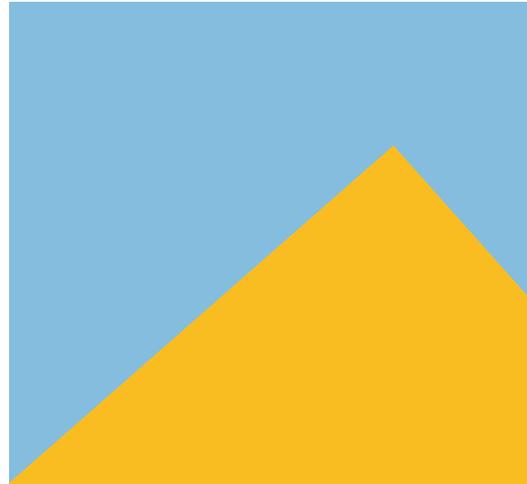




Natural Resources Commission

# Annual Report 2020-2021



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## **Acknowledgement of Country**

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

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Document No. ISBN: 978 1 925204 73 5

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# Letter of transmittal

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Ref: D21/3188

29 October 2021

The Hon. Rob Stokes, MP  
Minister for Planning and Public Spaces  
52 Martin Place  
Sydney NSW 2000

Dear Minister

## **Letter of transmittal – Natural Resources Commission – Annual Report 2020-2021**

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 2021.

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

Yours sincerely

A handwritten signature in black ink that reads 'H. Durrant-Whyte'.

Professor Hugh Durrant-Whyte  
**Commissioner**

# Commissioner's message

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It is with pleasure that I table my first full year's annual report for the Natural Resources Commission. Over the past 12 months, I have been learning about the Commission's work in forests and rivers, and working alongside the dedicated team of scientists that comprise the Commission. As a landholder myself, it's been great to see our natural assets recover from drought and wildfires. I have also witnessed first-hand the resilience of our land and its ability to bounce back when rain is plentiful, and the challenges flooding when there is too much water.

Some of the highlights of the Commission's work over the past 12 months include:

- Collaboratively working with over 100 scientists to gather the most comprehensive analysis of the health of forests in the history of NSW, truly a ground-breaking partnership by government, academia, First Nations, private and community sectors.
- Delivering our first audits of water management plans – all 22 of them.
- Reviewing seven water sharing plans, including Sydney Metro.

At the heart of natural resource management is the challenge to sustainably use finite resources while not depleting the capital base for the next generation. This challenge has been intensified with climate change with futures of higher temperatures and longer dry periods culminating in more intense and frequent wildfires. The compounding impact of these threats demands further analysis and review of our current management approaches. While we know business as usual won't cut it anymore, we don't know what will. Part of the solution lies in making our futures more data driven. This includes open access to data across all of our natural resource systems. Gladly, the cross-agency Forest Monitoring and Improvement Program has been spearheading the mining of historical data and working with existing NSW Government data portals such as SEED to make it available to all.

One issue that has struck me since joining the Commission is the lift that technology can provide to the management of our natural resources. Other sectors are more advanced in applying the latest technology to mapping, modelling, monitoring and management. This is not to say that contemporary technology is not being applied – it is with telemetry, acoustic sensors, ground-based LiDAR, artificial intelligence, drones and satellites to name a few. However, the pace of adoption, innovation and digital transformation needs to be increased. Linked to this, the Commission and government agencies could do more to foster broader partnerships with the private sector, academia and the community sector to further speed up learning and innovation.

During the year, I was pleased to appoint Susan Madden as Assistant Commissioner and extend Peter Cochrane's term as Assistant Commissioner. With these two, we have a terrific blend of experience and expertise stretching from agriculture, water management and economics to science, conservation and land management.

Finally, I would like to thank all of the Natural Resources Commission team, led by Bryce Wilde, for their sustained high-quality work and commitment to deliver government with rigorous and objective advice despite the many challenges thrown up by COVID-19.

Professor Hugh Durrant-Whyte  
**Commissioner**



# About the Commission

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## Purpose

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

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

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

## Strategic priorities

To achieve its purpose, the Commission has the following strategic priorities:

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

## How we work

To provide independent, evidence-based advice in a contested environment, the Commission uses a comprehensive process that includes:

- engaging in transparent collaborative approaches, consulting widely with all stakeholders using a 'no-surprises' approach
- accessing the best-available knowledge, including the use of expert panels

- retaining the highest quality people
- encouraging continuous improvement and thought leadership.

## What we do

The Commission has specific legislative functions relating to improving management of water, soil, native vegetation and biodiversity including:

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

## Values

The Commission embraces the NSW public sector core values:

- trust
- accountability
- integrity
- service.

## Decision-making structure

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

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

Assistant Commissioners are appointed to support the Commissioner.

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

## Commissioner and Assistant Commissioners

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### **Commissioner**

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

Hugh was appointed as the Commissioner in June 2020. He is an internationally recognised scientist and a world authority on artificial intelligence and robotics.

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

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

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



### **Assistant Commissioner**

Mr Peter Cochrane  
BSc, MPP, FAICD

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

He was appointed Co-chair of the Commonwealth Marine Reserves Review that re-examined zoning of 40 marine reserves. Peter also chairs the Sydney Institute of Marine Science, the National Environmental Science Program's Marine Biodiversity Hub Steering Committee, and the Australian Tropical Herbarium Board.

Peter has been a Council Member of the International Union for Conservation of Nature since 2016. Peter was formerly Director of National Parks, CEO of Parks Australia and a member of the Commonwealth Environmental Water Holder Review Panel.



### **Assistant Commissioner**

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

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

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

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

# 2020-2021 Highlights

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## Improved evidence base for decisions on forest management

- Independently overseeing and advising on a state-wide monitoring, evaluation and improvement program for NSW forested landscapes by investing over \$3 million in 15 social, economic and ecological projects.
- Established NSW's first landscape-scale, cross-tenure ecosystem baselines on forest extent, biodiversity, water quantity, carbon, soil health and jobs.
- Responded to immediate post-wildfire information needs, for example, improving automated approaches to map fire extent and severity, determining risks to forestry outcomes.
- Delivered the nation's first dedicated plan, designed by a multi-agency team, to monitor cross-tenure Regional Forest Agreements.
- Delivered an agreed long-term, cross-agency plan to monitor forestry operations on coastal state forests, including areas impacted by the 2019/20 wildfires.
- Commenced landscape-scale, cross-tenure forest and fauna monitoring with agencies, using cost-effective remote sensing technologies.
- Coordinated an independent research program on how koalas respond to selective harvesting.

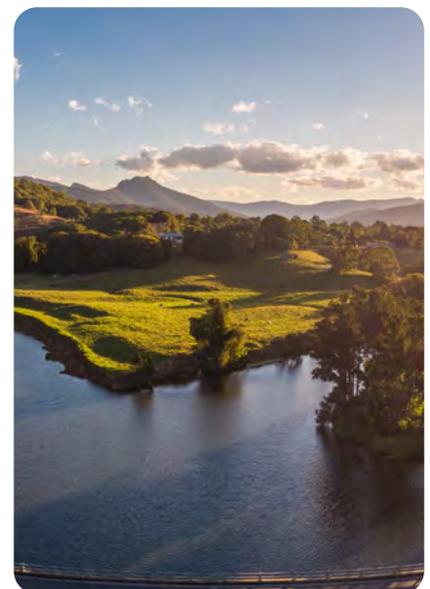
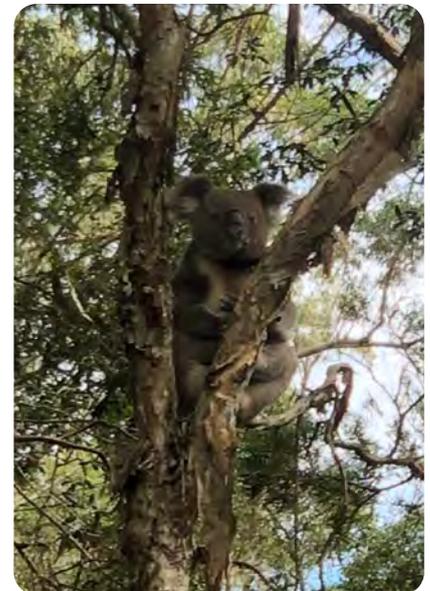
## Oversight of water planning and implementation

- Provided review reports to the Minister for Water for seven water sharing plans and recommended that all plans be extended for two years to June 2023 to allow for sufficient time to undertake data collection and analysis necessary to make the recommended changes
- Delivered 22 water management audits, comprising 10 historical floodplain management plans, three coastal groundwater plans, eight coastal unregulated and alluvial water sharing plans, and one coastal regulated water sharing plan.

## Other reviews and evaluations

- Overseeing the NSW Government's \$1.2 million investment in research to tackle the causes of forest dieback by guiding research priorities, and synthesising and disseminating the research findings.
- Evaluating the \$2.5 million Murrumbidgee Flora Reserves project that aims to permanently conserve important koala habitat and Aboriginal cultural heritage by gazetting an area of state forest, and thereby excluding further timber harvesting.
- Evaluating the NSW National Parks and Wildlife's Cross-tenure Feral Deer Management Project to develop new cost-effective, humane and coordinated control techniques for feral deer.

- Finalising the evaluation of the Environmental Trust's \$8 million Community Bush Regeneration program to regenerate degraded areas, improve the health of important ecosystems, improve ecological connectivity, and improve the capacity of local community groups.
- Provided advice to the Trust on investment in the health of coastal rivers and estuaries, which is part of the Trust's Major Projects Program.





## Forest Monitoring and Improvement Program

The NSW Government has established a cross-tenure, collaborative science program – the NSW Forest Monitoring and Improvement Program – to support ecologically sustainable management of all NSW forested landscapes. In February 2019, the Premier asked the Commission to independently oversee and advise on the program.

The Commission oversees the program with a steering committee, including NSW agencies (Department of Primary Industries, Department of Planning, Industry and Environment, Aboriginal Affairs NSW, Forestry Corporation of NSW, NSW National Parks and Wildlife Service, Local Land Services, NSW Environment Protection Authority) and independent experts with expertise in biodiversity, forestry, soil and water, Aboriginal natural resource management and social sciences.

The program responds to community demand for reliable and transparent evidence for improving the sustainable and balanced management of all NSW forests.

The NSW Government has committed over \$7 million to the program over four years (to financial year 2021-2022).

## Outcomes

The program generates data-driven evidence to help:

- better manage risks and make NSW forests resilient to fires and climate change
- manage healthy forests that support industries and regional community well-being
- improve biodiversity conservation outcomes
- renew community trust in decision making.

To achieve these outcomes, the program is:

- **Commissioning new science and knowledge** – by targeting work on challenging forest management issues so community and government has information to make informed decisions on contemporary debates and matters.
- **Establishing baselines and long-term monitoring for forest ecosystems and jobs** – by adopting a range of scientific approaches to generate evidence to evaluate whether desired outcomes are achieved.
- **Evaluating scenarios for future forests** – by exploring alternative futures and pathways to build fire and climate resilient forests for people and the biodiversity they support.
- **Ensuring dialogue and open data** – by engaging the community and stakeholders with open data, program design and annual reviews.
- **Partnering and joining-up science** – by engaging experts to build a cost-effective and scientifically robust approach to forest monitoring across tenures.

## Progress

### *Established NSW's first forest ecosystem baselines*

The program has drawn on extensive state and national datasets to establish state-wide, cross-tenure baselines and trends for forest ecosystem health, carbon, flora and fauna, and forest dependent jobs. In addition, the program will establish indicators to monitor and detect change through time.

These are the first, large-scale baselines established in NSW for multiple forest values. They will support a range of performance and international reporting, including five-yearly reviews for Regional Forest Agreements which have been in place for over 20 years.

### *Partnered with leading scientists and community groups*

The program is working with nearly 40 partners, including leading universities and research institutes, community groups, NSW agencies and consultancies to deliver scientifically robust and reliable information for decision making.

