and Treasurers Directions;
- b) The financial statements exhibit a true and fair view of the financial position of both the Natural Resources Commission and the Natural Resources Commission Staff Agency as at the 30 June 2016 and the operations for the year then ended;
- c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Dr John Keniry AM
Commissioner



Maree Leonard
Director Corporate Services

**Natural Resources Commission
& its Controlled Entity
Financial Statements
for the year ended 30 June 2016**

**Natural Resources Commission
Statements of comprehensive income
for the year ended 30 June 2016**

| | Notes | Consolidated | | Actual 2015 \$'000 | Commission | | Actual 2015 \$'000 |
|---|-------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | Actual 2016 \$'000 | Budget 2016 \$'000 | | Actual 2016 \$'000 | Budget 2016 \$'000 | |
| Expenses excluding losses | | | | | | | |
| Operating Expenses | | | | | | | |
| Employee Related Expenses | 2(a) | 3,048 | 3,269 | 2,946 | - | - | - |
| Other Operating Expenses | 2(b) | 2,125 | 2,225 | 1,550 | 2,125 | 2,225 | 1,550 |
| Depreciation and amortisation | 2(c) | 205 | 270 | 43 | 205 | 270 | 43 |
| Personnel Services | 2(d) | - | - | - | 2,985 | 3,219 | 2,869 |
| Finance Costs | 2(e) | 3 | - | - | 3 | - | - |
| Total expenses excluding losses | | 5,381 | 5,764 | 4,539 | 5,318 | 5,714 | 4,462 |
| Revenue | | | | | | | |
| Investment Revenue | 3(a) | - | - | 33 | - | - | 33 |
| Grants and Contributions Acceptance by the Crown | 3(b) | 6,195 | 6,365 | 4,329 | 6,195 | 6,365 | 4,329 |
| Entity of employee benefits and other liabilities | 3(c) | 63 | 50 | 77 | - | - | - |
| Other Revenue | 3(d) | 178 | 98 | 897 | 178 | 98 | 897 |
| Total Revenue | | 6,436 | 6,513 | 5,336 | 6,373 | 6,463 | 5,259 |
| Gain / (loss) on disposal | 4 | (9) | - | - | (9) | - | - |
| Other gains / (losses) | 5 | (6) | - | - | (6) | - | - |
| Net Result | | 1,040 | 749 | 797 | 1,040 | 749 | 797 |
| Other comprehensive income | | - | - | - | - | - | - |
| Total other comprehensive income | | - | - | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME | | 1,040 | 749 | 797 | 1,040 | 749 | 797 |

The accompanying notes form part of these financial statements.

**Natural Resources Commission
Statement of financial position
as at 30 June 2016**

| | Notes | Consolidated | | Actual 2015 \$'000 | Commission | | Actual 2015 \$'000 |
|--|-------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | Actual 2016 \$'000 | Budget 2016 \$'000 | | Actual 2016 \$'000 | Budget 2016 \$'000 | |
| ASSETS | | | | | | | |
| Current assets | | | | | | | |
| Cash And Cash | | | | | | | |
| Equivalents | 7 | 1,185 | 178 | 955 | 1,162 | 178 | 945 |
| Receivables | 8 | 38 | 46 | 129 | 38 | 46 | 129 |
| Total current assets | | 1,223 | 224 | 1,084 | 1,200 | 224 | 1,074 |
| Non-current assets | | | | | | | |
| Plant and Equipment | | | | | | | |
| Plant and Equipment | 9 | 505 | 1,413 | 39 | 505 | 1,413 | 39 |
| Leasehold Improvements | 9 | 1,006 | - | 616 | 1,006 | - | 616 |
| Total Plant and Equipment | 9 | 1,511 | 1,413 | 655 | 1,511 | 1,413 | 655 |
| Intangible Assets | 10 | - | - | - | - | - | - |
| Total non-current assets | | 1,511 | 1,413 | 655 | 1,511 | 1,413 | 655 |
| Total assets | | 2,734 | 1,637 | 1,739 | 2,711 | 1,637 | 1,729 |
| LIABILITIES | | | | | | | |
| Current liabilities | | | | | | | |
| Payables | 11 | 294 | 131 | 462 | 271 | 131 | 452 |
| Employee benefits and related on costs | 11 | 280 | 229 | 272 | 280 | 229 | 272 |
| Total current liabilities | | 574 | 360 | 734 | 551 | 360 | 724 |
| Non-current liabilities | | | | | | | |
| Employee benefits and related on costs | 12 | 5 | 2 | 5 | 5 | 2 | 5 |
| Other provisions | 12 | 115 | 221 | - | 115 | 221 | - |
| Total non-current liabilities | | 120 | 223 | 5 | 120 | 223 | 5 |
| Total liabilities | | 694 | 583 | 739 | 671 | 583 | 729 |
| Net assets | | 2,040 | 1,054 | 1,000 | 2,040 | 1,054 | 1,000 |
| EQUITY | | | | | | | |
| Accumulated funds | | 2,040 | 1,054 | 1,000 | 2,040 | 1,054 | 1,000 |
| Total Equity | | 2,040 | 1,054 | 1,000 | 2,040 | 1,054 | 1,000 |

The accompanying notes form part of these financial statements.

Natural Resources Commission
Statements of changes in equity
for the year ended 30 June 2016

| Consolidated and Commission | Accumulated Funds \$'000 | Total \$'000 |
|--|---|-------------------------|
| Balance at 1 July 2015 | 1,000 | 1,000 |
| Surplus / (deficit) for the year | <u>1,040</u> | <u>1,040</u> |
| Total comprehensive income for the year | <u>1,040</u> | <u>1,040</u> |
| Balance at 30 June 2016 | <u>2,040</u> | <u>2,040</u> |
| | | |
| Balance at 1 July 2014 | 203 | 203 |
| Net Result for the year | <u>797</u> | <u>797</u> |
| Total comprehensive income for the year | <u>797</u> | <u>797</u> |
| Balance at 30 June 2015 | <u>1,000</u> | <u>1,000</u> |

**Natural Resources Commission
Statement of cash flows
for the year ended 30 June 2016**

| | Consolidated | | | Commission | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | Actual 2016 | Budget 2016 | Actual 2015 | Actual 2016 | Budget 2016 | Actual 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Payments | | | | | | |
| Employee related | (3,044) | (3,279) | (2,834) | (3,057) | (3,279) | (2,844) |
| Other | (2,459) | (2,297) | (1,765) | (2,459) | (2,297) | (1,765) |
| Total Payments | (5,503) | (5,576) | (4,599) | (5,516) | (5,576) | (4,609) |
| Receipts | | | | | | |
| Interest received | 21 | - | 21 | 21 | - | 21 |
| Grants and Contributions | 6,195 | 6,365 | 4,329 | 6,195 | 6,365 | 4,329 |
| Other | 587 | 98 | 1,042 | 587 | 98 | 1,042 |
| Total Receipts | 6,803 | 6,463 | 5,392 | 6,803 | 6,463 | 5,392 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 1,300 | 887 | 793 | 1,287 | 887 | 783 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchases of land and buildings, plant and equipment and infrastructure systems | (1,070) | (1,000) | (626) | (1,070) | (1,000) | (626) |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | (1,070) | (1,000) | (626) | (1,070) | (1,000) | (626) |
| NET INCREASE (DECREASE) IN CASH | | | | | | |
| Opening cash and cash equivalents | 230 | (113) | 167 | 217 | (113) | 157 |
| | 955 | 291 | 788 | 945 | 291 | 788 |
| CLOSING CASH AND CASH EQUIVALENTS | 1,185 | 178 | 955 | 1,162 | 178 | 945 |

The accompanying notes form part of these financial statements.

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2016**

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 Staff Agency. The Natural Resources Commission Staff Agency (Staff Agency) is a public service agency established under the Administrative Arrangements Order 2014 and is pursuant to Part 2 of Schedule 1 of the *Government Sector Employment Act 2013* (formerly the NRC Division established under the former *Public Sector Employment and Management Act 2002*). All employee provisions are now held within the Staff Agency, and are shown in the consolidated section of these statements.

