



ANNUAL REPORT 2004/05

October 2005



ANNUAL REPORT

2004/05

October 2005

31st October 2005

The Hon. Morris Iemma MP
Premier of NSW
Level 40
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Dear Premier,

**NATURAL RESOURCES COMMISSION
ANNUAL REPORT 2004/2005**

As required by the Annual Reports (Statutory Bodies Act) 1984, I am pleased to submit the annual report of the Natural resources Commission for the year ended 30 June 2005.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Thomas G Parry', written in a cursive style.

Thomas G Parry
Commissioner

Inquiries

Inquiries about this report should be directed to:

Alex McMillan
Executive Director
Natural Resources Commission

Phone
(02) 8227 4300

E-mail
alex.mcmillan@nrc.nsw.gov.au

Office address
Level 10
15 Castlereagh Street
Sydney NSW 2000
Tel: (02) 8227 4300
Fax: (02) 8227 4399

Office hours
8.30am-6.00pm, Monday-Friday

Postal address
GPO Box 4206, Sydney NSW 2001

List of acronyms

CAP	Catchment Action Plan
CMA	Catchment Management Authority
NRC	Natural Resources Commission

This work is copyright. The *Copyright Act 1968* permits fair dealing for study, research, news reporting, criticism and review. Selected passages, table or diagrams may be reproduced for such purposes provided acknowledgement of the source is included.

Document No. D05/5329

TABLE OF CONTENTS

1	The Commissioner's Report	3
2	Purpose and Objectives	4
3	Our principal achievements in 2004/2005	6
4	Management and structure	8
5	Budgets	11
6	Our work program for 2005/2006	32
7	Outline budget for 2005/06 (not finalised)	33
8	Future directions	34
	Appendix 1: Legislative Provisions	35
	Appendix 2: Staffing and Consultants	36
	Appendix 3: General Information	39
	Appendix 4: Freedom of Information Act – Statement of Affairs	42

1 The Commissioner's Report

The Natural Resources Commission (NRC) was formally established in January 2004, but has effectively only been in operation for some 12 months. In that time, I believe the Commission has established its position as a significant player in the natural resource management (NRM) landscape in NSW (and, indeed, nationally).

A key role of the NRC is to provide independent advice to the NSW Government in the complex and often controversial field of natural resource management. During this first full year we have developed and gained wide acceptance and adoption of a state-wide standard and targets for natural resource management activities by the new Catchment Management Authorities (CMAs).

The standard and targets are designed to ensure that activities and investments result in improved natural resource conditions across NSW. The standard guides CMAs to adopt sound processes in their decision making. State-wide targets will focus NRM investments and provide a means of tracking progress. They will also help make CMAs and other natural resource managers accountable for achieving outcomes, while allowing for regional flexibility and innovation.

This body of work is a big step forward in implementing the National Framework for NRM Standards and Targets, and places NSW at the forefront of regional delivery of NRM. There has been strong support for and interest in the NRC's work on the standard and targets, including interest by officials in the Australian and other State Governments. The standard and targets are a practical and innovative way of ensuring National and State investments in natural resource management deliver quality outcomes via regionally-based CMAs.

I am confident that as CMAs apply best practice processes (embodied in the standard) within the framework of state-wide targets, we will see improved natural resource management activities and outcomes. Importantly, the success of this depends critically on supporting activities from the NRM agencies - the Departments of Natural Resources, Primary Industries and Environment and Conservation. A sound framework for policy, delivery support, monitoring and enforcement is essential for the success of the new NRM model.

The NRC Assistant Commissioners and staff have spent considerable time and effort working with key stakeholder groups, including the CMAs, to develop the state-wide standard and targets that will be relevant not only at a state-wide scale, but also at the catchment and sub-catchment levels. The next step is actual implementation of processes by the CMAs. An important role for the NRC will be to work with CMAs (and others) to audit the application and implementation of the standard and targets by CMAs (and necessarily the role of the NRM agencies and other key players, such as local government, in assessing actual outcomes).

I would like to acknowledge the tremendous support and hard work of the Executive Director, Alex McMillan, the NRC Assistant Commissioners and all our staff and consultants. The support of key stakeholders, such as the CMAs and key State and National Government officials has also been critical to our work and is much appreciated. While it is early days for the new NRM model, I am confident that the foundations being laid by the NRC, CMAs and other key players will lead to a real improvement in the State's natural resource management outcomes in coming years.



Thomas G Parry

2 Purpose and Objectives

In late 2003 the NSW Government announced that natural resource management in New South Wales was to undergo major changes following the recommendations of the Native Vegetation Reform Implementation Group chaired by the Rt. Hon. Ian Sinclair.

The Government introduced the Natural Resources Commission legislation to provide the foundations for a move away from the conflict that historically accompanied the natural resources debate to a professional, outcomes-based approach based on clear, independently established standards and targets and an ability to track progress.

The model follows more than 10 years of reforms in NRM at both the national and state level, and includes the devolution of significant planning and investment responsibilities to 13 newly established regional Catchment Management Authorities (CMAs).

The Natural Resources Commission (NRC) is an independent body established to provide independent advice to government, including to:

- recommend state-wide standards and targets for natural resource management
- recommend the approval of CMAs' Catchment Action Plans (CAPs) that are consistent with state-wide standards and targets
- audit the effectiveness of the implementation of CAPs in achieving state-wide standards and targets, and
- review specific natural resource issues as referred by the Minister.

Established by the *Natural Resources Commission Act 2003*, the NRC opened its doors in late May 2004. Its first task was to develop and recommend to government state-wide standards and targets for natural resource management. After releasing two Consultation Papers in September and November 2004, the NRC reported to government on 13 May 2005 recommending a state-wide standard and fourteen state-wide targets. These were endorsed by Cabinet on 27 May 2005.

The NRC is now working closely with CMAs to ensure their CAPs can be recommended for approval by government as consistent with the state-wide standard and likely to promote state-wide targets. In coming years, the NRC will audit how CMAs implement their CAPs and the extent to which they make progress towards state-wide targets.

In addition, the NRC will provide independent advice to Government on:

- priorities for scientific research
- the circumstances in which broad scale clearing can be regarded as improving or maintaining environmental outcomes
- whether the 10 year water sharing plans should be extended
- Coastal Master plans under State Environmental Planning Policy (SEPP) 71
- the environmental impact of cloud seeding operations in the Snowy Mountains, and
- any other referred matters

The NRC has also been preparing to provide advice to the Threatened Species Scientific Committee on priorities for its consideration of nominations, and for the review of existing

schedules of threatened species, populations and communities. These functions will formally commence when the *Threatened Species Legislation Amendment Act 2004* commences in late 2005.

