



annualreport
2008-09



letter of transmittal

30 October 2009

The Hon Nathan Rees MP
Premier of NSW
Level 40, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Premier

Natural Resources Commission – 2008-09 Annual Report

It is my pleasure to forward to you for presentation to the NSW Parliament the Annual Report of the Natural Resources Commission (NRC) for the year ended 30 June 2009.

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



John Williams
Commissioner

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commissioner's message

With growing pressures on our landscapes from climate change, population growth and drought, it is vital that we improve the integrated management of all natural resources so we can adapt to and mitigate the effects of those pressures.

Water scarcity is emerging as one of the most pressing implications of climate change in NSW, and better integrated management of all natural resources is emerging as one of the most promising adaptive policy responses to ensure that our biophysical landscape processes continue to sustain and support our economy, society and natural environment.

During the course of the year the Natural Resources Commission (NRC) reviewed and developed a revised Strategic Plan and direction, which sets out the strategies on how we will meet our legislative functions, deliver advice to the Government and give life to our focus theme of reintegrating water management into natural resource management (NRM) to achieve resilient landscapes.

A core function of the NRC is to audit how well the 13 NSW Catchment Management Authorities (CMAs) are facilitating change and improvement in natural resource condition across their regions.

During 2008-09, the NRC audited seven of the 13 CMAs. The audits focussed on whether the CMA's planning through their Catchment Action Plans, project implementation and activities, and the business systems that guide and support these activities, are reaching the quality benchmarks set by the Standard for Quality Natural Resource Management.

In November, the NRC released the Progress Report on Effective Implementation of Catchment Action Plans. Based on the audits and other work, the report shows that CMAs are effectively



implementing Catchment Action Plans and that they have been able to broker community understanding around the once contentious native vegetation reforms that deal with land clearing. It also found that CMAs are actively fostering voluntary actions from farmers and landholders to more sustainably manage the land.

The report found that investments could be better prioritised; that there is an urgent need for better and more accessible data which underpins Monitoring, Evaluation and Reporting (MER) so as to inform adaptive management; there is a need to clarify roles and accountabilities between agencies and the CMAs; Catchment Action Plans need whole of Government support and NRM policies and planning need better alignment.

The NRC is currently completing audits of the remaining 6 CMAs, which should be finalised by the end of 2009.

In 2005, there were major changes in the policy framework for NRM in NSW. The Government adopted the NRC's recommendations for NRM targets in the areas of biodiversity, water, land and community, which are to be achieved by

2015. In addition, Catchment Action Plans were first developed by CMAs to guide investment and action towards the targets, and the Government also adopted the Standard for Quality Natural Resource Management.

After five years of NRM planning, implementation and auditing, it is now time to take stock, review the successes, capture what has been learnt, clarify where we want to be, and determine the best course of action to get there. During 2009-2010, the mid-term review, will be the key mechanism by which the NRC can advise government of how to resolve problems which fundamentally detract from achieving healthy, productive and resilient landscapes and collaborate with strategic partners to develop solutions.

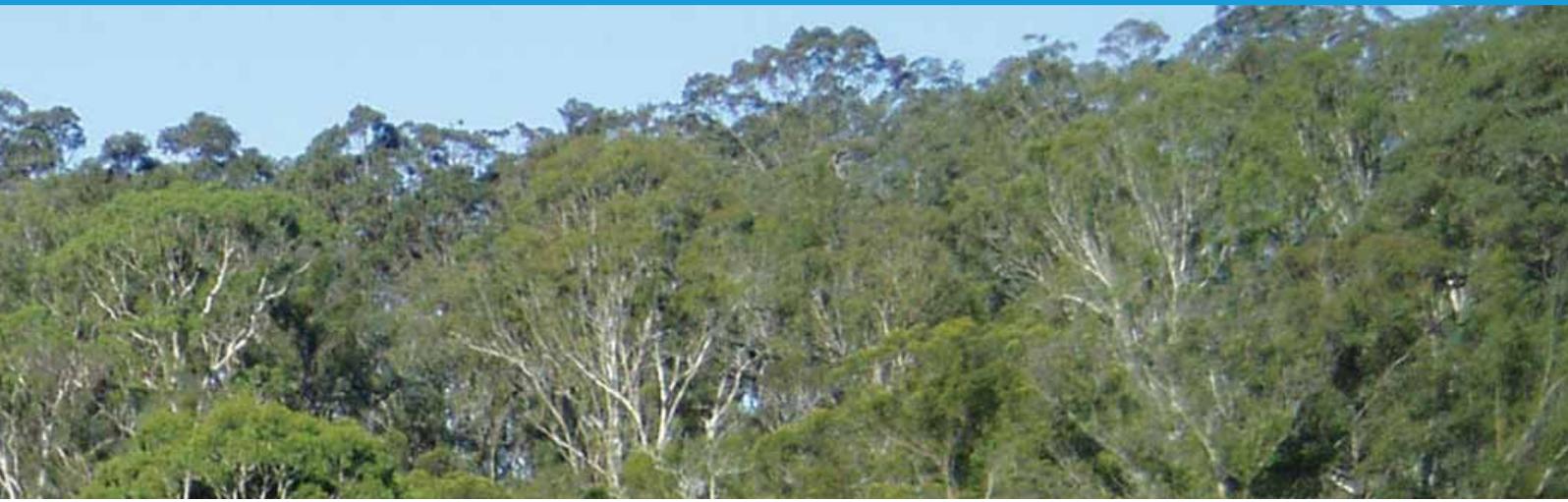
This mid-term review will look into the implementation of the Standard, Targets, Catchment Action Plans and the regional delivery of NRM and action. This review will enable us to advise the Government on how best to progress improvements and position NSW at the forefront of NRM in both a national and global scene.

In addition, the NRC will continue to provide scientifically sound independent advice as requested by the Government on strategic or technical NRM issues.

The NRC is committed to providing independent advice on what is working in NRM, what changes are required and how we are tracking against policies and targets. As a result, the NSW Government is able to make informed decisions to improve NRM policies, plans and performance that will deal effectively with the crucial pressures on our landscapes.



section 1



our purpose, people
and partners

1 our purpose, people and partners

Providing independent, evidence-based advice to help government improve natural resource management policies, plans and outcomes

purpose

The Natural Resources Commission (NRC) was established under the *Natural Resources Commission Act 2003* (the NRC Act) to provide credible, independent advice to the NSW Government on managing the state's natural resources in an integrated manner to maintain landscapes that are resilient, function effectively, and support environmental, economic, social and cultural values.

The NSW Government has created a regional model for natural resource management (NRM) to help ensure healthy rivers, productive soils, diverse native species and thriving communities throughout our state. Implementation of this model is an ambitious and long-term reform agenda which requires integrated action by all communities, industry and governments.