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

The Commission is a NSW government statutory authority. 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. It is domiciled in Australia and its principle office is at Level 6, 52 Martin Place, Sydney 2000.

These consolidated financial statements for the year ended 30 June 2016 have been authorised for issue by the Commissioner on 20th September 2016.

(b) *Basis of preparation*

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*; and
- the Financial Reporting Directions published in the Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

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

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

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) *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.

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2016**

1 Summary of Significant Accounting Policies (cont'd)

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

Income, expenses and assets are recognised net of the amount of GST, except that the:

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

(f) *Income recognition*

Income is 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 income 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.

(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*.

(g) *Assets*

(i) *Acquisitions of assets*

Assets acquired are initially recognised at cost. 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 is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

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

(ii) *Capitalisation thresholds*

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

1 Summary of Significant Accounting Policies

(g) Assets (cont'd)

(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 14.01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

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

(iv) Impairment of property, plant and equipment

As a not for profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not for profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not for profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(v) Depreciation of plant and equipment

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

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

Depreciation Rates

| Plant & Equipment | % Rate |
|---------------------------------|------------------------------|
| Office furniture and fittings | 33 |
| Computer equipment and software | 33 |
| General plant and equipment | 25 |
| Intangible | 33 |
| 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.

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.

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2016**

1 Summary of Significant Accounting Policies (cont'd)

(g) Assets (cont'd)

(viii) Receivables

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.

Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(h) *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. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. 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 and other provisions

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

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

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

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability.

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

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

(b) Long service leave and superannuation

The Commission's liabilities for long service leave are assumed by the Crown Entity. The Commission's 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'.

1 Summary of Significant Accounting Policies

(h) liabilities (cont'd)

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 14/04) 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.

(c) Consequential on-costs

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

(iii) Other Provisions

Other provisions exist when: the Commission has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when an entity has a detailed formal plan and the entity has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

(i) Fair value hierarchy

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

(j) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements is explained in Note 17.

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

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of the previous financial year except for the following standards adopted for the first time in 2015-16. The impact of these Standards in the period of initial application is not material.

- AASB 2014-4 regarding acceptable methods of depreciation and amortisation (operative 1 Jan 2016)
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012 2014 cycle (operative 1 Jan 2016)
- AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives (operative 1 Jan 2016)
- AASB 2015-3 regarding materiality (operative 1 July 2015)

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2016**

(ii) Issued but not yet effective

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

The following new Australian Accounting Standards have not been applied and are not yet effective (NSW TC 16/02).

- AASB 9 and AASB 2014-7 regarding financial instruments
- AASB 14 and AASB 2014-1(Part E) regarding Regulatory Deferral Accounts
- AASB 15, AASB 2014-15 and AASB 2015-8 regarding Revenue from Contracts with Customers
- AASB 1056 Superannuation Entities
- AASB 2014-3 regarding accounting for acquisitions of interests in joint operations
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-6 regarding bearer plants
- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2014-10 and AASB 2015-10 regarding sale or contribution of assets between and investor and its associate or joint venture
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 (disclosure initiative)
- AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*
- AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*
- AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities.*

The Commission anticipates that adoption of these standards in the period of initial application will have no material impact on the financial statements

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2016**

2 Expenses excluding losses

| | Consolidated | | Commission | |
|--|---------------------|---------------|-------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| (a) Employee related expenses | | | | |
| Salaries and wages (including annual leave) | 2,651 | 2,548 | - | - |
| Superannuation: defined contribution plans | 202 | 188 | - | - |
| Long service leave | 63 | 77 | - | - |
| Worker's compensation insurance | 8 | 9 | - | - |
| Payroll tax and fringe benefit tax | 121 | 117 | - | - |
| On-Costs - annual leave and long service leave | 3 | 7 | - | - |
| | <u>3,048</u> | <u>2,946</u> | <u>-</u> | <u>-</u> |
| | Consolidated | | Commission | |
| | 2016 | 2015 | 2016 | 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| (b) Other operating expenses include the following: | | | | |
| Auditor's remuneration - audit or review of the financial statements | 12 | 19 | 12 | 19 |
| Consultancy costs | 1,108 | 591 | 1,108 | 591 |
| Insurance | 5 | 4 | 5 | 4 |
| Telephone | 15 | 22 | 15 | 22 |
| Advertising, Printing and Publication | 17 | 15 | 17 | 15 |
| Operating lease rental expense-minimum lease payments | 437 | 427 | 437 | 427 |
| Training (staff development) | 42 | 78 | 42 | 78 |
| Travel | 97 | 79 | 97 | 79 |
| Corporate Services | 141 | 137 | 141 | 137 |
| Administration Expenses | 72 | 77 | 72 | 77 |
| ICT Expenses | 179 | 101 | 179 | 101 |
| | <u>2,125</u> | <u>1,550</u> | <u>2,125</u> | <u>1,550</u> |
| <i>* Reconciliation - Total maintenance</i> | | | | |
| Maintenance expense - contracted labour and other (non-employee related), as above | - | - | - | - |
| Total maintenance expenses included in Note 2(a) + 2(b) | - | - | - | - |
| | Consolidated | | Commission | |
| | 2016 | 2015 | 2016 | 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| (c) Depreciation and amortisation expense | | | | |
| Depreciation | | | | |
| Plant and Equipment | 91 | 7 | 91 | 7 |
| Total Depreciation | <u>91</u> | <u>7</u> | <u>91</u> | <u>7</u> |
| Leasehold improvements | 114 | 34 | 114 | 34 |
| Intangible | - | 2 | - | 2 |
| Total depreciation and amortisation | <u>205</u> | <u>43</u> | <u>205</u> | <u>43</u> |
| (d) Personnel Services | | | | |
| Paid to Natural Resources Commission Staff Agency | - | - | 2,985 | 2,869 |
| | <u>-</u> | <u>-</u> | <u>2,985</u> | <u>2,869</u> |
| (e) Finance Costs | | | | |
| Unwinding of discount rate | 3 | - | 3 | - |
| | <u>3</u> | <u>-</u> | <u>3</u> | <u>-</u> |

Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2016

3 Revenue:

| | Consolidated | | Commission | |
|--|--------------|--------------|--------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| (a) Investment revenue | | | | |
| Interest revenue from financial assets not at fair value through profit or loss | - | 33 | - | 33 |
| | <u>-</u> | <u>33</u> | <u>-</u> | <u>33</u> |
| (b) Grants and contributions | | | | |
| Transfer payment from Department of Premier and Cabinet | 6,195 | 4,329 | 6,195 | 4,329 |
| | <u>6,195</u> | <u>4,329</u> | <u>6,195</u> | <u>4,329</u> |
| (c) Acceptance by Crown Entity of employee benefits and other liabilities | | | | |
| Long service leave | 63 | 77 | - | - |
| | <u>63</u> | <u>77</u> | <u>-</u> | <u>-</u> |
| (d) Other revenue | | | | |
| Consultancies recoveries | 178 | 136 | 178 | 136 |
| Fitout costs from GPNSW | - | 761 | - | 761 |
| Total Revenue | <u>178</u> | <u>897</u> | <u>178</u> | <u>897</u> |

4 Gain / (Loss) on Disposal:

| | Consolidated | | Commission | |
|--|--------------|----------|------------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Gain / (loss) on disposal of plant and equipment | | | | |
| Proceeds from disposal | - | - | - | - |
| Written down value of assets disposed | (6) | - | (6) | - |
| Net gain / (loss) on disposal of plant and equipment | <u>(6)</u> | <u>-</u> | <u>(6)</u> | <u>-</u> |
| Gain / (loss) on disposal of Leasehold Improvements | | | | |
| Proceeds from disposal | - | - | - | - |
| Written down value of assets disposed | (3) | - | (3) | - |
| Net gain / (loss) on disposal of Leasehold Improvements | <u>(3)</u> | <u>-</u> | <u>(3)</u> | <u>-</u> |
| Gain / (loss) on disposal | <u>(9)</u> | <u>-</u> | <u>(9)</u> | <u>-</u> |

5 Other Gains / (Losses):

| | Consolidated | | Commission | |
|----------------------|--------------|----------|------------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Other gains/(losses) | (6) | - | (6) | - |
| | <u>(6)</u> | <u>-</u> | <u>(6)</u> | <u>-</u> |

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2016**

6 Service group of the Commission

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.