The NRC has established transparent consultation processes that allow comprehensive engagement with stakeholders. It draws on the practical experience of those who manage our natural resources and incorporates the best available science. Importantly, it also considers the social and economic impacts of its recommendations.

The Government established the Natural Resources Commission as a key organisation in its natural resource management reforms. These reforms also include the establishment of a stakeholder group – the Natural Resources Advisory Council – and Catchment Management Authorities (CMAs). Under the new structure, the roles of these new bodies are complementary, but remain separate and distinct.

The Government provides policies and directives, the Advisory Council clearly articulates to Government key stakeholder positions while the NRC independently recommends and audits against standards and targets and acts as an independent “arbitrator”. Regional CMAs develop and deliver regional strategic plans (Catchment Action Plans) for managing each region’s natural resources within the policy settings and state-wide targets government has adopted. In this way, issues are addressed through agreed and pre-determined mechanisms, making natural resource management regionally relevant, yet consistent with state-wide priorities, and providing stakeholders and landholders with certainty and transparency.

The new Department of Natural Resources, along with the Department of Environment and Conservation and Department of Primary Industries, will provide integrated policy and technical expertise in natural resources management. They will work closely with other land management and natural resource management agencies to be a primary source of data and information as well as initiating and implementing the policies of Government in natural resource management.

3 Our principal achievements in 2004/05

In its first full year of operation the NRC has focused on delivery of its core functions while establishing sound organisational foundations that allow it to harness the value of its new independent role.

The NRC has subsumed the following 10 bodies:

- Resource and Conservation Assessment Council
- Healthy Rivers Commission
- Coastal Council
- Native Vegetation Advisory Council
- Water Advisory Council
- State Catchment Management Coordinating Committee
- State Wetlands Advisory Committee
- State Weir Review Committee
- Fisheries Resource Conservation and Assessment Council, and
- Advisory Council on Fisheries Conservation.

It has worked closely with CMAs, the Australian Government and NSW Government agencies and other stakeholders to develop a focus on achieving outcomes that will underpin effective investment of the \$436 million committed by the State and National Governments. It has built trust and strong working relationships with these stakeholders, which has promoted acceptance of its independent and practical advice and is resulting in streamlined and more effective government processes.

A key achievement is the collaborative development of state-wide standards and targets that translate the National Framework for Standards and Targets into meaningful state-level outcomes and quality processes. These were adopted without amendment by the NSW Government in May 2005 and are acknowledged by all key stakeholders as practical and innovative. The Government requested that the NRC follow-up this work with recommendations on state agency monitoring and evaluation arrangements to support the state-wide targets. These were delivered to Government early in the 2005/06 financial year.

Towards the end of 2004/05 the NRC shifted its focus from development work to implementation. It developed an audit framework that will enable consistent and fair assessments of draft CAPs. This will underpin its advice to government on the quality and likely effectiveness of CAPs for integrated delivery of regional priorities that will promote state-wide and national targets. It has also focused effort on providing 'extension' services to assist CMAs implement the standard and targets.

The NRC has delivered against a range of other obligations including:

- Review of the Cloud Seeding Trial in the Snowy Mountains undertaken by Snowy Hydro
- 50 advices to the Minister in relation to SEPP 71 Coastal Master Plans.

It is also prepared for providing sound independent advice to Government at the commencement of the *Native Vegetation Act 2003* given its anticipated roles under the draft regulations.

The NRC has a small staff and has invested time and resources in establishing a high performance culture and effective business systems which manifests in the high productivity demonstrated by its achievements in 2004/05.

Table 1 lists the publications prepared by the NRC in 2004/05.

Table 1 Publications released in 2004/05

Type	Date	Document Title
Reports		
	May 2005	Recommendations – State-wide Standard and Targets (<i>Under Government consideration – not yet released to public</i>)
	Nov 2004	Consultation Paper – Draft State-wide Standards and Targets
	Oct 2004	A Framework for State-wide Standards and Targets
	Oct 2004	Annual Report 2003/2004
Case studies		
	Nov 2004	Murrumbidgee Catchment Management Authority – Application of Draft State-wide Standards and Targets
	Nov 2004	Southern Rivers Catchment Management Authority – Application of Draft State-wide Standards and Targets
	Nov 2004	Western Catchment Management Authority – Application of Draft State-wide Standards and Targets
Documents to support Catchment Management Authorities		
	May 2005	Standard for Quality Natural Resource Management
Fact sheets		
	May 2005	Natural Resources Commission
	May 2005	Why Standards and Targets are important
	May 2005	State-wide Standard for Quality Natural Resource Management
	May 2005	State-wide Targets for Natural Resource Management
	May 2005	The NRC’s Audit Role
	Oct 2004	The Process of Developing Standards and Targets
	Oct 2004	A Framework for Standards and Targets