For example, a consortium of scientists from Macquarie University, University of New England, Department of Primary Industries, and Department of Planning, Industry and Environment have worked together to establish scientific baselines for over 100 fauna species.

The program has also partnered with three local Aboriginal land councils to lead post-fire renewal assessments in northern and southern regions of NSW. This project is Aboriginal led and designed for identifying Aboriginal



values on country. It has been recognised as an example for how government should engage with First Nations.

Likewise, the Commission is partnering with the Australian Citizen Science Association and community citizen scientists. The final Citizen Science Strategy sets out how the program will harness the power of citizen science community to inform ecologically sustainable forest management.

***Responded to post-fire information demands***

The program funded researchers at the Department of Planning, Industry and Environment to improve automated approaches to map fire extent and severity.

The project is leveraging an existing research partnership, referred to as Fire Extent and Severity Mapping or FESM, between the Department of Planning, Industry and Environment, the Department of Primary Industries' Forest Science unit, NSW Rural Fire Service, the University of Queensland and the University of NSW, which aims to develop an operational processing system for mapping and reporting on fire severity.

Researchers funded under the program accelerated their work to meet priority information demands after the summer of 2019-20 wildfires. This project advanced the approach to measure proportion of vegetative regrowth relative to the unburnt or pre-fire state. It provides an index measure of post-fire recovery.

The work is now informing post-fire recovery decisions and resource allocation. It has significantly enhanced NSW's ability to monitor and report on both wildfire and prescribed fire impacts on forests.





In other research, the Department of Primary Industries and the Australian National University have partnered to investigate the impact of 2019-20 wildfires on koalas and their habitat. This project builds on the data gathered prior to the wildfires to assess the medium-term impact of fire on koala density (as measured by an acoustic array and scat assessment of sex ratios and genotyping) and the nutritional value of trees and sites for koalas. This work leverages the Commission's existing research on koalas funded by the Department of Planning, Industry and Environment under the NSW Koala Strategy.

### ***Established the nation's first plan to monitor regional forest agreements***

NSW has agreed to maintain a coordinated monitoring and reporting plan for three Regional Forest Agreements. These agreements cover all tenures across the coast, ranges and tablelands in NSW.

Designed by a cross-agency team, the program has delivered the nation's first dedicated monitoring plan for Regional Forest Agreements. The plan describes actions and responsibilities for monitoring the ecological, social, cultural and economic outcomes sought under Regional Forest Agreements.

In addition, the program has delivered a scientifically robust program to monitor forestry operations and environment protections on state forests. The program will also establish a baseline for wood supply and monitor trends over time.

### **Next steps**

- Securing ongoing program funding is a key focus of the cross-agency steering committee for next year. Government allocated \$7.2 million to the program over four years. Funding for the program ends in 2021-22. The program has used the initial seed funding to establish foundations for a comprehensive, evidence-based approach to decision making.
- However, sustainable management of forests requires reliable information over the long-term to ensure forests continue to deliver important services to the citizens of NSW. To support this, the program will develop and evaluate future scenarios to help strengthen the Government's ability to strategically and adaptively manage forests in both the near and longer-term future.

### **Case study: Baselines and trends in forest extent and health in RFA regions**

In collaboration with agencies and independent experts, the Commission engaged Spatial Vision and DPI Forest Science to lead a consortium to develop the first baseline in cross-tenure forest extent and health in NSW. This addresses a core criticism of the Regional Forest Agreements between the Australian and NSW Governments which the Independent Reviewer found lacked baseline information on forests.

Preliminary findings show forest extent in the NSW RFA regions has increased since 1995. Most of the increase has occurred on private land. Forest extent in public forests has been mostly stable between 1995 and 2019. Further work on forest condition, connectivity and drivers of change is underway.



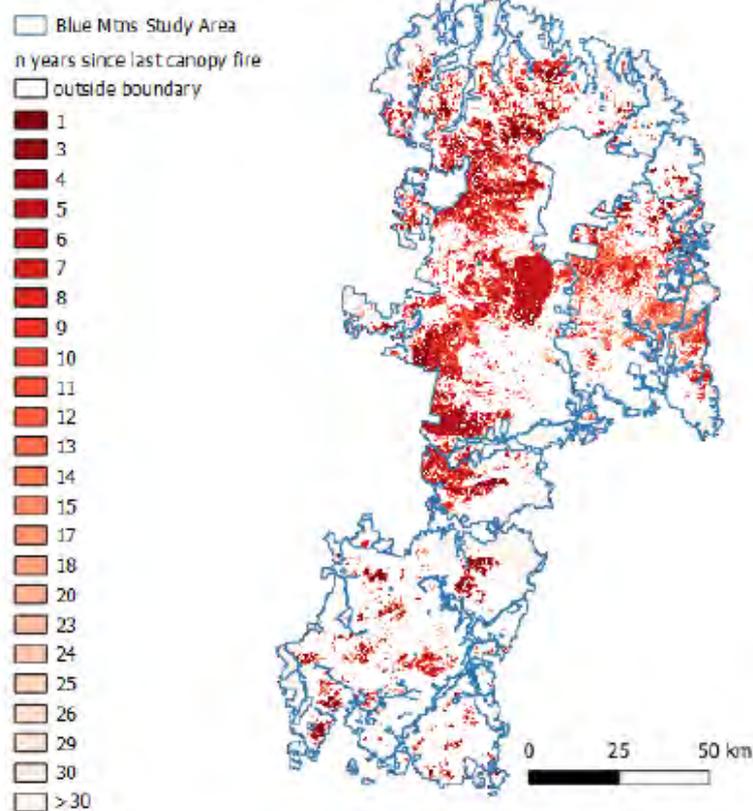
## Case study: Fire Extent and Severity Mapping (FESM)

FESM version 3 map is produced for each fire event in NSW. The 2019-20 wildfires mapping was prepared using a mosaic of satellite imagery over the fire season, which ended around February 2020. FESM v3 is used to retrospectively map fire severity from earlier fire seasons. The mapping product is produced by the random forest algorithm, which has been trained and tested on case study fires (see figure).

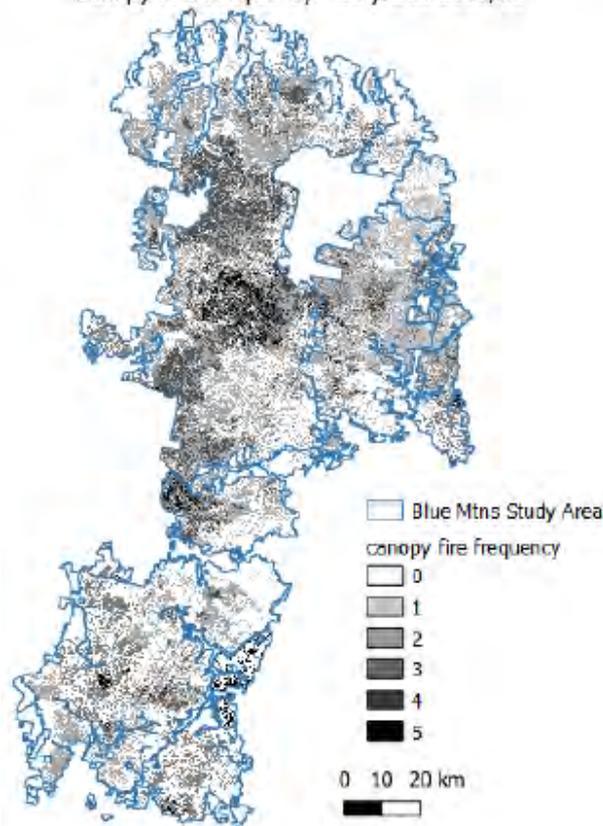
Following the 2019-20 wildfires, several wildfire complexes had high resolution aerial photography captured for four to six weeks after the fire. These were used to enhance the FESM training dataset to update the model in July 2020.

Based on an independent aerial photographic imagery cross-validation assessment, FESM v3 accuracy statistics range from 85 to 95 percent for unburnt and extreme severity, and between 60 to 85 percent for low, moderate and high severity. The range of vegetation types and area of the landscape tested in the FESM v3 accuracy assessment is much greater than in FESM v2.

Time Since Canopy Fire - 30 yrs to 2019/20



Canopy Fire Frequency - 30 yrs to 2019/20





## Coastal IFOA monitoring program

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

The Coastal IFOA is jointly approved by the Deputy Premier, the Minister for Regional NSW, Industry and Trade, and the Minister for Energy and Environment.

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

The Commission has established a cross-agency steering committee with independent experts to help design and implement the program.

The NSW Environment Protection Authority (EPA) and the Department of Primary Industries (DPI) jointly approved the Coastal IFOA Monitoring Program in March 2020. Since then, the EPA has asked the Commission to oversee further plans to monitor areas impacted by the 2019-20 wildfires and subject to subsequent forestry operations.

The monitoring program will generate open data and information to support evidence-based decision making and improved forest management in a traditionally contested area.

### Progress

Eleven scientifically based plans are now in place to monitor forest health, biodiversity, water quality and aquatic habitat, and wood supply. This also includes a plan to

monitor the impacts of harvesting in fire-affected sites.

### Findings/ Recommendations

During March and April 2021, the Forestry Corporation of NSW (FCNSW) ecologists and field staff started field-based monitoring, consistent with the forest health and fauna monitoring plans in north and south coast state forests. Field sampling also occurred on fire impacted sites. Further field sampling will occur in the second half of 2021

The program commissioned Alluvium Consulting to review existing scientific knowledge of how timber harvesting operations impact water quality. Specifically, the review compared the current Coastal IFOA settings to protect water quality against best practice cited in current literature. The review found that the current regime of forest management practices under the Coastal IFOA are consistent with best practice which is designed to reduce the impact of forestry operations on water quality, and when major runoff events occur the deterioration of water quality is typically transitory.

In addition, the University of Wollongong was commissioned to evaluate the risks of not achieving Coastal IFOA outcomes due to changing fire regimes. This work is currently under expert review. Emerging findings suggest fire regimes are likely to increase the likelihood of future severe wildfires in the Coastal IFOA region, under predicted changes to climate. This is likely to risk the Coastal IFOA achieving short-term and longer-term outcomes, particularly for forest health, water quality and species persistence.

The steering committee hosted the second annual Coastal IFOA monitoring forum in November 2020, via webinar. The forum updated the community on the program, including the detailed monitoring plans in place for forest health, biodiversity, water quality and wood supply.

To ensure the monitoring program is adaptively managed, the Commission:

- chaired the first annual reviews of the Coastal IFOA species management plans for Yellow-bellied Glider and Southern Brown Bandicoot. The review team included staff from EPA, FCNSW, DPI and the independent experts. The Commission advised the EPA on ways to improve the plans, including using latest technology to ensure scientifically robust results.
- will also host the first annual Coastal IFOA health check with EPA, FCNSW and DPI in August 2021. The health check will consider the results of the monitoring program and identify any implications for the Coastal IFOA conditions. The health check will also identify priorities for further monitoring or research. This process will inform advice from the Commission, on behalf of the steering committee, to EPA and DPI on how the Coastal IFOA could better meet its objectives and outcomes.

These processes will enable the program to respond to changes in environmental conditions, policy, knowledge or technology, as well as investigating best practice in forest management and monitoring.



### Next steps

- The program is now finalising its work on extensive state and national datasets to assemble cross-tenure baselines and trends in the Coastal IFOA regions for forest extent and health, water quality and quantity, and flora and fauna. This work will provide the necessary information to objectively evaluate performance over the life of the Coastal IFOA.
- The steering committee will also consider findings of the koala research and its implications for management of the Coastal IFOA state forests.
- The program has also commissioned several targeted research and evaluations that will address priority issues and risks identified in the Coastal IFOA, such as the evaluation of forest road network, evaluation of species surveys and modelling used in the Coastal IFOA, and hollow-bearing tree mortality and simulation modelling.
- In the second half of 2021, the program will continue to roll out forest monitoring plots and fauna monitoring in more state forests, and will deliver a method to map soil erosion as a result of fire, including mapping erosion from the 2019-20 fires in the south coast state forests.

