



Natural Resources Commission

# Annual Report 2022-2023



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# Acknowledgement of Country

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We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Smoking ceremony, Wattleridge IPA (Image courtesy: Michelle McKemey)



# Letter to the Premier

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Reference : D23/2242

30 October 2023

The Hon Chris Minns, MP  
NSW Premier  
GPO Box 5341  
Sydney NSW 2000

Dear Premier

## **Letter of transmittal – Natural Resources Commission – Annual Report 2022-2023**

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 2023.

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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I am pleased to present the Natural Resources Commission's 2022-2023 Annual Report. This was another highly productive year for the Commission, with our work delivering new knowledge, generating discussion and driving change in natural resource management.

Our purpose is to provide evidence-based independent advice to improve environmental, economic and social outcomes in NSW. While our role requires us to remain objective and impartial, it does not mean we operate in isolation. Instead, we recognise that people are at the heart of delivering better natural resource management outcomes. Building trusted and collaborative relationships across government, industry and the wider community is critical in facilitating the uptake of our advice and driving better outcomes.

In the past year, there has been increased engagement and collaboration with many stakeholders, and we have strengthened our relationships with government agencies, diverse land managers, community groups, policy makers, researchers and regulators.

A highlight was the release of our insights report on the health of NSW forests. Overall, we found that NSW forests across all tenures are under sustained pressure from a range of threats, placing many of the services and values they provide at risk. The 2019-2020 wildfires stood out as the most significant driver of change. If NSW is to prepare for future shocks, we need to fundamentally rethink how we collectively manage our forests.

On a positive note, we have seen continued engagement with water agencies. More must be done to ensure that our rivers are managed for both health and for equitable and sustainable use. In the past year, our water audit program completed eight water management plan audits. It is pleasing to see the high level of agency implementation of our audit recommendations. We also completed six water sharing plan reviews. A recurring theme in the unregulated rivers is the need to set numeric, sustainable Long-Term Annual Average Extraction Limits, and I note the Water Group in the Department of Planning and Environment is beginning to address this need.

After the election of the new NSW Government, the Commission has returned to reporting to the Premier. We believe this better reflects the Commission's independence and our role as an assurance agency.

Looking forward to 2023-2024 we will focus broadly on four areas:

- providing science and monitoring for forestry
- reviewing and auditing water management
- reviewing invasive species impacts and risks
- responding to any natural resource management related requests from the new Government.

I am proud of the great work of the Commission's team, led by the Executive Director Bryce Wilde. They are motivated and highly skilled professionals who are a credit to the ideals of public service. Our People Matters Survey results demonstrate a shared commitment to excellence in everything we do. Finally, I would like to thank the ongoing contribution and counsel of my Assistant Commissioners Susan Madden and Peter Cochrane.

Professor Hugh Durrant-Whyte  
**Commissioner**

# Overview



## 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 within government. We serve the people of NSW by providing independent evidence-based advice to Government to secure the best environmental, social and economic outcomes in natural resource management.

## Commission structure

Our 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 Premier of NSW for exercising functions under the *Natural Resources Commission Act 2003*.

Assistant Commissioners are appointed to support the Commissioner. The Executive Director is responsible for the day-to-day leadership of our programs, administration and financial affairs.



Prof. Hugh Durrant-Whyte, **Commissioner**  
HonFIEAus, FIEEE, FAA, FREng, FRS

Hugh is an internationally recognised scientist and a world authority on artificial intelligence and robotics. He is also the current NSW Chief Scientist & Engineer. Before this, he was the Chief Scientific Advisor, United Kingdom Ministry of Defence. Hugh is a Fellow of the Royal Society of London, the Royal Academy of Engineering, the Australian Academy of Sciences and recipient of numerous awards, including the MA Sargent Medal and NSW Scientist of the Year. He has been Chair of the NSW Government's Innovation and Productivity Council and head of National IT Australia.



Mr Peter Cochrane, **Assistant Commissioner**  
BSc, MPP, FAICD

Peter chairs the Sydney Institute of Marine Science and the Australian Tropical Herbarium Board. Since 2016, Peter has been a Council Member of the International Union for Conservation of Nature. He was formerly CEO of Parks Australia, a member of the Commonwealth Environmental Water Holder Review Panel, and Chair and Director of the Commonwealth Marine Reserves Review that re-examined the science and zoning for 40 marine reserves.



Ms Susan Madden, **Assistant Commissioner**  
B.Ag Eco (Hons) Univ. medal

Susan has over 20 years' experience in agriculture and natural resources management. She has been on the board of 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 and was formerly Executive Officer of Macquarie River Food and Fibre.



## Strategic priorities

We have the following strategic priorities:

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

## What we do

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

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

## How we work

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

- engaging in transparent collaborative approaches and 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.

## Values

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



## 2022-2023 Highlights

### Improved evidence base for decisions on forest management

- Delivered strategic advice to the NSW Government on both emerging risks to the health of NSW forests and the values they support, and opportunities to improve forest management across tenures. This advice was underpinned by a significant body of new science and evidence generated under the NSW Forest Monitoring and Improvement Program.
- Continued to independently oversee and invest in new science to monitor the effectiveness of Coastal Integrated Forestry Operations Approval to achieve environmental and production outcomes on state forests.
- Developed a Private Native Forestry Monitoring, Evaluation and Reporting Framework and provided the first annual check of the evidence base for private native forestry.
- Provided an updated report to Government on the response of koalas to harvesting in north coast state forests. The report included new findings from the DNA diet analysis and additional advice on implications for management.
- Supporting an Aboriginal led on-Country planning pilot that will build an evidence base to demonstrate the benefits of inclusive Aboriginal led planning that targets Indigenous values and improved outcomes across various land tenures.

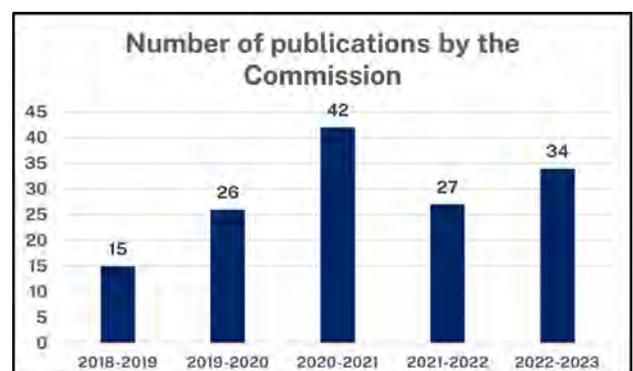
### Oversight of water planning and implementation

- Provided review reports to the Minister for Water for six water sharing plans, recommending all be extended for two years to allow time for the recommended data collection and analysis.

- Delivered eight audit reports to the NSW Government which included three northern regulated river water sharing plans, two floodplain management plans and three southern regulated river water sharing plans.

### Audit and other evaluations

- Provided an evaluation report for the NSW Environmental Trust's \$6.83 million Linear Reserves Program. The Trust has accepted our recommendations.
- Provided a formative evaluation report to the Environmental Trust for the cost-effective cross-tenure feral deer management project.
- Monitored progress of research projects for the Environmental Trust's forest dieback project.
- Provided an evaluation report for the Environmental Trust's nature-based tourism projects.
- Scanned domestic and international jurisdictions to identify innovative approaches to natural resource management to ensure our advice to Government is based on the best available information.





# Evidence base for decisions on forest management

## Forest Monitoring and Improvement Program

In 2019, the NSW Government established the Forest Monitoring and Improvement Program to support strategic, evidence-based improvement of forest management, on both public and private land.

We chair the NSW Forest Monitoring Steering Committee to oversee the design, implementation and continuous improvement of the program.

This collaborative program involves a wide range of partner organisations, including NSW agencies, universities, private sector scientists and Aboriginal community groups. The program has also connected with the community through a range of citizen science initiatives.

So far, the program has invested over \$6 million in research projects to define baselines and identify past trends and drivers of change for NSW forests.

While the program funding ceased in June 2022, work continued into 2022-2023 to complete key projects and report on program insights.

Since its inception in 2019, the program has delivered an improved evidence base to help Government meet its commitments around ecologically sustainable forest management, and to build community understanding and trust that it is meeting those obligations.

### Insights report

In November 2022, we delivered a report to Government identifying overarching lessons and insights from the program to inform forest management in NSW into the future.

Overall, the results showed that NSW forests across all tenures are under sustained threats,

placing many of the services and values they provide at risk.

Climate change, along with other drivers such as invasive species, population growth, economic growth and intensification of urban and agricultural land uses, will continue to place increasing demands and pressure on NSW forests into the future.

The most significant driver of observed change in the past decade was the 2019-2020 wildfires, with sharp decline in indicators, such as forest canopy extent and forest carbon stocks.

Research indicates similar scale events are likely to become increasingly frequent in the future.

We recommended that Government develop and implement an overarching cross-tenure strategy for NSW forests towards 2050 to systematically address the threats of climate change and other stressors. The strategy should adopt a risk-based approach to identify investments and actions to proactively protect assets, reduce risks and improve forest health and resilience.





## Case study: NSW forests need strategic intervention to reduce risks

The NSW Forest Monitoring and Improvement Program reviewed existing data, and commissioned new monitoring and research to advance our understanding of the NSW forests, how they have changed over the last 30 years, and their outlook.

The program found that NSW forests are under sustained threats, putting at risk many of the services and values they provide. The most significant driver of observed change in the past decade was the 2019-2020 wildfires (**Figure A**). Evidence from the program showed sharp declines in indicators such as forest canopy extent (**Figure B**), fauna species habitat (**Figure C**) and forest carbon stocks (**Figure D**) across both state forests and national parks. An estimated 600 tourism jobs were impacted, with the sector losing \$118 million in direct revenue. Supply of high quality timber was reduced by 93 per cent in the Eden timber supply region causing flow-on impacts to local jobs and towns. Aboriginal people and values were also impacted, including damaged artefacts and preventing people accessing important sites.

The unprecedented bushfires of 2019-2020 will not remain an outlier. The climate across NSW is predicted to become more variable in the future, having adverse impacts on NSW forests, affecting biodiversity, water quality, carbon stocks and forest productivity. More positive futures are possible with increased recognition of the social, cultural and economic values of forests, and by actively addressing emerging risks. We advised that strategic investments and actions can proactively protect assets, improve forest resilience and reduce risk exposure over the long term. A cross-tenure strategy, based on mutual understanding across stakeholders and bipartisan support, is a critical first step to improve forest health outcomes.