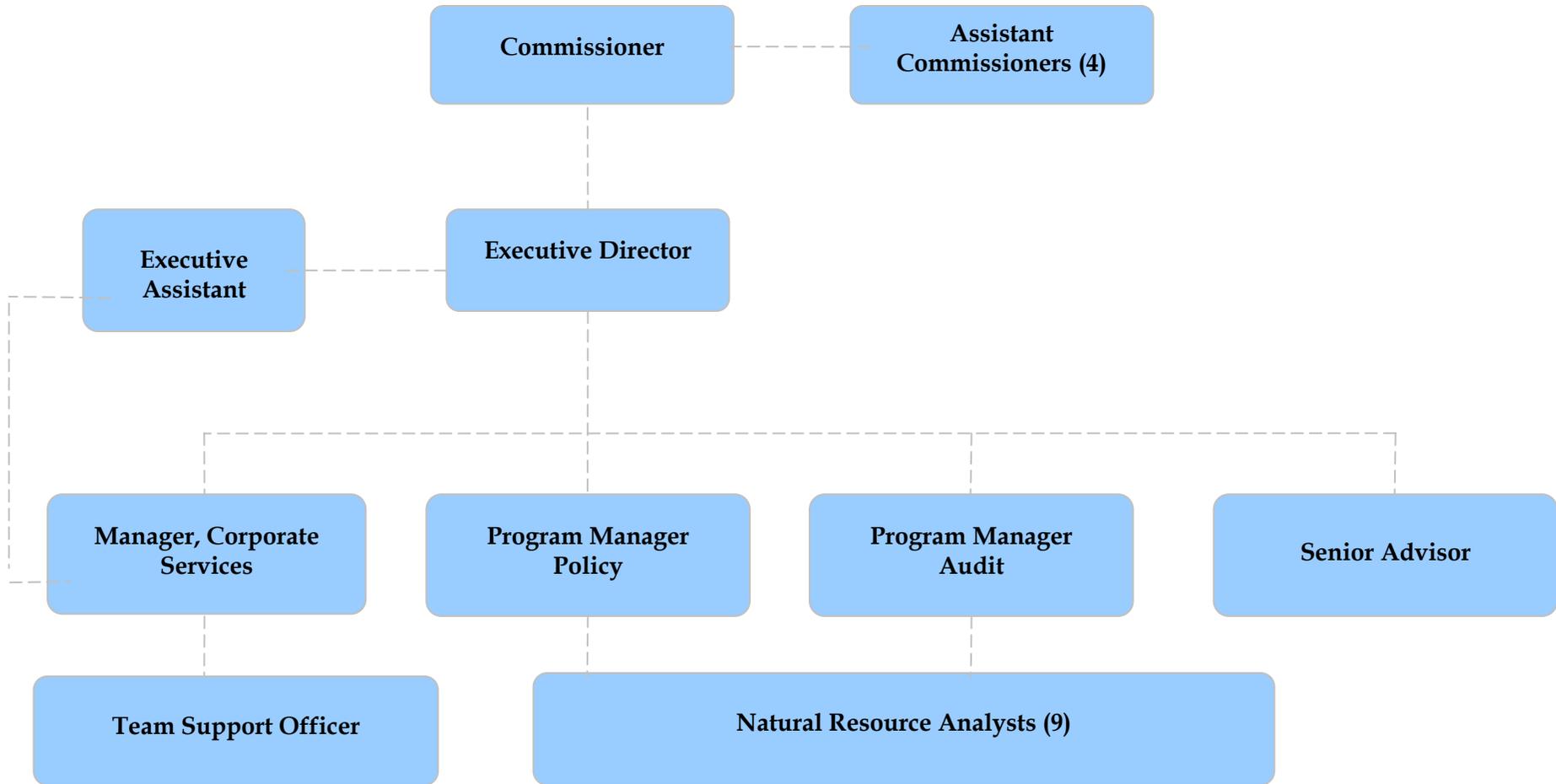
4 Management and structure

Senior officers

The NRC is headed by the Executive Director, who reports to the Commissioner.

Commissioner Thomas G. Parry BEc(Hons), MEc, PhD
Executive Director Alex McMillan BEc(Hons), LLB
Assistant Commissioners Dianne Bentley BSc Agr, David Leece BSc Agr, MSc Agr, PhD, jssc Ronnie Harding BA, BSc(Hons), PhD Jane McAloon BEc(Hons), LLB

Organisational Structure



Regular Meeting Attendances

The NRC convenes monthly meetings of the Commissioner, Assistant Commissioners and Senior Executives to discuss and review the work of the NRC.

Significant Committees

The NRC did not participate in any external committees during the reporting period.

5 Budgets

The 2004/05 financial report has been audited and approved by the NSW Audit Office.

NATURAL RESOURCES COMMISSION

FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2004 TO 30 JUNE 2005



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Natural Resources Commission

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Natural Resources Commission:

- (a) presents fairly the Commission's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

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

The Commissioner's Role

The financial report is the responsibility of the Commissioner of the Natural Resources Commission. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows, the summary of compliance with financial directives and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Commission in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Commissioner had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Commission,
- that the Commission has carried out its activities effectively, efficiently and economically,
- about the effectiveness of its internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

P. K. Brown

P K Brown FCPA
Director of Audit

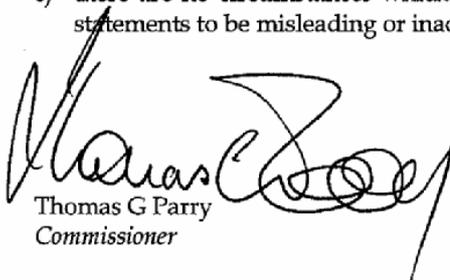
SYDNEY
19 October 2005



**STATEMENT ON BEHALF
OF THE NATURAL RESOURCES COMMISSION**

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

- a) the accompanying financial statements have been prepared in accordance with applicable Australian Account Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2000, the Financial Reporting Code for Budget Dependent General Government Sector Agencies and Treasurer's Directions;
- b) the financial statements exhibit a true and fair view of the financial position of the Natural Resources Commission of New South Wales as at 30 June 2005 and the operations for the year then ended;
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Thomas G Parry
Commissioner



Alex McMillan
Executive Director

28th October 2005

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	Actual 2005 \$'000	Budget 2005 \$'000	Actual 2004 \$'000
Expenses				
Operating expenses				
Employee related expenses	2(a)	1,025	1,586	92
Other operating expenses	2(b)	2,310	1,929	224
Maintenance	2(c)	30	50	-
Depreciation	2(d)	169	-	-
Total Expenses		3,534	3,565	316
Less:				
Retained revenue				
Sale of goods and services		4	-	-
Investment income		40	-	-
Other revenue		13	-	-
Total Retained Revenue		57	-	-
Gain / (loss) on disposal of non-current assets		(19)	-	-
Net Cost of Services	18	3,496	3,565	316
Government Contributions				
Recurrent appropriation	3	3,000	3,514	191
Capital appropriations	3	934	500	162
Acceptance by the Crown Entity of employee benefits and other liabilities	4	80	161	2
Total Government Contributions		4,014	4,175	355
SURPLUS / (DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES		518	610	39
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		-	-	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	14	518	610	39

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION

	Notes	Actual 2005 \$'000	Budget 2005 \$'000	Actual 2004 \$'000
ASSETS				
Current Assets				
Cash	6	530	1,216	1,066
Receivables	7	106	120	110
Other	8	14	2	2
Total Current Assets		650	1,338	1,178
Non-Current Assets				
Plant and Equipment	9	924	612	162
Other non current assets	10	44	-	-
Total Non-Current Assets		968	612	162
Total Assets		1,618	1,950	1,340
LIABILITIES				
Current Liabilities				
Payables	11	345	158	158
Provisions	12	107	43	43
Other current liabilities	13	559	1,097	1,097
Total Current Liabilities		1,011	1,298	1,298
Non-Current Liabilities				
Provisions	12	6	3	3
Other non current liabilities	13	44	-	-
Total Non-Current Liabilities		50	3	3
Total Liabilities		1,061	1,301	1,301
Net Assets		557	649	39
EQUITY				
Accumulated funds	14	557	649	39
Total Equity		557	649	39

The accompanying notes form part of these statements.