7 Current Assets- Cash and cash equivalents

| | Consolidated | | Commission | |
|--------------------------|---------------------|--------|-------------------|--------|
| | 2016 | 2015 | 2016 | 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash at bank and on hand | <u>1,185</u> | 955 | <u>1,162</u> | 945 |
| | 1,185 | 955 | 1,162 | 945 |

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

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

| | Consolidated | | Commission | |
|--|---------------------|--------|-------------------|--------|
| | 2016 | 2015 | 2016 | 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash and cash equivalents (per balance sheet) | <u>1,185</u> | 955 | <u>1,162</u> | 945 |
| Closing cash and cash equivalents (per statements of cash flows) | <u>1,185</u> | 955 | <u>1,162</u> | 945 |

Refer Note 17 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8 Current Assets - Receivables

| | Consolidated | | Commission | |
|--|---------------------|--------|-------------------|--------|
| | 2016 | 2015 | 2016 | 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Goods and Service Tax recoverable from ATO | 38 | 108 | 38 | 108 |
| Prepayments | - | 21 | - | 21 |
| | <u>38</u> | 129 | <u>38</u> | 129 |

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 17.

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2016**

9 Non-Current assets - Plant and equipment

| | Plant and Equipment \$'000 | Leasehold Improvements \$'000 | Total \$'000 |
|---|----------------------------------|-------------------------------------|-----------------|
| Consolidated and Commission | | | |
| At 1 July 2015 - fair value | | | |
| Gross Carrying Amount | 427 | 1,554 | 1,981 |
| Accumulated depreciation and impairment | (388) | (938) | (1,326) |
| Net carrying amount | 39 | 616 | 655 |
| At 30 June 2016 - fair value | | | |
| Gross Carrying Amount | 602 | 1,108 | 1,710 |
| Accumulated depreciation and impairment | (97) | (102) | (199) |
| Net carrying amount | 505 | 1,006 | 1,511 |

Reconciliation

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

| | Plant and Equipment \$'000 | Leasehold Improvements \$'000 | Total \$'000 |
|--------------------------------------|----------------------------------|-------------------------------------|-----------------|
| Year ended 30 June 2016 | | | |
| Net carrying amount at start of year | 39 | 616 | 655 |
| Additions | 564 | 506 | 1,070 |
| Disposals | (389) | (952) | (1,341) |
| Depreciation expense | (91) | (113) | (204) |
| Write back on disposals | 382 | 949 | 1,331 |
| Net carrying amount at end of year | 505 | 1,006 | 1,511 |

| | Plant and Equipment \$'000 | Leasehold Improvements \$'000 | Total \$'000 |
|---|----------------------------------|-------------------------------------|-----------------|
| At 1 July 2014 - fair value | | | |
| Gross carrying amount | 404 | 920 | 1,324 |
| Accumulated depreciation and impairment | (384) | 903 | (1,287) |
| Net carrying amount | 20 | 17 | 37 |
| At 30 June 2015 - fair value | | | |
| Gross carrying amount | 427 | 1,554 | 1,981 |
| Accumulated depreciation and impairment | (388) | (938) | (1,326) |
| Net carrying amount | 39 | 616 | 655 |

Reconciliation

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

| | Plant and Equipment \$'000 | Leasehold Improvements \$'000 | Total \$'000 |
|--------------------------------------|----------------------------------|-------------------------------------|-----------------|
| Year ended 30 June 2015 | | | |
| Net carrying amount at start of year | 20 | 17 | 37 |
| Additions | 26 | 633 | 659 |
| Disposals | (2) | - | (2) |
| Depreciation expense | (7) | (34) | (41) |
| Write back on disposals | 2 | - | 2 |
| Net carrying amount at end of year | 39 | 616 | 655 |

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2016**

10 Intangible Assets

| | Software \$'000 |
|--|--------------------|
| Consolidated and Commission | |
| At 1 July 2015 | |
| Cost (gross carrying amount) | 18 |
| Accumulated amortisation and impairment | (18) |
| Net carrying amount | - |
| At 30 June 2016 | |
| Cost (gross carrying amount) | - |
| Accumulated amortisation and impairment | - |
| Net carrying amount | - |
| Year ended 30 June 2016 | |
| Net carrying amount at start of year | - |
| Amortisation (recognised in "depreciation and amortisation") | - |
| Net carrying amount at end of year | - |
| At 1 July 2014 | |
| Cost (gross carrying amount) | 18 |
| Accumulated amortisation and impairment | (16) |
| Net carrying amount | 2 |
| At 30 June 2015 | |
| Cost (gross carrying amount) | 18 |
| Accumulated amortisation and impairment | (18) |
| Net carrying amount | - |
| Net carrying amount | 2 |
| Amortisation (recognised in "depreciation and amortisation") | (2) |
| Net carrying amount at end of year | - |

11 Current Liabilities – Payables

| | Consolidated | | Commission | |
|--------------------------------------|--------------|--------|------------|--------|
| | 2016 | 2015 | 2016 | 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Accrued salaries, wages and on costs | 4 | 79 | - | - |
| Creditors | 290 | 383 | 271 | 368 |
| Personnel Services | - | - | - | 84 |
| | 294 | 462 | 271 | 452 |

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 17

12 Current / Non-Current Liabilities - Provisions

| | Consolidated | | Commission | |
|---|--------------|--------|------------|--------|
| | 2016 | 2015 | 2016 | 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Employee benefits and related on-costs | | | | |
| Annual leave | 216 | 213 | - | - |
| Long service leave on-costs | 33 | 30 | - | - |
| Payroll tax | 31 | 29 | - | - |
| Personnel Services | - | - | 280 | 272 |
| | 280 | 272 | 280 | 272 |

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2016**

12 Current / Non-Current Liabilities – Provisions (cont'd)

| | Consolidated | | Commission | |
|---|----------------|----------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 |
| Non-current | | | | |
| Employee benefits and related on-costs | | | | |
| Long service leave on-costs | 3 | 3 | - | - |
| Payroll tax | 2 | 2 | - | - |
| Personnel Services | - | - | 5 | 5 |
| | <u>5</u> | <u>5</u> | <u>5</u> | <u>5</u> |

Non-current

| | Consolidated | | Commission | |
|---|----------------|----------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 |
| Other Provisions | | | | |
| Restoration Costs (Make good 52 Martin Place Provision) | 115 | - | 115 | - |
| | <u>115</u> | <u>-</u> | <u>115</u> | <u>-</u> |
| Total Provisions | <u>120</u> | <u>5</u> | <u>120</u> | <u>5</u> |

Movement in Provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits are set out below.

| | Restoration Costs \$ '000 |
|---|---------------------------------|
| Carry forward amount at the beginning of financial year | - |
| Additional Provisions recognised: | |
| Make good for level 6, 52 Martin Place | (106) |
| Unwinding/change in discount rate | (9) |
| Carrying amount at the end of financial year | <u>(115)</u> |

13 Commitments for Expenditure

| | Consolidated | | Commission | |
|---|----------------|----------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 |
| Future non-cancellable operating lease rentals not provided for and payable | | | | |
| Not later than one year | 408 | - | 408 | - |
| Later than one year and not later than five years | 1,631 | - | 1,631 | - |
| Later than five years | 1,835 | - | 1,835 | - |
| Total (including GST) | <u>3,874</u> | <u>-</u> | <u>3,874</u> | <u>-</u> |

The Commission's lease at 15 Castlereagh Street expired 31 July 2015. The Commission moved to 52 Martin Place on 20 July 2015 under an existing lease held by Government Property. That lease expired on 31 December 2015 and has been renewed for a further term of 10 years from 1 January 2016 to 31 December 2025.