In 2005, the NRC developed and recommended a Standard for Quality Natural Resource Management (the Standard) in NSW, and state-wide targets for NRM. The Government adopted these, and the targets now form Priority E4 of the NSW State Plan (Better outcomes for native vegetation, biodiversity, land, rivers and coastal waterways). In 2008, we began an ongoing program of audits to assess whether Catchment Action Plans, prepared by Catchment Management Authorities (CMAs) in partnership with their communities and government agencies, are being implemented effectively, in compliance with the Standard and targets.

Together, the Standard, targets, and audit program support flexible and innovative regional decision-making, and build consistency, rigour and accountability for NRM in NSW. In 2010, the Standard and targets will have been in place for five years.



To drive continual improvement, the NRC will undertake a mid-term review of the Standard, targets and Catchment Action Plans and the regional model.

We will contribute to achieving Priority E4 of the State Plan by advising the Government on:

- the natural resource policy and management settings required to improve the resilience of landscapes
- how to improve performance towards the state-wide targets and the effective implementation of Catchment Action Plans.

The NRC's ongoing roles include:

- revising and promoting the use of Standard by all natural resource managers
- reviewing the state-wide targets
- leading and facilitating the review of whole-of-government Catchment Action Plans
- auditing the effectiveness of Catchment Action Plan implementation
- reporting on progress towards the state-wide targets
- identifying and advising on research and information gaps
- providing scientifically sound and independent advice as requested by the Government on strategic or technical NRM issues.

people

The NRC comprises the Commissioner, four Assistant Commissioners, the Executive Director and a small team of staff. We report to the Premier of NSW, and our reports are publicly available.

leadership and structure

The Commissioner is responsible for ensuring the NRC fulfils its functions under the NRC Act and for providing credible, independent advice to the NSW Government. The Commissioner is supported by four Assistant Commissioners and the Executive Director, who bring their collective expertise to bear in formulating the NRC's advice to government and developing the organisation's strategic plans. The Commissioner and Assistant Commissioners are all widely regarded as leading experts in the fields of agriculture, sustainable development, environmental education, environmental science and auditing. In addition to being a member of the Commission, the Executive Director is primarily responsible for leading the implementation and review of the NRC strategies in accordance with the Standard.

The terms of the current four Assistant Commissioners expired during the 2008-09 year. As a result of a review and audit of our governance and decision making processes, the Commission is to be restructured in 2009-10.



Photo: Courtesy of Rachael Wills

Dr John Williams

BScAgr(Hons), PhD

Commissioner

John is one of Australia's most respected scientists, and has led the national debate about sustainable land management. Prior to joining the NRC in 2006, he was Chief Scientist and Chair of the Department of Natural Resources' Science and Information Board, and Adjunct Professor in Agriculture and Natural Resource Management at Charles Sturt University. Before that he was CSIRO's Chief of Land and Water. In 2005, he was awarded the prestigious Farrer Memorial Medal for achievement and excellence in agricultural science. John has extensive experience in providing national and international thought leadership in natural resource management, particularly in agriculture production and its environmental impact.

Di Bentley

BScAgr

Assistant Commissioner

Di has more than 20 years of experience working with regional community bodies, helping them pragmatically apply science to improve environmental and agricultural outcomes. In addition to her role as Assistant Commissioner, Di is a Director of Land and Water Australia, a Board Member of the Cotton Catchments Communities Cooperative Research Centre and was Deputy Chair of the Northern Panel of the Grains Research and Development Corporation. Di was the first woman appointed to the C.B. Alexander Foundation, which holds in trust for the Crown the historic Tocal Homestead and its lands.

Peter Egger

BE(Elec), MBA

Assistant Commissioner

Peter has wide-ranging experience in industry reform, strategic planning, risk management, dispute resolution and auditing. He has been closely involved in reform of the energy industry, both within Australia and overseas. He advises government, industry, regulators and non-government organisations, and is currently assisting the Independent Pricing and Regulatory Tribunal of NSW in the operation of the NSW Greenhouse Gas Reduction Scheme. He has built on his electrical engineering qualification with business administration, risk management and company directorship.

Dr Ronnie Harding

BA, BSc(Hons), PhD

Assistant Commissioner

Ronnie is an academic with 30 years experience in environmental management. As Director of the Institute of Environmental Studies at the University of New South Wales, she introduced a Master of Environmental Management program, which has become one of the best regarded Masters programs in the environmental field. She has experience on numerous boards, councils and advisory bodies in the public sector, industry and environmental organisations. She has worked in the areas of environmental education, ecologically sustainable development, monitoring and reporting systems, environmental risk, metropolitan water management and environmental management systems.

Dr David Leece*BScAgr, MScAgr, PhD, jssc***Assistant Commissioner**

David started his career as a research scientist in the Department of Agriculture and became a senior executive in the State Pollution Control Commission and the NSW Environment Protection Authority. Among other roles on national and state commissions, boards and policy committees, he served as the Deputy Commissioner of the Murray-Darling Basin Commission for 12 years. He is now a company director and a consulting scientist in environment protection and natural resource management. In 2000, he was awarded the Public Service Medal for his service to environment protection.

Alex McMillan*BEC(Hons), LLB***Executive Director**

Alex brings more than 15 years of experience in executive management, public policy and utility regulation. Prior to establishing the NRC, he was instrumental in developing the NSW Greenhouse Gas Reduction Scheme, which was one of the first greenhouse gas emissions trading schemes in the world. He has conducted public reviews to set prices for irrigation water supply, which resulted in significant organisational reforms, pricing sophistication and broad acceptance by stakeholders. His expertise is in creating cultural change, business systems and metrics needed to drive the success of new public policy initiatives.

clients and stakeholders

The NRC reports independently to the NSW Premier. We also collaborate with the range of agencies and organisations involved in the state's regional model for delivering NRM.

Under this model, the NSW and Commonwealth Governments devolve significant resources to the state's 13 CMAs. In partnership with their communities, the CMAs plan and coordinate NRM investments at a regional scale. They are responsible for prioritising these investments to achieve maximum improvements in natural resource condition. CMAs report to the Minister for Climate Change and the Environment. They also receive policy guidance and corporate support from the then Department of Environment and Climate Change.

The NRC works closely with the CMAs. We support them in using the Standard, audit their effectiveness in implementing the Catchment Action Plans, and assess whether they are making progress towards achieving their targets.

We also work closely with a range of other government agencies. For example, we engage with:

- the then Department of Environment and Climate Change, the lead agency responsible for delivering on the targets for NRM within the NSW State Plan
- the Department of Premier and Cabinet, to help achieve a whole-of-government response to NRM
- other government agencies, including the Department of Primary Industries, the Department of Planning, NSW Treasury, the Department of Local Government and federal NRM agencies.