STATEMENT OF CASH FLOWS

		Actual	Budget	Actual
		2005	2005	2004
	Notes	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(826)	(1,435)	(80)
Other		(2,536)	(1,929)	(142)
Total Payments		<u>(3,362)</u>	<u>(3,364)</u>	<u>(222)</u>
Receipts				
Sale of goods and services		38	-	-
Interest received		18	-	-
Other		262	(10)	-
Total Receipts		<u>318</u>	<u>(10)</u>	<u>-</u>
Cash Flows From Government				
Recurrent appropriation	3	3,529	3,514	1,000
Capital appropriation	3	950	500	450
Cash reimbursements from the Crown Entity		60	10	-
Cash transfers to the Consolidated Fund		(1,097)	-	-
Net Cash Flows From Government		<u>3,442</u>	<u>4,024</u>	<u>1,450</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	18	<u>398</u>	<u>650</u>	<u>1,228</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Plant and Equipment		(934)	(500)	(162)
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(934)</u>	<u>(500)</u>	<u>(162)</u>
NET INCREASE (DECREASE) IN CASH				
Opening cash and cash equivalents		(536)	150	1,066
		<u>1,066</u>	<u>-</u>	<u>-</u>
CLOSING CASH AND CASH EQUIVALENTS	6	<u>530</u>	<u>150</u>	<u>1,066</u>

The accompanying notes form part of these statements.

SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES

	2005				2004			
	Recurrent Appropriation	Expenditure / Net Claim on Consolidated Fund	Capital Appropriation	Expenditure / Net Claim on Consolidated Fund	Recurrent Appropriation	Expenditure / Net Claim on Consolidated Fund	Capital Appropriation	Expenditure / Net Claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ORIGINAL BUDGET APPROPRIATE / EXPENDITURE								
▪ Appropriation Act	<u>3,514</u>	<u>2,985</u>	<u>500</u>	<u>500</u>	<u>1,000</u>	<u>191</u>	<u>450</u>	<u>162</u>
	<u>3,514</u>	<u>2,985</u>	<u>500</u>	<u>500</u>	<u>1,000</u>	<u>191</u>	<u>450</u>	<u>162</u>
OTHER APPROPRIATIONS / EXPENDITURE								
▪ Treasurer's Advance	-	-	450	434	-	-	-	-
▪ Transfers to / from another agency (s27 of the Appropriation Act)	<u>15</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>15</u>	<u>15</u>	450	<u>434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	<u>3,529</u>	<u>3,000</u>	950	<u>934</u>	<u>1,000</u>	<u>191</u>	<u>450</u>	<u>162</u>
Amount draw down against Appropriation		<u>3,529</u>		<u>950</u>		<u>1,000</u>		<u>450</u>
Liability to Consolidated Fund **		529		16		809		288

The Summary of Compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed).

** Liability to Consolidated Fund represents the difference between the "Amount drawn against Appropriation" and the "Total Expenditure / Net Claim" on Consolidated Fund for the year.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

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

As the Commission is a single program entity, the financial operations disclosed in the Statement of Financial Performance and Statement of Financial Position are those of the Commission program. Accordingly, a separate supplementary program statement has not been prepared.

(b) Basis of Accounting

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

- applicable Australian Accounting Standards
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Urgent Issues Group (UIG) Consensus Views;
- the requirements of the *Public Finance and Audit Act 1983* and Regulations; and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2)(n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncements of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 "Accounting Policies" is considered.

The financial statements are prepared in accordance with the historical cost convention.

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

The accounting policies adopted are consistent with those of the previous year.

(c) Administered Activities

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

(d) Revenue Recognition

Revenue is recognised when the Commission has control of the good or right to receive, it is probable that the economic benefits will flow to the Commission, and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

(i) Parliamentary Appropriations and Contributions from Other Bodies

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenues when the Commission obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

The liability is disclosed in Note 13 as part of 'Current liabilities - Other'. The amount will be repaid and the liability will be extinguished next financial year.

(ii) Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services ie user charges. User charges are recognised as revenue when the Commission obtains control of the assets that result from them.

(iii) Rendering of Services

Revenue from the rendering of services is recognised as and when services have been rendered and there is a valid claim against external parties, whether or not cash has been received.

(iv) Investment income

Interest revenue is recognised as it accrues.

(v) Grants and Contributions

Revenues arising from the contribution of assets to the Commission are recognised when the Commission gains control of an asset or the right to receive the asset.

(vi) Acceptance of Liability by the Crown Entity

Refer to Note 1 (e) for Acceptance by the Crown Entity of Employee Entitlements and Other Liabilities.

(e) Employee Benefits and other provisions

(i) Salaries and Wages, Annual Leave, Sick Leave and On-Costs

Liabilities for salaries and wages (including non-monetary benefits) and annual leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

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

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

(ii) Long Service Leave and Superannuation

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

(f) Insurance

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

(g) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- 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.
- receivables and payables are stated with the amount of GST included.

(h) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Commission. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

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

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

(i) Plant and Equipment

Plant and equipment costing \$5,000 and above individually are capitalised.

(j) Revaluation of Physical Non-Current Assets

Physical non-current assets are valued in accordance with the "Guidelines for the Valuation of Physical Non-Current Assets at Fair Value" (TPP 03-02). This policy adopts fair value in accordance with AASB 1041 from financial years beginning on or after 1 July 2002. There is no substantive difference between the fair value valuation methodology and the previous valuation methodology adopted in the NSW public sector.

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is measured as its market buying price ie the replacement cost of the asset's remaining future economic benefits. The Agency is a not for profit entity with no cash generating operations.