### Case study: Coastal IFOA first monitoring sites

The 2019-20 wildfires burnt 4.8 million hectares of land in NSW, including state forests in the Coastal IFOA region. As a result, forestry operations ceased in many areas since the fires. Forestry operations have continued in a limited capacity since early 2020 under site-specific operating conditions and FCNSW voluntary measures.

At the request of the EPA, the Commission developed a plan with FCNSW to monitor fire-affected sites as part of the broader Coastal IFOA monitoring program.

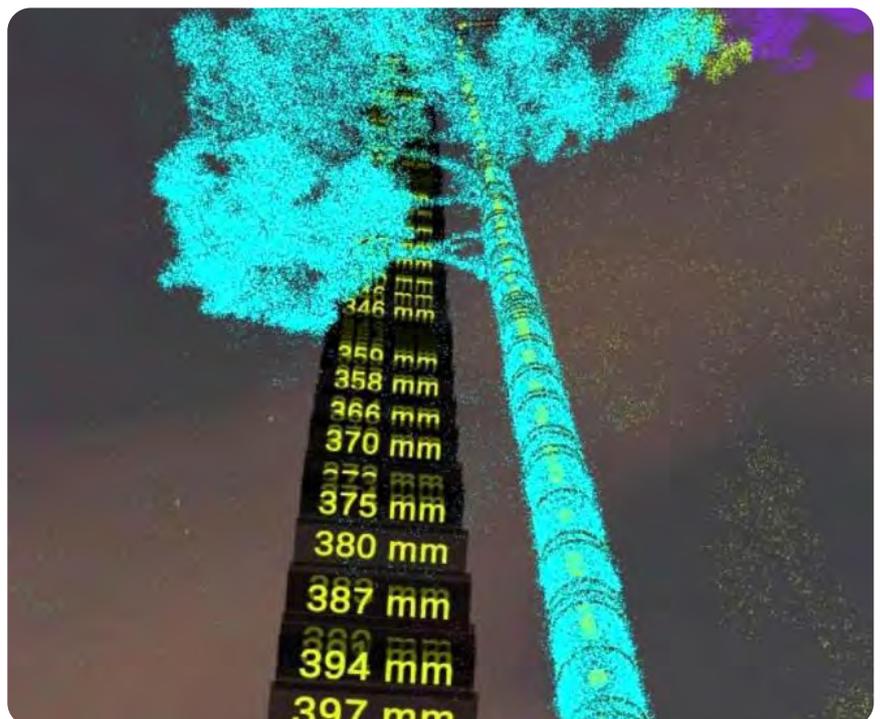
A monitoring plan is now in place. As an early step, the program stocktaked the data collected at sites since the wildfires.

In the spring of 2021, the first forest monitoring plots were established in state forests in the north and south coast. The plots collected forest plot data using the terrestrial laser scanner called Hovermap.

The spring field campaign also included the deployment of wildlife detectors in state forests to monitor the impacts and recovery of native species. The state forest sites were paired with WildCount sites so to collect cross-tenure data that enables to capture burnt and unburnt sites, as well as harvested and unharvested landscapes.

As part of the monitoring, the capture of LIDAR (Light Detection and Ranging) data to monitor forest structure over time will be used.

Data collected in these sites are the Coastal IFOA's first monitoring and will inform the roll out of more monitoring in the spring/summer of 2021.





## Independent research on koalas

In 2016, the NSW Chief Scientist and Engineer found that there was limited information available on the effects of forest harvesting practices on koalas, both in NSW and nationally.

To address this knowledge gap, the NSW Government tasked the Commission in late 2018 to deliver independent research to better understand how koalas are responding to harvesting in state forests on the NSW north coast.

The work is delivered under the NSW Government's Koala Strategy.

With support from a panel appointed with expertise in koala ecology and forest science, the Commission selected eminent scientific researchers from the Australian National University, Western Sydney University and the Department of Primary Industries Forest Science Unit to undertake the research.

The researchers are working in collaboration to investigate koala movement, occupancy, density, diet and the nutritional quality of koala habitat on state forests.

### Program aims and outcomes

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

These rules include prescriptions for timber harvesting and koala protections which are the subject of this research program.

## Progress

In the reporting year, the researchers have completed both data collection and analysis. For example, the researchers took samples to determine the nutritional quality of different tree species and sizes and used statistical modelling to understand how the nutritional quality of the habitat influences the koala population density it can support.

Koala occupancy and density were also compared before and after selective harvesting and at sites harvested intensively five to 10 years earlier. Pre-harvest acoustic surveys took place in the spring of 2019 and post-harvest surveys in the spring of 2020.

In early 2021, the researchers presented their preliminary findings to the Commission's expert panel. These results suggested selective harvesting under the Coastal IFOA conditions did not appear to adversely impact population size of koalas in the surveyed north coast state forests. Koala densities were higher than anticipated in the surveyed forests and were not reduced by selective harvesting. In addition, koala densities were mostly similar between state forest and national park sites.

Preliminary results also suggested Eucalyptus species vary in nutritional quality for koalas. Those species with the highest nutritional value, such as tallowwood and small-fruited grey gum are already specified as primary and secondary koala browse trees for retention in Coastal IFOA harvesting prescriptions for these forests.

Results also suggested that tree species composition, not tree size, is the key determinant of habitat nutritional quality for koalas. As selective harvesting did not significantly change canopy tree species composition, it is therefore not expected to impact nutritional quality of koala habitat, where current Coastal IFOA conditions are in place.

### Next steps

- Provide the Government with a final report by working with the researchers and expert panel. The report will also include implications for forest management and recommendations to address any critical knowledge gaps.
- The research program is also using DNA and chemical analysis of koala faecal pellets to determine what tree species koalas are feeding on to inform target species for retention. The Commission expects results on this research later in 2021 and will then update its synthesis report.

# Oversight of water planning and implementation



## Water sharing plan reviews

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

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

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

The Commission reviews the extent to which the plan provisions are achieving environmental, social and economic outcomes, consistent with the priorities of the Act. The Commission identifies areas where provisions could be improved to better achieve these outcomes.

## Progress

The Commission provided review reports to the Minister for the seven water sharing plans discussed below.

The Commission recommended that all seven plans be extended for two years to June 2023 to allow for sufficient time to undertake the data collection and analysis necessary to make the recommended changes.

For all the plans, the Commission recommended that DPIE-Water establish numeric sustainable long-term average annual extraction limits and improve consideration of Aboriginal water values.

Other key issues identified for each plan are as follows.

### *Greater Metropolitan Region Groundwater Sources 2011*

### *Greater Metropolitan Region Unregulated River Water Sources 2011*

These plans cover Sydney's water supply, irrigation along the major rivers, and capture of water from urbanisation.

Recent droughts have highlighted the risks to water availability across the area of these plans.

Although the level of information to inform the plans was adequate, the plans, as written, were flawed.

The surface water plan in particular is too complicated to implement, has too many expectations and requires a sustainable extraction limit.

The Commission recommended a staged approach that would:

- consider water management holistically through the development of a comprehensive water balance and modelling framework
- define environmental water requirements through improved understanding of estuary requirements and maximise environmental outcomes through strategic management
- make the plans fit for purpose with simple and practical access rules.

### *Bega and Brogo Rivers Area Regulated, Unregulated and Alluvial Water Sources 2011*

### *Murrumbidgee Area Unregulated and Alluvial Water Sources 2011*

### *Towamba River Unregulated and Alluvial Water Sources 2010*

Areas of good practice identified in these plans include:

- adoption of the source-to-sea approach to address estuary needs
- industry-led restoration projects that helped maintain waterway condition.

Drought and bushfires significantly impacted the community highlighting the need for improvement in the management of Brogo and Cochrane Dams, and town water supply.

There are also opportunities to aid the recovery of fire affected aquatic environments and reduce pressure on low flows in the Bega and Brogo Plan area.

Dam operating rules should be reviewed and changes implemented to improve environmental and social outcomes.

The Commission recommended that the plans:

- consider opportunities for increased access and storage of high flows, strengthening protections for low flows and groundwater dependent ecosystems
- provide opportunities for economic growth through improved trade and high flow licences
- improve security of town water supply, including in emergency situations.



**Richmond River Area  
Unregulated, Regulated and  
Alluvial Water Sources 2010**

**Tweed River Area Unregulated  
and Alluvial Water Sources  
2010**

These plans are not currently equipped to effectively manage risks associated with climate change and population growth.

While town water supply needs have largely been met under the current plans, projected population growth and climate change will place pressure on the region's water resources and their users, including town water supply. There has been substantial investment in strategic planning to address these issues.

The Commission recommended that the plans be:

- replaced after a two-year extension to align with the Far North Coast Regional Water Strategy and other initiatives underway
- revised to strengthen environmental protections and retain existing provisions to protect third order and greater streams of high ecological value from instreams dams.

**Next steps**

- Review nine water sharing plans - eight unregulated river water source plans within the Murray Darling Basin, and the Belubula regulated water source plan.

**Case study - WSP reviews**

The Greater Metropolitan region faces increasing risks to its water supplies, as population and demand grows, water balances are altered by urbanisation and densification, and flows to major water storages are reduced by a changing climate. The 2019 Sydney Drinking Water Catchment Audit highlighted that 'surface and groundwater resources are not being sustainably managed, particularly in the context of climate change'.

The Commission's review of the Greater Metropolitan water sharing plans found that they are based on overly complex and often unimplementable daily flow access rules. The surface water plan also includes extensive exemptions to cease to pump rules allowing licence holders to extract when rules would otherwise prevent it, including during very low flows. Some of these exemptions apply over 75 percent of the time. This means that dam releases meant for basic landholder rights, Sydney drinking water or environmental purposes can be extracted reducing the Plan's ability to achieve intended outcomes.

The Commission recommended how the rules can be simplified and strengthened to improve protection of drinking water supply, basic landholder rights and the environment. This includes revising the rules to be outcomes focused, simplifying access rules which would facilitate the removal of majority of exemptions, and reconvening the Environmental Flows Reference Group to coordinate environmental releases for maximum benefit. These improvements will allow water to be used more efficiently, which will be critical to meet challenges posed by increasing pressures on the region's water supply.





## Water management plan audits

The Commission has a role under s.44 of the *Water Management Act 2000* to audit water management plans within the first five years of each plan to ascertain whether their provisions are being given effect to. This role began on 1 December 2018 and the Commission commenced its audit program in January 2020.

The Commission's independent audits are in support of achieving the Government's vision, as stated in the Second Reading of the *Water Management Act Amendment Bill 2018*. This vision is for a more robust, transparent and accountable system that promotes confidence that our precious water resource is being managed efficiently, effectively and in accordance with the law, and above all fairly.

The Commission is committed to working with organisations, responsible for the implementation of water management plans, to identify the most material risks which may adversely impact the achievement of outcomes, if not addressed. Key organisations include the Department of Planning, Industry and Environment - Water, the Natural Resources Access Regulator and WaterNSW.

The Commission set up the Audit Process Stakeholder Group to share information between audited entities and the Commission to enable improved audit planning and processes.

The Commission's audits identify gaps in implementation in relation to legislative requirements and make recommendations to address these.

The Commission also observes aspects of implementation that could be improved and suggests actions to address these.

The Commission conducts its audits in line with the Australian audit standards and the Commission's audit framework.

The Commission's audit reports are submitted to the Minister for Water, and subsequently published on its website.

Auditees are responding positively to the Commission's recommendations and improving water management.

## Progress

In the reporting year, the Commission delivered 22 water management audits, comprising 10 historical floodplain management plans, three coastal groundwater plans, eight coastal unregulated and alluvial water sharing plans, and one coastal regulated water sharing plan.