In addition, we engage with other important stakeholders, including farming and environmental groups, private landholders, the Natural Resources Advisory Council, the Local Government and Shires Association, and regional and local organisations.

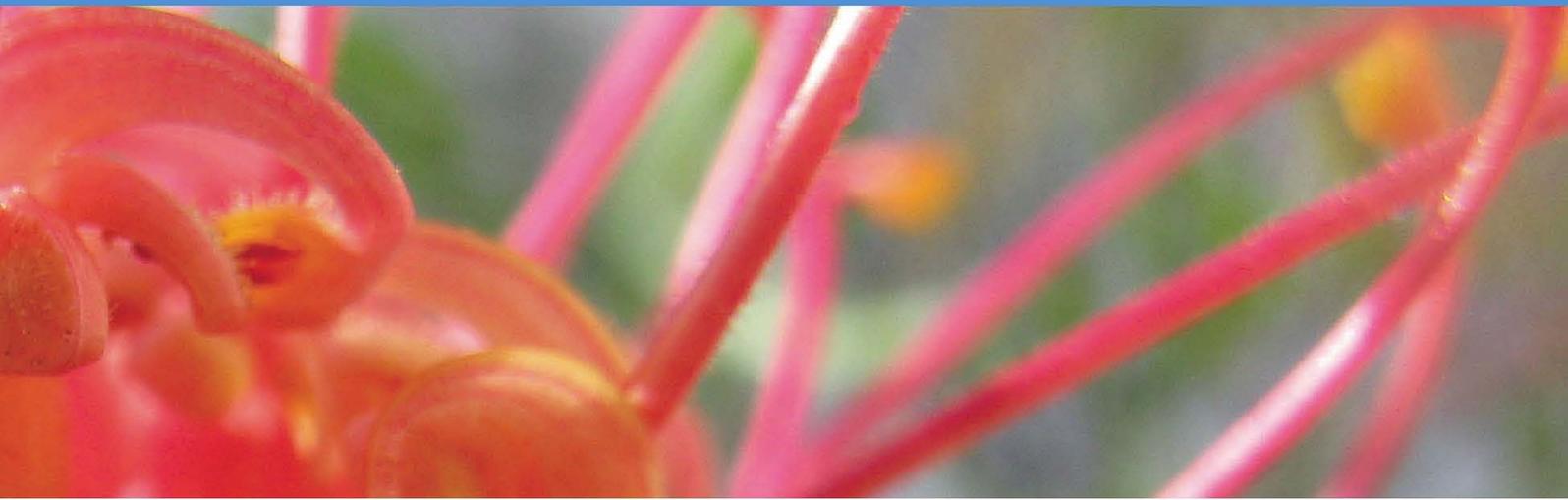
We also make use of the expertise of organisations such as CSIRO and universities, and of academics, independent scientists and the broader scientific community.

All our reports are published on our website, to help us engage with the broader public.

During 2008-09, our Commissioner and senior staff gave presentations at a variety of conferences and seminars, including the Commissioner's keynote address at the 2009 Australian Water Association Conference.



section
2



our achievements in
2008–09

2 our achievements in 2008–09

In a field characterised by complexity and uncertainty, we provide evidence on whether government's investments in natural resource management are generating the best possible outcomes for our environment and communities, and make recommendations on how best we can move towards our aspirational goal of resilient landscapes across NSW

auditing CMA effectiveness in implementing Catchment Action Plans

In 2008-09, the NRC continued to audit the effectiveness of CMAs in implementing their region's Catchment Action Plan. We completed audits of seven of the state's 13 CMAs in 2008-09, having done the field work for three of them in 2007-08. The audits found that these CMAs are effectively engaging and empowering the communities in their region, and delivering on-ground projects that are contributing (or are likely to contribute) to improved landscape function. However, some CMAs are not consistently prioritising their investments to promote resilient landscapes and contribute to multiple NRM targets. The lack of resource condition data is limiting their ability to prioritise their investments and manage adaptively.

The audits identified specific actions that each of the seven CMAs need to take to improve its performance. These audits also informed the NRC's report on state-wide progress in implementing Catchment Action Plans. In 2009-10, we will audit the remaining six CMAs.

reviewing state-wide progress in implementing Catchment Action Plans

Drawing on the findings of our seven completed audits, we reviewed and reported on state-wide progress in implementing Catchment Action Plans. These plans are a primary mechanism for delivering on the State Plan Targets for water, land, biodiversity and community. We found that NSW has made significant progress. The regional model for NRM is well

established, and the key elements of this model are in place. The CMAs are effectively engaging with their communities and building their ownership of their region's Catchment Action Plan, then 'helping them to help themselves' by voluntarily adopting sound NRM practices and acting as stewards of the natural resource assets on their land.

However, we also identified factors preventing the implementation of Catchment Action Plans from being as effective as possible, and recommended actions to remove these barriers. Effective, timely implementation of these recommendations will accelerate progress across the state and provide greater confidence that the Government will deliver on its State Plan targets for NRM.

reviewing alternative models for NRM

The NRC commissioned research into alternative models for NRM. The research investigated whether there are new theoretical models or frameworks implemented in other jurisdictions that could improve the governance, efficiency or effectiveness of the current regional model established in NSW. Overall, the research found that there are no alternative models based on new concepts that offer more than the current model. This provides confidence that the fundamental approach to NRM in NSW is sound.

advising on complex scientific and technical issues

The NRC has an ongoing role in providing advice to the Government to ensure that decisions related to NRM are based on sound science and reflect best practice. In 2008-09, we provided advice on whether:

- more than 100 proposed changes to the Environmental Outcomes Assessment Methodology for assessing applications to clear native vegetation should be adopted
- proposals for large-scale coastal development were consistent with planning requirements of the *State Environmental Planning Policy No. 71 – Coastal Protection* (SEPP 71)
- Snowy Hydro Limited is conducting its cloud seeding trial in compliance with the *Snowy Mountains Cloud Seeding Trial Act 2004* and whether there is evidence that the trial has had a significant environmental impact to date
- the 13 CMAs' Investment Programs for 2008-09 should be approved and recommended an appropriate format of Investment Programs for 2009-10 onwards.

mid-term review of natural resource management

Next year, it will be five years since NSW established its regional delivery model for managing natural resources. It will also be some five years since key elements of this model were implemented, including the 13 CMAs, the regional Catchment Action Plans, the Standard and the state-wide targets. As we are meant to achieve the state-wide targets by 2015, we are now approaching the half-way mark.

Therefore, in 2008-09, the NRC initiated and began work on a mid-term review of NRM in NSW.