Figure A

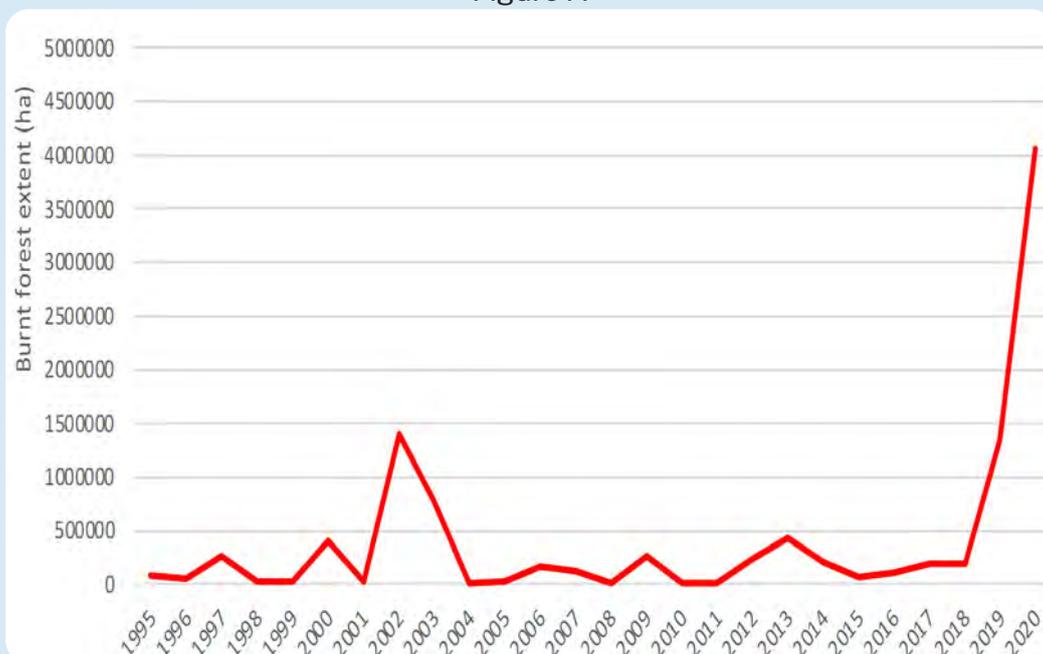




Figure B

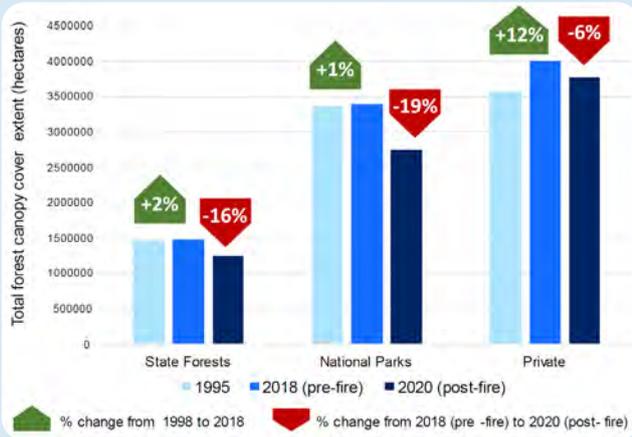
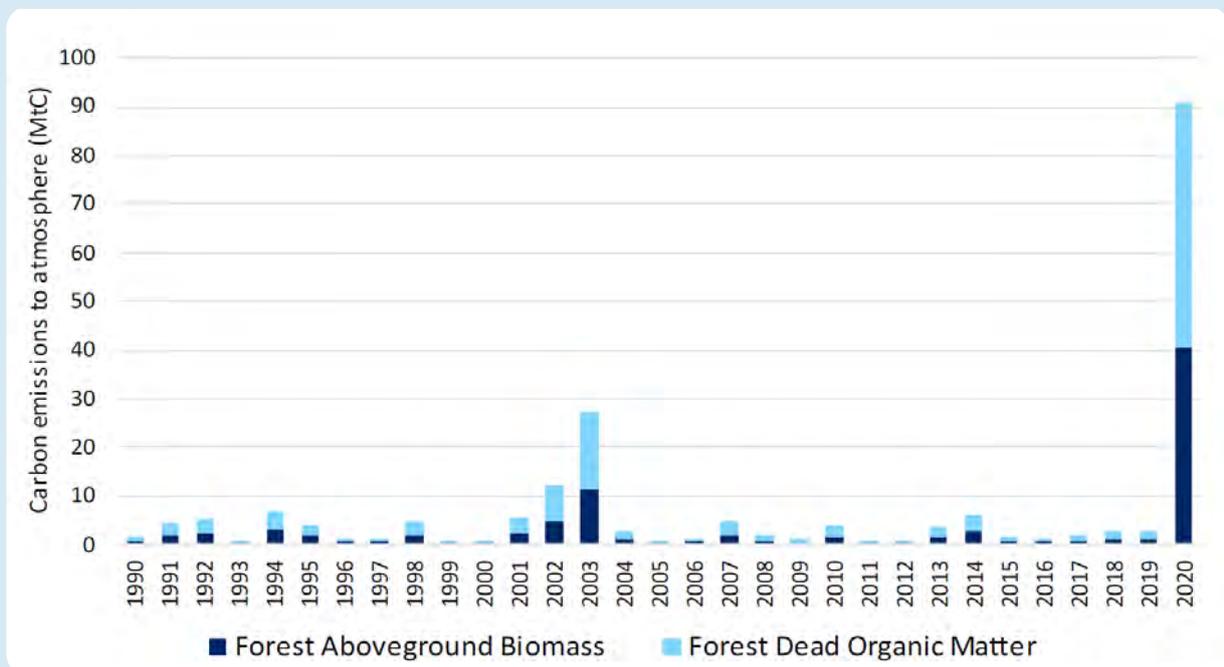


Figure C



Figure D





## Coastal IFOA Monitoring Program

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

The Coastal IFOA tasks us to independently oversee a scientifically robust program to monitor the effectiveness of the approval and to evaluate whether the established outcomes are achieved or not.

We chair the NSW Forest Monitoring Steering Committee, including the Forestry Corporation of NSW, the Environment Protection Authority, Department of Primary Industries and independent experts, to oversee the design, implementation and continuous improvement of the Coastal IFOA Monitoring Program (the program).

This collaborative program has been underway since March 2020.

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

### Progress

The program continues to deliver key projects addressing Coastal IFOA monitoring priorities, including:

- **commencing fauna species occupancy monitoring** on state forests in the north and south coast regions of the Coastal IFOA by Forestry Corporation of NSW and the NSW Department of Primary Industries – key milestones include the first season of surveys in spring 2022 and autumn 2023, with all occupancy modelling and analysis for these surveys expected to be completed by the end of 2023

- **collecting and analysing spatial data** across seven priority areas to explore forest health and structure, with high-density LiDAR capture now complete and analysis of outputs expected to be completed by the end of 2023
- **addressing water quality knowledge gaps** by: reviewing the use of temporary log crossings in NSW coastal state forests; delivering post-fire erosion mapping based on two study catchments in southern NSW following the 2019-2020 wildfires; finalising models to evaluate the effectiveness of forest road networks in maintaining water quality; and commencing a study to assess the effectiveness of exclusion zone conditions for Class 1 drainage lines to reduce the impact of harvesting activities on waterway condition
- **progressing research and evaluation** on issues such as tree hollows, damage to retained trees, and the use of novel and remote sensing technologies – for example, drones, e-DNA analysis, detection dogs and camera traps – to detect species

The program demonstrates the value of expert and agency collaboration in refining and improving monitoring approaches, generating new knowledge and building trust between participants.

### Next steps

- Review species for addition to the Coastal IFOA koala browse tree list for the north coast region.
- Deliver key program findings for biodiversity (species occupancy monitoring) and forest health (spatial data analysis) by the end of 2023.
- Bring together in 2023-2024 key findings and recommendations arising from the monitoring program to inform the anticipated formal five-year review of the Coastal IFOA.



## Case study: Fauna monitoring

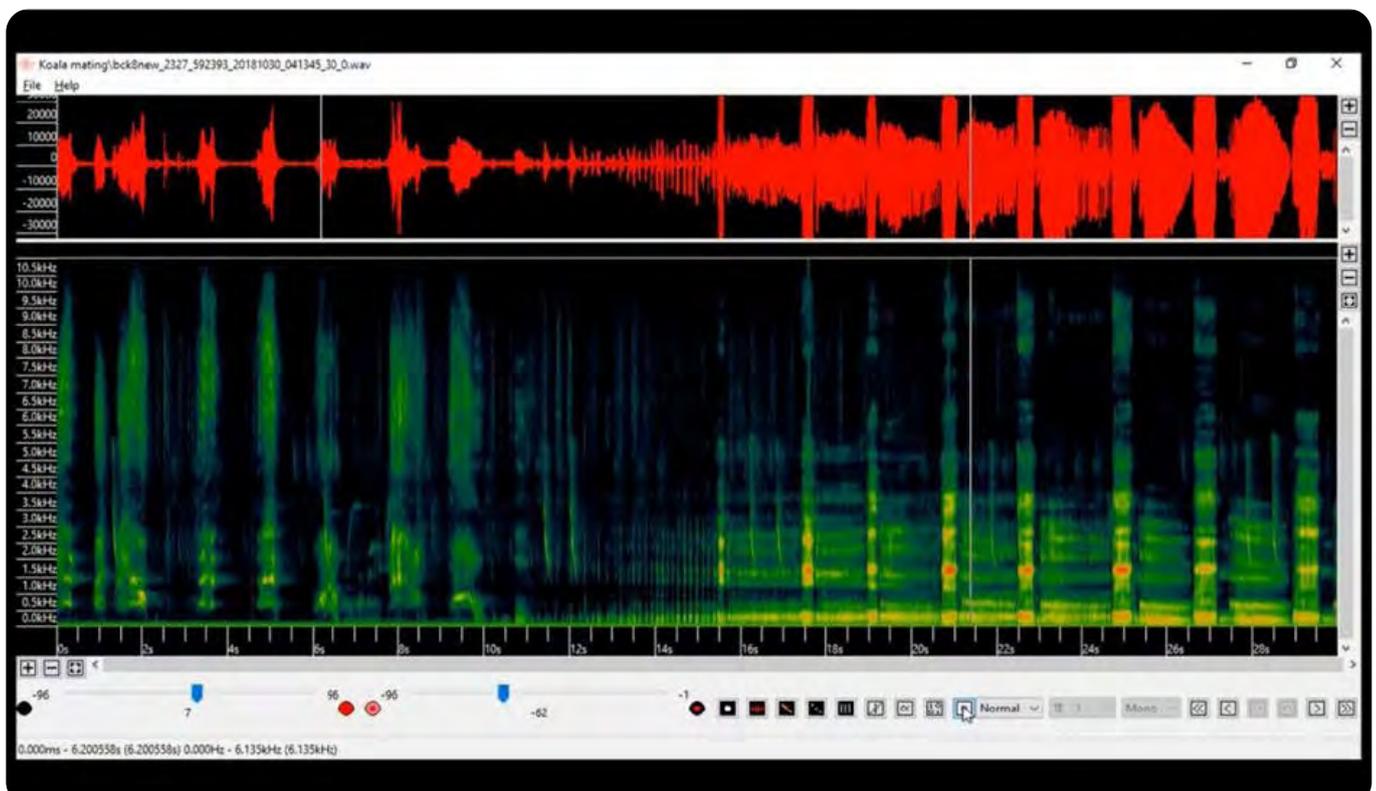
Forestry Corporation of NSW and the DPI Forest Science have been working closely with us under the Coastal IFOA Monitoring Program to establish and implement a methodology for monitoring priority native animal species in state forests.

This will be used to estimate trends in occupancy of these species and to evaluate the effectiveness of the Coastal IFOA protections and conditions in maintaining species occupancy.

Data is collected using remote sensing technologies such as cameras, sound recorders for species emitting audible calls and ultrasonic sound recorders for echo locating bats to remotely monitor wildlife activity.

Forestry Corporation of NSW carried out surveys in spring 2022 and autumn 2023. Camera and acoustic data collected have been shared with the DPI Forest Science Unit and species are currently being identified. Data have been scanned and validated for koalas, powerful owl, sooty owl, masked owl and sugar gliders for the south coast region. Final results from the first year of fauna monitoring are expected towards the end of 2023.