### Historical floodplain management plans

- Lachlan River (Gooloogong to Jemalong Gap) 2011
- Lachlan River (Jemalong Gap to Condobolin) 2012
- Lachlan River, Hillston, Lake Brewster to Whealbah 2005
- Stage 1: Edward and Wakool Rivers (Deniliquin to Moama-Moulamein Railway) 2010
- Stage 2: Wakool River (Moama-Moulamein Railway to Gee Gee Bridge) 2010
- Stage 3: Edward and Niemur Rivers (Moama-Moulamein Railway to Liewah and Mallan) 2010
- Lower Edward and Wakool Rivers (Stage 4) (Noorang Rd to Wakool Murray Junction) 2000

- Tuppal and Bullatale Creeks (Murray River Uptake to Deniliquin) 2004
- Billabong Creek (Walbundrie to Jerilderie) 2006
- Murrumbidgee River (Hay to Maude) 2014.

### Coastal groundwater plans

- South Coast Groundwater 2016
- North Coast Coastal Sands Groundwater 2016
- North Coast Fractured and Porous Rock Groundwater 2016

### Coastal unregulated and alluvial water sharing plans

- Brunswick Unregulated and Alluvial 2016
- Clarence Unregulated and Alluvial 2016
- Clyde River Unregulated and Alluvial 2016
- Deua River Unregulated and Alluvial 2016
- Macleay Unregulated and Alluvial 2016
- Snowy Genoa Unregulated and Alluvial 2016
- Tuross River Unregulated and Alluvial 2016
- Nambucca River Unregulated and Alluvial 2016.

### Coastal regulated water sharing plan

- Hunter Regulated River 2016

Overall, the Commission found that water management plan provisions have not been given full effect.

Key positive findings in general, include:

- Approval applications are largely assessed in accordance with legislative requirements.



- Reactive enforcement protocols are in place across the audited management plan areas.
- Available Water Determination orders are made in accordance with the legislation and are generally applied to accounts in accordance with these orders.
- Mandatory conditions are accurately translated to water access licences and water supply work approvals, with a few exceptions identified.

Key findings relating to gaps in implementation include:

- Mandatory conditions have not been consistently notified.
- Natural Resource Access Regulator has not managed gaps in compliance observed for Local Water Utilities and

WaterNSW work approvals for operations of dams.

- Environmental release rules have not been consistently implemented.
- Monitoring of plan performance has not been carried out.

#### Next steps

- Deliver six regulated river water sharing plan audits and two floodplain management plan audits in 2021-2022.

#### Case study: Independent audit quality assurance program

The Commission's findings for all of its water management plan audits were tested as part of the Commission's independent quality assurance program, and all were found to be evidence based.

The Commission's auditees provide formal responses to the audits and voluntarily report on progress against our recommendations via the Audit Process Stakeholder Working Group.

In the reporting year, the Commission received formal responses to 10 audits of water management plans from all auditees.





## Other reviews and evaluations

The Commission undertakes a variety of other work, commissioned by Ministers, government agencies or to fulfil legislative functions.

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

The extent, frequency and intensity of forest dieback is increasing globally, across Australia and within NSW – from the Monaro plains, the Kosciusko Alps to the north coast of NSW.

Such events pose a significant risk to ecosystem services that support community values, such as biodiversity, water and timber resources, tourism, and cultural and spiritual values.

The NSW Environmental Trust asked the Commission to oversee the NSW Government's \$1.2 million investment in research to tackle the causes of forest dieback in NSW.

The Commission, in collaboration with an expert panel, is tasked to guide research priorities, monitor the program over five years, and synthesise and disseminate the research findings.

The program aims to:

- understand the causes and management of severe and widespread dieback, which is challenging given the inherent complexity of ecological systems
- find practical solutions to manage dieback, which requires multi-disciplinary research that recognises the complex interactions and feedback processes, and extended timeframes associated with dieback

- ensure research can readily translate into changes in policy and management practices, which was a key criteria in the Commission identifying research priorities.

In early 2021, the Trust selected the following research projects, based on the Commission's research priorities:

- **(Australian National University)** Climate and dieback resilience of tableland and mountain eucalypt species of southeast Australia and environmental drivers, landscape determinants and control of snow gum dieback
- **(CSIRO Land and Water)** Untangling the role of mycorrhizal mutualisms in eucalypt dieback to enhance revegetation outcomes
- **(University of New England)** Causes, projections and reversal of eucalypt decline and dieback on the New England Tablelands

- **(Macquarie University)** Characterising the (a)biotic soil factors associated with bell miner associated dieback in eastern NSW
- **(Western Sydney University)** Determining the physiological underpinnings of eucalypt dieback in NSW.

#### Next steps

- The expert dieback panel, chaired by Professor Hugh Durrant-Whyte, will work with the researchers to identify synergies between the research activities and ensure that the outcomes of research inform evidence-based landscape management.
- Organise the first annual research forum in July 2021.
- Engage stakeholders and general community on the research and deliver practical advice for future management.





## Evaluating the protection of koalas in Murrah Flora Reserves

In 2015, the Environmental Trust provided a \$2.5 million grant, over four years, to the Forestry Corporation of NSW (FCNSW) for the Murrah Flora Reserves project, under its government priorities funding stream.

The primary purpose of the project is to permanently conserve important koala habitat and Aboriginal cultural heritage by gazetting an area of state forest as the Murrah Flora Reserve, and thereby excluding further timber harvesting. The grant funded access to alternative timber supplies for local timber mills to protect jobs.

The Murrah Flora Reserves adjoin areas already jointly managed by Aboriginal owners and the NSW National Parks and Wildlife Service (NPWS). In addition, they contain the last stronghold of koala in the far NSW south coast. Historical and more recent surveys suggest up to 50-100 koalas may occupy the area. However, this population is at significant risk if predicted increases in fire frequency and intensity occur.

The Trust engaged the Commission to evaluate whether the project delivered expected outcomes, whether the project design and approach was effective, and what can be learnt to improve future projects.

In the reporting year, the Commission:

- reviewed the historical and recent data on koala occupancy in the area
- reviewed relevant project documents
- interviewed grantees, mill operators, Trust staff, FCNSW, Aboriginal representatives and NPWS staff.

The Commission will analyse evidence and report its findings to the Trust in September 2021.

## Evaluating the Cross-tenure Feral Deer Management Project

The Environmental Trust engaged the Commission to evaluate the NPWS Cross-tenure Feral Deer Management Project. The project aims to develop new cost-effective, humane and coordinated control techniques for feral deer.

The project will be conducted over eight years in the south-eastern section of Kosciuszko National Park and adjacent private properties, collectively described as the Moonbah Ingebyra area.

The project is the implementation of a Commission recommendation made in the 2019 review of the Trust's Major Projects program to improve oversight of high-risk/long-term projects.

Feral deer are an increasing threat to conservation and agricultural production. Control techniques are limited and new methods are required to ensure land managers can control population levels into the future.

In the reporting year, the Commission:

- consulted with the Trust, NPWS Project Team and stakeholders
- reviewed project documentation and visited the project location
- prepared an evaluation framework to guide evaluation activities over the life of the project.

The Commission will complete evaluation of the project in 2021.





## Evaluating the Community Bush Regeneration Program

The Environmental Trust engaged the Commission to evaluate the Community Bush Regeneration Program. This \$8 million program funded 34 projects over six years, commencing in 2011-2012, with the aim of:

- regenerating degraded natural areas, including bushland, riverbanks, waterways, and rare and endangered ecosystems
- improving the ongoing health and resilience of important ecosystems and habitats of rare and endangered flora and fauna
- improving ecological connectivity within and between natural areas

- improving the capacity of, and resource local community groups to protect, restore and enhance the environment by strengthening community organisations whose primary purpose is to undertake environmental works in their local area.

The evaluation will:

- assess whether the program achieved its objectives
- test the assumptions underpinning the program
- identify lessons for future Trust projects.

The evaluation of grantee reports, documents and discussions with grantees and the Trust staff, have highlighted significant, positive achievements for the program.

These achievements include:

- nearly all projects met or exceeded their planned outputs
- over 7,000 volunteers were involved in delivering projects, contributing almost 290,000 hours
- over 8,000 people were trained and nearly 53,000 people attended awareness raising events
- more than 175,000 seedlings were planted with an 82 percent survival rate
- 29 tonnes of waste was removed.

The Commission is currently finalising the report in consultation with the Trust.





## Setting priorities for the Coastal Rivers and Estuaries Project

The Environmental Trust engaged the Commission to set priorities for the coastal rivers and estuaries project, which aimed to:

- improve the knowledge and understanding of past and present health, threats, stressors, management and funding for coastal rivers and wetlands
- evaluate lessons learned, barriers and enablers for success, governance models and innovative approaches
- improve riparian rehabilitation through benchmarking good practice guidelines for riparian and bank restoration management
- provide strategic recommendations to guide prioritisation of investment in coastal river and estuary health.

The investment in coastal rivers project is part of the Trust's Major Projects Program, which identifies and designs projects through consultation with key stakeholders. The Trust established an Advisory Group for the program.

The Commission delivered its final advice in October 2020 after consultation with the Trust and the Advisory Group. In addition, the Commission delivered a paper summarising findings.

The Commission found the Trust has a significant opportunity to better coordinate, leverage and effectively target the Trust's investment.

Climate change is driving major changes in our environment and is a key threat to the health of coastal catchments in NSW. Understanding and addressing these changes is essential if investments are to have optimal impact on the health of coastal rivers and estuaries.

### Case study: Good practices in riparian rehabilitation

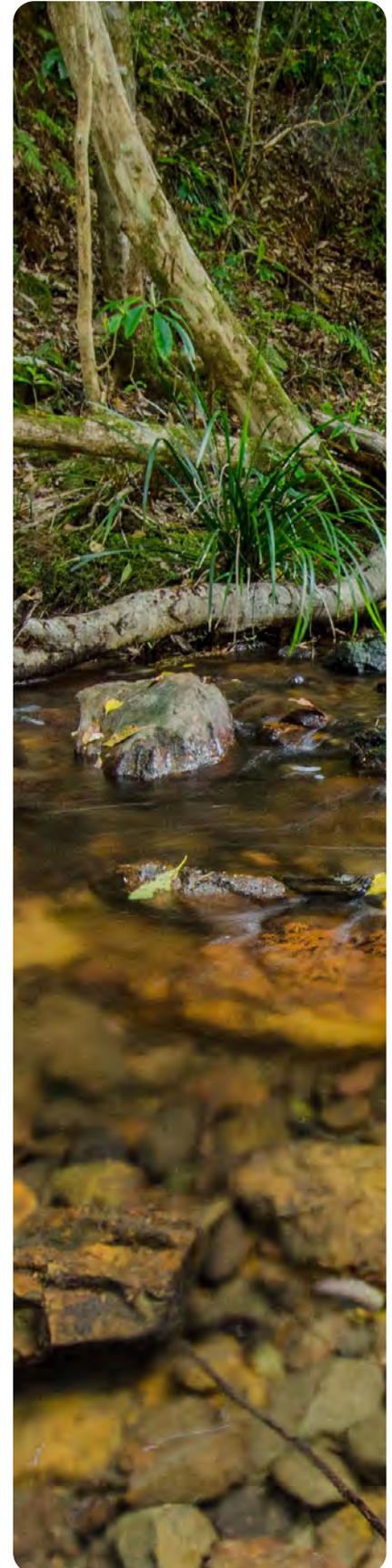
In November 2020, the Commission and the Department of Planning, Industry and Environment jointly published 'Good practices in riparian rehabilitation – benchmarks for Environmental Trust funded projects.'

The guide focuses on riparian rehabilitation for environmental improvement. The Trust is using the benchmarks to support investment in riparian restoration and rehabilitation grants.

A valuable resource for stakeholders interested in riparian rehabilitation, the guide contains information on:

- planning and monitoring a project
- protecting, establishing and maintaining vegetation
- riparian corridor and buffer widths
- erosion control and mitigation
- reinstating wood in waterways.

The guide is available on the Commission's website: <https://www.nrc.nsw.gov.au/environmental-trust>





## COVID-19 pandemic

With the COVID-19 pandemic continuing during the reporting year, the Commission team continued to respond with resilience and courage, embraced new technologies, and juggled family and home-schooling responsibilities. In addition, the team maintained the highest quality work, no loss in productivity and galvanised their reputation as a high performing team.