The mid-term review will be a public review, and will look beyond this current work to take a longer-term view of the issues affecting our success into the future. In particular, how we can better align our approaches to planning and managing our landscapes under scenarios of growing water scarcity and climate change. We are looking to build on successes so far, whilst opening up discussion on what else needs to be done to secure our future.

In the coming year, we will engage and consult with all groups interested in the future of NSW landscapes and communities – local, state and national governments, agencies, industry, communities and interest groups – to collectively review issues and build solutions.



section 3



auditing CMA effectiveness
in implementing
Catchment Action Plans

3 auditing CMA effectiveness in implementing Catchment Action Plans

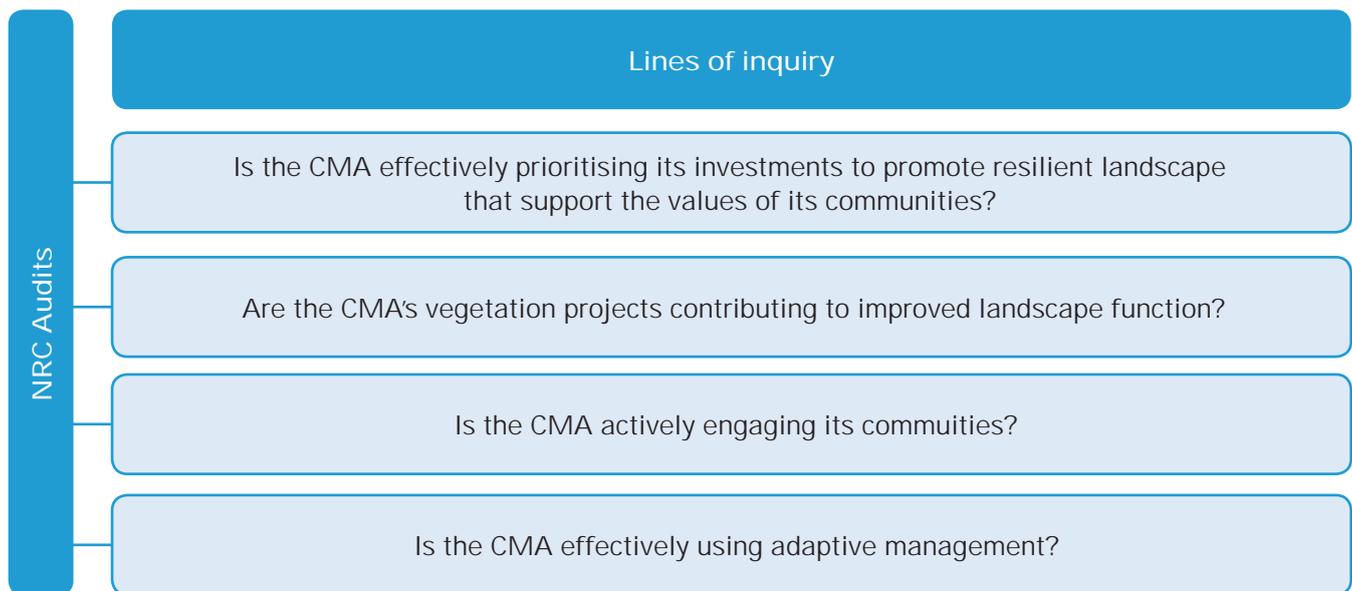
Providing evidence on whether CMAs are working effectively to engage and empower regional communities to deliver on-ground projects that improve landscape function, and identifying specific actions to lift CMA performance

The NRC is responsible for auditing the implementation of the regional Catchment Action Plans, and to report whether these plans are being implemented effectively, in a way that complies with the Standard and helps to meet the state-wide targets.

During 2008-09, the NRC continued implementing its audit program. We completed audits of seven CMAs – Border Rivers Gwydir, Central West, Western, Hawkesbury Nepean, Hunter Central Rivers, Lower Murray Darling and Murray. The field work for three audits (Border Rivers, Central West and Western CMA) was done in 2007-08.

Although a range of government agencies have a role in implementing Catchment Action Plans, we focused our first round of audits on CMAs because they are responsible for developing their region's plan in partnership with their communities and government agencies, and have primary responsibility for implementing them. Our audits focused on four lines of inquiry, including whether the CMAs are prioritising their investments, delivering projects that contribute to improved landscape function, engaging their communities and using adaptive management (Figure 1).

Figure 1: The NRC's audits of CMAs focused on 4 lines of inquiry



For each line of inquiry, we assessed not only whether the CMAs are doing the activity, but whether they are doing them effectively – that is, by applying the most relevant elements of the Standard and achieving the required outcomes of the Standard. We believe a CMA that is doing each of these four activities in a way that achieves the relevant Required Outcomes of the Standard, has the greatest chance of achieving multiple NRM outcomes and making the best possible contribution towards the state-wide targets.

Our audits found that:

- all CMAs are effectively engaging their communities to understand what is most important to them, and to build their trust and willingness to work with the CMA
- they are also effectively delivering on-ground projects that are contributing (or are likely to contribute) to improved landscape function
- however, the CMAs' effectiveness in prioritising their investments to promote resilient landscapes and contribute to multiple NRM targets is inconsistent
- in addition, the general lack of good resource condition data, at both state and CMA scale, is limiting the CMAs' ability to prioritise their investments and manage adaptively.

The audits identified the specific actions each of the seven CMAs should take to improve its performance in implementing the Catchment Action Plan. These audits also informed the NRC's report on state-wide progress in implementing Catchment Action Plans.

next steps

In 2009-10, we will audit the remaining six CMAs' implementation of their Catchment Action Plans.

NRC audits provide evidence that CMAs are effectively using adaptive management to promote landscape resilience

As part of our audit of the Hunter CMA, our audit team inspected the River Works program, which aims to reduce the costly impacts of periodic flooding on weakened landscapes. Extensive vegetation clearing and grazing has allowed flood surges to cut banks and floodplains, causing damage to the land and threatening town infrastructure. The program was established in 1950 by the Hunter Valley Conservation Trust, and was continued by the Hunter Catchment Management Trust and more recently the CMA.

The Hunter Valley Conservation Trust used community levies and state investments to stabilise riverbanks and reduce flood impacts by clearing debris and strengthening banks. The Trust's initial approach aimed to promote rapid flood water clearance by repairing damaged banks. However, it was costly and often shifted the problem to new points of weakness. Although damage was repaired, the natural resilience of the river system did not improve.

With time the Trust's and subsequently the CMAs understanding of the role of vegetation in promoting river function improved. There were obvious linkages between vegetation clearing in the upper Hunter catchment and erosion, nutrient runoff and habitat pressures in downstream estuary areas. Based on the best available science, the CMA identified a suite of short-term management targets that would cumulatively improve the resilience of the landscape in response to flood surges, while also improving soils and water resources.