To inform the acoustic data analysis, call recognisers have been developed for the glossy black cockatoo and selected priority nocturnal species, including owls, gliders and the grey headed flying fox. This has been a collaborative effort by the NSW Department of Primary Industries, in collaboration with Queensland University of Technology, Forestry Corporation of NSW and Victoria University of Wellington.





# Private Native Forestry Monitoring, Evaluation and Reporting Program

The Private Native Forestry Monitoring, Evaluation and Reporting (PNF MER) Program is delivering monitoring, assessment and adaptive management requirements under the PNF codes of practice (PNF codes). The PNF codes were released in May 2022 along with priority recommendations from our advice to the NSW Government on finalising these codes.

The PNF codes task the NSW Forest Monitoring Steering Committee, independently chaired by us, to:

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

Historically, there has been limited monitoring of and research on private native forestry in NSW. The framework, when approved, will drive improvements in the evidence base for PNF and adaptive management. Importantly, the framework will improve understanding of how the codes contribute to PNF outcomes, and where possible, identify rules, practices or approaches that can be improved.

Local Land Services have committed \$1.54 million in funding over two years (2022-2023 and 2023-2024) to the program. We are working with cross-agency technical review teams, DPE scientists and modelers, and independent experts to progress this work.

## Progress

- Developed a final PNF MER Framework and submitted to the Forest Monitoring Steering Committee for consideration and endorsement.
- Completed the first annual check of the evidence base, and submitted the findings and PNF MER Annual Progress Report 2022-23 to the Steering Committee for consideration and endorsement.
- Facilitated independent expert review of the existing PNF Koala Prescription Map.
- Published guidance for identifying and modelling high value koala habitat for private native forestry purposes.
- Developed a risk assessment framework and identified key species for detailed risk assessment for the risk-based review of threatened species protections for species listed in Appendix A of the PNF codes.
- Commenced a remote sensing feasibility study for private native forestry.

## Next steps

- Seek approval of the PNF MER Framework by Local Land Services and the Department of Planning and Environment, and oversee implementation.
- Deliver the risk-based review of threatened species protections in 2023; the remote sensing feasibility study in 2023; and the process to verify and improve the PNF koala prescription map and underlying models by 2024.



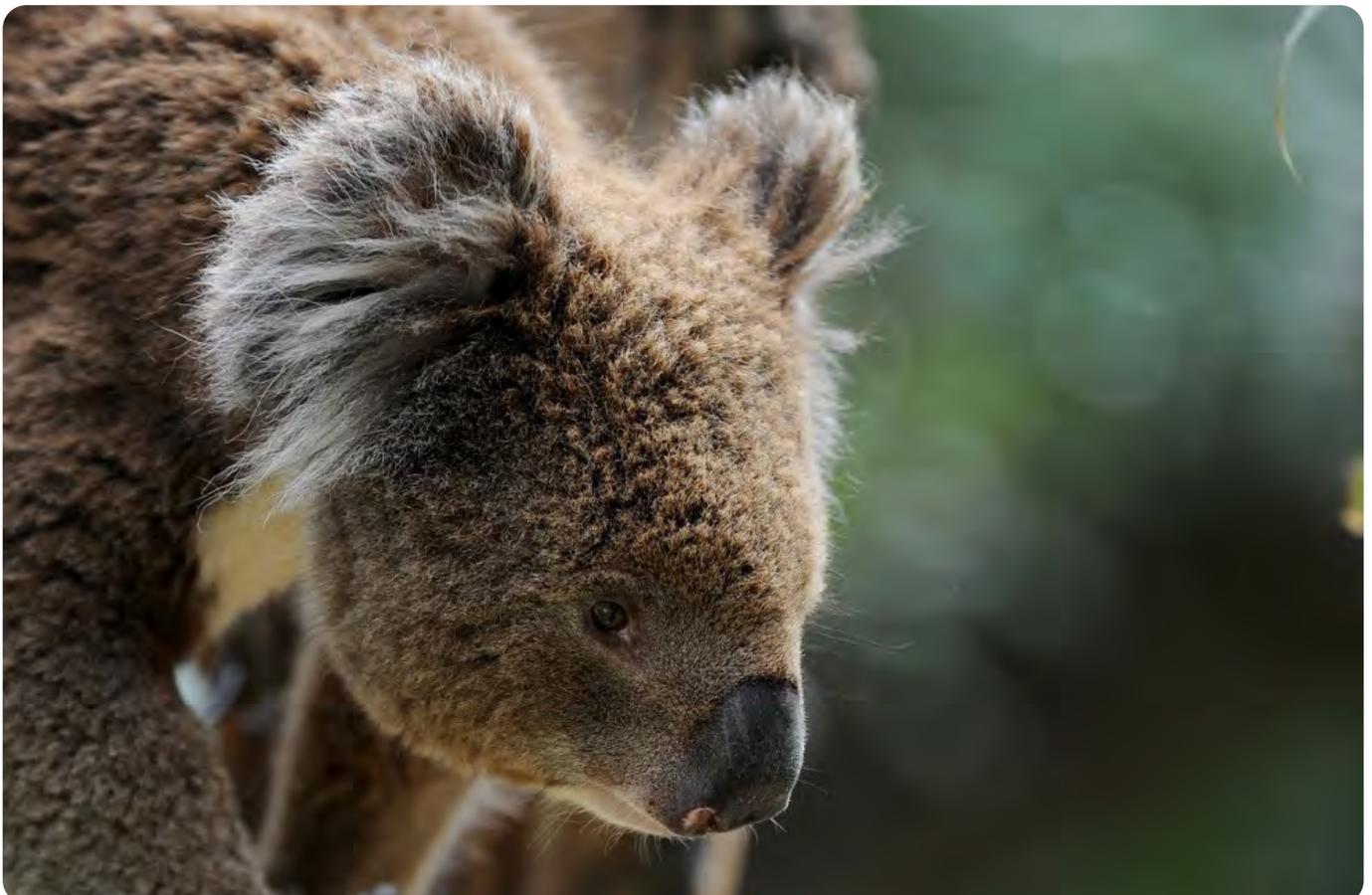
## Case study: Guidance to identify high value koala habitat for private native forestry purposes

In 2021-2022, we worked with scientists from DPE and DPI Forest Science Unit to develop a fit-for-purpose interim PNF Koala Prescription Map to support Government efforts to finalise the revised PNF codes. In our advice, we recommended the interim map be checked through a verification and improvement process overseen by the Forest Monitoring Steering Committee.

Adopting a best practice approach, we are now working with a cross-agency technical review team, independent experts, and DPE scientists and modelers on the verification and improvement process. Experts include Professor (Honorary) Jane Elith (University of Melbourne), Dr Alistair Melzer (Central Queensland University) and Dr Natalie Briscoe (University of Melbourne).

Through this collaborative approach, guidance to identify high value koala habitat for private native forestry purposes was developed for use in any modelling or map updates proposed through this process.

The guidance was endorsed by the Forest Monitoring Steering Committee in December 2022. It will help ensure that any updated PNF Koala Prescription Map recommended to the NSW Government will apply robust koala protections in high value koala habitat.





## Overseeing independent research on koalas

Under the previous NSW Koala Strategy (2018-21), we were asked to oversee independent research to better understand how koalas and their habitat are responding to harvesting in the NSW north coast state forests.

With guidance from a panel of subject matter experts, we selected three research projects through an open tender process.

Research was carried out over three years by eminent scientific researchers from the Australian National University, Western Sydney University, and the DPI-Forest Science Unit.

The researchers collaborated to investigate koala movement, occupancy, density, diet and the nutritional quality of koala habitat.

### Progress

After publishing results on koala occupancy and density in response to harvesting, and koala habitat nutritional quality in September 2021, we delivered an updated final report to Government in December 2022, which included DNA dietary analysis.

Evidence from the research program will be used to inform the effectiveness of the Coastal IFOA, which sets out rules for native timber harvesting.

The Koala Research Program was funded by DPE under the NSW Koala Strategy.

The research found koala density was not reduced by selective harvesting at the research sites. In addition, harvesting did not significantly change canopy tree species composition at the treatment sites.

Additional advice on implications for management and recommendations suggested that the Coastal IFOA tree retention guidelines should be reviewed to determine whether certain species should be added or removed from the Coastal IFOA koala browse tree list.

In November 2022, a summary paper was also developed capturing findings from research into the impact of the 2019-2020 wildfires on koalas and their habitat. This work was funded under the Forest Monitoring and Improvement Program and carried out by researchers from the Australian National University and the NSW Department of Primary Industries.

The research found koala occupancy remained stable at the regional level in northeast NSW after the 2019-20 wildfires, although there were sub-regional impacts. They found areas with a greater extent of medium or high fire severity experienced larger declines in koala density than areas with only low severity fire.

Monitoring showed koalas were temporarily absent in some areas where high fire severity dominated the landscape but had begun to return after a year. In addition, the epicormic post-fire growth of some tree species was found to have higher nutritional quality for koalas than mature leaves from the same trees pre-fire.

### Next steps

- Review the Coastal IFOA koala browse tree list and any potential environmental risks or wood supply impacts associated with this.
- Continue independent research to investigate koala response to selective harvesting, as part of the NSW Koala Strategy 2021-26.





## Supporting an on-Country planning pilot

We are supporting an Aboriginal led on-Country planning pilot to facilitate leadership and involvement of Aboriginal communities in accessing, planning and managing forests.

The pilot builds on recommendations from previous work assessing Aboriginal values and fire impacts as part of the NSW Forest Monitoring and Improvement Program.

On-Country planning was identified as an evidence-based method that can support communities in identifying opportunities to be a genuine part of decision-making processes.

The Banbai Rangers in partnership with Guyra LALC are piloting an approach that looks to provide a whole of Country evidence-based management approach for Banbai Country across tenures.

This plan will help to pro-actively address Banbai people's aspirations to manage their Country and cultural values, and determine how they do business with investment partners across public and private lands.

The project is supported through partnerships with the Banbai Ranger program, Guyra LALC, NSW Aboriginal Affairs, Local Land Services, National Parks and Wildlife Service, Department of Planning and Environment, Forestry Corporation NSW, National Indigenous Australians Agency, independent Aboriginal experts and the NSW Aboriginal Land Council.

The pilot will showcase how Aboriginal knowledge and practice can be used as a critical input to support decision making and improved outcomes. It will provide an example that can be further applied or scaled-up in the region or other areas of NSW.

### Progress

Banbai Rangers led a workshop on their Country over two days to share their vision and aspirations with 30 people, including representatives from NSW and Australian

government, land management agencies, policy makers and heritage experts.

An agency coordination group is in place to further support the Banbai Rangers in delivering the program, including access to public and private land. This group is chaired by Dr Bhiemie Williamson, an Euahlayi man and Research Fellow at Monash University.

A Community Ownership and Research Ethics Agreement is in place to appropriately govern the use of Banbai Ranger's intellectual property.

### Next steps

- Banbai will lead more on-Country planning workshops to inform their investment plan.
- Following this, Kowa (a First Nations enterprise) will evaluate and report on lessons learnt and opportunities to improve.
- In collaboration with program partners, we will then seek further opportunities to strengthen Aboriginal participation and decision making in natural resource management.

Rock art talk (Image courtesy: M. McKemey)





# Oversight of water planning and implementation

We have responsibility under the *Water Management Act 2000* (Act) to both review and audit water management plans. Water management plans include water sharing plans and floodplain management plans made under the Act.