## Team well-being and engagement survey



**88%**  
*Great place to work*



**92%**  
*Feel inspired*



**92%**  
*Effective communication*



**83%**  
*Feel involved*



**88%**  
*Stress at acceptable level*

## Aboriginal engagement

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

During the reporting year, the Commission:

- engaged four new Aboriginal consultancies for an amount of \$230,000
- engaged two Aboriginal independent advisors - one for the Forest Monitoring and Improvement Program, and the other for the Forest Dieback Research project
- developed an Aboriginal Natural Resource Management webpage to invite Aboriginal knowledge holders, thought leaders and experts to get in touch with the Commission, share their knowledge and stories to inform the Commission's reviews
- helped eight team members complete the Cultural Competency training with an Aboriginal training provider
- engaged an intern through Career Trackers – a national non-profit program to create pathways and support systems for Indigenous people to graduate from university, with industry experience.

## Learning and development

The Commission continued to focus on building capability and excellence by providing staff members with cost effective learning and development opportunities. These included:

- attending relevant conferences and seminars virtually
- professional development support through customised coaching, feedback training and study assistance scheme
- using Microsoft Teams to assist in efficiency and team cohesiveness, when remote working
- providing all staff members access to online training courses across a range of development areas, through the LinkedIn Learning Library
- career development opportunities, including temporary assignments to senior roles
- face-to-face induction program for all incoming staff members
- targeted project management tools that provide interactive approach to planning and guiding project processes.

## Work health and safety

The Commission developed a COVID safe plan for its office, staff members and visitors.

Through regularly sharing information and discussion on changes to COVID workplace management, the Commission team responded with resilience and courage, embracing the lockdown restrictions and juggling family responsibilities.

There was no work health and safety incident in the reporting year.



## Technology

During the reporting year, the Commission:

- completed upgrade of its document management system that provides improved performance and stability, and allows for inclusion of future modules to address changing needs, such as web interfaces
- upgraded Outlook mail service improvements and cyber security monitoring improvement.

## Policies and guidelines

The Commission provided advice and supported all staff members in relation to working conditions, policies, processes and performance.

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

## Multicultural policies and services

Small statutory bodies need only report on a triennial basis. The Commission reported this in the last reporting year and will report again in 2022-2023.

## Disability inclusion

Small statutory bodies need only report on a triennial basis. The Commission reported this in the last reporting year and will report again in 2022-2023.

## Complaint handling

The Commission is committed to handling feedback and complaints courteously, equitably and respecting the privacy of the person making the complaint.

The Commission did not receive any complaint in the reporting year.

## Workforce diversity

The Commission is committed to building a positive and diverse workplace that is free of discrimination.

The Commission believes the makeup of its workplace should reflect the diversity of communities in which we live and work.

The Commission demonstrates its commitment to workforce diversity by:

- providing recruitment processes and appointments to increase diverse talent and attract the most appropriate person

- using multiple inputs to ensure diversity of thinking in all that we do
- using new technologies and communications to enable flexible ways of working
- supporting flexible work practices, including requests to work part-time or on a job share basis.

### Next steps

- Upgrading devices for greater information storage and faster data access
- Updating Windows 10 operating systems and additional improved security updates
- Finalising the 2021-2022 Enterprise Agreement
- Updating data management processes
- Updating training processes for sector-wide initiatives
- Internal audit of fraud and corruption, and data security



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## Financial statements

Independent auditor's report

Financial statements for the period ended 30 June 2021



## INDEPENDENT AUDITOR'S REPORT

### Natural Resources Commission

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Natural Resources Commission (the Commission), which comprise the Statement by the Natural Resources Commissioner, the Statements of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statements of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

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

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

#### Basis for Opinion

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

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

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

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

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

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

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

The Commissioner is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the GSF Act, GSF Regulations and Treasurer's Directions. The Commissioner's responsibility also includes such internal control as the Commissioner determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioner is responsible for assessing the ability of the Commission to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf) . The description forms part of my auditor's report.

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

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



Min Lee  
Director, Financial Services

Delegate of the Auditor-General for New South Wales

8 October 2021  
SYDNEY

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**Natural Resources Commission  
& its Controlled Entity  
Financial statements  
for the year ended 30 June 2021**

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**Natural Resources Commission  
Consolidated Financial Statements  
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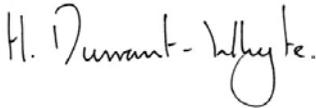
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**Statement by the Natural Resources Commissioner  
as head of the Natural Resources Commission  
for the Natural Resources Commission financial statements**

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

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

Yours sincerely



Prof Hugh Durrant-Whyte  
**Commissioner**

**Date: 29 September 2021**

**Natural Resources Commission**  
**Statements of comprehensive income**  
**for the year ended 30 June 2021**

	Notes	Consolidated			Commission		
		Budget	Actual	Actual	Budget	Actual	Actual
		2021	2021	2020	2021	2021	2020
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses excluding losses</b>							
Operating expenses							
Employee related	2(a)	4,169	<b>4,198</b>	4,446	-	-	-
Other operating expenses	2(b)	3,611	<b>5,023</b>	3,531	3,611	<b>5,023</b>	3,531
Depreciation and amortisation expense	2(c)	618	<b>588</b>	563	618	<b>588</b>	563
Personnel services	2(d)	-	-	-	4,113	<b>4,138</b>	4,297
Finance costs	2(e)	162	<b>143</b>	143	162	<b>143</b>	143
<b>Total expenses excluding losses</b>		<b>8,560</b>	<b>9,952</b>	8,683	8,504	<b>9,892</b>	8,534
<b>Revenue</b>							
Cluster Grants and Contributions	3(a)	5,114	<b>5,205</b>	5,245	5,114	<b>5,205</b>	5,245
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	56	<b>60</b>	149	-	-	-
Grants - Terms of Reference funding	3(c)	1,696	<b>2,161</b>	1,754	1,696	<b>2,161</b>	1,754
Project recoveries funding	3(d)	-	<b>821</b>	1,185	-	<b>821</b>	1,185
<b>Total Revenue</b>		<b>6,866</b>	<b>8,247</b>	8,333	6,810	<b>8,187</b>	8,184
<b>Gain/(loss) on disposal</b>	4	-	-	(2)	-	-	(2)
<b>Other gains/(losses)</b>	5	-	<b>843</b>	(912)	-	<b>843</b>	(912)
<b>Net Result</b>		<b>(1,694)</b>	<b>(862)</b>	(1,264)	(1,694)	<b>(862)</b>	(1,264)
Other comprehensive income		-	-	-	-	-	-
<b>Other comprehensive income</b>		-	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(1,694)</b>	<b>(862)</b>	(1,264)	(1,694)	<b>(862)</b>	(1,264)

The accompanying notes form part of these financial statements.

Natural Resources Commission  
Statement of financial position  
as at 30 June 2021

	Notes	Consolidated			Commission		
		Budget	Actual	Actual	Budget	Actual	Actual
		2021	2021	2020	2021	2021	2020
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	7	45	653	1,080	45	642	1,071
Receivables	8	193	522	194	193	526	190
<b>Total current assets</b>		238	1,175	1,274	238	1,168	1,261
<b>Non-current assets</b>							
Property, plant and equipment							
Plant and equipment	9	268	184	251	268	184	251
Leasehold improvements	9	377	451	562	377	451	562
<b>Total property, plant and equipment</b>		645	635	813	645	635	813
Right of Use Assets	10	4,407	5,505	4,856	4,407	5,505	4,856
<b>Total non-current assets</b>		5,052	6,140	5,669	5,052	6,140	5,669
<b>Total assets</b>		5,290	7,315	6,943	5,290	7,308	6,930
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Payables	11	1,341	2,227	1,004	1,341	2,233	1,000
Borrowings	12	345	330	313	345	330	313
Provisions	13	496	486	505	496	473	496
Unearned Revenue	14	-	200	-	-	200	-
<b>Total current liabilities</b>		2,182	3,243	1,822	2,182	3,236	1,809
<b>Non-current liabilities</b>							
Borrowings	12	5,191	5,331	5,510	5,191	5,331	5,510
Employee benefits and related on-costs	13	7	9	8	7	9	8
Other provisions		146	136	145	146	136	145
<b>Total non-current liabilities</b>		5,344	5,476	5,663	5,344	5,476	5,663
<b>Total liabilities</b>		7,526	8,719	7,485	7,526	8,712	7,472
<b>Net assets/(liabilities)</b>		(2,236)	(1,404)	(542)	(2,236)	(1,404)	(542)
<b>EQUITY</b>							
Accumulated funds/(deficit)		(2,236)	(1,404)	(542)	(2,236)	(1,404)	(542)
<b>Total equity</b>		(2,236)	(1,404)	(542)	(2,236)	(1,404)	(542)

The accompanying notes form part of these financial statements.

**Natural Resources Commission**  
**Statements of changes in equity**  
**for the year ended 30 June 2021**

	<b>Accumulated Funds</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Consolidated and Commission</b>		
<b>Balance at 1 July 2020</b>	(542)	(542)
<b>Result for the year</b>	(862)	(862)
<b>Total comprehensive income for the year</b>	<u>(862)</u>	<u>(862)</u>
<b>Balance at 30 June 2021</b>	<u><u>(1,404)</u></u>	<u><u>(1,404)</u></u>
<b>Balance at 1 July 2019</b>	722	722
<b>Net Result for the year</b>	(1,264)	(1,264)
<b>Total comprehensive income for the year</b>	<u>(1,264)</u>	<u>(1,264)</u>
<b>Balance at 30 June 2020</b>	<u><u>(542)</u></u>	<u><u>(542)</u></u>

The accompanying notes form part of these financial statements.

Natural Resources Commission  
Statement of cash flows  
for the year ended 30 June 2021

	Consolidated			Commission		
	Budget	Actual	Actual	Budget	Actual	Actual
	2021	2021	2020	2021	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee related	(3,812)	(4,141)	(4,142)	(3,812)	(4,166)	(4,160)
Finance costs	(162)	(143)	(142)	(162)	(143)	(142)
Other payments	(3,584)	(4,375)	(3,332)	(3,584)	(4,352)	(3,313)
<b>Total Payments</b>	<b>(7,558)</b>	<b>(8,659)</b>	<b>(7,616)</b>	<b>(7,558)</b>	<b>(8,661)</b>	<b>(7,615)</b>
<b>Receipts</b>						
Grants and contributions	6,810	7,366	6,999	6,810	7,366	6,999
Other receipts	-	1,254	1,545	-	1,254	1,548
<b>Total Receipts</b>	<b>6,810</b>	<b>8,620</b>	<b>8,544</b>	<b>6,810</b>	<b>8,620</b>	<b>8,547</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(748)</b>	<b>(39)</b>	<b>928</b>	<b>(748)</b>	<b>(41)</b>	<b>932</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems	-	(63)	-	-	(63)	-
Purchases of land and buildings, plant and equipment and infrastructure systems	-	-	-	-	-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-</b>	<b>(63)</b>	<b>-</b>	<b>-</b>	<b>(63)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Repayment of borrowings and advances	(287)	(325)	(307)	(287)	(325)	(307)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(287)</b>	<b>(325)</b>	<b>(307)</b>	<b>(287)</b>	<b>(325)</b>	<b>(307)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,035)</b>	<b>(427)</b>	<b>621</b>	<b>(1,035)</b>	<b>(429)</b>	<b>625</b>
Opening cash and cash equivalents	1,080	1,080	459	1,080	1,071	446
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>45</b>	<b>653</b>	<b>1,080</b>	<b>45</b>	<b>642</b>	<b>1,071</b>

The accompanying notes form part of these financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Reporting entity

The Natural Resources Commission (the Commission), was established as an independent body with broad investigating and reporting functions for the purpose of establishing a sound scientific basis for the properly informed management of natural resources in the social, economic and environmental interests of the State, and enabling the adoption of 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 (Staff Agency) which is a public service agency established under the Administrative Arrangements Order 2014 and is pursuant to Part 2 of Schedule 1 of the *Government Sector Employment Act 2013* (formerly the Natural Resources Commission Division established under the former *Public-Sector Employment and Management Act 2002*).