The CMA now uses native vegetation at critical river reaches to slow flood flows, re-establish in-stream vegetation obstructions and gradually re-establish the essential features of the pre-clearance riparian zone. These new management approaches have attracted increased community participation in vegetation maintenance along river banks in rural areas and towns, improved social and biophysical resilience, and reduced maintenance costs for the state. The CMA has developed ways to use periodic funding 'surges' supplemented by ongoing community levies to address program needs.

The CMA has estimated the benefits of the River Works projects, in terms of saved bank repairs between major flood events in 1955 and 2007, at "tens of millions" for these river reaches. Detailed assessments of the costs and benefits of the projects using the 2007 flood as a benchmark are being prepared by agencies and the CMA.

The River Works program provides a good example of:

- evolution from 'reactive' adaptive management (that is, trial and error) to a more 'active' adaptive management approach (that is, a more structured process of planning to reduce uncertainty using the best available information)
- the benefits of considering landscape function when planning and implementing 'paddock-scale' activities
- a successful and continuing large-scale rehabilitation of a biophysical system
- the long-term benefits of committed funding and sustained effort at a regional scale over time, and tangible progress towards NSW's aspirational goal of resilient landscapes that supports the social, economic and environmental values of the community.

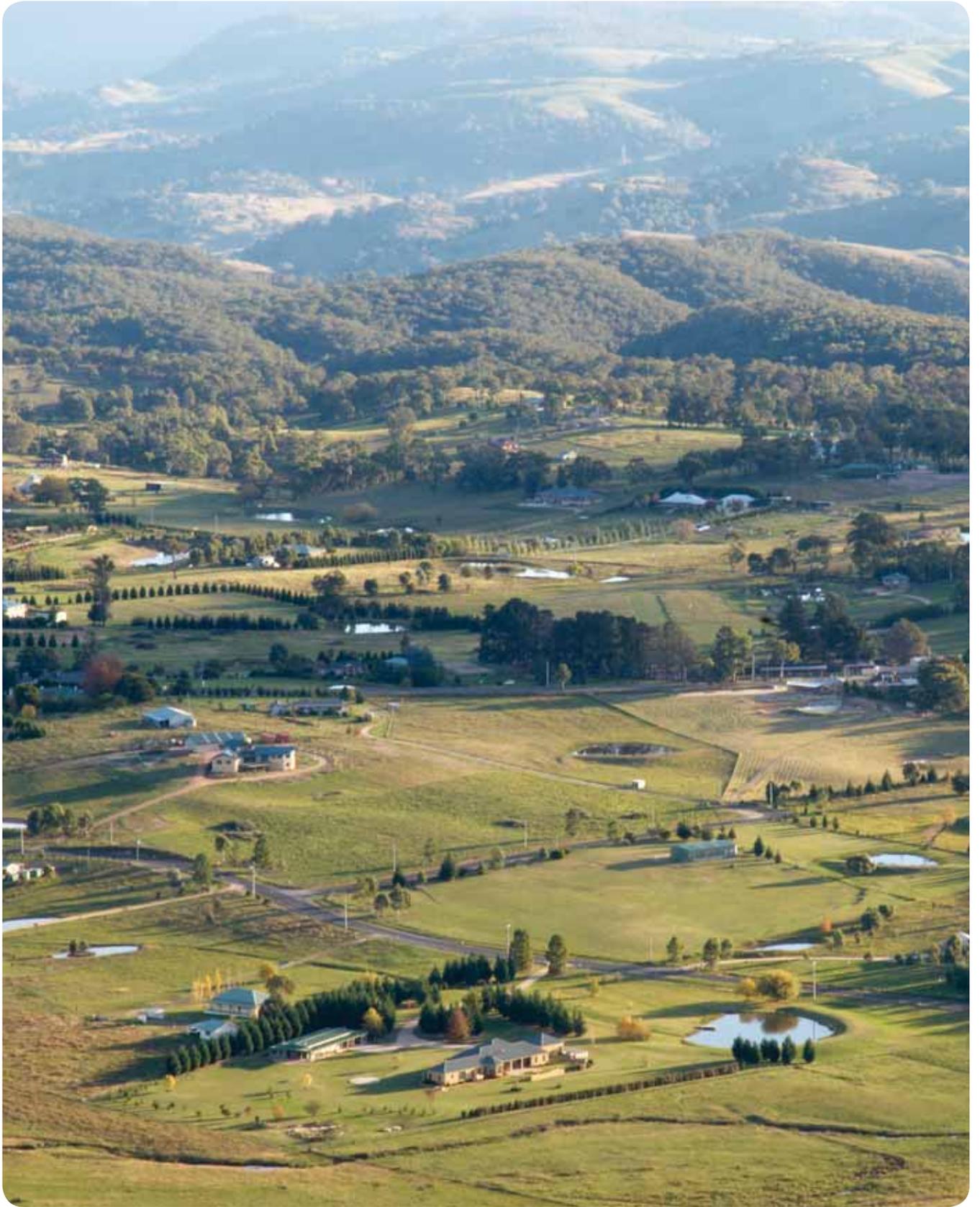


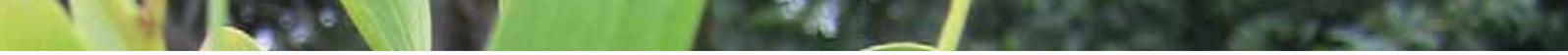
Photo: Courtesy of Hawkesbury Nepean Catchment Management Authority



section 4



reviewing state-wide
progress in implementing
Catchment Action Plans



4 reviewing state-wide progress in implementing Catchment Action Plans

Reviewing the implementation of Catchment Action Plans across the state to provide evidence on whether these plans are delivering the best possible outcomes to help us achieve the State Plan targets for natural resource management

Catchment Action Plans are a vital part of the regional model for NRM in NSW. CMAs are responsible for developing these plans in partnership with their communities and government agencies. The plans are intended to drive and integrate investment and action in NRM within the regions, and are a primary mechanism for delivering on the state-wide targets for natural resource management (Priority E4 of the State Plan). It is important that Catchment Action Plans are implemented as effectively as possible so the limited funds available for NRM in NSW generate multiple benefits and make maximum progress towards the state-wide targets.

Having completed audits for more than half the state's 13 regions, including examining 59 CMA projects, we used our audit findings to provide government and the public with an overall assessment of the progress so far in implementing Catchment Action Plans across the state. This assessment was also informed by our other work, including the research on reviewing alternative NRM models and our work with CMAs on the CMAs' governance arrangements.