## Reviewing water sharing plans

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

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

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

## Progress

During the reporting period, we provided review reports to the Minister for six water sharing plans:

- Namoi and Peel Unregulated
- Murrumbidgee Unregulated
- Gwydir Unregulated
- Lachlan Unregulated
- Belubula Regulated
- Macquarie-Bogan Unregulated.

Severe drought over the life of plans highlighted the need to better secure town water supply in many regions. Each report also highlights opportunities to improve environmental outcomes and consideration of Aboriginal water needs.

We recommended that all six plans be extended for two years to allow time for the recommended data collection and analysis.

In all reviews, we identified a material risk of overextraction due to high levels of entitlement relative to current extraction limits, and a lack of compliance assessment against extraction limits.

We recommended that DPE-Water establish numeric, sustainable Long-Term Annual Average Extraction Limits (LTAAELs), and implement conservative available water determinations (AWDs) until LTAAEL compliance is undertaken.

In December 2022, we published a framework for reviewing water sharing plans that provides transparency for stakeholders about our reviews.

We also published two issues briefs about recurring issues identified in our review of the inland unregulated water sharing plans. These briefs covered establishment and compliance with numeric LTAAELs and development of sustainable LTAAELs (see case study).

## Next steps

- Complete reviews of at least four water sharing plans in 2023-2024, including some of the regulated river water sharing plans within the Murray-Darling Basin.
- Collaborate with DPE Water on Ministerial identified priorities in water management, such as improving connectivity in the northern basin.

## Case study: Issue briefs to highlight recurring issues

We commenced a series of issues briefs to highlight recurring issues in the recent review of inland unregulated water sharing plans. The first two briefs covered:

- Establishing and complying with numeric Long-term Average Annual Extraction Limits (LTAAELs) - The plans require that extraction be limited to the LTAAELs defined in the plans. However, these limits have not been numerically defined, so there is no value to compare extraction. DPE-Water has also not undertaken the required compliance assessments. As such, users have continually been provided with 100 percent of their available water allocations. There is evidence that the entitlement in these plan areas is significantly higher than the LTAAELs, creating a material risk that water intended for the environment, basic landholder rights and downstream use is being extracted. We have requested the Department to undertake LTAAEL compliance assessments as a matter of urgency. Further, we have recommended that a conservative available water determination based on the precautionary approach should be implemented until LTAAEL compliance is undertaken.
- Establishing sustainable LTAAELs - LTAAELs are intended to be the limit on the amount of water that can sustainably be taken from the system on average over the long term. DPE-Water has not assessed the current, descriptive LTAAELs in these plans to determine if they are sustainable over the long term. The lack of assessment of sustainability of the LTAAELs creates a material risk that many of these water sharing plans are not achieving their intended outcomes and that the Act's priorities are not being given effect.

The LTAAELs currently included in the inland unregulated water sharing plans are based on historic water use. Our understanding is that these LTAAELs were set as an interim cap only to prevent further growth in water usage to ensure that the health of water sources and their dependent ecosystems did not deteriorate further at a minimum. The intention was that these interim limits would be assessed and revised over time as better information became available to assess their sustainability and adequacy for achieving the objectives of the plans. However, this assessment and revision has not yet been undertaken.

We have recommended that LTAAELs be assessed and revised, as a priority and as necessary, to ensure they are sustainable.





## Auditing water management plans

We have a responsibility under the *Water Management Act 2000* (Act) to audit water management plans within the first five years to determine whether plan provisions are being given effect.

DPE-Water and WaterNSW are the key agencies responsible for implementing NSW's water management plans. Our audits focus on each agency's roles and responsibilities for implementing these plans.

Our audits provide accountability and promote confidence in water management by providing an independent line of evidence.

Our audit reports provide the Minister and agencies with actions to address the gaps in water management. Relevant agencies are progressing work to address the recommendations.

### Progress

During the reporting period, we delivered eight audit reports to the NSW Government:

- three northern regulated river water sharing plans (Gwydir, Macquarie and Namoi)
- two floodplain management plans (Upper and Lower Namoi)
- three southern regulated water sharing plans (Lachlan, Murray and Murrumbidgee).

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

We found that relevant agencies generally have systems, processes and procedures in place that align with legislative requirements and support implementation of the plans and many provisions have been given effect.

We also completed the evidence collection, analysis and drafting of the audit report of five inland groundwater water sharing plans (Gwydir, Lachlan, Macquarie-Castlereagh,

Murray and Murrumbidgee alluvial groundwater plans).

### Next steps

- Submit to the Minister the final audit report of five inland groundwater sharing plans (Gwydir, Lachlan, Macquarie-Castlereagh, Murray and Murrumbidgee alluvial).
- Undertake an audit of two unregulated and alluvial water sharing plans (Hastings and Bellinger), and one regulated river water sharing plan (Paterson).

#### Case study: Uptake of our recommendations by agencies

DPE-Water and WaterNSW have agreed to most of our recommendations for the published audits of the northern regulated rivers water sharing plans and Namoi valleys floodplain management plans, and progressed their implementation, including:

- DPE-Water is developing an evaluation program across all plans
- WaterNSW assigning any flood works not assigned to a floodplain management plan
- WaterNSW has undertaken training to ensure flood works are not approved that do not meet plan requirements
- DPE-Water has agreed to develop rules for rates of change in releases from storages and guidance for grouping of orders
- DPE-Water has agreed to cease the practice of borrowing water from higher priority requirements budgets to support the delivery of general security water

These actions will promote compliance with legislation, and improve consistency and transparency of assessments and decisions undertaken by water management agencies.



## Audit and other evaluations

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

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

### Evaluating the linear reserves program

Linear reserves include travelling stock reserves, roadside reserves, rail corridors and infrastructure easements. Together these comprise an estimated six percent of the total area of NSW, and have a range of environmental, community and heritage values.

Between 2016 and 2020, the NSW Environmental Trust funded the Linear Reserves Program to improve the management of conservation values of linear reserves.

This consisted of two separate projects:

- the \$4.75 million Managing Travelling Stock Reserves for Sustainable Conservation Outcomes project, delivered by Local Land Services, in partnership with the former Office of Environment and Heritage
- the \$2.08 million Council Roadside Reserves project, delivered by Local Government NSW.

The Trust asked us to independently evaluate the Linear Reserves Program at its completion.

### Progress

Our evaluation found that both projects helped build the capacity of land managers to better manage linear reserves.

Our evaluation also identified some project limitations and opportunities for consideration when undertaking similar programs. In particular, the Travelling Stock Reserves Project was not able to progress new funding options for conservation management.





## Evaluating the feral deer management project

The Environmental Trust engaged us to evaluate the Cost-effective Cross-tenure Feral Deer Management Project.

Feral deer populations are increasing dramatically and effective control methods are limited.

The project aims to develop new cost-effective, humane and coordinated control techniques for feral deer with a view to ensure population levels can be managed sustainably by land managers into the future.

The project has \$9.2 million in funding from the Trust and a further \$7.4 million in cash and in-kind contributions.

The project is being delivered over an eight-year period, from July 2019 to June 2027 and is managed by the NSW National Parks and Wildlife Service, together with community and research partners.

### Progress

During the reporting period, we performed a formative evaluation as the Trust determined this project to be a higher risk due to its duration. We found that:

- the population control and research aspects of the project, while delayed by bushfires and the pandemic, are generally on track
- the monitoring strategy should be reviewed to ensure that costs are commensurate with the rigour and value of the results generated
- the stakeholder engagement and behavioural change objectives of the project require greater focus.

### Next steps

- Continue to monitor the project annually with a mid-term evaluation scheduled for 2024-2025. Coordinating the forest dieback program

## Coordinating the forest dieback program

The Environmental Trust engaged us to oversee the delivery of a research program focusing on the causes of mass eucalyptus tree mortality or dieback. This \$1 million program will support research projects that inform the effective management of risks to the environment and economy posed by dieback.

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

### Progress

During the reporting period, we assessed the progress of research projects, including the translation of research outcomes to land management.

### Next steps

- Organise the 2023 Dieback Research Forum at Coffs Harbour in September 2023.





## Evaluating the nature based tourism projects

The Environmental Trust engaged us to evaluate the following three projects:

- Young Adults Brand Campaign
- Commercial Tour Operator Small Grant Project
- WilderQuest Learning.

These projects received \$4.3 million from the Grow Sustainable Nature Based Tourism Program and are being implemented by the NSW National Parks and Wildlife Service.

### Progress

After completing a detailed analysis of projects against the agreed evaluation framework, we provided a draft evaluation report to the Trust for consideration.

### Next steps

- Finalise the evaluation report after incorporating the Trust's comments.



## Local Land Services

Under the *Local Land Services Act 2013 (Act)*, we are the Ministerially nominated auditor to undertake the following activities in the year 2023-2024:

- scope and deliver (subject to approval by the Minister) an audit of Local Land Services activities
- commence an audit of the implementation of Local Land Services' local strategic plans.

### Next steps

- Deliver (subject to approval by the Minister) an audit of Local Land Services activities.
- Commence an audit of the implementation of Local Land Services' local strategic plans.

## Learning from other jurisdictions

Every jurisdiction is challenged by the management of its natural resources. Although many of the challenges are often common, how different jurisdictions address them vary.

We are committed to ensuring that our advice to the NSW Government is based on the best available information. This requires that we periodically scan the natural resource management activities of other similar jurisdictions domestically and internationally.

### Progress

During the reporting period, we engaged Eco Logical Australia to scan domestic and international jurisdictions to identify innovative approaches to natural resource and invasive species management.

### Next steps

- Draw upon the knowledge and experience of other jurisdictions in preparing our advice to Government.



## Publications

In the reporting period, we publicly released the following 34 publications on our website.

Date	Publication
Jul 2022	Forest Monitoring and Improvement Program (FMIP) - Annual progress report
Jul 2022	Coastal IFOA Monitoring, Evaluation and Reporting (MER) - Annual progress report
Aug 2022	FMIP - Aboriginal cultural values assessment - Wiradjuri case study
Aug 2022	FMIP - Aboriginal cultural values assessment - Gumbaynggirr case study
Aug 2022	FMIP - Aboriginal cultural values and renewal assessment - Banbai case study
Aug 2022	FMIP - Aboriginal cultural values and renewal assessment - Synthesis report
Aug 2022	Water Management Plan (WMP) audits - Namoi, Gwydir and Macquarie WSPs
Sep 2022	Feral deer - Cost-effective feral deer management - Formative evaluation
Nov 2022	FMIP - Estimation of forest-dependent jobs in NSW - Interim report
Nov 2022	FMIP - Insights for NSW forest outcomes and management
Nov 2022	FMIP - Forest Monitoring Steering Committee - Governance charter
Nov 2022	FMIP - Koala and habitat response after 2019-20 wildfires - Summary paper
Nov 2022	FMIP - Evaluation of forest road network to protect water quality - Final report
Nov 2022	FMIP - Baselines and trends in water quality - Model
Nov 2022	Environmental Trust - Evaluation of Linear Reserves Program - Final report
Dec 2022	Koala research - Koala response to harvesting in state forests - Updated final report
Dec 2022	FMIP - Forest monitoring - Condition monitoring - Report 3
Dec 2022	FMIP - Forest monitoring - Methodology - Report 3
Dec 2022	FMIP - Forest monitoring - Loss and recovery methodology - Report 2
Dec 2022	Water Sharing Plan (WSP) reviews - Evaluation framework
Jan 2023	WMP audits - Audit framework for water management plans
Jan 2023	WMP audits - Namoi Valley floodplain management plans
Mar 2023	WSP reviews - Numeric extraction limits - Issue brief 1
Mar 2023	WSP reviews - Sustainable LTTAELs - Issue brief 2
Apr 2023	Coastal IFOA MER - Review of temporary log crossings in state forests - Report
May 2023	Coastal IFOA MER - Fauna occupancy survey design - Report
May 2023	Coastal IFOA MER - Operational manual for fauna monitoring
May 2023	Koala research - Koala and forestry on the NSW North Coast - Research note



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Date	Publication
May 2023	WMP audits - Southern regulated water sharing plans
May 2023	Private Native Forestry (PNF) MER - Guidance to identify high value koala habitat
Jun 2023	PNF MER - Approach for annual check of evidence
Jun 2023	Koala research - Koala and habitat response to wildfires - Research note
<b>Corporate</b>	
Oct 2022	Annual Report 2020-2021
Aug 2022	Strategic Plan



## Leadership

As a leadership team, we continued to focus on building capability and excellence by providing team members with cost effective learning and development opportunities. These included:

- a wellbeing program that every team member attended and participated
- a program on continued skill building at a personal and project level to identify and build on team members' strengths
- team offsite field trip to the Hunter Estuary Wetlands to appreciate in situ how wetlands operate in the environment
- Cyber Security training to help identify potential threats and respond appropriately
- Fraud and Corruption Awareness training to assist in the prevention and control of fraud
- a presentation on the Employee Assistance Program to help team members balance personal lives with work
- providing Flu Vaccines.