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

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

The Commission is a NSW government statutory authority.

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

These consolidated financial statements for the year ended 30th June 2021 have been signed by the Commissioner on 29 September 2021.

### (b) Basis of preparation

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

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

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

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

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

The Commission's financial statements have been prepared on a going concern basis, which contemplates the continuity of normal operating activity and the realisation of assets and the settlement of liabilities in the normal course of operations. The Commission held cash at bank as at 30 June 2021 of \$642k (2020: \$1,071k). As at 30 June 2021 it had net working capital deficit of \$2,068k (2020: deficit of \$548k). The Commission receives a grant from principal cluster Agency on the basis of the cashflow (FY 2021 Department of Planning, Industry and Environment) that is sufficient to fund its ongoing operations.

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 a whole of government approach including past claim experience.

**1. Statement 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 recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities, dependent on whether there is a contract with a customer defined by AASB 15 Revenue from Contracts with Customers.

Comments regarding the accounting policies for the recognition of income are discussed below.

**(i) Sale of goods**

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

**(ii) Rendering of services**

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

**(iii) Grants**

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

The Commission received funding for a series of Terms of Reference that commenced in 2019 and will conclude by 2023 from a range of agencies that now form the Cluster Planning, Industry and Environment department. These funds are for use specifically in delivering the project advice to government and is not part of the standard grant funding. Refer note 3(c).

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

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

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

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

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

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

**(ii) Capitalisation thresholds**

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

**(iii) Restoration costs**

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

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

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

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

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

<b>Depreciation Rates</b>	<b>% Rate 2021</b>	<b>% Rate 2020</b>
<b>Plant &amp; Equipment</b>		
Office furniture and fittings	range from 10 to 33	range from 10 to 33
Computer equipment and software	range from 25 to 33	range from 25 to 33
General plant and equipment	range from 10 to 20	range from 10 to 20
Intangible	33	33
Leasehold improvements	Over the period of the lease	Over the period of the lease
Right-of-use asset – leases	Over the period of the lease	Over the period of the lease

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

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14 01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment.

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

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

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

**(h) Leases**

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

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

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

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

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

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

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

Currently, the Commission does not have any short term or low-value leases.

The details of application of AASB 16 are disclosed in notes 10.

### (i) *Receivables*

The Commission holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

### (j) *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 8.4% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability.

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

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

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

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

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

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 21-03) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the 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.

**(k) Other Provisions**

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

**(l) 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.

**(m) Equity and reserves**

*(i) Accumulated Funds*

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

**(n) Budgeted amounts**

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

**(o) Comparative information**

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

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

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

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except for the following standards adopted for the first time in 2020-21. The impact of these Standards in the period of initial application is not material.

- AASB 1059 Service Concession Arrangements: Grantors  
The Commission applied AASB 1059 Service Concession Arrangements: Grantors for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard did not have any material impact on the Commission.

(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 (TC 20-08).

- AASB 17 Insurance Contracts
- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not for-Profit Tier 2 Entities
- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments
- AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts
- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date
- AASB 2020-7 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures
- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2
- AASB 2014-10 Amendments to Australian Accounting Standards: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

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

### (q) Impact of COVID-19 on Financial Reporting for 2020-21

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

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

**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2021**

**2. Expenses Excluding Losses**

	Consolidated		Commission	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>(a) Employee related expenses</b>				
Salaries and wages (including annual leave)	3,738	3,821	-	-
Superannuation: defined contribution plans	250	240	-	-
Long service leave	60	149	-	-
Worker's compensation insurance	22	9	-	-
Payroll tax and fringe benefit tax	103	157	-	-
On-costs - annual leave and long service leave	7	32	-	-
Temporary employees and short-term staff	18	38	-	-
	<b>4,198</b>	<b>4,446</b>	<b>-</b>	<b>-</b>

	Consolidated		Commission	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>(b) Other operating expenses include the following:</b>				
Auditor's remuneration - audit or review of the financial statements	24	24	24	24
Consultancy costs	4,261	2,404	4,261	2,404
Contractors	58	252	58	252
Insurance	13	7	13	7
Postage and telephone	11	13	11	13
Advertising, Printing and Publication	5	6	5	6
Variable lease payments, not included in lease liabilities	92	75	92	75
Training and conferences	15	77	15	77
Travelling	46	76	46	76
Corporate Services	331	416	331	416
Administration Expenses	88	107	88	107
ICT Expenses	79	74	79	74
	<b>5,023</b>	<b>3,531</b>	<b>5,023</b>	<b>3,531</b>

	Consolidated		Commission	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>(c) Depreciation and amortisation expense</b>				
Depreciation				
Plant and Equipment	130	80	130	80
Leasehold Improvements	111	111	111	111
Right-of-use Asset	347	372	347	372
<b>Total depreciation and amortisation</b>	<b>588</b>	<b>563</b>	<b>588</b>	<b>563</b>

**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2021**

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

	Consolidated		Commission	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>(d) Personnel Services</b>				
Paid to Natural Resources Commission Staff Agency	-	-	4,138	4,297
	<b>-</b>	<b>-</b>	<b>4,138</b>	<b>4,297</b>

	Consolidated		Commission	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>(e) Finance costs</b>				
Unwinding of discount rate	1	1	1	1
Interest expense from lease liabilities	142	142	142	142
	<b>143</b>	<b>143</b>	<b>143</b>	<b>143</b>

**3. Revenue**

	Consolidated		Commission	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>(a) Cluster Grants and Contributions</b>				
Grant funding from Department of Planning, Industry and Environment	5,205	5,245	5,205	5,245
	<b>5,205</b>	<b>5,245</b>	<b>5,205</b>	<b>5,245</b>

The Commission receives its funding under appropriations from grant funding from the Department of Planning, Industry, and Environment, which receives appropriations from the Consolidated Fund.

	Consolidated		Commission	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Movement of Section 4.7 GSF Act - deemed appropriations</b>				
Opening balance	1,080		1,071	
Add: Appropriations deemed on 1 July 2020		459		446
Add: additions of deemed appropriations	1,254	1,545	1,254	1,548
Less: expenditure charged against deemed appropriations	(1,681)	(924)	(1,683)	(923)
Closing balance	<b>653</b>	<b>1,080</b>	<b>642</b>	<b>1,071</b>

**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2021**

**3. Revenue (cont'd)**

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(b) Acceptance by the Crown Entity of employee benefits and other liabilities</b>				
Long service leave	60	149	-	-
	<b>60</b>	<b>149</b>	<b>-</b>	<b>-</b>

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(c) Grants - Terms of Reference funding</b>				
Terms of Reference funding	2,161	1,754	2,161	1,754
	<b>2,161</b>	<b>1,754</b>	<b>2,161</b>	<b>1,754</b>

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(d) Project recoveries funding</b>				
Cost recoveries other agencies	821	1,185	821	1,185
	<b>821</b>	<b>1,185</b>	<b>821</b>	<b>1,185</b>

**4. Gain / (Loss) On Disposal**

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Proceeds from disposal	-	-	-	-
Written down value of assets disposed - Plant and equipment	-	(2)	-	(2)
	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>(2)</b>

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

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Impairment losses on right-of-use Assets	833	(902)	833	(902)
Gain / (loss) from movement in provision for restoration cost	10	(10)	10	(10)
	<b>843</b>	<b>(912)</b>	<b>843</b>	<b>(912)</b>

**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2021**

**6. Budget Program – Independent Advice and Accountability**

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

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

	Consolidated		Commission	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash at bank and on hand	653	1,080	642	1,071
	<b>653</b>	<b>1,080</b>	<b>642</b>	<b>1,071</b>

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

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

	Consolidated		Commission	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash and cash equivalents (per balance sheet)	653	1,080	642	1,071
Closing cash and cash equivalents (per statements of cash flows)	<b>653</b>	<b>1,080</b>	<b>642</b>	<b>1,071</b>

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

**8. Current Assets - Receivables**

	Consolidated		Commission	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Current Receivables</b>				
Goods and Service Tax recoverable from Australian Tax Office	307	119	307	119
Receivable	215	75	214	71
Intercompany receivable	-	-	5	-
	<b>522</b>	<b>194</b>	<b>526</b>	<b>190</b>

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

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

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

**Reconciliation**

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

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

	Plant and equipment \$'000	Leasehold improvements \$'000	Work in progress \$'000	Total \$'000
<b>At 1 July 2019 - fair value</b>				
Gross carrying amount	686	1,108	-	1,794
Accumulated depreciation and impairment	(353)	(435)	-	(788)
Net carrying amount	333	673	-	1,006
<b>At 30 June 2020 - fair value</b>				
Gross carrying amount	669	1,108	-	1,777
Accumulated depreciation and impairment	(418)	(546)	-	(964)
Net carrying amount	251	562	-	813

**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2021**

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

**Reconciliation**

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

	Plant and equipment \$'000	Leasehold improvements \$'000	Work in progress \$'000	Total \$'000
<b>Year ended 30 June 2020</b>				
Net carrying amount at start of year	333	673	-	1,006
Disposals	(2)		-	(2)
Depreciation expense	(80)	(111)	-	(191)
Net carrying amount at end of year	251	562	-	813

**10. Leases**

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

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

The Commission therefore recognised the impairment gain for right-of-use assets during the 2020-21 financial year of \$833k under AASB 136. Impairment gain for right-of-use assets. These are included in Other Net Gains/(Losses) as part of 'Other Economic Flows Included in the Operating Result' in the Statement of Comprehensive Income.

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

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

	Right-of-use Assets \$'000	Total \$'000
Balance at 1 July 2020	4,856	4,856
Additions	163	163
Depreciation expense - right-of-use assets	(347)	(347)
Other movements (impairment Loss)	833	833
Balance at 30 June 2021	5,505	5,505
	<b>Right-of-use Assets \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2019	6,130	6,130
Additions		
Depreciation expense - right-of-use assets	(372)	(372)
Other movements (impairment Loss)	(902)	(902)
Balance at 30 June 2020	4,856	4,856

**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2021**

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

**(b) Lease liabilities**

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

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Balance at 1 July 2020	<b>5,823</b>	6,130
Additions	<b>163</b>	-
Interest expenses	<b>142</b>	142
Payments	<b>(467)</b>	(449)
<b>Balance at 30 June 2021</b>	<b>5,661</b>	5,823

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

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>Consolidated and Commission</b>		
Depreciation expense of right-of-use assets	<b>347</b>	372
Interest expense on lease liabilities	<b>142</b>	142
Variable lease payments, not included in the measurement of lease liabilities	<b>28</b>	39
<b>Total amount recognised in the statement of comprehensive income</b>	<b>517</b>	553

The Commission had total cash outflows for leases of \$496k in FY 2020-21 (FY 2019-2020: \$488k).