Commitments include GST of \$352,138 which is expected to be recovered from the Australian Taxation Office (ATO).

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2016**

14 Contingent Liabilities and Contingent Assets

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

15 Reconciliation of Cash Flows from Operating Activities to Net Result

| | Consolidated | | Commission | |
|--|----------------|----------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 |
| Net cash used on operating activities | 1,300 | 793 | 1,287 | 783 |
| Decrease / (increase) in provisions | (205) | (43) | (205) | (43) |
| Increase / (decrease) in receivables | (91) | 87 | (91) | 87 |
| Decrease / (increase) in creditors | 168 | (175) | 181 | (165) |
| Decrease / (increase) in other liabilities | - | 145 | - | 145 |
| Net gain / (loss) on sale of plant and equipment | (9) | - | (9) | - |
| Net cost of services | 1,040 | 797 | 1,040 | 797 |

16 Budget Review

Net cost of services

The actual net cost of services was under budget by \$291K, this is the result of lower than expected employee related costs offset against the higher than expected costs for consultant category and the lower than expected costs associated relocation expenses specifically for accommodation and ICT.

Assets and Liabilities

Current assets are \$999K higher than budget due to an increase in cash held at the end of the financial year. Non-current assets are higher than the budget by \$103k mainly due to the Leasehold improvements. Current Liabilities were \$214K higher than budget mainly due to increase in payables. Non-current liabilities were \$103K lower than budget due to settlement of make good obligation.

Cash flows

Cash flows from Operating Activities were \$413K higher than budget due to associated fitout costs.

17 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; 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

| Financial Assets Class: | Note | Category | Carrying Amount 2016 \$'000 | Carrying Amount 2015 \$'000 |
|---------------------------|------|---|-----------------------------------|-----------------------------------|
| Consolidated | | | | |
| Cash and cash equivalents | 7 | N/A | 1,185 | 955 |
| Receivables ¹ | 8 | Loans and receivables (at amortised cost) | - | 21 |

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2016**

17 Financial instruments

(a) *Financial instrument categories (cont'd)*

| Financial Liabilities Class: | Note | Category | Carrying Amount 2016 \$'000 | Carrying Amount 2015 \$'000 |
|---|-------------|--|--|--|
| Consolidated | | | | |
| Payables ² | 11 | Financial liabilities measured at amortised cost | 294 | 462 |
| Financial Assets Commission | | | | |
| Class: | | | | |
| Cash and cash equivalents | 7 | N/A | 1,162 | 945 |
| Receivables ¹ | 8 | Loans and receivables (at amortised cost) | - | 21 |
| Financial Liabilities Class: | | | | |
| Payables ² | 11 | Financial liabilities measured at amortised cost | 271 | 452 |

Notes:

Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

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, receivables and authority deposits. No collateral is held by the Commission. The Commission has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. 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 in 2015.

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.

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2016**

17 Financial instruments (cont'd)

(c) Liquidity risk

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payment to other suppliers, The Commissioner (or a person appointed by the Commissioner) may automatically pay the supplier simple interest. No interest for late payment was paid during the year (2015-2016 nil).

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

Maturity Analysis and interest rate exposure of financial liabilities

| | Nominal Amount ¹ | Interest Rate Exposure Non-interest bearing | Maturity Dates | | |
|--------------------------------------|-----------------------------|---|----------------|----------|----------|
| | | | < 1 yr | 1-5 yrs | > 5 yrs |
| \$'000 | | | | | |
| Consolidated 2016 | | | | | |
| <i>Payables:</i> | | | | | |
| Accrued salaries, wages and on-costs | 4 | 4 | 4 | - | - |
| Creditors | 290 | 290 | 290 | - | - |
| | <u>294</u> | <u>294</u> | <u>294</u> | <u>-</u> | <u>-</u> |
| 2015 | | | | | |
| <i>Payables:</i> | | | | | |
| Accrued salaries, wages and on-costs | 79 | 79 | 79 | - | - |
| Creditors | 383 | 383 | 383 | - | - |
| | <u>462</u> | <u>462</u> | <u>462</u> | <u>-</u> | <u>-</u> |
| Commission 2016 | | | | | |
| <i>Payables:</i> | | | | | |
| Personnel Services | - | - | - | - | - |
| Creditors | 271 | 271 | 271 | - | - |
| | <u>271</u> | <u>271</u> | <u>271</u> | <u>-</u> | <u>-</u> |
| 2015 | | | | | |
| <i>Payables:</i> | | | | | |
| Personnel Services | 84 | 84 | 84 | - | - |
| Creditors | 368 | 368 | 368 | - | - |
| | <u>452</u> | <u>452</u> | <u>452</u> | <u>-</u> | <u>-</u> |

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2016**

17 Financial instruments

(c) Liquidity risk (cont'd)

Note:

1. 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. There is no interest impact on these financial liabilities

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Commission has no borrowings, no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after 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 statement of financial position date. The analysis is performed on the same basis as for 2014-15. The analysis assumes that all other variables remain constant.

Interest rate risk

The Commission does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Commission's exposure to interest rate risk is set out below.

| | Carrying Amount | -1% | | +1% | |
|------------------------------|--------------------|------------------|------------------|------------------|------------------|
| | | Profit \$'000 | Equity \$'000 | Profit \$'000 | Equity \$'000 |
| Consolidated 2016 | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and cash Equivalents | 1,185 | (12) | (12) | (12) | (12) |
| Total | 1,185 | (12) | (12) | (12) | (12) |

| | | | | | |
|---------------------------|------------|-------------|-------------|-----------|-----------|
| 2015 | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and cash equivalents | 955 | (10) | (10) | 10 | 10 |
| Total | 955 | (10) | (10) | 10 | 10 |

| | Carrying Amount | -1% | | +1% | |
|----------------------------|--------------------|------------------|------------------|------------------|------------------|
| | | Profit \$'000 | Equity \$'000 | Profit \$'000 | Equity \$'000 |
| Commission 2016 | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and cash equivalents | 1,162 | (12) | (12) | (12) | (12) |
| Total | 1,162 | (12) | (12) | (12) | (12) |

| | | | | | |
|---------------------------|------------|------------|------------|----------|----------|
| 2015 | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and cash equivalents | 945 | (9) | (9) | 9 | 9 |
| Total | 945 | (9) | (9) | 9 | 9 |

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2016**

17 Financial instruments (cont'd)

(e) Fair value measurement

(i) Fair value compared to carrying amount

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

18 Events after the reporting period

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

End of audited financial statements

Natural Resources Commission Staff Agency

Independent auditor's report



INDEPENDENT AUDITOR'S REPORT **Natural Resources Commission Staff Agency**

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Natural Resources Commission Staff Agency (the Agency), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Agency as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

I am independent of the Agency in accordance with the auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

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

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

The Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for preparing 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 are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioner must assess the Agency's ability to continue as a going concern unless the Agency will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Agency carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



Caroline Karakatsanis
Director, Financial Audit Services

22 September 2016
SYDNEY

Statutory audit report



Dr John Keniry AM
Commissioner
Natural Resources Commission
Level 6, 52 Martin Place
SYDNEY NSW 2000

Contact: Caroline Karakatsanis
Phone no: (02) 9275 7143
Our ref: D1626628/1285

22 September 2016

Dear Mr Keniry

STATUTORY AUDIT REPORT

for the year ended 30 June 2016

Natural Resources Commission Staff Agency

I have audited the financial statements of Natural Resources Commission (the Agency) as required by the *Public Finance and Audit Act 1983* (PF&A Act). This Statutory Audit Report outlines the results of my audit for the year ended 30 June 2016, and details matters I found during my audit that are relevant to you in your role as one of those charged with the governance of the Agency. The PF&A Act requires that I send this report to the Agency, the Minister and the Treasurer.