## Operational improvement

We undertook the following projects to ensure that team delivery remained supported through the use of latest technology:

- Updated Content Manager HP for better functionality, applying the Commission's updated records disposal authority for electronic archiving and retention schedules.
- Upgraded meeting rooms with new hardware and applications to make them Microsoft Teams enabled, providing easy meetings with stakeholders and team members in both regional and local locations.

## 2022 People Matters Survey

Our team's People Matters Survey results continued to be above the Sector results. The key highlights are shown below.

### 2022 People Matters Survey highlights

- 100% get the support they need to do their job well
- 100% feel encouraged to have input into decision making
- 100% are comfortable in raising any risks at work with their manager
- 100% believe the Commission is committed to ethical behaviour
- 100% feel their manager supports flexible working
- 95% feel inspired to do the best in their job
- 95% believe the Commission is committed to developing its staff
- 95% believe that senior managers model our values
- 95% report having the tools and technology to do their job well
- 95% believe their job gives them opportunities to use a variety of skills



## Human resources

### Modern Slavery Act Statement

We support the objects of the *Modern Slavery Act 2018* (NSW).

During the reporting period:

- we took steps to ensure goods and services procured were not the product of modern slavery
- the Anti-Slavery Commissioner has not identified any significant issues concerning our operations.

We will cooperate with the Anti-Slavery Commissioner by providing assistance with respect to modern slavery and victims of modern slavery.

### Disability inclusion action plans

Our Disability Inclusion Plan focuses on four areas that support the NSW Disability Inclusion Plan. These areas include:

- developing positive community attitudes and behaviours
- establishing accessible systems and processes
- creating livable communities
- supporting access to meaningful employment.

### Risk management and insurance

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

### Overseas visits

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

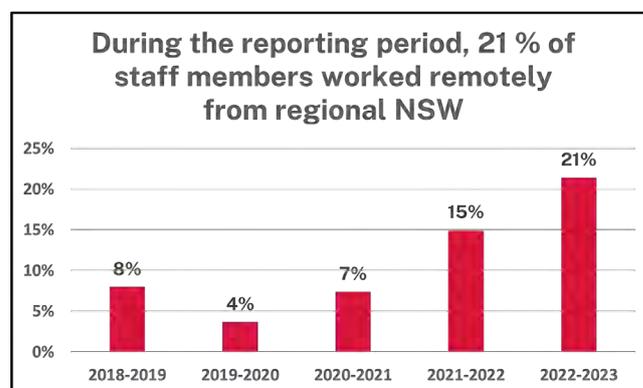
### Workforce diversity

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

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

We demonstrate our commitment to workforce diversity by:

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





## Number of officers by category

The table shows number of officers and employees by category at the end of the reporting year, compared with the previous reporting year.

Band	2021-2022	2022-2023
Commissioner (Part time)	1	1
Assistant Commissioners (Part time)	2	2
Public Service Senior Executives	4	5
Non-Executive (FTE)	9	16
Non-Executive (Part time)	7	7
<b>Total</b>	<b>23</b>	<b>31</b>

## Number and remuneration of senior executives

The table shows number of senior executives employed at the end of the reporting year, broken down by band and then gender within each band, compared with the previous reporting year.

Band	2021-2022			2022-2023		
	Male	Female	Average remuneration	Male	Female	Average remuneration
Band 1 (Director)	1	2	\$262,476	2	2	\$258,294
Band 2 (Executive Director)	1	-	\$354,187	1	-	\$361,271
Band 3 (Deputy Secretary)	-	-		-	-	
Band 4 (Secretary)	1	-		1	-	

**Note:** 33% of the Commission's employee-related expenditure in 2022-2023 was related to public sector senior executives.



## Consultants

The table shows contracts with a value \$50,000 (including GST) or more.

During 2022-2023, we engaged a range of subject matter experts, researchers and independent consultants to assist us in providing advice to Government for a total amount of \$2,330,990 (including GST).

There were 14 contracts with a value of \$50,000 or more with an expenditure of \$1,630,448, and several contracts under \$50,000 with an expenditure of \$700,452.

Some of these contracts commenced prior to 2022-2023 and others were still in progress as of 30 June 2023.

Consultant	Title/Nature	Amount
2Rog Consulting Pty Ltd	Conduct risk assessment of threatened species native flora and fauna and spatial analysis for species distribution for the private native forestry monitoring program, LiDar data evaluation for the CIFOA monitoring	\$250,019
The Mullion Group Pty Ltd	Rerun carbon balance of forests using updated data for forest monitoring Spatial data analysis for the CIFOA monitoring Remote sensing feasibility study for private native forest monitoring	\$203,225
Jacobs Group (Australia) Pty Ltd	Assess the effectiveness of Class 1 drainage line exclusion zones Review temporary log crossings in coastal state forests for the CIFOA monitoring	\$172,790
Technical Forest Services Pty Ltd	Evaluate compliance for the CIFOA monitoring	\$144,133
O'Connor Marsden & Associates	Audit 11 water management plans Provide quality assurance of audit reports	\$123,228
Invasive Animals Ltd	Assess cost of invasive species	\$109,611
Guyra Local Aboriginal Council	Design and pilot an On-Country Plan	\$104,095
Indufor Asia Pacific Pty Ltd	Assess the impact of CIFOA on wood supply	\$97,306
University of Melbourne	Provide expert advice for forest monitoring	\$94,496
Eco Logical Australia Pty Ltd	Increase the Commission's understanding of contemporary cross jurisdictional approach to natural resource management and invasive species management	\$86,818



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Consultant	Title/Nature	Amount
K2 Professional Services (Mikila Rosewall)	Assist in reviewing water sharing plans, nature-based tourism project, and provide audit risk and evaluation support	\$70,556
K2 Professional Services (Prof. Jane Elith)	Provide expert advice to improve private native forestry koala prescription map and underlying models	\$64,231
ANU Enterprise Pty Ltd	Provide expert advice for the forest monitoring	\$55,370
University of Wollongong	Review cross-tenure collective action on widespread invasive species	\$54,571



## Changes in legislation

### Principal legislation relevant to the Commission

(As of 1 July 2022)

- *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*
- *Work Health and Safety Act 2011*

### New legislation relevant to Commission

(Assented to during 2022-2023)

- None

### Repealed legislation that were relevant to Commission

(Repealed during 2022-2023)

- None

## Additional matters

### GIPA requirements

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

We made the following information available on our website:

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

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

In the reporting year, we:

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



## Compliance

### Privacy and personal information protection

We comply with the requirements of the *Privacy and Personal Information Protection Act 1998* through actions detailed in our Privacy Policy, including the collection, use, disclosure and storage of personal information.

While seeking public comment on our reviews, we inform the public that the information we collect will be managed in line with our Privacy Policy, which is regularly updated and is available from our website.

### Public interest disclosures

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

### External costs of printing this report

We are committed to minimising the cost of producing our annual report.

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

## Internal audit and risk compliance

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

We continue to comply with the requirements of a Small Agency exemption, as outlined in NSW Treasury policy TPP20-08. We have assumed all audit and risk management reporting functions.

In the reporting year, we engaged our interdependent internal auditors to undertake:

- an audit of our legislative responsibilities - the audit did not identify any findings.
- governance audit - the audit did not identify any findings.



# Internal audit and risk management attestation



Natural  
Resources  
Commission

Reference : D23/2241  
30 June 2023

## Internal Audit and Risk Management Attestation Statement for the 2022-2023 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 Function</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**



# Letter of certification to the Commissioner



Reference : D23/2247

31 August 2023

To the Commissioner of Natural Resources Commission  
*Copied to NSW Treasury*

## Letter of Certification

For the Financial Year 2022 - 2023

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

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

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

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

- Natural Resources Commission
- Natural Resources Commission Staff Agency.

Maree Leonard  
Chief Financial Officer  
31 August 2023



# Cyber security policy attestation



Reference : D23/3007

31 August 2023

## Cyber Security Annual Attestation Statement for the 2022 -2023 Financial Year for the Natural Resources Commission

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

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

SIGNED

**Professor Hugh Durrant-Whyte**  
Commissioner



## Resource efficiency

We continued to implement the NSW Government Resource Efficiency Policy.

As of 2021, our operations are carbon neutral through the purchase of Australian Carbon Credit Units through the Aboriginal Carbon Foundation. We also continued to minimise resource use by:

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

Our office is located at 52 Martin Place and the building's environmental credentials include:

- 5-star National Australian Built Environment Rating System (NABERS) Energy Tenancy rating
- 4.0-star NABERS Water rating
- onsite energy monitoring systems.

## Work health and safety

We have a strong commitment to work health and safety in our daily work.

Our Work Health and Safety Committee members completed training, related to new requirements under the *Work Health and Safety Act 2011* on psychological areas and their impacts.

We are committed to providing a safe work environment for both our team members and visitors. We do this by continually sharing information at team meetings and raising awareness of ways to manage resilience, through the use of Employee Assistance Program and Grace Papers.

During the reporting period, there were two work health and safety near-miss incidents. These were related to a power socket in the office and no injuries were reported.

## Indigenous engagement

Indigenous communities have a great deal to contribute to natural resource management with diverse and deep connections with lands and waters.

We undertake a range of activities to support Indigenous engagement, including:

- improving our cultural capability and understanding through targeted Aboriginal employment opportunities (12.5 percent of our FTE staff members are of Aboriginal background ) and providing cultural awareness training for staff members
- implementing an Aboriginal Engagement Strategy to provide robust advice to Government by strengthening findings with Aboriginal knowledge, culture and experience
- partnering with Aboriginal groups to deliver an on-Country planning pilot in northern NSW to develop a Country-based investment plan. The pilot will showcase how Aboriginal knowledge and practice can support decision making for improved cultural, environmental and social outcomes
- implementing the NSW Government's Aboriginal Procurement Policy by engaging four Aboriginal-owned consultancies for a total value of \$154,729 during the reporting period.

# Financial performance

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Independent auditor's report

Financial statements for the period ended 30  
June 2023



## INDEPENDENT AUDITOR'S REPORT

### Natural Resources Commission and its Controlled Entity

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Natural Resources Commission and its Controlled Entity (the Commission), which comprise the Statement by the Accountable Authority, the Statements of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement 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).