We found that there has been significant and encouraging progress. The regional model for NRM is well established and is starting to pay dividends. The CMAs are effectively engaging with their communities and building their ownership of their region's Catchment Action Plan, and 'helping them to help themselves' by voluntarily adopting sound NRM practices, and then acting as stewards of the natural resource assets on their land.

However, both Catchment Action Plans and CMAs are still at a relatively early stage of development. It is important that NSW provides long-term continuity in the regional model



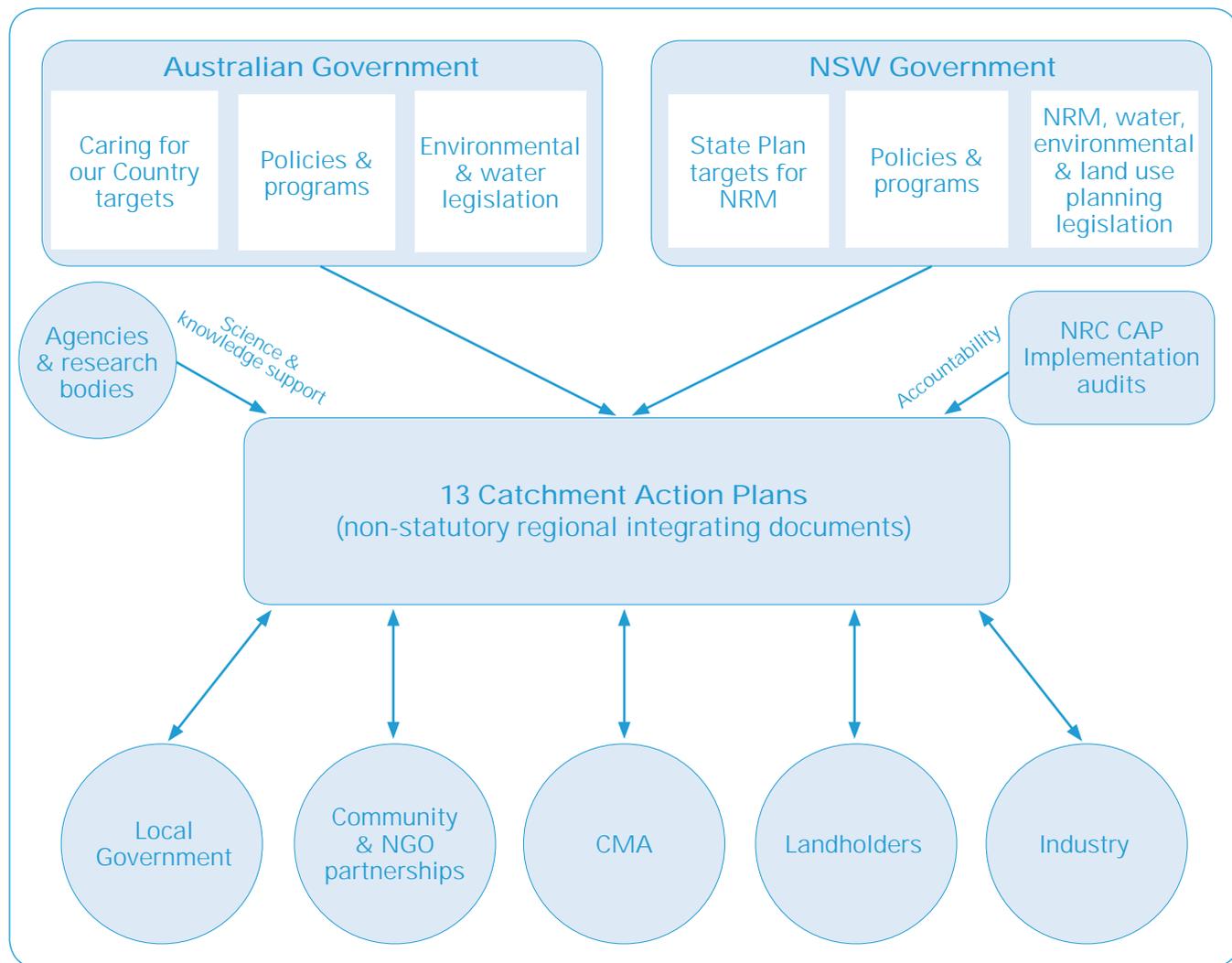
and funding for NRM. It also needs to support continual improvement of Catchment Action Plan implementation and CMA performance by addressing the issues that reduce their effectiveness and efficiency and thus our chances of achieving resilient landscapes across NSW. In particular, we recommended that:

- the NSW Government maintains the structure of the regional model, and continues to invest in it and advocate its value to the Australian Government
- the Minister for Climate Change and the Environment requires each CMA Board to oversee effective implementation of the suggested actions in the NRC's audit reports
- the NSW Government better supports CMAs to prioritise their investments and therefore maximise landscape benefits from limited budgets
- the NSW Government independently reviews implementation of the Monitoring Evaluation and Reporting Strategy with a view to improving and accelerating its progress
- the NSW Government clarifies roles and accountabilities within the regional model
- the NSW Government adopts a landscape approach across NRM and planning legislation, policy and programs, based on the principle of improving or maintaining resource condition, as required by the state-wide targets.

next steps

In 2009-10, the NRC will audit the remaining six CMAs' implementation of the Catchment Action Plans, and update our report on progress towards the state-wide targets.

Figure 2: Regional, state and national delivery to achieve natural resource outcomes





Rationale for a regional delivery model for natural resource management in NSW

In NSW, river catchments define the regions for decision-making and management. These regions, each of which has its own Catchment Management Authority (CMA), sit between the local government and state scale. This recognises that landscapes should be managed at a scale where the natural systems operate and where CMAs can have proximity and access to their communities in order to build capacity and influence behaviours.

This regional model is appropriate to integrate the delivery of NRM policies and build community support to achieve them because:

- regionally based organisations have greater capacity to sustain trust with their communities, leading to better voluntary stewardship of the land for the long term
- regionally based organisations are better placed to interface with the many and varied local communities and community groups in each region, all of whom must come on board to make integrated NRM a reality
- a regional focus is a viable scale for government policies to be integrated and harmonised to suit different conditions, yet maintain sufficient perspective and not be captured by parochial views.

Experience suggests that NRM is too complex and difficult to manage centrally. In addition, private landholders, whose participation is essential, are less likely to trust and support centralist directions. While there may be some administrative efficiency gains to be made from centralising control, they are likely to be overwhelmed by the loss of community support and inability of central agencies to motivate the long-term behaviour change that CMAs are beginning to drive.