This report is not the Independent Auditor's Report, which expresses my opinion on the Agency's financial statements. I enclose the Independent Auditor's Report, together with the Agency's financial statements.

My audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify and report all matters you may find of governance interest. Therefore, other governance matters may exist, which have not been reported to you.

My audit is continuous. If I identify further significant matters, I will report these to you immediately.

Audit Result

I expressed an unmodified opinion on the Agency's financial statements and I have not identified any significant matters since my previous Statutory Audit Report.

Quality and Timeliness of Financial Reporting

Treasury Circular TC 16-01 'Agency guidelines for the 2015–2016 Mandatory Early Close' and TC 16-06 'Agency Guidelines for the 2015-16 Mandatory Annual Returns to Treasury' were issued as Treasurer's Directions in accordance with sections 9 and 45E of the PF&A Act. Non-compliance with such Directions represents a breach of the PF&A Act.

TC 16-01 required the Agency to prepare certain aspects of the financial statements before year-end and provide the outcomes to the audit team.

Treasury Circular TC 16-06 'Agency Guidelines for the 2015-16 Mandatory Annual Returns to Treasury' required the Agency to submit its year-end information to Treasury and its financial statements to the Audit Office on 25 July 2016.

The Agency complied with the Directions by completing the mandatory early close procedures set out in TC 16-01 and submitting its financial information to Treasury and its financial statements and supporting working papers to the Audit Office by the due dates.

Misstatements in the Financial Statements

I have certain obligations for reporting misstatements:

- the PF&A Act requires agencies to obtain the Auditor-General's approval for all changes to the financial statements originally submitted for audit. The more significant/material changes are reported in a Statutory Audit Report
- the Auditing Standards require matters of governance interest and significant misstatements identified during the audit to be brought to your attention and others charged with governance
- statutory obligations require the Auditor-General to report misstatements resulting from or not detected because of failures in internal controls and/or systemic deficiencies which pose a significant risk to the Agency.

The financial statements did not contain any misstatements.

Compliance with Legislative Requirements

My audit procedures are targeted specifically towards forming an opinion on the Agency's financial statements. This includes testing whether the Agency has complied with legislative requirements that may materially impact on the financial statements. The results of the audit are reported in this context. My testing did not identify any reportable instances of non-compliance with legislative requirements.

Auditor-General's Report to Parliament

Volume Eight of the 2016 Auditor-General's Report to Parliament will incorporate the results of the audit.

Publication of the Statutory Audit Report

I consider this Statutory Audit report to fall within the definition of 'excluded information' contained in Schedule 2(2) of the *Government Information (Public Access) Act 2009*. Under Schedule 1(6) of this Act, you should ask for consent from the Audit Office before publicly releasing this report. You may also need to seek approval from the Minister and the Treasurer before publicly releasing this report.

Acknowledgment

I thank the Agency's staff for their courtesy and assistance.

Yours sincerely



Caroline Karakatsanis
Director, Financial Audit Services

The Hon. G Berejiklian MP
Treasurer
GPO Box 5341
SYDNEY NSW 2001

Statement on behalf of Natural Resources Commission Staff Agency



**Natural
Resources
Commission**

For Official Use Only

20 September 2016

**Statement on behalf of
Natural Resources Commission and
Natural Resources Commission Staff Agency**

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, we state that to the best of our knowledge and belief:

- a) The accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards, the requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Audit regulation 2015, the Financial Reporting Code for NSW General Government Sector Entities and Treasurers Directions;
- b) The financial statements exhibit a true and fair view of the financial position of both the Natural Resources Commission and the Natural Resources Commission Staff Agency as at the 30 June 2016 and the operations for the year then ended;
- c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

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

Dr John Keniry AM
Commissioner

A handwritten signature in black ink, appearing to read 'M Leonard'.

Maree Leonard
Director Corporate Services

**Natural Resources Commission
Staff Agency
Financial Statements
for the year ended 30 June 2016**

Natural Resources Commission Staff Agency
Statement of comprehensive income
for the year ended 30 June 2016

| | Notes | Actual 2016 \$'000 | Actual 2015 \$'000 |
|---|-------|--------------------------|--------------------------|
| Expenses excluding losses | | | |
| Operating expenses | | | |
| Employee related expenses | 2(a) | <u>3,048</u> | <u>2,946</u> |
| Total Expenses excluding losses | | <u>3,048</u> | <u>2,946</u> |
| Revenue | | | |
| Personnel services | 3(a) | <u>2,985</u> | <u>2,869</u> |
| Acceptance by the Crown Entity of employee benefits and other liabilities | 3(b) | <u>63</u> | <u>77</u> |
| Total Revenue | | <u>3,048</u> | <u>2,946</u> |
| Net result | | <u>-</u> | <u>-</u> |
| Other comprehensive income | | | |
| Total Other comprehensive income | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |

The accompanying notes form part of these financial statements.

Natural Resources Commission Staff Agency
Statement of financial position
as at 30 June 2016

| | Notes | Actual 2016 \$'000 | Actual 2015 \$'000 |
|--------------------------------------|-------|--------------------------|--------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 4 | 23 | 10 |
| Receivables | 5 | <u>286</u> | <u>360</u> |
| Total Current Assets | | <u>309</u> | <u>370</u> |
| Total Assets | | <u>309</u> | <u>370</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 6 | 24 | 93 |
| Provisions | 7 | <u>280</u> | <u>272</u> |
| Total Current Liabilities | | <u>304</u> | <u>365</u> |
| Non-Current Liabilities | | | |
| Provisions | 7 | <u>5</u> | <u>5</u> |
| Total Non-Current Liabilities | | <u>5</u> | <u>5</u> |
| Total Liabilities | | <u>309</u> | <u>370</u> |
| Net Assets | | <u>-</u> | <u>-</u> |
| EQUITY | | | |
| Total Equity | | <u>-</u> | <u>-</u> |

The accompanying notes form part of these financial statements.

Natural Resources Commission Staff Agency
Statement of changes in equity
for the year ended 30 June 2016

| | Accumulated Funds \$'000 | Total \$'000 |
|--|--------------------------------|-----------------|
| Balance at 1 July 2015 | - | - |
| Net result for the year | - | - |
| Total comprehensive income for the year | - | - |
| Balance at 30 June 2016 | - | - |
| | | |
| Balance at 1 July 2014 | - | - |
| Net result for the year | - | - |
| Total comprehensive income for the year | - | - |
| Balance at 30 June 2015 | - | - |

Natural Resources Commission Staff Agency
Statement of cash flows
for the year ended 30 June 2016

| | Actual 2016 \$'000 | Actual 2015 \$'000 |
|---|--------------------------|--------------------------|
| Notes | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Payments | | |
| Employee related | <u>(3,046)</u> | <u>(2,834)</u> |
| Total Payments | <u>(3,046)</u> | <u>(2,834)</u> |
| Receipts | | |
| Other – Personal Services Related | <u>3,059</u> | <u>2,844</u> |
| Total Receipts | <u>3,059</u> | <u>2,844</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 9 <u>13</u> | <u>10</u> |
| NET INCREASE /(DECREASE) IN CASH | | |
| Opening cash and cash equivalents | <u>10</u> | <u>-</u> |
| CLOSING CASH AND CASH EQUIVALENTS | 4 <u>23</u> | <u>10</u> |

**Natural Resources Commission Staff Agency
Notes to the financial statements
for the year ended 30 June 2016**

1 Summary of Significant Accounting Policies

(a) Reporting entity

The Natural Resources Commission Staff Agency (Staff Agency) is a public service agency established under the Administrative Arrangements Order 2014 and is pursuant to Part 2 of Schedule 1 of the *Government Sector Employment Act 2013* (formerly the Natural Resources Commission Division established under the former *Public Sector Employment and Management Act 2002*). 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 6, 52 Martin Place, Sydney 2000.

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

The financial statements for the year ended 30 June 2016 have been authorised for issue by the Commissioner on 20th September 2016.