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

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

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## Commissioner's Responsibilities for the Financial Statements

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

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

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

My objectives are to:

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

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

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

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

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



Min Lee  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

22 September 2023  
SYDNEY

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**Natural Resources Commission  
& its Controlled Entity  
Financial statements  
for the period ended 30 June 2023**

Natural Resources Commission - Consolidated FS - FY - 2023

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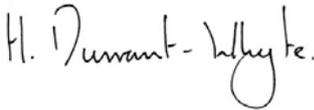
**Natural Resources Commission  
Consolidated Financial Statements  
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**The Natural Resources Commission  
Statement by the Accountable Authority  
for the year ended 30 June 2023**

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

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



Prof Hugh Durrant-Whyte  
**Commissioner**

**Date: 19 September 2023**

**Natural Resources Commission**  
**Statements of comprehensive income**  
**for the year ended 30 June 2023**

	Notes	Consolidated			Commission		
		Budget	Actual	Actual	Budget	Actual	Actual
		2023	2023	2022	2023	2023	2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses excluding losses</b>							
Operating expenses							
Employee related	2(a)	4,424	<b>4,648</b>	4,009	-	-	-
Other operating expenses	2(b)	1,543	<b>3,048</b>	2,698	1,543	<b>3,048</b>	2,698
Depreciation and amortisation expense	2(c)	153	<b>168</b>	544	153	<b>168</b>	544
Personnel services	2(d)	-	-	-	4,364	<b>4,457</b>	4,020
Finance costs	2(e)	-	<b>5</b>	132	-	<b>5</b>	132
<b>Total expenses excluding losses</b>		<b>6,120</b>	<b>7,869</b>	<b>7,383</b>	<b>6,060</b>	<b>7,678</b>	<b>7,394</b>
<b>Revenue</b>							
Cluster Grants and Contributions	3(a)	5,870	<b>5,936</b>	6,138	5,870	<b>5,936</b>	6,138
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	60	<b>191</b>	(11)	-	-	-
Grants - Terms of Reference funding	3(c)	-	-	1,589	-	-	1,589
Recoveries funding	3(d)	-	<b>1,329</b>	617	-	<b>1,329</b>	617
Recoveries for use of premises	3(e)	-	<b>234</b>	200	-	<b>234</b>	200
<b>Total Revenue</b>		<b>5,930</b>	<b>7,690</b>	<b>8,533</b>	<b>5,870</b>	<b>7,499</b>	<b>8,544</b>
<b>Gain/(loss) on disposal</b>	4	-	<b>1</b>	3	-	<b>1</b>	3
<b>Other gains/(losses)</b>	5	-	<b>(11)</b>	196	-	<b>(11)</b>	196
<b>Net Result</b>		<b>(190)</b>	<b>(189)</b>	<b>1,349</b>	<b>(190)</b>	<b>(189)</b>	<b>1,349</b>
Other comprehensive income		-	-	-	-	-	-
<b>Other comprehensive income</b>		-	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(190)</b>	<b>(189)</b>	<b>1,349</b>	<b>(190)</b>	<b>(189)</b>	<b>1,349</b>

The accompanying notes form part of these financial statements.

**Natural Resources Commission**  
**Statement of financial position**  
**as at 30 June 2023**

	Notes	Consolidated			Commission		
		Budget	Actual	Actual	Budget	Actual	Actual
		2023	2023	2022	2023	2023	2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	7	176	1,894	1,492	176	1,881	1,485
Receivables	8	309	113	266	309	113	266
<b>Total current assets</b>		<b>485</b>	<b>2,007</b>	1,758	<b>485</b>	<b>1,994</b>	1,751
<b>Non-current assets</b>							
Property, plant and equipment							
Plant and equipment	9	100	150	131	100	150	131
Leasehold improvements	9	229	230	340	229	230	340
<b>Total property, plant and equipment</b>		<b>329</b>	<b>380</b>	471	<b>329</b>	<b>380</b>	471
Right of Use Assets	10	-	-	-	-	-	-
<b>Total non-current assets</b>		<b>329</b>	<b>380</b>	471	<b>329</b>	<b>380</b>	471
<b>Total assets</b>		<b>814</b>	<b>2,387</b>	2,229	<b>814</b>	<b>2,374</b>	2,222
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Payables	11	355	1,120	1,669	355	1,125	1,676
Provisions	12	493	667	455	493	649	441
Unearned Revenue	13	-	671	7	-	671	7
<b>Total current liabilities</b>		<b>848</b>	<b>2,458</b>	2,131	<b>848</b>	<b>2,445</b>	2,124
<b>Non-current liabilities</b>							
Employee benefits and related on-costs	12	7	12	8	7	12	8
Other provisions		139	161	145	139	161	145
<b>Total non-current liabilities</b>		<b>146</b>	<b>173</b>	153	<b>146</b>	<b>173</b>	153
<b>Total liabilities</b>		<b>994</b>	<b>2,631</b>	2,284	<b>994</b>	<b>2,618</b>	2,277
<b>Net assets/(liabilities)</b>		<b>(180)</b>	<b>(244)</b>	(55)	<b>(180)</b>	<b>(244)</b>	(55)
<b>EQUITY</b>							
Accumulated funds/(deficit)		(180)	(244)	(55)	(180)	(244)	(55)
<b>Total equity</b>		<b>(180)</b>	<b>(244)</b>	(55)	<b>(180)</b>	<b>(244)</b>	(55)

The accompanying notes form part of these financial statements.

**Natural Resources Commission  
Statements of changes in equity  
for the year ended 30 June 2023**

	<b>Accumulated Funds \$'000</b>	<b>Total \$'000</b>
<b>Consolidated and Commission</b>		
<b>Balance at 1 July 2022</b>	<b>(55)</b>	<b>(55)</b>
<b>Result for the year</b>	<b>(189)</b>	<b>(189)</b>
<b>Total comprehensive income for the year</b>	<b>(189)</b>	<b>(189)</b>
<b>Balance at 30 June 2023</b>	<b>(244)</b>	<b>(244)</b>
<b>Balance at 1 July 2021</b>	<b>(1,404)</b>	<b>(1,404)</b>
<b>Net Result for the year</b>	<b>1,349</b>	<b>1,349</b>
<b>Total comprehensive income for the year</b>	<b>1,349</b>	<b>1,349</b>
<b>Balance at 30 June 2022</b>	<b>(55)</b>	<b>(55)</b>

The accompanying notes form part of these financial statements.

**Natural Resources Commission**  
**Statement of cash flows**  
**for the year ended 30 June 2023**

	Consolidated			Commission		
	Budget	Actual	Actual	Budget	Actual	Actual
	2023	2023	2022	2023	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee related	(4,364)	<b>(4,224)</b>	(4,050)	(4,364)	<b>(4,246)</b>	(4,049)
Finance costs	-	-	(132)	-	-	(132)
Other payments	(1,909)	<b>(3,993)</b>	(3,581)	(1,909)	<b>(3,978)</b>	(3,578)
<b>Total Payments</b>	<b>(6,273)</b>	<b>(8,217)</b>	<b>(7,763)</b>	<b>(6,273)</b>	<b>(8,224)</b>	<b>(7,759)</b>
<b>Receipts</b>						
Grants and contributions	5,870	<b>5,936</b>	7,727	5,870	<b>5,936</b>	7,727
Other receipts	-	<b>2,759</b>	1,203	-	<b>2,760</b>	1,203
<b>Total Receipts</b>	<b>5,870</b>	<b>8,695</b>	<b>8,930</b>	<b>5,870</b>	<b>8,696</b>	<b>8,930</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(403)</b>	<b>478</b>	<b>1,167</b>	<b>(403)</b>	<b>472</b>	<b>1,171</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of plant and equipment	-	<b>1</b>	3	-	<b>1</b>	3
Purchases of plant and equipment	-	<b>(77)</b>	-	-	<b>(77)</b>	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-</b>	<b>(76)</b>	<b>3</b>	<b>-</b>	<b>(76)</b>	<b>3</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Repayment of borrowings and advances	-	-	(331)	-	-	(331)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>(331)</b>	<b>-</b>	<b>-</b>	<b>(331)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(403)</b>	<b>402</b>	<b>839</b>	<b>(403)</b>	<b>396</b>	<b>843</b>
Opening cash and cash equivalents	579	<b>1,492</b>	653	579	<b>1,485</b>	642
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>176</b>	<b>1,894</b>	<b>1,492</b>	<b>176</b>	<b>1,881</b>	<b>1,485</b>

The accompanying notes form part of these financial statements.

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**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2023**

**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 informed management of natural resources in the social, economic and environmental interests of the State, and enabling the adoption of Statewide standards and targets for natural resource management issues.

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

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

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

The Commission is a NSW government statutory authority.

For administrative purposes the Commission receives grant funding through the Cluster/Portfolio model. Between the 1 July 2022 to 31 March 2023 the Commission was part of the Planning Industry and Environment Cluster. Effective 1st April 2023 there was a name change under a machinery of government change to Planning and Environment. There were no other impacts to the Commission. Under a subsequent machinery of government change, on the 5th April 2023, the Commission was moved to the Premier and Cabinet Cluster.

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 period 30<sup>th</sup> June 2023 have been signed by the Commissioner on 19th September 2023

**(b) Basis of preparation**

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

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**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2023**

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

- 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*.

Property, plant and equipment, assets (or disposal groups) held for sale and certain financial assets and liabilities are measured using the fair value basis. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

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

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 2023 of \$1,881k (2022: \$1,485k). As at 30 June 2023 it had net working capital deficit of \$375k (2022: deficit of \$373k). The Commission receives its grant funding, through the Cluster it is assigned to, on the basis of cashflow that is sufficient to fund its ongoing operations.

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

**(c) Statement of compliance**

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

**(d) Insurance**

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

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

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

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

### **(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***

Income from grant funding with sufficiently specific performance obligations is recognised as when the Commission satisfies a performance obligation by transferring the promised goods or services.

Income from grant funding without sufficiently specific performance obligations are recognised when the Commission obtains control over the granted assets (e.g. cash).

The Commission received funding for a Premiers Terms of Reference that commenced in 2019 and concluded in FY 2023. These funds were used specifically for delivering the Terms of Reference 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.

**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2023**

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

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 group purchase / network costing totaling more than \$5,000) are capitalised.

**(iii) Restoration costs**

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

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

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Commission. All material identifiable components of assets are depreciated separately over their useful lives. Low-value asset costing under \$5,000 are fully depreciated during the year when they were capitalised.

	% Rate 2023	% Rate 2022
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**Depreciation Rates**

**Plant & Equipment**

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

The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

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

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

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

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible.

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

### **(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.

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.

During the 2021-22 financial year, the Commission accepted changes to the office accommodation arrangements with Property NSW (PNSW). The main change is the introduction of the "substitution right" clause for PNSW, which applies throughout the term of the lease agreement and is effective from 30 June 2022. This clause provides PNSW with a substantive substitution right and in effect removes the ability of the Commission to control the use of an identified accommodation area for a specified period. The Commission assessed that PNSW can obtain benefits from exercising its substitution right to achieve office accommodation efficiency at the whole-of-government level and/or to satisfy PNSW's other service objectives. It is also considered practical for PNSW to exercise its substitution right due to the general nature of office accommodation under these arrangements.