A regional approach is also most likely to motivate broad-scale voluntary participation in NRM. Of course, the regional approach is not without risks. However, the NSW regional model effectively addresses these risks. For example, if CMAs comply with the NSW Standard for Quality Natural Resource Management and respond appropriately to the NRC's audit recommendations, many of these risks will be managed.



section 5



reviewing alternative
NRM models

5 reviewing alternative NRM models

Commissioning research on alternative NRM models to provide evidence that the current regional delivery model in NSW represents best practice

The social, ecological, economic and policy environment in which NRM takes place is constantly changing. Ensuring we have the right institutional arrangements in NSW and the right thinking in place so we can effectively adapt to change, is vital if we are to realise our long-term goal of resilient landscapes.

In 2008-09, the NRC commissioned research to explore whether alternative theoretical models or frameworks for NRM implemented in other Australian jurisdictions or other countries could improve the governance, efficiency and effectiveness of the current NRM framework in NSW.

This research included a broad literature review, plus reviews of references to legislation in Australia and New Zealand, and personal communication with key practitioners and researchers in the NRM field.

The research found that the models in use in other countries are very similar to the range of models in use in Australia. The civic regionalism model is probably the most dominant of the various decentralisation models. The current institutional arrangements and NRM governance framework in NSW (the statutory authority model) is one example of civic regionalism.





The research also suggested that:

- there are no conceptually new models that are clearly better than the statutory authority model currently used in NSW
- the new Federal Government NRM funding program, Caring for our Country, is a more polycentric model than previous national funding arrangements
- adapting to the new federal funding arrangements, and the uncertain social, economic and ecological challenges on the horizon, will require some changes in thinking and possibly

some functional experimentation and adaptation at the state level. However, provided that identified governance issues are addressed, these changes can be accommodated within the current model

- adopting an alternative decentralisation model or returning to the agency delivery model is unlikely to provide advantages to NSW in the uncertain times ahead.

The research informed the NRC's progress report to government on CMAs' implementation of their region's Catchment Action Plans.



section 6



advising government
on complex scientific
and technical issues

6 advising government on complex scientific and technical issues

Providing credible, independent advice to government on complex scientific and technical issues by evaluating evidence and making recommendations on improving natural resource management decision-making and policy settings

Part of the NRC's ongoing role is to provide independent and objective advice to government on NRM issues and policy settings, particularly complex scientific and technical issues. In some cases, we are asked to review and provide advice on specific terms of reference. In others, we have a legislative responsibility to undertake regular review functions.

In 2008-09, we reviewed and provided advice on whether:

- proposed changes to the Environmental Outcomes Assessment Methodology for assessing native vegetation clearance applications should be adopted
- proposals for large-scale coastal development were consistent with planning requirements
- Snowy Hydro Limited is conducting its cloud seeding trial in compliance with legislation and providing adequate environmental monitoring information, and whether the trial has had a significant environmental impact to date
- the 13 CMAs' Investment Programs for 2008-09 should be approved, and recommended an appropriate format of Investment Programs for 2009-10 onwards.

changes to the methodology for assessing native vegetation clearance applications

The Environmental Outcomes Assessment Methodology is a system for assessing applications to clear native vegetation. In accordance with the *Native Vegetation Regulation 2005*, the Minister for Climate Change and the Environment must

seek advice from the NRC on all proposed amendments to this Assessment Methodology, and to the databases that support it.

In 2008-09, we undertook an independent review of 109 proposed amendments to the Environmental Outcomes Assessment Methodology, to determine whether they were underpinned by sound scientific and social evidence. The proposed amendments were to Chapters 2 and 5 of this methodology, which deal with the biodiversity aspects of a landholder's application to manage native vegetation on their property.

As part of our review process, we consulted with the then Department of Environment and Climate Change, reviewed 13 public submissions and considered review reports from independent experts before providing advice to the Minister.

We recommended that the Minister:

- implement the proposed amendments as they are intended to resolve long-standing practical issues raised by CMAs, and do not fundamentally alter the Outcomes Assessment Methodology
- note that the Department of Environment and Climate Change will test the proposed amendments during 'user acceptance testing' of the software, and later by way of feedback from CMAs, which should provide opportunities to resolve any CMA concerns
- consider options proposed in the report to further increase public confidence in the methodology by meeting stakeholders' calls for more independent and accessible public information on the successes or otherwise of the methodology, and the merits of any amendments

- note the broader policy issues raised by stakeholders in submissions and the scientific issues that remain outstanding, and consider these as part of the current review of the *Native Vegetation Act 2003*.

proposals for large-scale coastal development

The NRC has established an internal committee to provide advice to the Minister for Planning on whether large-scale coastal development proposals comply with planning requirements (SEPP 71). Our advice helps to improve the quality of NRM plans and decisions and to identify trends or strategic issues affecting the quality of NRM.

In 2008-09, we provided five separate pieces of advice on large-scale proposals, as well as generic advice to ensure minor proposals were considered in line with SEPP 71 requirements.



Snowy Mountains cloud seeding trial

Snowy Hydro Limited (Snowy Hydro) is conducting a trial in the Snowy Mountains to understand whether cloud seeding can successfully increase snowfall in this area. The NRC is responsible under the *Snowy Mountains Cloud Seeding Trial Act 2004* for supervising Snowy Hydro's cloud seeding operations during the trial period, and for reporting on the environmental impact of those operations.

In 2008-09, we reviewed the environmental information included in Snowy Hydro's 2007 and 2008 annual reports, consulted with Snowy Hydro and other key stakeholders, and reported our findings on the progress and environmental impacts of the trial to the Minister for Climate Change and the Environment and the Minister for Planning.

We found that Snowy Hydro is conducting the trial in compliance with the Act, and has made progress in implementing improvements to its experimental design and environmental monitoring program previously recommended by the NRC. In addition, based on parameters that are monitored and reported annually, there is no evidence that the trial has had a significant environmental impact to date.

However, we noted that silver concentrations at generator sites are approaching the guideline trigger value and this limit may be exceeded within the duration of the trial. Given this trend, we recommended that Snowy Hydro consider methods to limit the build up of potential contaminants at generator sites. We also recommended it strengthen the ecotoxicity survey and review the methodology for assessing snow density.

The mid-trial evaluation planned by Snowy Hydro for 2010 will be the first time that evidence is available to the NRC and the public on the effect of cloud seeding on downwind precipitation, stream flow and inflows to storages.

CMAs' Investment Programs for 2008-09

Each of the state's 13 CMAs were asked to produce an Investment Program to outline how the catchment and management targets contained within the Catchment Action Plan will deliver on Priority E4 of the State Plan. The Investment Program is an integrated mechanism that streamlines three separate reporting requirements, including the Annual Implementation Program, the Results and Services Plan and the Investment Strategy. CMAs have prepared these documents in previous years.

The NRC coordinated whole-of-government advice to the Minister for Climate Change and the Environment and recommended approval of the CMAs' Investment Programs for 2008-09. All Investment Programs were subsequently approved.