**11. Current Liabilities – Payables**

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Accrued salaries, wages and on-costs	<b>53</b>	38	-	-
Creditors	<b>2,174</b>	966	<b>2,177</b>	959
Personnel Services	-	-	<b>56</b>	41
<b>Total current liabilities - payables</b>	<b>2,227</b>	1,004	<b>2,233</b>	1,000

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

**12. Current / Non-Current Liabilities - Borrowings**

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Lease liability - current (see Note 10)	<b>330</b>	313	<b>330</b>	313
Lease liability - non-current (see Note 10)	<b>5,331</b>	5,510	<b>5,331</b>	5,510
	<b>5,661</b>	5,823	<b>5,661</b>	5,823

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

**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2021**

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

	Consolidated		Commission	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Current</b>				
<b>Employee benefits and related on-costs - current</b>				
Annual leave	358	384	-	-
Long service leave on-costs	65	60	-	-
Payroll tax	62	61	-	-
Fringe benefits tax	1	-	-	-
Personnel Services	-	-	473	496
<b>Total current provisions</b>	<b>486</b>	<b>505</b>	<b>473</b>	<b>496</b>

	Consolidated		Commission	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Non-current</b>				
<b>Employee benefits and related on-costs</b>				
Long service leave on-costs	6	5	-	-
Payroll tax	3	3	-	-
Personnel Services	-	-	9	8
	<b>9</b>	<b>8</b>	<b>9</b>	<b>8</b>
<b>Other Provisions</b>				
Restoration Cost (Make good 52 Martin Place Provision)	136	145	136	145
<b>Total non-current provisions</b>	<b>145</b>	<b>153</b>	<b>145</b>	<b>153</b>

	Consolidated		Commission	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Aggregate</b>				
<b>Employee benefits and related on-costs</b>				
Provisions - current	486	505	473	496
Provisions - non-current	9	8	9	8
Accrued salaries, wages and on-costs (Note 11)	53	38	-	-
Personnel Services (Note 11)	-	-	56	41
	<b>548</b>	<b>551</b>	<b>538</b>	<b>545</b>

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

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

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

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Unearned revenue <sup>1</sup>	<b>200</b>	-	<b>200</b>	-
	<b>200</b>	-	<b>200</b>	-

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

**15. Contingent Liabilities and Contingent Assets**

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

**16. Budget Review**

**Net Results**

The Commission achieved the budget allocated for the FY2021. There was however an adjustment that resulted in an under budget net result of \$832k.

Commentary on the net results are as follows:

- The Commission has a lease with an annual market rent review and is not subject to a market impairment calculation. As a result, the FY 2020 impairment loss has been reversed.
- The grant- term of reference funding line item at note 3(C) was directly related to work requested of the Commission for advice. All costs associated with the advice were funded from other agencies and this revenue was not associated with the Cluster grant funding.
- The project recoveries funding line item at note 3(d) was directly related to work requested of the Commission for advice and all associated costs were recovered. This revenue was not associated with the Cluster grant funding.
- The Commission received \$495k pertaining to previous years term of reference funding, which Commission had delivered on.

**Assets and Liabilities**

Current assets are \$937k higher than the budget due to a higher cash balance to cover the year-end accruals, and the subsequent increase in payables will be paid in the following months.

Total net assets are higher than the budget by \$832k due to the reversal of last year impairment loss.

Current Liabilities are \$1,061k higher than the budget due to an increase in payables and unearned revenue.

Total non-current liabilities are \$132k higher than the budget due to the addition in the right-of-use of assets and liabilities.

**Cash flows**

Cash flows from Operating Activities are \$709k higher than the budget as actual payments were higher than the forecast due to additional Terms of Reference, additional advice and the associated costs and subsequent recoveries.

1. Deferred income received, service not performed.

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

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

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Net cash used on operating activities	<b>(39)</b>	928	<b>(41)</b>	932
Allowance for Impairment	<b>833</b>	(902)	<b>833</b>	(902)
Depreciation and amortisation	<b>(588)</b>	(563)	<b>(588)</b>	(563)
Decrease / (increase) in provisions	<b>27</b>	(142)	<b>31</b>	(147)
Increase / (decrease) in receivables	<b>328</b>	35	<b>336</b>	33
Decrease / (increase) in creditors	<b>(1,223)</b>	(618)	<b>(1,233)</b>	(615)
Decrease / (increase) in unearned revenue	<b>(200)</b>	-	<b>(200)</b>	-
Net gain / (loss) on sale of plant and equipment	-	(2)	-	(2)
<b>Net result</b>	<b>(862)</b>	(1,264)	<b>(862)</b>	(1,264)

The Commission had no investing and financing transactions which did not result in cash flows.

**18. Financial instruments**

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

The Commission does not use financial derivatives.

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

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

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

**(a) Financial instrument categories**

As at 30th June 2021

<b>Class:</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount 2021 \$'000</b>	<b>Carrying Amount 2020 \$'000</b>
<b>Consolidated</b>				
<b>Financial assets</b>				
Cash and cash equivalents	7	Amortised cost	653	1,080
Receivables <sup>1</sup>	8	Amortised cost	215	75
<b>Financial Liabilities</b>				
Payables <sup>2</sup>	11	Financial liabilities measured at amortised cost	2,227	1,004
Borrowings	12	Financial liabilities measured at amortised cost	5,661	5,823
<b>Class:</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount 2021 \$'000</b>	<b>Carrying Amount 2020 \$'000</b>
<b>Commission</b>				
<b>Financial assets</b>				
Cash and cash equivalents	7	Amortised cost	642	1,071
Receivables <sup>1</sup>	8	Amortised cost	214	71
<b>Financial Liabilities</b>				
Payables <sup>2</sup>	11	Financial liabilities measured at amortised cost	2,233	1,000
Borrowings	12	Financial liabilities measured at amortised cost	5,661	5,823

**Notes:**

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

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

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

### **(b) Credit Risk**

Credit risk arises when there is the possibility of the Commission's debtors defaulting on their contractual obligations, resulting in a financial loss to the Commission. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Commission, including cash, receivables and authority deposits. No collateral is held by the Commission. The Commission has not granted any financial guarantees.

#### **Cash**

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

#### **Receivables - trade debtors**

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

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

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

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

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

As at 30 June 2020 out of total debtors of \$31k: \$20k were current and \$11k were due past 90 days, the Commission has determined there to be nil-expected credit loss.

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

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

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

For small business suppliers, where payment is not made within the specified period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payment to other suppliers, The Commissioner (or a person appointed by the Commissioner) may automatically pay the supplier simple interest. No interest for late payment was paid during the year 2020-2021 (2019-2020 nil).

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

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

	Weighted average effective interest rate %	Interest Rate Exposure			Maturity dates		
		Nominal Amount \$'000	Variable Interest Rate \$'000	Non-interest bearing \$'000	< 1year \$'000	1-5 years \$'000	>5 years \$'000
<b>Consolidated</b>							
<b>2021</b>							
Payables:							
Accrued salaries, wages and on-costs		53		53	53	-	-
Creditors		2,174		2,174	2,174	-	-
Lease liabilities	2.42%	6,693	6,693		462	1,846	4,385
		<u>8,920</u>	<u>6,693</u>	<u>2,227</u>	<u>2,689</u>	<u>1,846</u>	<u>4,385</u>
<b>2020</b>							
<b>Payables</b>							
Accrued salaries, wages and on-costs		38		38	38	-	-
Creditors		966		966	966	-	-
Lease liabilities	2.42%	6,962	6,962		449	1,797	4,716
		<u>7,966</u>	<u>6,962</u>	<u>1,004</u>	<u>1,453</u>	<u>1,797</u>	<u>4,716</u>

18. Financial instruments (cont'd)

*Maturity Analysis and interest rate exposure of financial liabilities*

	Weighted average effective interest rate %	Nominal Amount \$'000	Interest Rate Exposure		Maturity dates		
			Variable Interest Rate \$'000	Non-interest bearing \$'000	< 1year \$'000	1-5 years \$'000	>5 years \$'000
<b>Commission</b>							
<b>2021</b>							
Payables:							
Accrued salaries, wages and on-costs		56		56	56	-	-
Creditors		2,177		2,177	2,177	-	-
Lease liabilities	2.42%	6,693	6,693		462	1,846	4,385
		<u>8,926</u>	<u>6,693</u>	<u>2,233</u>	<u>2,695</u>	<u>1,846</u>	<u>4,385</u>
<b>2020</b>							
<b>Payables</b>							
Accrued salaries, wages and on-costs		41		41	41	-	-
Creditors		959		959	959	-	-
Lease liabilities	2.42%	6,962	6,962		449	1,797	4,716
		<u>7,962</u>	<u>6,962</u>	<u>1,000</u>	<u>1,449</u>	<u>1,797</u>	<u>4,716</u>

**(d) Market risk**

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after considering the economic environment in which the Commission operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2020-2021. The analysis assumes that all other variables remain constant.

18. Financial instruments (cont'd)

(e) Interest rate risk

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

		-1%		1%	
	Carrying Amount	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>Consolidated</b>					
<b>2021</b>					
<i>Financial assets</i>					
Cash and cash equivalents	653	(7)	(7)	7	7
<b>Total</b>	<b>653</b>	<b>(7)</b>	<b>(7)</b>	<b>7</b>	<b>7</b>

<b>2020</b>					
<i>Financial assets</i>					
Cash and cash equivalents	1,080	(11)	(11)	11	11
<b>Total</b>	<b>1,080</b>	<b>(11)</b>	<b>(11)</b>	<b>11</b>	<b>11</b>

		-1%		1%	
	Carrying Amount	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>Commission</b>					
<b>2021</b>					
<i>Financial assets</i>					
Cash and cash equivalents	642	(6)	(6)	6	6
<b>Total</b>	<b>642</b>	<b>(6)</b>	<b>(6)</b>	<b>6</b>	<b>6</b>

<b>2020</b>					
<i>Financial assets</i>					
Cash and cash equivalents	1,071	(11)	(11)	11	11
<b>Total</b>	<b>1,071</b>	<b>(11)</b>	<b>(11)</b>	<b>11</b>	<b>11</b>

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

**(f) Fair value measurement**

**(i) Fair value compared to carrying amount**

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

**19. Related Party Disclosures**

The Commission's key management personnel compensation was paid by the Natural Resources Commission Staff Agency and details for the period ending 30 June 2021 are as follows:

<b>Short Term Employee Benefits:</b>	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Salaries	<b>460</b>	576
Other monetary allowances	-	-
Non-monetary benefits	<b>5</b>	15
Other long-term employee benefits	<b>13</b>	19
Post-employment benefits	-	-
Termination benefits	-	-
<b>Total remuneration</b>	<b>478</b>	610

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

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

**20. Events after the Reporting Period**

There were no significant events after the reporting period.

**End of audited financial statements**

# Appendix 1: Operation and performance

## Commission meetings

Number held	Attendees	Title	Number attended
11	Prof Hugh Durrant-Whyte	Commissioner	11
	Mr Peter Cochrane	Assistant Commissioner	5
	Ms Susan Madden	Assistant Commissioner	3
	Mr Bryce Wilde	Executive Director	11
	Ms Maree Leonard	Secretary to the Commission	11

## Publications

*CIFOA - Coastal Integrated Forestry Operations Approval Monitoring Program*

*FMIP - Forest Monitoring and Improvement Program*

*FMP - Floodplain management plan*

*WMP - Water management plan*

*WSP - Water sharing plan*

Date	Publication
Aug 2020	WMP audit - Audit framework
Aug 2020	WMP audit - FMP - Lachlan, Murray and Murrumbidgee - Final Report
Sep 2020	Forest dieback - Research program plan
Sep 2020	FMIP - Evaluating forest road networks to protect water quality - Discussion paper
Sep 2020	FMIP - Soil health and stability monitoring - Collation of existing databases
Sep 2020	CIFOA - Monitoring plan - Landscape-scale trends
Oct 2020	CIFOA - Monitoring plan - Species specific flora
Oct 2020	CIFOA - Monitoring plan - Species specific fauna
Oct 2020	CIFOA - Monitoring plan - Waterway and wetland health
Oct 2020	CIFOA - Monitoring plan - Forest structure health and regeneration
Oct 2020	CIFOA - Monitoring plan - Landscape scale trends in environmental values
Oct 2020	CIFOA - Monitoring plan - Species occupancy
Oct 2020	CIFOA - Monitoring plan - Baselines and trends in wood supply
Oct 2020	CIFOA - Research program plan
Oct 2020	CIFOA - Independent evaluation of forestry practice plan
Oct 2020	FMIP - Forest Monitoring Steering Committee Charter
Oct 2020	FMIP - Supporting post-fire ecological resilience and recovery - Milestone 2 report
Oct 2020	FMIP - Citizen Science Strategy
Nov 2020	FMIP - Evaluating forest road networks to protect water quality - Methodology
Nov 2020	FMIP - Trends in soil health and stability - Collation of soil data cube
Nov 2020	Environmental Trust - Good practices in riparian rehabilitation
Dec 2020	CIFOA - Annual health check
Dec 2020	CIFOA - Monitoring plan - Key habitat features
Dec 2020	CIFOA - Process to review species management plans
Dec 2020	FMIP - Future scenarios - Proposal for discussion

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Date	Publication
Dec 2020	FMIP - NSW fire extent and severity mapping
Dec 2020	FMIP - Bridging the gap between data capture and decision-making
Jan 2021	FMIP - Regional Forest Agreement MER Plan - Scope
Jan 2021	FMIP - Future scenarios - Approach
Jan 2021	FMIP - Evaluating forest road networks to protect waterways - Project summary
Jan 2021	CIFOA - State of knowledge for forestry impacts on waterway health - Final report
Feb 2021	CIFOA - Review of the management and monitoring of tree hollow resources
Feb 2021	FMIP - Soil health and stability monitoring in forests
Feb 2021	WSP review - Richmond and Tweed - Final report
Feb 2021	WSP review - Greater Metropolitan - Final report
Mar 2021	Forest dieback - Overview of research projects
Mar 2021	FMIP - Supporting post-fire ecological resilience and recovery - Progress report
Mar 2021	WMP audit - WSP - Audit plan
Apr 2021	FMIP - Annual progress report
May 2021	CIFOA - Monitoring plan - Harvesting in fire-affected sites
<b>Corporate</b>	
Jul 2020	Strategic Plan 2020-2021
Oct 2020	Annual Report 2019-2020

## Appendix 2: Funding and expenditure

### 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 Minister for Planning and Public Spaces for presenting to the Parliament.