As a result of the above, the corresponding right of use assets and lease liabilities were derecognised on 30 June 2022, the effective date of the new clause. The net impact of the derecognition is recognised in note 5 'other gains/losses'. Further, from 1 July 2022, accommodation charges have been recognised as expenses when incurred over the agreement

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

The Commission will continue to carry the responsibility of any make good, and to manage the fit-out during the remaining occupancy period as the Commission receives the economic benefits via using the fit-out or expected compensation from PNSW upon relocation. Therefore, the Commission's accounting treatment for make-good provision and fit-out costs in relation to the relevant accommodation has remained unchanged. The Commission does not have any incentives received prior to 30 June 2023, hence there will be 'nil' liability in relation to the amortised balance of incentives received.

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 note 10.

### **(i) Receivables**

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

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

### **(j) Payables**

#### **(i) Recognition and measurement**

Payables represent liabilities for goods and services provided to the entity and other amounts. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

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**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2023**

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

**(k) Employee benefits and other provisions**

**(i) Salaries and wages, annual and parental 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. All annual leave is classified as a current liability even where the entity does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

Unused vesting parental leave liability was deemed probable in the future and has been provided for at year end.

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.

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

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

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

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.

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

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

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

### **(l) Other Provisions**

Provisions are recognised when: The Commission has a present legal or constructive obligation as a result of a past event or 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.

### **(m) 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.

### **(n) Equity and reserves**

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

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

### **(o) Budgeted review**

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 15.

### **(p) 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)**

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

The Commission has determined that no liability arises to pay superannuation on annual leave loading. This position has been formed after considering the facts from a recent ruling in the Federal Court of Australia, which dealt with whether annual leave loading forms part of ordinary time earnings and therefore, requires superannuation contributions to be made under superannuation guarantee legislation. It is noted that the ruling supersedes an administrative ruling issued by the Australian Taxation Office, which is not legally binding. This position will be re-assessed in future reporting periods as new information comes to light on this matter.

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

(i) Effective for the first time in 2022-23

The accounting policies applied in 2022-23 are consistent with those of the previous financial year except for the following standards adopted for the first time in 2022-23. The impact of these Standards in the period of initial application is not material (ref TPG23-03).

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021
- AASB 2022-3 Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

Issued but not yet effective

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

The following new Australian Accounting Standards have not been applied and are not yet effective (ref TPG23-04):

- AASB 17 Insurance Contracts

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

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Noncurrent
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards
- AASB 2021-7b Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2021-7c Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information
- AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments
- AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector
- AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

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

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

***(s) Impact of COVID-19 on Financial Reporting for 2022-23***

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
- Impairment of non-financial assets
- Expected credit losses
- Superannuation and long-term provisions (including employee provisions)
- Events after the reporting period

The Commission is continuously assessing the impact of Covid-19 on the operating performance and its financial assets and liabilities.

**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2023**

**2. Expenses Excluding Losses**

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>(a) Employee related expenses</b>				
Salaries and wages (including annual leave)	3,952	3,625	-	-
Superannuation: defined contribution plans	262	246	-	-
Long service leave	191	(11)	-	-
Worker's compensation insurance	22	21	-	-
Payroll tax and fringe benefit tax	157	134	-	-
On-costs - annual leave and long service leave	64	(6)	-	-
Temporary employees and short-term staff	-	-	-	-
	<b>4,648</b>	<b>4,009</b>	<b>-</b>	<b>-</b>

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>(b) Other operating expenses include the following:</b>				
Auditor's fees - audit or review of the financial statements	26	25	26	25
Consultancy costs	2,101	1,939	2,101	1,939
Contractors	18	145	18	145
Insurance	14	14	14	14
Postage and telephone	5	9	5	9
Advertising, Printing and Publication	1	3	1	3
Fees for Services	464	-	464	-
Variable lease payments, not included in lease liabilities	81	69	81	69
Training and conferences	47	62	47	62
Travelling	45	27	45	27
Corporate Services	84	98	84	98
Administration Expenses	(3)	175	(3)	175
ICT Expenses	165	132	165	132
	<b>3,048</b>	<b>2,698</b>	<b>3,048</b>	<b>2,698</b>

**Natural Resources Commission  
Notes to the financial statements  
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**2. Expenses Excluding Losses (cont'd)**

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>(c) Depreciation and amortisation expense</b>				
Depreciation				
Plant and Equipment	58	53	58	53
Leasehold Improvements	110	111	110	111
Right-of-use Asset	-	380	-	380
<b>Total depreciation and amortisation</b>	<b>168</b>	<b>544</b>	<b>168</b>	<b>544</b>

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>(d) Personnel Services</b>				
Paid to Natural Resources Commission Staff Agency	-	-	4,381	4,020
	-	-	4,381	4,020

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>(e) Finance costs</b>				
Unwinding of discount rate	5	1	5	1
Interest expense from lease liabilities	-	131	-	131
	5	132	5	132

**3. Revenue**

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>(a) Cluster Grants and Contributions</b>				
Grant funding from Department of Planning and Environment	4,620	6,138	4,620	6,138
Grant funding from Department of Premier and Cabinet	1,316	-	1,316	-
	<b>5,936</b>	<b>6,138</b>	<b>5,936</b>	<b>6,138</b>

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**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2023**

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

Department of Planning and Environment was administratively responsible for the Natural Resources Commission (the Commission) up to 4th April 2023. From 5th April 2023, Department of Premier and Cabinet became administratively responsible for the Commission as a result of a Machinery of Government (MoG) change.

The *Appropriation Act 2022 (Appropriations Act)* and the subsequent variations appropriates the sum of \$4.620 million to the lead Minister for the Cluster Department of Planning and Environment out of the Consolidated Fund for the services of Department of Planning and Environment and associated Cluster agencies. A further sum of \$1.316 million to the Minister for the Department of Premier and Cabinet, out of the Consolidated Fund for the services of Department of Premier and Cabinet and Cluster Agencies, for the year 2022–23. The spending authority of the Ministers from the *Appropriations Act* has been delegated or subdelegated to officers of the Department of Planning and Environment, the Department of Premier and Cabinet and entities that they are administratively responsible for, including the Commission.

The *Treasury and Energy Legislation Amendment Act 2022* made some amendments to sections 4.7 and 4.9 of the *Government Sector Finance Act 2018* (the GSF Act). These amendments commenced on 14 November 2022 and are applied retrospectively. As a result, the lead Minister for the Cluster Department of Planning and Environment before the MoG changes and post the MoG changes were the lead Minister for the Cluster Department of Premier and Cabinet, is taken to have been given an appropriation out of the Consolidated Fund under the authority section 4.7 of the GSF Act, at the time the Commission receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the Commission. These deemed appropriations are taken to have been given for the services of Department of Planning and Environment before the MoG changes and Department of Premier and Cabinet post MoG changes.

In addition, government money that the Commission receives or recovers, from another GSF agency, of a kind prescribed by the regulations that forms part of the Consolidated Fund, is now capable of giving rise to deemed appropriations where the receiving agency has a different lead Minister to the agency making the payment, or one or both of the agencies is a special office (as defined in section 4.7(8)).

On 16 June 2023, the *GSF Amendment (Deemed Appropriations) Regulation 2023* was approved to bring the GSF regulations in line with the above deemed appropriation amendments to the GSF Act.

A summary of compliance is disclosed in the financial statements of the Annual Report of both the Department of Planning and Environment and the Department of Premier and Cabinet. It has been prepared by calculating the separate spending authorities of the Minister for Department of Planning and Environment and the Minister for Department of Premier and Cabinet for the services of each respective lead department. It reflects the status at the point in time this disclosure statement is being made. The Commission's spending authority and expenditure prior to the MoG change is included in the summary of compliance of the Department of Planning and Environment, and after the MoG change in the summary of compliance of the Department of Premier and Cabinet.

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**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2023**

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

The delegation/sub-delegations for FY22/23 and FY21/22, authorising officers of the Commission to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the Commission. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation/sub-delegations are subject to the overall authority of the Department of Planning and Environment and Department of Premier and Cabinet to spend monies appropriated under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the limit from the Appropriations Act and other sources is disclosed in the summary of compliance tables included in the financial statements of the Annual Report of Department of Planning and Environment and Department of Premier and Cabinet.

The Commission receives funding under appropriations from 1 July 2023 from grant funding from the Premier's Department which receives appropriations from the Consolidated Fund. Appropriations for each financial year are set out in the Appropriation Bill that is prepared and tabled for that year.

The State Budget and related 2023-24 Appropriation Bill has been delayed until September 2023. However, pursuant to section 4.10 of the GSF Act, the Treasurer has authorised Ministers to spend specified amounts from Consolidated Fund. This authorisation is current from 1 July 2023 until the earlier of 30 September 2023 or enactment of the 2023-24 Appropriation Act.

**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2023**

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

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>(b) Acceptance by the Crown Entity of employee benefits and other liabilities</b>				
Long service leave	191	(11)	-	-
	<b>191</b>	<b>(11)</b>	<b>-</b>	<b>-</b>

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>(c) Grants - Terms of Reference funding</b>				
Terms of Reference funding	-	1,589	-	1,589
	<b>-</b>	<b>1,589</b>	<b>-</b>	<b>1,589</b>

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>(d) Recoveries funding</b>				
Cost recoveries other agencies	1,329	617	1,329	617
	<b>1,329</b>	<b>617</b>	<b>1,329</b>	<b>617</b>

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>(e) Recoveries for use of premises</b>				
Recoveries for use of premises	234	200	234	200
	<b>234</b>	<b>200</b>	<b>234</b>	<b>200</b>

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

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Written down value of assets disposed - Plant and equipment	1	3	1	3
	<b>1</b>	<b>3</b>	<b>1</b>	<b>3</b>

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

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Derecognition of right-of-use assets and lease liabilities with Property NSW*	-	205	-	205
Gain / (loss) from movement in provision for restoration cost	(11)	(9)	(11)	(9)
	<b>(11)</b>	<b>196</b>	<b>(11)</b>	<b>196</b>

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

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

	2023	2022
	\$'000	\$'000
<b>Right-of-use asset</b>		
Gross carrying value	-	(6,224)
Less: accumulated depreciation and accumulated impairment provision	-	1,099
Net book value	<b>-</b>	<b>(5,125)</b>
<b>Amortised balance of incentives received</b>		
Lease liability	-	5,330
<b>Net Gains/(Losses)</b>	<b>-</b>	<b>205</b>

**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2023**

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

The Commission is an independent body within government that is not under Ministerial control or direction over the preparation and contents of advice or recommendations. The government looks to the Commission to provide credible balanced independent advice on contested issues, and practical recommendations to help resolve complex natural resource management issues with triple bottom line focus.

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

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	1,894	1,492	1,881	1,485
	<b>1,894</b>	<b>1,492</b>	<b>1,881</b>	<b>1,485</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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents (per balance sheet)	1,894	1,492	1,881	1,485
Closing cash and cash equivalents (per statements of cash flows)	<b>1,894</b>	<b>1,492</b>	<b>1,881</b>	<b>1,485</b>

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

**Natural Resources Commission  
Notes to the financial statements  
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**8. Current Assets - Receivables**

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Current Receivables</b>				
Goods and Service Tax recoverable from Australian Tax Office	96	196	96	196
Receivable	17	70	17	70
Intercompany receivable	-	-	-	-
	<b>113</b>	<b>266</b>	<b>113</b>	<b>266</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 17.