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

(k) Depreciation of Non-Current Physical Assets

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

Depreciation Rates	%Rate
Office furniture and fittings	10.000%
Computer equipment and software	25.000%
General plant and equipment	14.280%
Leasehold improvements	Over the initial period of the lease

(l) Leased Assets

Any leasing transactions for operating leases of buildings and motor vehicles are recognised as expenses in the period in which they are incurred.

(m) Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(n) Trust Funds

The Commission does not receive any money in a trustee capacity.

(o) Payables

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

(p) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s 21A, s 24 and / or s 26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Statement of Financial Performance and the Statement of Cash Flows are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Statement of Financial Position, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts as per the audited financial statements (rather than carried forward estimates).

2 EXPENSES

	2005 \$'000	2004 \$'000
(a) Employee related expenses		
Salaries and wages (including recreation leave)	905	73
Superannuation	60	1
Long service leave	16	2
Workers compensation insurance	6	1
Payroll tax and fringe benefit's tax	38	15
	<u>1,025</u>	<u>92</u>
	2005 \$'000	2004 \$'000
(b) Other operating expenses		
Advertising	1	-
Auditor's remuneration	6	3
Operating lease rental expense - minimum lease payments	17	-
Insurance	13	6
Administration Expenses	444	65
Corporate services	80	11
Consultancies	358	-
Contractors	851	58
Training and development	18	-
Printing and publications	43	1
Travel expenses	101	7
EDP expenses	201	40
Postage and telephone	1	-
Rental expense relating to operating leases	151	33
Special Functions/Events	25	-
	<u>2,310</u>	<u>224</u>
	2005 \$'000	2004 \$'000
(c) Maintenance expenses		
Maintenance	30	-
	<u>30</u>	<u>-</u>
	2005 \$'000	2004 \$'000
(d) Depreciation expense		
Office furniture and equipment	12	-
Computer hardware	56	-
Amortisation - leasehold improvements	101	-
	<u>169</u>	<u>-</u>

3 APPROPRIATIONS

	2005 \$'000	2004 \$'000
Recurrent appropriations		
Total recurrent drawdowns from Treasury (per Summary of Compliance)	3,529	1,000
Less: Liability to Consolidated Fund (per Summary of Compliance)	529	809
	<u>3,000</u>	<u>191</u>
Comprising:		
Recurrent appropriations (per Statement of Financial Performance)	3,000	191
	<u>3,000</u>	<u>191</u>
Capital appropriations		
Total capital drawdowns from Treasury (per Summary of Compliance)	950	450
Less: Liability to Consolidated Fund (per Summary of Compliance)	16	288
	<u>934</u>	<u>162</u>
Comprising:		
Capital appropriations (per Statement of Financial Performance)	934	162
	<u>934</u>	<u>162</u>

4 ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES

The following liabilities and / or expenses have been assumed by the Crown Entity :

	2005 \$'000	2004 \$'000
Superannuation	60	-
Long service leave	16	2
Payroll tax (on superannuation)	4	-
	<u>80</u>	<u>2</u>

5 PROGRAMS / ACTIVITIES OF THE AGENCY

Program - Natural Resources Commission

Objective: To provide independent advice on natural resources management issues; to recommend statewide standards and targets; to recommend the approval of Catchment Action Plans; to undertake audits of those plans; to gather and disseminate information; to advise the Minister on priorities for research; to undertake assessments and inquiries requested by the Minister.

Program Description: Provision of research and advisory services to support natural resources management. Conduct of public inquiries, seminars, establishment of working groups and other consultative mechanisms and dissemination of information. Maintenance of systems and procedures to administer and monitor Catchment Action Plans. Provision of a compliance reporting framework to monitor compliance with standards and targets.

6 CURRENT ASETS - CASH

	2005 \$'000	2004 \$'000
Cash at bank and on hand	530	1,066
	<u>530</u>	<u>1,066</u>

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank.

Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

Cash (per Statement of Financial Position)	530	1,066
Closing cash and cash equivalents (per Statement of Cash Flows)	<u>530</u>	<u>1,066</u>

7 CURRENT ASSETS - RECEIVABLES

	2005 \$'000	2004 \$'000
Current Receivables		
Other debtors	55	71
Goods and Services Tax recoverable from ATO	51	39
	<u>106</u>	<u>110</u>

No provision has been made for doubtful debts as all amounts are considered to be collectable.

8 CURRENT ASSETS - OTHER

	2005 \$'000	2004 \$'000
Current Other financial assets		
Prepayments	-	2
Lease incentive	14	-
	<u>14</u>	<u>2</u>

9 NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Plant and Equipment

At Cost	1,093	162
Less: Accumulated Depreciation	169	-
	<u>924</u>	<u>162</u>

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

9 NON-CURRENT ASSETS - PLANT AND EQUIPMENT (cont'd)

	2005 \$'000
Entity	
Carrying amount at start of period	162
Additions	949
Disposals	(18)
Depreciation expense	(169)
Carrying amount at end of year	<u>924</u>

10 OTHER ASSETS

	2005 \$'000	2004 \$'000
Other non current assets		
Lease incentive	44	-
	<u>44</u>	<u>-</u>

11 CURRENT LIABILITIES - PAYABLES

	2005 \$'000	2004 \$'000
Creditors	345	158
	<u>345</u>	<u>158</u>

12 CURRENT / NON-CURRENT LIABILITIES - PROVISIONS

	2005 \$'000	2004 \$'000
Employee benefits and related on-costs		
Current		
Recreation Leave	99	38
Long Service Leave	1	-
Payroll tax	7	5
	<u>107</u>	<u>43</u>
Non-current		
Long Service Leave	2	-
Payroll tax	3	2
Workers Compensation Insurance	1	1
	<u>6</u>	<u>3</u>
Aggregate employee benefits and related on-costs		
Provisions - current	107	43
Provisions - non-current	6	3
	<u>113</u>	<u>46</u>

13 CURRENT / NON-CURRENT LIABILITIES - OTHER

	2005 \$'000	2004 \$'000
Current		
Liability to consolidated fund	545	1,097
Lease incentive	14	-
	<u>559</u>	<u>1,097</u>

	2005 \$'000	2004 \$'000
Other non current liabilities		
Lease Incentive	44	-
	<u>44</u>	<u>-</u>

14 CHANGES IN EQUITY

	Accumulated Funds	
	2005 \$'000	2004 \$'000
Entity		
Balance at the beginning of the year	39	-
Changes in equity - other than transactions with owners as owners		
Surplus / (deficit) for the year	518	39
Balance at the end of the financial year	<u>557</u>	<u>39</u>

15 COMMITMENTS FOR EXPENDITURE

	2005 \$'000	2004 \$'000
(a) Capital Commitments		
Aggregate capital expenditure for the acquisition of plant ad equipment contracted for at balance date and not provided for:		
Not later than one year	-	22
Total (including GST)	<u>-</u>	<u>22</u>

(b) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable		
Not later than one year	238	269
Later than one year and not later than five years	713	1,076
Total (including GST)	<u>951</u>	<u>1,345</u>

Commitments include GST of \$87K which is expected to be recovered from the Australian Taxation Office (ATO).