(b) Basis of preparation

The Staff Agency's financial statements are general purpose financial statements which have been prepared on accrual basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

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 Staff Agency'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.

Revenue is received for cost of providing personnel services for the year to the Natural Resources Commission.

(e) Assets

(i) Receivables

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 statement of comprehensive income when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(f) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Staff Agency 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.

Natural Resources Commission Staff Agency
Notes to the financial statements
for the year ended 30 June 2016

1 Summary of Significant Accounting Policies (cont'd)

(ii) Employee benefits

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

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Staff Agency has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

(b) Long service leave and superannuation:

The Staff Agency's liabilities for long service leave are assumed by the Crown Entity. The Staff Agency 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 15/09) 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.

(c) Consequential on-costs:

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

(d) Personnel Services:

The Personnel Services are provided by the Natural Resources Commission Staff Agency according to the Administrative Arrangements Order 2014 and is pursuant to Part 2 of Schedule 1 of the *Government Sector Employment Act 2013* (formerly the Natural Resources Commission Division established under the former *Public Sector Employment and Management Act 2002*).

(e) Revision of estimates:

As a result of an actuarial valuation of long service leave performed by Treasury's actuary (NSWTC 15-09), the Staff Agency has adjusted defined benefit superannuation on-cost as well as the defined contribution superannuation on-cost for 2015-2016. The factor for defined benefit superannuation on-cost and for defined contribution superannuation on-cost is 1.2% and 3.8% respectively which is consistent with the factor applied in previous financial year 2014-2015.

**Natural Resources Commission Staff Agency
Notes to the financial statements
for the year ended 30 June 2016**

1 Summary of Significant Accounting Policies (cont'd)

(g) 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.

(h) Changes in accounting policy, including new or revised Australian Accounting Standards

- (i) Effective for the first time in 2015-16
The accounting policies applied in 2015-16 are consistent with those of the previous financial year except for the following standards adopted for the first time in 2015 16. The impact of these Standards in the period of initial application is not material.
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation (operative 1 Jan 2016)
 - AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012 2014 cycle (operative 1 Jan 2016)
 - AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives (operative 1 Jan 2016)
 - AASB 2015-3 regarding materiality (operative 1 July 2015)
- (ii) Issued but not yet effective
NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.
The following new Australian Accounting Standards have not been applied and are not yet effective (NSW TC 16/02).
- AASB 9 and AASB 2014-7 regarding financial instruments
 - AASB 14 and AASB 2014-1(Part E) regarding Regulatory Deferral Accounts
 - AASB 15, AASB 2014-5 and AASB 2015-8 regarding Revenue from Contracts with Customers
 - AASB 1056 *Superannuation Entities*
 - AASB 2014-3 regarding accounting for acquisitions of interests in joint operations
 - AASB 2014-4 regarding acceptable methods of depreciation and amortisation
 - AASB 2014-6 regarding bearer plants
 - AASB 2014-9 regarding equity method in separate financial statements
 - AASB 2014-10 and AASB 2015-10 regarding sale or contribution of assets between and investor and its associate or joint venture
 - AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
 - AASB 2015-2 regarding amendments to AASB 101 (disclosure initiative)
 - AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*
 - AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*
 - AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*

The Commission anticipates that adoption of these standards in the period of initial application will have no material impact on the financial statements

2 Expenses Excluding Losses

| | 2016 | 2015 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| (a) Employee related expenses | | |
| Salaries and wages (including annual leave) | 2,651 | 2,548 |
| Superannuation - defined contribution plans | 202 | 188 |
| Long service leave | 63 | 77 |
| Workers compensation insurance | 8 | 9 |
| Payroll tax and fringe benefit tax | 121 | 117 |
| On-costs - annual leave and long service leave | 3 | 7 |
| | 3,048 | 2,946 |

Natural Resources Commission Staff Agency
Notes to the financial statements
for the year ended 30 June 2016

3 Revenue

| | 2016 \$'000 | 2015 \$'000 |
|--|----------------|----------------|
| (a) Personnel services | | |
| Personnel services | <u>2,985</u> | <u>2,869</u> |
| | 2,985 | 2,869 |
| | | |
| (b) Acceptance by the Crown Entity of employee benefits and other liabilities | | |
| Long service leave | <u>63</u> | <u>77</u> |
| | 63 | 77 |

4 Current Assets – Cash and Cash Equivalents

| | 2016 \$'000 | 2015 \$'000 |
|--------------------------|----------------|----------------|
| Cash at bank and on hand | <u>23</u> | <u>10</u> |
| | 23 | 10 |

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:

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Cash and cash equivalents (per statement of financial position) | <u>23</u> | <u>10</u> |
| Closing cash and cash equivalents (per statement of cash flows) | <u>23</u> | <u>10</u> |

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

5 Current / Non-Current Assets – Receivables

| | 2016 \$'000 | 2015 \$'000 |
|--------------------|----------------|----------------|
| Personnel services | <u>286</u> | <u>360</u> |
| | 286 | 360 |

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 10.

**Natural Resources Commission Staff Agency
Notes to the financial statements
for the year ended 30 June 2016**

6 Current Liabilities - Payables

| | 2016 \$'000 | 2015 \$'000 |
|--------------------------------------|----------------|----------------|
| Accrued salaries, wages and on-costs | 4 | 79 |
| Creditors | <u>20</u> | <u>14</u> |
| | <u>24</u> | <u>93</u> |

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

7 Current / Non-Current Liabilities – Provisions

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Current | | |
| Employee benefits and related on-costs | | |
| Annual leave | 216 | 213 |
| Long service leave | 33 | 30 |
| Payroll tax | <u>31</u> | <u>29</u> |
| Total provisions | <u>280</u> | <u>272</u> |
| | 2016 \$'000 | 2015 \$'000 |
| Non-current | | |
| Employee benefits and related on-costs | | |
| Long service leave | 3 | 3 |
| Payroll tax | <u>2</u> | <u>2</u> |
| Total provisions | <u>5</u> | <u>5</u> |
| Aggregate employee benefits and related on-costs | | |
| Provisions - current | 280 | 272 |
| Provisions - non-current | 5 | 5 |
| Accrued salaries, wages and on-costs (Note 6) | <u>4</u> | <u>79</u> |
| | <u>289</u> | <u>356</u> |

8 Contingent Liabilities and Contingent Assets

The Staff Agency 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

| | 2016 \$'000 | 2015 \$'000 |
|---------------------------------------|----------------|----------------|
| Net cash used on operating activities | 13 | 10 |
| Decrease / (increase) in provisions | 67 | (10) |
| Increase / (decrease) in receivables | (74) | 25 |
| Decrease / (increase) in creditors | <u>(6)</u> | <u>(25)</u> |
| Net result | <u>-</u> | <u>-</u> |

**Natural Resources Commission Staff Agency
Notes to the financial statements
for the year ended 30 June 2016**

10 Financial Instruments

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

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

The Commissioner has overall responsibility for the establishment and oversight of risk management and reviews and approves policies for managing risks. The risk policy and framework are established to identify and analyse the risks faced by the Commission, to set risk appetite, controls and monitor risks. Supporting the Commissioner with this governance responsibility and compliance with the policy is the Audit and Risk Committee, internal auditors and Executive Director on a continuous basis.

(a) Financial instrument categories

| Financial Assets | Note | Category | Carrying Amount 2016 \$'000 | Carrying Amount 2015 \$'000 |
|------------------------------|-------------|--|--|--|
| Class: | | | | |
| Cash and cash equivalents | 4 | N/A | 23 | 10 |
| Receivables ¹ | 5 | Receivables (at amortised cost) | 286 | 360 |
| Financial Liabilities | Note | Category | Carrying Amount 2016 \$'000 | Carrying Amount 2015 \$'000 |
| Class: | | | | |
| Payables ² | 6 | Financial liabilities measured at amortised cost | 24 | 93 |

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 Staff Agency's debtors defaulting on their contractual obligations, resulting in a financial loss to the Staff Agency. 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 Staff Agency, including cash, receivables and authority deposits. No collateral is held by the Staff Agency. The Staff Agency has not granted any financial guarantees.