**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 2022 - fair value</b>				
Gross carrying amount	529	1,108	-	1,637
Accumulated depreciation and impairment	(398)	(768)	-	(1,166)
Net carrying amount	131	340	-	471
<b>At 30 June 2023 - fair value</b>				
Gross carrying amount	596	1,108	-	1,704
Accumulated depreciation and impairment	(446)	(878)	-	(1,324)
Net carrying amount	150	230	-	380

**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.

**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2023**

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

	Plant and equipment \$'000	Leasehold improvements \$'000	Work in progress \$'000	Total \$'000
<b>Year ended 30 June 2023</b>				
Net carrying amount at start of year	131	340	-	471
Purchases of assets	77	-	-	77
Depreciation expense - asset owned	(58)	(110)	-	(168)
<b>Net carrying amount at end of year</b>	<b>150</b>	<b>230</b>	<b>-</b>	<b>380</b>

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

**Reconciliation**

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the 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 2022</b>				
Net carrying amount at start of year	184	451	-	635
Depreciation expense	(53)	(111)	-	(164)
Net carrying amount at end of year	131	340	-	471

**Natural Resources Commission  
Notes to the financial statements  
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**10. Leases**

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

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

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

The following table presents right-of-use assets that are shown in statement of financial position: refer note 1(h).

	<b>Right-of-use Assets \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2022	-	-
Depreciation expense - right-of-use assets	-	-
Derecognition of right-of-use-asset	-	-
<b>Balance at 30 June 2023</b>	<b>-</b>	<b>-</b>

	<b>Right-of-use Assets \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2021	5,505	5,505
Depreciation expense - right-of-use assets	(380)	(380)
Derecognition of right-of-use-asset	(5,125)	(5,125)
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>-</b>

**(b) Lease liabilities**

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

	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Balance at 1 July 2022	-	5,661
Interest expenses	-	131
Payments	-	(462)
Derecognition of lease liabilities	-	(5,330)
<b>Balance at 30 June 2023</b>	<b>-</b>	<b>-</b>

**Natural Resources Commission  
Notes to the financial statements  
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**10. Leases (cont'd)**

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

	2023	2022
	\$'000	\$'000
<b>Consolidated and Commission</b>		
Depreciation expense of right-of-use assets	-	380
Interest expense on lease liabilities	-	131
Variable lease payments, not included in the measurement of lease liabilities	-	36
Gains or losses arising from derecognising the right-of-use assets and lease liabilities with Property NSW	-	(205)
<b>Total amount recognised in the statement of comprehensive income</b>	<b>-</b>	<b>342</b>

The Commission had total cash outflows for leases of \$nil in FY 2022-23 (FY 2021-2022: \$497k).

**11. Current Liabilities – Payables**

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Accrued salaries, wages and on-costs	73	56	-	-
Creditors	1,047	1,613	1,047	1,616
Personnel Services	-	-	78	60
<b>Total current liabilities - payables</b>	<b>1,120</b>	<b>1,669</b>	<b>1,125</b>	<b>1,676</b>

Refer to Note 17 for details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables.

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

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
<b>Employee benefits and related on-costs - current</b>				
Annual and Parental leave	487	330	-	-
Long service leave on-costs	92	62	-	-
Payroll tax	87	61	-	-
Fringe benefits tax	1	2	-	-
Personnel Services	-	-	649	441
<b>Total current provisions</b>	<b>667</b>	<b>455</b>	<b>649</b>	<b>441</b>

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Non-current</b>				
<b>Employee benefits and related on-costs</b>				
Long service leave on-costs	8	5	-	-
Payroll tax	4	3	-	-
Personnel Services	-	-	12	8
	<b>12</b>	<b>8</b>	<b>12</b>	<b>8</b>
<b>Other Provisions</b>				
Restoration Cost (Make good 52 Martin Place Provision)	161	145	161	145
<b>Total non-current provisions</b>	<b>173</b>	<b>153</b>	<b>173</b>	<b>153</b>

	Consolidated		Commission	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Aggregate</b>				
<b>Employee benefits and related on-costs</b>				
Provisions - current	667	455	649	441
Provisions - non-current	12	8	12	8
Accrued salaries, wages and on-costs (Note 11)	73	56	-	-
Personnel Services (Note 11)	-	-	78	60
	<b>752</b>	<b>519</b>	<b>739</b>	<b>509</b>

**Natural Resources Commission  
Notes to the financial statements  
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**12. Current / Non-Current Liabilities Provisions (cont'd)**

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

	<b>Restoration Costs \$ '000</b>
Carry forward amount at the beginning of financial year	145
Additional Provisions recognised:	<u>16</u>
	<u>161</u>

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

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Unearned revenue <sup>1</sup>	671	7	671	7
	<u>671</u>	<u>7</u>	<u>671</u>	<u>7</u>

1. Deferred income received; service not performed.

**14. Contingent Liabilities and Contingent Assets**

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

## **15. Budget Review**

### **Net Results**

The Commission met the FY 2023 NSW Treasury published budget net result limit.

The reason for variance in revenue and expenses are as follows:

- The recoveries funding line item at note 3(d) are directly related to formal requests for advice for which all associated costs were recovered. The recovery revenues were not associated with the budgeted grant funding.

### **Assets and Liabilities**

Current assets are \$1,522k higher than the budget due to a higher cash balance. This cash balance covers the year-end accruals, funds received for Terms of Reference with final delivery in 2024. This results in a subsequent increase in payables in the following months.

Total net assets are higher than the budget by \$64k due to increase in provisions and payables.

Current Liabilities are \$1,610k higher than the budget due to an increase in payables and unearned income.

Total non-current liabilities are \$27k lower than the budget due to increase in other provisions such as make good.

### **Cash flows**

Cash flows from Operating Activities are \$881k higher than the budget due to the impacts of Terms of Reference, recoveries for advice and the associated costs.

**Natural Resources Commission  
Notes to the financial statements  
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**16. 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.

	Consolidated		Commission	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Net cash used on operating activities	478	1,167	472	1,171
Derecognition of right-of-use assets and lease liabilities with Property NSW	-	205	-	205
Depreciation and amortisation	(168)	(544)	(168)	(544)
Decrease / (increase) in provisions	(232)	23	(228)	24
Increase / (decrease) in receivables	(153)	(256)	(153)	(260)
Decrease / (increase) in creditors	549	558	551	557
Decrease / (increase) in unearned revenue	(664)	193	(664)	193
Net gain / (loss) on sale of plant and equipment	1	3	1	3
<b>Net result</b>	<b>(189)</b>	<b>1,349</b>	<b>(189)</b>	<b>1,349</b>

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

**17. Financial instruments**

The Commission's principal financial instruments are outlined below in Note 17. 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.

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

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

**(a) Financial instrument categories**

As at 30<sup>th</sup> June 2023

Class:	Note	Category	Carrying Amount 2023 \$'000	Carrying Amount 2022 \$'000
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**Consolidated**

**Financial assets**

Cash and cash equivalents	7	Amortised cost	1,894	1,492
Receivables <sup>1</sup>	8	Amortised cost	17	70

**Financial Liabilities**

Payables <sup>2</sup>	11	Financial liabilities measured at amortised cost	1,120	1,669
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Class:	Note	Category	Carrying Amount 2023 \$'000	Carrying Amount 2022 \$'000
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**Commission**

**Financial assets**

Cash and cash equivalents	7	Amortised cost	1,881	1,485
Receivables <sup>1</sup>	8	Amortised cost	17	70

**Financial Liabilities**

Payables <sup>2</sup>	11	Financial liabilities measured at amortised cost	1,125	1,676
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**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.

## **17. 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 2023 total debtors were \$17k (30 June 2022 total debtors were \$70k).

All were current and the Commission has determined there to be nil-expected credit loss (30 June 2022 there was nil credit loss).

**Natural Resources Commission  
Notes to the financial statements  
for the year ended 30 June 2023**

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

**(c) Liquidity risk**

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

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

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

For small business suppliers, where payment is not made within the specified period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payment to other suppliers, The Commissioner (or a person appointed by the Commissioner) may automatically pay the supplier simple interest. No interest for late payment was paid during the year 2022-2023 (2021-2022 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 %	Nominal Amount \$'000	Interest Rate Exposure		Maturity dates		
			Non- interest bearing \$'000		< 1year \$'000	1-5 years \$'000	>5 years \$'000
<b>Consolidated 2023</b>							
Payables:							
Accrued salaries, wages and on-costs		73	73		73	-	-
Creditors		1,047	1,047		1,047	-	-
		1,120	1,120		1,120	-	-

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

	Nominal Amount	Interest Rate Exposure	Maturity dates		
		Non- interest bearing	< 1year	1-5 years	>5 years
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>					
<b>Payables</b>					
Accrued salaries, wages and on-costs	56	56	56	-	-
Creditors	1,613	1,613	1,613	-	-
	1,669	1,669	1,669	-	-

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

	Nominal Amount	Interest Rate Exposure	Maturity dates		
		Non- interest bearing	< 1year	1-5 years	>5 years
Commission	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>					
Payables:					
Accrued salaries, wages and on-costs	78	78	78	-	-
Creditors	1,047	1,047	1,047	-	-
	1,125	1,125	1,125	-	-
<b>2022</b>					
<b>Payables</b>					
Accrued salaries, wages and on-costs	60	60	60	-	-
Creditors	1,616	1,616	1,616	-	-
	1,676	1,676	1,676	-	-

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

**(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 2022-2023. The analysis assumes that all other variables remain constant.

**(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.

<b>Consolidated</b>	<b>Carrying Amount</b>	<b>-1% Profit \$'000</b>	<b>Equity \$'000</b>	<b>1% Profit \$'000</b>	<b>Equity \$'000</b>
<b>2023</b>					
<i>Financial assets</i>					
Cash and cash equivalents	1,894	(19)	(19)	19	19
<b>Total</b>	<b>1,894</b>	<b>(19)</b>	<b>(19)</b>	<b>19</b>	<b>19</b>
<b>2022</b>					
<i>Financial assets</i>					
Cash and cash equivalents	1,492	(15)	(15)	15	15
<b>Total</b>	<b>1,492</b>	<b>(15)</b>	<b>(15)</b>	<b>15</b>	<b>15</b>

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

<b>Commission</b>	<b>Carrying Amount</b>	<b>-1% Profit \$'000</b>	<b>Equity \$'000</b>	<b>1% Profit \$'000</b>	<b>Equity \$'000</b>
<b>2023</b>					
<i>Financial assets</i>					
Cash and cash equivalents	1,881	(19)	(19)	19	19
<b>Total</b>	<b>1,881</b>	<b>(19)</b>	<b>(19)</b>	<b>19</b>	<b>19</b>
<b>2022</b>					
<i>Financial assets</i>					
Cash and cash equivalents	1,485	(15)	(15)	15	15
<b>Total</b>	<b>1,485</b>	<b>(15)</b>	<b>(15)</b>	<b>15</b>	<b>15</b>

**(f) Fair value measurement**

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

**(ii) Fair value recognised in the Statement of Financial Position**

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.

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**18. 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 2023 are as follows:

<b>Short Term Employee Benefits:</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries	500	473
Other monetary allowances	-	-
Non-monetary benefits	5	3
Other long-term employee benefits	21	14
Post-employment benefits	-	-
Termination benefits	-	-
<b>Total remuneration</b>	<b>526</b>	<b>490</b>

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.

**19. Events after the Reporting Period**

There were no significant events after the reporting period.

**End of audited financial statements**

# Other information

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## Website

[www.nrc.nsw.gov.au](http://www.nrc.nsw.gov.au)

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