16 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

17 BUDGET REVIEW

Net cost of services

Net cost of services is below budget by \$69K mainly due to lower levels of expenditure than expected in Employee Related expenses and higher budgeted revenue (\$57K)

Assets and liabilities

Current Assets were \$688K below budget mainly due to cash lower than budgeted by \$686K.

Non Current Assets were \$356K higher than budget. It is due to higher than budgeted plant and equipment additions for office fitout \$450K and \$44K lease incentive.

Current Liabilities were \$287K lower than budget. It is mainly due to reduction in the Liabilities to Consolidated Fund \$552K.

Non Current Liabilities were \$47K more than budget due to lease incentive of \$44K.

Cash flows

Cash flows from Operating Activities were \$252K lower than budget. This is due to \$1097K cash transfer to ConFund offset by \$318K receipts above budget and additional capital appropriations of \$450K.

18 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

	2005 \$'000	2004 \$'000
Net cash from operating activities	398	1,228
Cash flows from Government / Appropriations	(3,442)	(1,450)
Acceptance by the Crown Entity of employee benefits and other liabilities	(20)	(2)
Gain / (loss) on disposal of assets	(19)	-
Depreciation	(169)	-
Decrease / (increase) in provisions	(68)	(46)
Increase / (decrease) in prepayments and other assets	53	112
Decrease / (increase) in creditors	(229)	(158)
Net cost of services	<u>(3,496)</u>	<u>(316)</u>

19 FINANCIAL INSTRUMENTS

Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11 am unofficial cash rate adjusted for a management fee to Treasury. The average rate over the year was 4.3325% (4.06% in 2004) and the rate at year end was 4.5 % (4.25% in 2004).

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on 30 day terms.

Bank Overdraft

The Commission does not have any bank overdraft facility.

Trade Creditors and Accruals

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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payments.

20 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

Natural Resources Commission will apply the Australian equivalents to International Financial Reporting Standards (AEIFRS) from 2005-06.

The Commission is managing the transition to the new standards by allocating internal resources and engaging Central Corporate Services Unit (CCSU) to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition. To date, all the phases identified and reported in the Financial Statements for the year ended 30 June 2004 have been completed. In particular, a draft Balance Sheet as at 1 July 2004 was prepared under AIFRS (in parallel with existing AGAAP financial information and financial statement) and submitted to the NSW Treasury and Audit Office.

Natural Resources Commission has determined the key areas where changes in accounting policies are likely to impact the financial report. Some of these impacts arise because AEIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts are likely to arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it is likely to mandate for the NSW Public Sector. The impacts disclosed below reflect Treasury's likely mandates (referred to as "indicative mandates")

20 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (cont'd)

Shown below are management's best estimates as at the date of preparing the 30 June, 2005 financial report of the estimated financial impacts of AEIFRS on the Group's equity and profit/loss. Natural Resources Commission does not anticipate any material impacts on its cash flows. The actual effects of the transition may differ from the estimated figures below because of pending changes to the AEIFRS, including the UIG interpretations and / or emerging accepted practice in their interpretation and application. Natural Resources Commission's accounting policies may also be affected by a proposed standard to harmonise accounting standards with Government Finance Statistics (GFS). However, the impact is uncertain because it depends on when this standard is finalised and whether it can be adopted in 2005-06

(a) Reconciliation of key aggregates

Reconciliation of equity under existing standards (AGAAP) to equity under AEIFRS

	2005** \$'000	1 July 2004* \$'000
Notes		
Total Equity under AGAAP	<u>557</u>	39
Adjustments to accumulated funds		
Adjustments to other reserves		
Total equity under AEIFRS	<u>557</u>	39

* = adjustments as at the date of transition

** = cumulative adjustments as at date of transition plus the year ended 30 June, 2005

Reconciliation of surplus / (deficit) under AGAAP to surplus / (deficit) under AEIFRS:

	30 June 2005 \$'000
Notes	
Surplus / (deficit) under AGAAP	<u>518</u>
Surplus / (deficit) under AEIFRS	<u>518</u>

Based on the above, if AEIFRS were applied in 2004/05 this would not change the Net Cost of Services.

Notes to tables above

- 1 AASB 116 *Property Plant and Equipment* require *for-profit* entities to recognise revaluation increments and decrements on an individual asset basis, rather than a class basis. This change will decrease accumulated funds and increase the asset revaluation reserve.
- 2 AASB 116 requires major inspection costs to be capitalised, where these are currently expensed. This will require the fair value and depreciation of the related asset to be re-allocated.

- 3 AASB 116 requires the cost and fair value of property, plant and equipment to be increased to include the estimated restoration costs, where restoration provisions are recognised under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. These restoration costs must be depreciated and the unwinding of the restoration provision must be recognised as a finance expense. This treatment is not required under current AGAAP.
- 4 AASB 119 *Employee Benefits* requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. Where the superannuation obligation is not assumed by the Crown, this will increase the defined benefit superannuation liability (or decrease the asset for those agencies in an overfunded position) and change the quantum of the superannuation expense.
- 5 AASB 119 requires present value measurement for all long-term employee benefits. Current AGAAP provides that wages, salaries, annual leave and sick leave are measured at nominal value in all circumstances. Natural Resources Commission has long-term annual leave benefits and accordingly will measure these benefits at present value, rather than nominal value, thereby decreasing the employee benefits liability and changing the quantum of the annual leave expense.