Cash

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

Receivables - trade debtors

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

**Natural Resources Commission Staff Agency
Notes to the financial statements
for the year ended 30 June 2016**

The Staff Agency 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.

(c) Liquidity risk

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

During the current and prior years, there were no defaults on or breaches of any loans payable. No assets have been pledged as collateral. The Staff Agency'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 Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. No interest for the late payment was paid during the year (2015 -2016 nil).

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

Maturity Analysis and interest rate exposure of financial liabilities

| | Nominal Amount | \$'000 | | Maturity Dates | | |
|--------------------------------------|----------------|------------------------|----------------------|----------------|----------|----------|
| | | Interest Rate Exposure | Non-interest bearing | < 1 yr | 1-5 yrs | > 5 yrs |
| 2016 | | | | | | |
| <i>Payables:</i> | | | | | | |
| Accrued salaries, wages and on-costs | 4 | 4 | 4 | - | - | - |
| Creditors | 20 | 20 | 20 | - | - | - |
| | <u>24</u> | <u>24</u> | <u>24</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 2015 | | | | | | |
| <i>Payables:</i> | | | | | | |
| Accrued salaries, wages and on-costs | 79 | 79 | 79 | - | - | - |
| Creditors | 14 | 14 | 14 | - | - | - |
| | <u>93</u> | <u>93</u> | <u>93</u> | <u>-</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. There is no interest impact on these financial liabilities

(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 price.

The Staff Agency has no borrowings, no exposure to foreign currency risk and does not enter into commodity contracts.

**Natural Resources Commission Staff Agency
Notes to the financial statements
for the year ended 30 June 2016**

Interest rate risk

The Agency 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 (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Agency's exposure to interest rate risk is set out below.

| | Carrying Amount | Impact of 1% Increase Profit \$'000 | Equity \$'000 | Impact of 1% Decrease Profit \$'000 | Equity \$'000 |
|---------------------------|--------------------|---|------------------|---|------------------|
| 2016 | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and cash equivalents | 23 | - | - | - | - |
| Total | 23 | - | - | - | - |
| 2015 | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and cash equivalents | 10 | - | - | - | - |
| Total | 10 | - | - | - | - |

(e) Fair value measurement

Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments. There are no financial instruments where the fair value differs from the carrying amount.

11 Events after the Reporting Period

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

End of audited financial statements.

Appendix 1 – Operation and performance

Commission meetings

In 2015-16, the Commission held 11 meetings. Dr John Keniry, Commissioner, Mr Bryce Wilde, Executive Director, and Ms Maree Leonard, Secretary, attended all meetings.

Community and stakeholder engagement

In 2015-16, the Commission completed a major review of pest animal management in NSW. During this review, the Commission:

- undertook five regional tours
- organised seven public forums
- conducted six focus groups
- organised one workshop
- received 587 public submissions.

During the audits of Local Land Services governance and communications, the Commission:

- considered 367 responses to online survey of Local Land Services staff and customers
- conducted 105 interviews with Local Land Services staff and partners
- reviewed 105 documents
- observed four board meetings.

During the evaluation of the trial supplementary pest control program, the Commission:

- organised a workshop
- observed two field operations.

In addition, the Commission received 28 public submissions on the review of water sharing plans.

External committees

The Commission staff and executives observed the Department of Premier and Cabinet led Audit and Risk Committee meetings.

External presentations

| Date | Event and venue | Topic |
|----------------|------------------------------------|--|
| December 2015 | QLD NRM Regional Groups Collective | Role of the Commission |
| April-May 2016 | Pest animal review public meetings | Shared Problem, Shared Solutions – Review of pest animal management in NSW |

Publications

| Date | Publications |
|------------------------------|---|
| Independent advice | |
| October 2015 | Pest animal review – Issues paper |
| August 2015 | Issues paper - North Coast Timber Industry |
| February 2016 | Briefing - Draft profile for National Landcare Programme regional funding allocation in NSW |
| March 2016 | Pest animal review – Draft report |
| March 2016 | Pest animal review – Draft report – Fact sheet – Overview |
| March 2016 | Pest animal review – Draft report – Fact sheet – Widespread pest management |
| March 2016 | Pest animal review – Draft report – Fact sheet – Carp management |
| March 2016 | Pest animal review – Draft report – Fact sheet – Feral cat management |
| March 2016 | Pest animal review – Draft report – Fact sheet – Feral deer management |
| March 2016 | Pest animal review – Draft report – Fact sheet – Feral horse management |
| March 2016 | Pest animal review – Draft report – Fact sheet – Recreational hunting |
| April 2016 | Review of water sharing plans due to expire in 2017 or 2018 |
| Accountability and assurance | |
| October 2015 | Audit of Local Land Services – Governance – Final report |
| October 2015 | Advice on coastal zone residential subdivision at Erina |
| November 2015 | Mid-term review of Catchment Action NSW funding to Local Land Services |
| February 2016 | Supplementary pest control – Interim evaluation report |
| February 2016 | Advice on coastal zone residential subdivision at Evans Head |
| March 2016 | Audit of Local Land Services – Communications – Final report |
| March 2016 | Strategic plans – Review of Local Land Services strategic plans |
| March 2016 | Advice on coastal zone residential subdivision at Lake Cathie |
| April 2016 | Performance improvement framework for Local Land Services |
| October 2016 | Advice on coastal zone residential subdivision at Forresters Beach |
| Corporate | |
| October 2015 | Annual Report 2014-15 |
| November 2015 | Strategic Plan 2015-2016 |

Appendix 2 – External liaison

Access to government information

In 2015-16, in accordance with the *Government Information (Public Access) Act 2009*, the Commission:

- reviewed its program for proactive release of government information
- proactively released suitable information on the Commission 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's Memorandum M2013-09, the Commission is committed to minimising the cost of producing its annual report.

This report was designed in-house without incurring any external costs on its production.

Two copies of this report were printed (on recycled paper) and provided to the Premier for presenting to Parliament. After that the report will be made available on the Commission website.

Consumer response

In 2015-16, the Commission did not receive any complaints.

Funds granted to non-community organisations

In 2015-16, the Commission did not grant any funds to non-government community organisations.

Overseas visits

In 2015-16, one staff member undertook the Australia and New Zealand School of Government Executive Master of Public Administration that included a visit to New Zealand.

Public interest disclosures

In 2015-16, the Commission neither received any public interest disclosures nor did any member of the Commission make any public interest disclosures under the *Public Interest Disclosures Regulation 2011*.

Privacy and personal information

The Commission complies with the requirements of the *Privacy and Personal Information Protection Act 1998* through implementation of the Privacy Management Plan. The Plan states how the Commission upholds and respects the privacy of staff and others about whom it holds personal information. The Plan also acts as a reference tool for staff to explain how to best meet privacy obligations under the Act.

In 2015-16, no internal review was conducted by or on behalf of the Commission under Part 5 of the Act in relation to entitlement of a person aggrieved by the Commission.

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 Commission.

Statement of business ethics

The Commission's statement of business ethics policy is available on its website and is included in contract documents to ensure commitment by service providers.

Resource efficiency

The Commission continued to implement measures to support the NSW Government Resource Efficiency Policy.

The Commission was able to share and use resources efficiently as its office is housed in the same building as other government agencies and ministers.