### Consultants

During the reporting year, the Commission engaged technical consultants for a total expenditure of \$4,319,000 (including GST). There were 28 consultancies with a value of \$50,000 or more, costing \$2,037,077, and a number of consultancies under \$50,000, costing \$2,281,923. Some of these consultancies commenced prior to 2020-2021, while work on some was still progressing as at 30 June 2021.

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

Consultant	Title/Nature	Amount
O'Connor Marsden and Associates (Various)	Assist in planning, scoping and auditing water management plans, including audit quality assurance	\$793,252
University of Melbourne	Deliver baselines and trends for environmental values related to water quality and quantity for the Forest Monitoring and Improvement Program (FMIP)	\$544,988
Spatial Vision Innovations Pty Ltd	Deliver baselines, drivers and trends for forest extent, condition and health for the FMIP	\$345,004
Spatial Vision Innovations Pty Ltd	Assist in data migration and integration for the FMIP's data management program	\$305,195
University of New England	Deliver baselines, drivers and trends for species occupancy and distribution for the FMIP	\$302,830
Alluvium Consulting Pty Ltd	Evaluate forest road network design and management to protect in-stream water quality for the FMIP	\$255,624
ANU Enterprise Pty Ltd	Undertake research on how koalas respond to regenerative harvesting	\$221,821
The Mullion Group Pty Ltd	Quantify carbon balance of NSW forests for the FMIP	\$217,800
Aerometrex Ltd	Capture and deliver LiDAR data and coincident imagery for Northern, Central and Southern regions for the FMIP	\$187,697
Synergies Economic Consulting Pty Ltd	Develop and apply a robust method for forest-dependent jobs for the FMIP	\$161,700
Vista Advisory	Provide quality assurance peer review of water management plan audits	\$155,430

Consultant	Title/Nature	Amount
University of Sydney	Deliver baselines, drivers and trends for health and stability of soils in NSW forests for the FMIP	\$110,909
University of Melbourne (Baker)	Provide expert advice as Member of FMIP Steering Committee	\$104,128
Western Sydney University	Undertake research on how koalas respond to regenerative harvesting	\$88,378
2Rog Consulting Pty Ltd	Provide independent advice on a forestry matter	\$82,500
ANU Enterprise Pty Ltd (Gibbons)	Provide expert advice as Member of FMIP Steering Committee	\$80,609
ANU Enterprise Pty Ltd (Hairsine)	Provide expert advice as Member of FMIP Steering Committee	\$77,418
Firesticks Alliance Aboriginal Corporation	Coordinate the trial and development of model of cultural values assessment in NSW forests for the FMIP	\$77,000
University of Melbourne	Provide independent advice on a forestry matter	\$76,593
2Rog Consulting Pty Ltd	Provide technical advice on environmental watering needs within three water sharing plan areas	\$75,460
Tamworth Local Aboriginal Land Council	Undertake on-ground cultural assessments for NSW forests, through a community empowerment approach for the FMIP	\$65,812
University of Wollongong	Provide advice on changing fire regimes and risks to Coastal IFOA objectives and outcomes	\$65,619
Interpine Group Pty Ltd	Test new technologies associated with airborne and terrestrial LiDAR sensors for the FMIP	\$57,789
Coffs Harbour and District Local Aboriginal Land Council	Undertake on-ground cultural assessments for NSW forests, through a community empowerment approach for the FMIP	\$57,750
Brungle Tumut Local Aboriginal Land Council	Undertake on-ground cultural assessments for NSW forests, through a community empowerment approach for the FMIP	\$55,000
Natalie Hoy	Provide writing support in preparing high quality reports and other written products	\$55,000
Dave Miller Facilitator	Provide expert advice on water sharing plan reviews	\$52,250
Ecoplaning Pty Ltd	Capture and analyse quality data to deliver a robust and successful remote sensed plot network pilot for the FMIP	\$50,105

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## Funds granted to non-community organisations

The Commission did not grant any funds to non-government community organisations.

## Insurance

During the reporting year, iCare provided insurance for workers compensation, property and public liability. No workers compensation claim was lodged in the reporting year.

## Payment of accounts

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.

Table A2.2: Aged analysis of account payment in 2020-2021

Quarter ending	Current (within due date)	Less than 30 days overdue	30-60 days overdue	61-90 days overdue	More than 90 days overdue
Sep-20	\$926,878	\$106,089	-	-	-
Dec-20	\$822,107	\$101,767	-	-	-
Mar-21	\$731,200	\$98,888	\$33,399	\$6,912	\$6,133
Jun-21	\$1,840,294	\$180,902	\$37,477	-	\$41,514

Table A2.3: Report on account payment performance in 2020-2021

Measure / Quarter ending	Sep-20	Dec-20	Mar-21	Jun-21
Invoices due for payment	68	55	87	122
Invoices paid on time	60	49	66	103
Invoices paid on time (% of total number)	88%	89%	76%	84%
Amount due for payment	\$1,032,967	\$923,874	\$876,532	\$2,100,187
Amount paid on time	\$909,593	\$822,107	\$731,200	\$1,840,294
Amount paid on time (% amount due)	88%	89%	83%	88%

## Resource efficiency

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

The Commission also used and shared resources efficiently as its office is housed in the same building as other government agencies. The building's environmental credentials include 4.5-star energy and 4.0 star water rating.

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 Planning, Industry and Environment Cluster and thus not required to report separately on its resource efficiency performance.

To become carbon neutral and support Aboriginal businesses, the Commission has purchased Australian Carbon Credit Units from the Aboriginal Carbon Foundation, generated through the Tiwi Islands Savanna Burning for Greenhouse Gas Abatement project in the Northern Territory.

## Appendix 3: Human resources and plans

### Employees

Table A3.1: Number of employees by category

Band	2017-2018	2018-2019	2019-2020	2020-2021
Commissioner - Part time	1	1	1	1
Assistant Commissioners - Part time	0	3	3	2
Public Service Senior Executives	3	4	5	4
Non-Executive - FTE	10	15	15	15
Non-Executive - Part time	0	3.2	3	6
<b>Total</b>	<b>14</b>	<b>26.2</b>	<b>27</b>	<b>28</b>

### Senior executives

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

Table A3.2: Number of roles and gender breakdown

Band	2019-2020		2020-2021	
	Male	Female	Male	Female
Band 4 (Secretary)	1	-	1	-
Band 3 (Deputy Secretary)	-	-	-	-
Band 2 (Executive Director)	1	-	1	-
Band 1 (Director)	2	2	1	2

Table A3.3: Average remuneration

Band	2019-2020		2020-2021	
	Range	Average remuneration	Range	Average remuneration
Band 4 (Secretary)	-	-	-	-
Band 3 (Deputy Secretary)	-	-	-	-
Band 2 (Executive Director)	\$274,701 to \$345,550	\$345,550	\$274,701 to \$345,550	\$345,548
Band 1 (Director)	\$192,600 to \$274,700	\$210,838	\$192,600 to \$274,700	\$256,074

(Note: 28% of the Commission's employee-related expenditure in 2020-2021 was related to public sector senior executives.)

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## Overseas visits

During the reporting year, the Commissioners and staff members did not go overseas on official duty.

## 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 provides for the Commission to uphold and respect the privacy of staff members and others about whom it holds personal information. The Plan also acts as a reference tool for staff members to best meet privacy obligations under the Act.

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

## Public interest disclosures

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

## Statement of business ethics

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

## Appendix 4: Audit and risk management

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

The Commission obtained Small Agency exemption from NSW Treasury and our Portfolio Minister (Minister Stokes) not to maintain a separate Audit and Risk Committee.

The Commission assumed all audit and risk management reporting functions.

In the reporting year, the following internal audits were conducted:

### **Workplace wellbeing**

In reviewing workplace wellbeing for staff members, the audit concluded:

*“Overall, risks appeared to be identified and managed in a proactive manner. Management has a good understanding of the workplace wellbeing risks facing the Commission and demonstrated deep understanding of all the wellbeing initiatives in place to support staff during interviews.”*

The table on the following page addresses the Commission's response to the core requirements of the Treasury Policy Paper TPP15-03.

## Internal Audit and Risk Management Attestation Statement for the 2020-2021 Financial Year for Natural Resources Commission

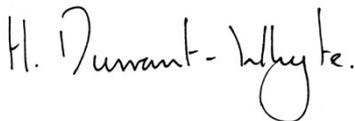
I, Professor Hugh Durrant-Whyte, am of the opinion that the Natural Resources Commission has internal audit and risk management processes in operation that are, compliant with the eight (8) core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector, specifically:

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

(\*) Ministerial determination received for exemption

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

- Natural Resources Commission (controlled entity).



Professor Hugh Durrant-Whyte  
**Commissioner**



Ref: D21/3839

31 August 2021

**Cyber Security Annual Attestation Statement for the 2020-2021 Financial Year for the  
Natural Resources Commission**

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

- The Commission has assessed its cyber security risks and is putting in place systems and processes to further strengthen the cyber security risks in a manner consistent with the Mandatory Requirements as set out in the NSW Government Cyber Security Policy.
- Risks to the Commissions' information and systems have been assessed and are being managed both internally through policies and procedures and through the outsourced services of the Department of Customer Services - GovConnect Vendors.
- Governance is in place to manage Commission's cyber security maturity and initiatives.
- Cyber security incidents are escalated to Cyber Security NSW as required. The Commission has a cyber incident response plan and has participated in formally testing the plan in the reporting period.
- The Commission has a Cyber Security Information Security Management System (ISMS) and is doing the following to continuously improve the management of cyber security governance and resilience.

A handwritten signature in black ink that reads 'H. Durrant-Whyte'.

Professor Hugh Durrant-Whyte  
**Commissioner**



31 August 2021

Letter of Certification  
to the Commissioner of Natural Resources Commission  
copied to NSW Treasury  
for the Financial Year 2020-2021

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

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

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

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

- Natural Resources Commission
- Natural Resources Commission Staff Agency.

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

Maree Leonard  
**Chief Financial Officer**

31 August 2021

## Appendix 5: GIPA Act

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

As required by the GIPA Act, the Commission provided the following information on its website:

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

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

In the reporting year, the Commission:

- reviewed its program for proactive release of information to identify the information that can be made publicly available, and made that information available on its website
- did not receive any informal request for information
- did not receive or refuse any formal access application.

## Appendix 6: Legislation and legal change

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### Principal legislation relevant to the Commission

(As at 1 July 2020)

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

### New legislation relevant to Commission

(Assented to during 2020-2021)

- None

### Repealed legislation that were relevant to Commission

(Repealed during 2020-2021)

- None

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