(b) Financial Instruments

In accordance with NSW Treasury's indicative mandates, Natural Resources Commission will apply the exemption provided in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* not to apply the requirements of AASB 132 *Financial Instruments: Presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June, 2005. These Standards will apply from 1 July 2005. None of the information provided above includes any impacts for financial instruments. However, when these Standards are applied, they are likely to impact on retained earnings (on first adoption) and the amount and volatility of profit / loss. Further, the impact of these Standards will in part depend on whether the fair value option can or will be mandated consistent with Government Finance Statistics.

(c) Grant recognition for not-for profit entities

Natural Resources Commission will apply the requirements in AASB 1004 *Contributions* regarding contributions of assets (including grants) and forgiveness of liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the current AASB 1004. However, the new AASB 1004 may be amended by proposals in Exposure Draft (ED) 125 *Financial Reporting by Local Governments*. If the ED 125 approach is applied, revenue and / or expense recognition will not occur until either Natural Resources Commission supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 may therefore delay revenue recognition compared with AASB 1004, where grants are recognised when controlled. However, at this stage, the timing and dollar impact of these amendments is uncertain.

21 AFTER BALANCE DATE EVENTS

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

End of audited financial statements

6 Our work program for 2005/2006

During the 2005/06 reporting year, the NRC's work will focus on:

- supporting CMAs to successfully implement the government-endorsed state-wide standard and targets
- reviewing the business systems CMAs have established to embed the standard as part of their activities
- extending and refining the methodology it uses to audit CMA's implementation of their CAPs
- recommending the approval of CMA's Catchment Action Plans in terms of their consistency with state-wide standards and targets
- promoting adoption of standard and targets to other natural resource managers
- providing advice to the Minister on proposed changes to the Environmental Outcomes Assessment Methodology under the regulations of the *Native Vegetation Act 2003*
- monitoring and reporting on the environmental impact of Snowy Mountains cloud seeding trial
- providing advice to Minister on SEPP 71 (coastal master plans)
- developing a framework for review of Water Sharing Plans and advising government on the data required to successfully assess plans
- implementing the NRC's role under amendments to the threatened species legislation
- completing any specific reviews requested by Government.

7 Outline budget for 2005/06

Budgeted Operating Statement 2005/06	
	\$
Employee Related Expenses	1,515,000
Repairs and Maintenance	57,000
Other Operating Expenses	2,609,000
Depreciation	110,000
TOTAL EXPENSES	4,291,000
TOTAL REVENUE	20,000
GAIN/(LOSS) ON DISPOSALS	0
NET COST OF SERVICES	4,271,000
Government Funding	
Recurrent Allocation	4,271,000
Capital Allocation	0
Cash reimbursement from the Crown	0
Total Government Funding	4,271,000
OPERATING RESULT	0

8 Future directions

The NRC has used its position as an independent body to successfully facilitate coordinated approaches to natural resource issues. It plans to maintain this focus on facilitating whole-of-government (Australian and NSW Governments) approaches to overseeing performance of CMAs and broader natural resource management issues. This will result in increased effectiveness and efficiency of NRM in NSW while firmly establishing NSW as a highly regarded model and leader in this field.

The NRC has demonstrated its capacity to provide practical advice on ways forward for longstanding difficult and controversial issues. This is reflected in increasing referrals of these issues to the NRC including new statutory roles. The NRC plans to consolidate and refine the processes it uses to address these issues ensuring opportunities for effective stakeholder engagement, transparency, sound rationale for its recommendations and promotion of their acceptance.

Some of the issues it is likely to focus on in the coming year are:

- arrangements for state-wide monitoring of resource condition
- contributions of Water Sharing Plans to achieving natural resource outcomes
- proposed changes to regulations to end broad-scale clearing of native vegetation
- consolidated state-of-environment reporting integrated across scales
- practical ways of agencies and others providing support to CMAs in the areas of highest need.

The NRC will continue to deliver on its core functions of recommending approval of Catchment Action Plans and auditing their effective implementation with a focus on further developing and refining its approach as CMA's continue to develop and move through the phases of planning, implementation and response.

APPENDIX 1: LEGISLATIVE PROVISIONS

There were no changes to the Natural Resources Commission Act 2003 in the reporting period.

APPENDIX 2: STAFFING AND CONSULTANTS

Equal Employment Opportunity Policies

The Natural Resources Commission has implemented an Equal Employment Opportunity policy in the reporting period.

NSW Government Action Plan for Women

The Natural Resources Commission has implemented an Action Plan for Women in the reporting period.

Ethnic Affairs Priority Statement (EAPS)

The Natural Resources Commission has implemented an Ethnic Affairs Priority Statement in the reporting period.

Disability Action Plan

The Natural Resources Commission has implemented a Disability Action Plan in the reporting period.

Human Resources

Number of employees by category as at 30 June 2005

(Comparison to prior three years does not apply as the NRC was established in May 2004)

	2004	2005
Commissioner (part-time)	1	1
Assistant Commissioners (part-time)	1	4
Executive Director	1	1
Program Managers	1	2
Manager Corporate Services	1	1
Administrative Assistants	1	2
Analysts	0	6
Total number of staff includes full time, part time, temporaries and graduates	6	17

EEO Group	Benchmark or Target	% of Total Staff			
		2002	2003	2004	2005
Women	50%			57%	53%
Aboriginal people and Torres Strait Islanders	2%			0%	0%
People whose first language was not English	20%			0%	7%
People with a disability	12%			0%	0%
People with a disability requiring work-related adjustment	7%			0%	0%

EEO Group	Benchmark or Target	Distribution Index			
		2002	2003	2004	2005
Women	100			133	113
Aboriginal people and Torres Strait Islanders	100			0	0
People whose first language was not English	100			0	7
People with a disability	100			0	0
People with a disability requiring work-related adjustment	100			0	0

Notes:

1. Staff numbers are as at 30 June.
2. Excludes casual staff
3. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by ODEOPE.
4. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

Personnel and Industrial Relations Policies and Practices Flexible Work Practices

During the reporting period, the NRC Act was amended to correct a drafting oversight allowing the Commission to directly employ staff. The NRC transferred all staff from the temporary employment arrangement put in place to overcome this oversight with the Independent Pricing and Regulatory Tribunal (IPART) to direct arrangements with the NRC under the NRC Act.

Code of Conduct

The Natural Resources Commission has implemented a Code of Conduct in the reporting period.

Occupational health and safety

The Natural Resources Commission has implemented an OH&S policy in the reporting period.

There were no prosecutions under the Occupational Health and Safety Act for NRC during this year.