The Commission's office is located at 52 Martin Place – a building whose environmental credentials include:

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

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

Appendix 3 – Legislative provisions

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

| Legislation | Functions |
|---|---|
| <i>Natural Resources Commission Act 2003</i> | <p>Sections 3 and 12: Establish the Natural Resources Commission with broad investigating and reporting functions, and to provide independent advice to Government on natural resource management.</p> <p>Section 13: The Commission has specific functions, including recommending state-wide standards and targets, and undertaking audits, assessments, inquiries and helping reconcile complex issues, as required by the Minister.</p> |
| <i>Environmental Planning and Assessment Act 1979</i> | <p>General awareness of obligations as part of overall responsibility when providing advice under the <i>Natural Resources Commission Act 2003</i> or other Acts (as relevant).</p> |
| <i>Forestry Act 2012</i> | <p>Section 69B: A forest agreement can only be made after an assessment by the Commission.</p> |
| <i>Native Vegetation Regulation 2013</i> | <p>Clause 8: A draft Property Vegetation Plan may also provide information regarding the social and economic impacts (including on-farm impacts, impacts on regional community and implications for any socio-economic targets established by the Commission or Local Land Services) of any matters provided for in the draft Property Vegetation Plan.</p> <p>Clause 17 (2): The Minister may request the Commission to provide advice on proposed amendments to the Assessment Methodology.</p> |
| <i>Local Land Services Act 2013</i> | <p>Section 24: Local Land Services must be audited every five years to determine whether it is carrying out its functions effectively and efficiently and in accordance with State priorities, the State strategic plan and local strategic plans. The audit must be carried out by one or more persons/bodies, or persons/bodies of a class, prescribed by the regulations or appointed by the Minister.</p> <p>Section 40: In assessing the draft State strategic plan, the Minister must seek and take into account the advice of any person/body to which the plan must be referred under the regulations.</p> <p>Section 41: the Minister must not approve a draft strategic plan unless the Minister has sought the advice of any person/body engaged to carry out an independent audit of Local Land Services under Section 24.</p> <p>Section 44: The State strategic plan must be audited every five years by an independent person, body or panel appointed by the Minister.</p> <p>Section 50: In assessing draft local strategic plans, the Minister is to seek and take into account the advice of any person/body to which the plan must be referred under the regulations.</p> <p>Section 51: the Minister must not approve a draft local strategic plan unless the Minister has sought the advice of any person/body engaged to carry out an independent audit of Local Land Services under Section 24.</p> <p>Section 54: Local strategic plans must be audited every three years by an independent person, body or panel appointed by the Minister.</p> |

| Legislation | Functions |
|---|--|
| <i>State Environmental Planning Policy no 71 – Coastal Protection</i> | <p>The Minister must consult with the Commission and take written comments into account when considering approval of a master plan (clauses 21 and 22) or waiving the need for a master plan (clause 18).</p> <p>The Minister must submit draft master plans received to the Commission, the relevant council and other public authorities as the Minister determines, for their comment.</p> |
| <i>Threatened Species Conservation Act 1995</i> | <p>Establishes links between the Commission and the Threatened Species and Fisheries Scientific Committees, and relevant Advisory Councils.</p> <p>Relevant sections: 18, 21, 24, 25A, 90B, 126E, 128, 141B and 141C.</p> |
| <i>Fisheries Management Act 1994</i> | <p>The Commission 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 Commission.</p> <p>The Commission may give advice or make recommendations to the Committees concerning listing, priorities and may give directions to undertake investigations for the purposes of identifying potentially threatened species, populations and communities.</p> <p>Relevant sections 220H, 220I, 220J, 220MA, 220NA, 220ZVB, 221ZB and 221Z.</p> |
| <i>Water Management Act 2000</i> | <p>Section 43A: Before making a decision to extend or replace a water sharing plan, the Minister must consider a report provided by the Commission. This section includes provisions for the Commission's review and report.</p> |

Appendix 4 – Staffing and consultants

Consultants

In 2015-16, the Commission engaged the following consultancies. Work on some of these consultancies was still progressing as at 30 June 2016.

| Consultant | Title/Nature | Cost (\$) |
|--|--|------------------|
| A. Consultancies equal to or more than \$50,000 | | |
| Deloitte Touche Tohmatsu | Assist with ongoing reviews | 156,336 |
| Eco Logical Australia Pty Ltd | Assist with ongoing reviews | 82,500 |
| Point Advisory Pty Ltd | Assist with ongoing reviews | 82,500 |
| GHD Pty Ltd | Assist with the Commission's audits of Local Land Services, including planning, fieldwork and analysis of audit evidence | 79,653 |
| Alloporus Environmental Pty Ltd | Assist with expert review and advice on the Commission's review of pest animal management in NSW, review of water sharing plans due to expire in 2017, and other ongoing reviews | 71,500 |
| First Person Consulting Pty Ltd | Assist with ongoing reviews | 66,000 |
| Dianne Bentley | Assist with expert review and advice on Local Land Services strategic plans, pest animal management, and other ongoing reviews | 55,000 |
| | Subtotal (A) | 593,489 |
| B. Consultancies less than \$50,000 | | |
| Various | | 514,511 |
| | Subtotal (B) | 514,511 |
| | Total (A+B) | 1,108,000 |

Senior executive

The tables below provide senior executive profile.

| Band | 2014-15 | | 2015-16 | |
|-----------------------------|----------|----------|----------|----------|
| | Female | Male | Female | Male |
| Band 4 (Secretary) | 0 | 1 | 0 | 1 |
| Band 3 (Deputy Secretary) | 0 | 0 | 0 | 0 |
| Band 2 (Executive Director) | 0 | 1 | 0 | 1 |
| Band 1 (Director) | 0 | 0 | 0 | 0 |
| Total | 0 | 2 | 0 | 2 |

| Band | Range (\$) | Average remuneration |
|-----------------------------|--------------------|----------------------|
| | | 2015-16 (\$) |
| Band 4 (Secretary) | 441,201 to 509,750 | 313,073 |
| Band 3 (Deputy Secretary) | 313,051 to 441,200 | 0 |
| Band 2 (Executive Director) | 248,851 to 313,050 | 333,327 |
| Band 1 (Director) | 174,500 to 248,850 | 0 |

21.2% of the Commission's employee-related expenditure in 2015-16 was related to senior executives.

Credit card certification

The Commission's credit card policies and procedures outline conditions for eligibility, usage and management of corporate cards. These are consistent with the NSW Government policy as outlined in relevant Treasury Circulars. The Commissioner certifies that credit card use in the Commission has been in accordance with government requirements

Disability plans

Small statutory bodies need to report on this matter on a triennial basis. The Commission reported on this matter in 2013-14 and will report again in 2016-17

Insurance

In 2015-16, the NSW Treasury Managed Fund provided insurance for workers compensation, property and public liability. There were no claims in the reporting period.

Multicultural policies and services program

Small statutory bodies need to report on this matter on a triennial basis. The Commission reported on this matter in 2013-14 and will report again in 2016-17.

Workforce diversity

Small statutory bodies need to report on this matter on a triennial basis. The Commission reported on this matter in 2013-14 and will report again in 2016-17.

Work health and safety

Small statutory bodies need to report on this matter on a triennial basis. The Commission reported on this matter in 2013-14 and will report again in 2016-17.

Payment of accounts

In 2015-16, there were no instances where penalty interest was paid in accordance with s18 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 | -\$874,645.24 | -\$893,522.75 | \$18,401.39 | 0 | \$476.12 |
| December | -\$221,056.36 | -\$157,661.67 | -\$11,759.01 | -\$4,950.16 | -\$46,685.52 |
| March | -\$21,879.51 | \$9,352.89 | -\$2,090.00 | \$4,297.41 | -\$33,439.81 |
| June | \$12,253.13 | -\$50,444.47 | \$11,282.17 | 0 | \$51,415.43 |

| Measure | September 2015 | December 2015 | March 2016 | June |
|---|----------------|---------------|------------|---------|
| Invoices due for payment (#) | 119 | 103 | 84 | 127 |
| Invoices paid on time (#) | 118 | 90 | 69 | 99 |
| Percentage of invoices paid on time (based on #) | 99 | 87 | 82 | 78 |
| Amount due for payment (\$) | 1,592,693 | 544,319 | 443,269 | 545,188 |
| Amount paid on time (\$) | 737,342 | 506,736 | 362,637 | 458,117 |
| Percentage of invoices paid on time (based on \$) | 46 | 93 | 82 | 84 |

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