Contract Executive Profile

NRC executive staff are employed under contract as members of the NSW Senior Executive Service (SES).

Total number of executive positions equivalent to SES 1 (\$122,500 or higher) filled at the end of the financial year:

- 1 SES contract position.

Salaries of statutory appointees and contract executives

No performance-related payment (bonus) was made to Statutory Appointees and Contract Executive Staff.

Consultants

Due to delays in the recruitment of full-time staff and the need to high level scientific, audit and NRM expertise, the NRC's consultant expenditure for the reporting period was \$357,000. This was partially offset by lower than budgeted employee related expenditure.

APPENDIX 3: GENERAL INFORMATION

External presentations

The NRC undertook a thorough communications and consultation program during the period. This required the NRC's staff to give a large number of presentations to a wide variety of stakeholders. A total of 55 external presentations were undertaken in the period.

Asset Management Plan

An Asset Management Plan was implemented during the period.

Complaints

NRC did not receive any complaints in the brief operating period in 2004/05.

Funds granted to non-government community organisations

No funds were granted to non-Government community organisations in 2004/05.

Privacy plan

The Natural Resources Commission implemented its privacy policy during the period.

Risk Management and Insurance

NRC has comprehensive coverage for workers' compensation, motor vehicle, property and public liability insurance, provided through the NSW Treasury Managed Fund. During 2004/05, it made no claims.

Access to NRC's premises is controlled by a building security system. This reduces NRC's exposure to property theft due to restricted access to work areas during the day and provides security outside office hours. Building security staff also patrol the office building after hours.

The IT support contract provides for a Rapid Recovery Service to replace critical equipment in the event of failure.

A Business Continuity Plan was implemented and tested during the period.

Internal and External Reviews

There were two internal audits carried out during the period by the Internal Audit Bureau (IAB) and the financial accounts were audited by the Audit Office of NSW. No issues of any significance were detected or reported.

Report on Account Payment Performance

Aged analysis at the end of each quarter

Quarter	Current (i.e. within due date)	Less than 30 days overdue	Between 30 days and 60 days overdue	Between 60 days and 90 days overdue	More than 90 days overdue
	\$	\$	\$	\$	\$
September Quarter	365	0	0	0	0
December Quarter	0	0	0	0	0
March Quarter	11,926	0	0	0	0
June Quarter	100,429	0	0	0	0

Accounts paid on time within each quarter

Quarter	Total Accounts Paid on Time			Total Amount Paid (\$)
	Target	Actual	\$	
September Quarter	88%	97%	710,599	739,384
December Quarter	88%	95%	1,873,465	1,905,223
March Quarter	88%	96%	531,844	577,564
June Quarter	88%	95%	759,923	770,210

During 2004/05 there were no instances where penalty interest was paid in accordance with section 18 of the *Public Finance and Audit (General) Regulation 1995*

There were no significant events that affected payment performance during the reporting period

To improve future performance greater emphasis will be placed on enhancing electronic processing of accounts together with increased use of Purchase Orders for recurring purchases.

Accounting services are provided by the Central Corporate Services Unit under the Department of Commerce

Waste Avoidance and Resource Recovery

NRC management and staff have an ongoing commitment in the area of waste reduction and regularly review administrative processes to look for further opportunities.

NRC is a relatively small organisation and the opportunities to avoid waste and recover resources are generally limited to office-based activities. These include:

- **Reducing the generation of waste paper.** NRC promotes its website for access to reports published each year. Multi-function office machines which enable double-sided copying and printing are also provided and their use encouraged to reduce paper usage.
- **Recovering resources.** A paper and cardboard recycling system is followed by NRC staff and managed through an organised building system. Empty toner cartridges will be collected by outside organisations for recycling when the need arises.
- **Using recycled material.** The majority of paper NRC uses on a daily basis is Green Wrap. This paper contains 50 per cent recycled pulp, 10 per cent waste products from the cotton industry and 40 per cent from sustainable managed plantations. NRC purchases other recycled paper products such as note books and pads wherever possible.

Details of Annual Report Production

There were no external costs incurred in the production of the report which was prepared in-house because of its modest length. An electronic copy of this report is available at NRC's website.

This report has been printed on Green Wrap.

APPENDIX 4: FREEDOM OF INFORMATION ACT - STATEMENT OF AFFAIRS

Under the *Freedom of Information Act 1989*, every NSW government department or agency is required to publish an annual statement of affairs. The statement describes the structure and functions of the agency and lists categories of documents that are held by the agency. This information is provided in this annual report.

Availability of Information

Copies of all documents in NRC's public access library are available for public inspection at the NRC office, Level 10, 15 Castlereagh Street Sydney NSW 2000. Copies of all NRC publications are also available from our web site at www.nrc.nsw.gov.au

All appropriate services are delivered through the website www.nrc.nsw.gov.au

FOI Procedures

To obtain NRC documents other than those identified in the public access library, application must be made in writing under the Freedom of Information Act.

Since many documents are readily accessible through NRC's public access arrangements and website, it is advisable to check the general availability of the document before making an application under the Freedom of Information Act.

FOI applications must be accompanied by a \$30 application fee and directed to:

Natural Resources Commission
GPO Box 4206
Sydney NSW 2001

Arrangements to inspect or obtain copies of documents can be made by contacting the FOI Co-ordinator on (02) 8277 4300.

FOI Requests in 2004/05

NRC did not receive any request for documents under the Freedom of Information Act in 2004/05.

INDEX

Account	20	Future directions	13
Annual Report Production	21	Human Resources	16
appendix	22	Insurance	19
Asset Management Plan	19	members	18
audit	19	natural resource	6
budget	13	Natural Resources Commission	1
CAP	1, 12	Occupational health and safety	18
Catchment Action Plan	1	Operating Statement	13
Catchment Action Plans	12	part time	16
Catchment Management Authority	1	principal achievements	6
CMAs	6	Privacy plan	19
Code of Conduct	18	public access	22
Commission	1, 6, 8, 15, 19, 22	Risk Management	19
Commissioner's Report	4	Salaries	18
Complaints	19	staff	16, 17, 18, 19, 21
Consultants	16	stakeholder	6
Contents	2	standards	6, 12
Equal Employment Opportunity	16	targets	6, 12
Executive	1, 8, 16, 18	Waste	21
financial statements	11	website	21, 22
FOI	22	work program	12
Freedom of Information	22	workers' compensation	19