The review of Investment Programs involved iterative consultation with CMAs and agencies, in particular achieving a balance between the competing characteristics of three separate reporting requirements (described above) in a single document.

We also provided recommendations on the appropriate format of Investment Programs for 2009-10 onwards.

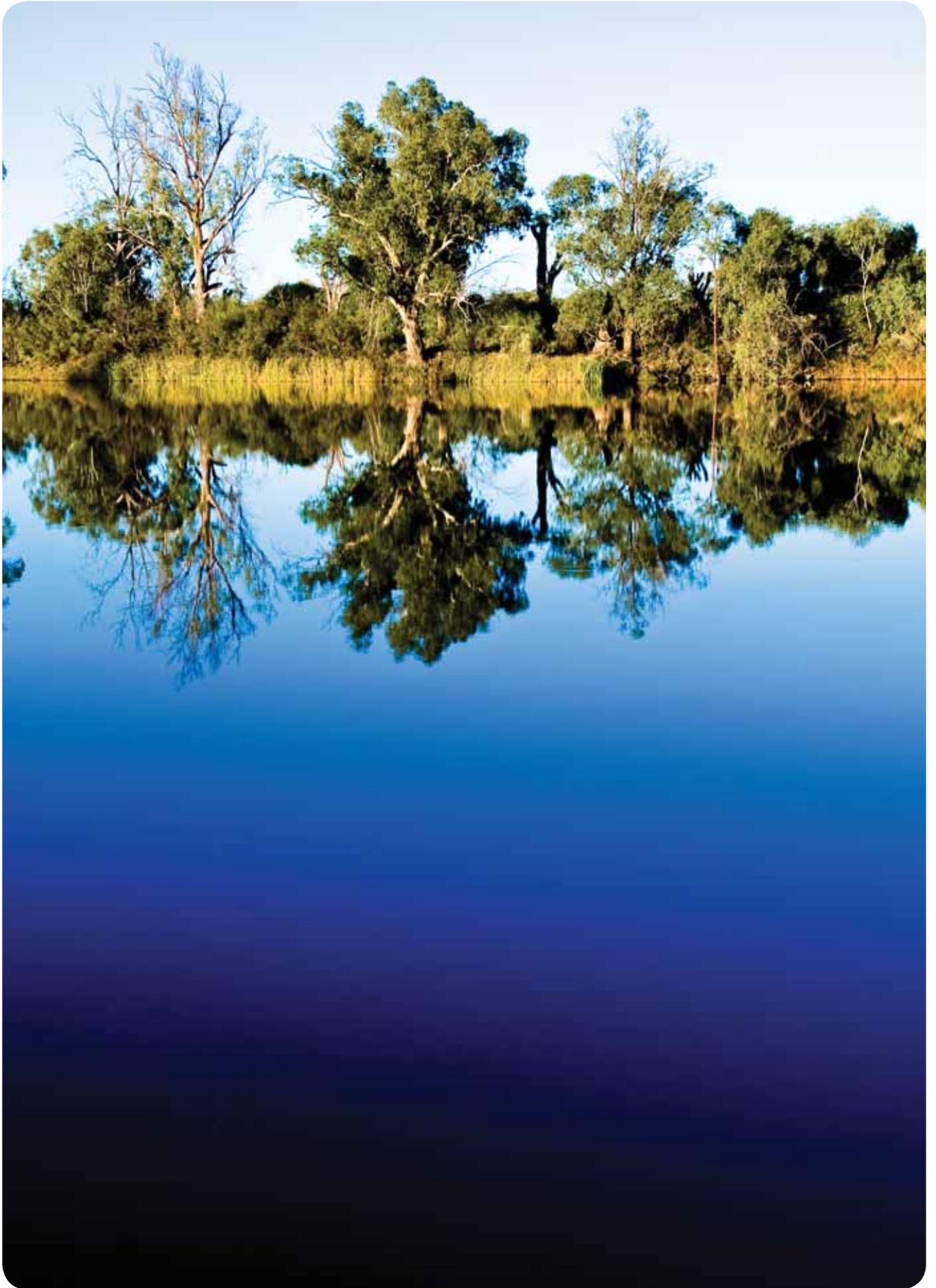
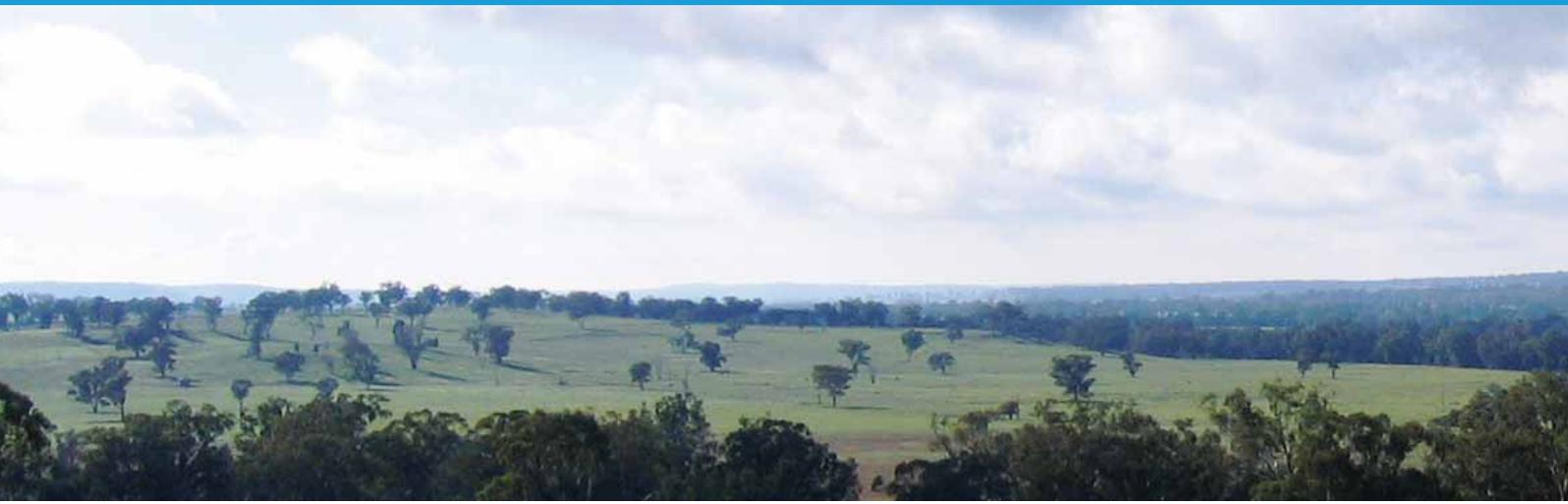
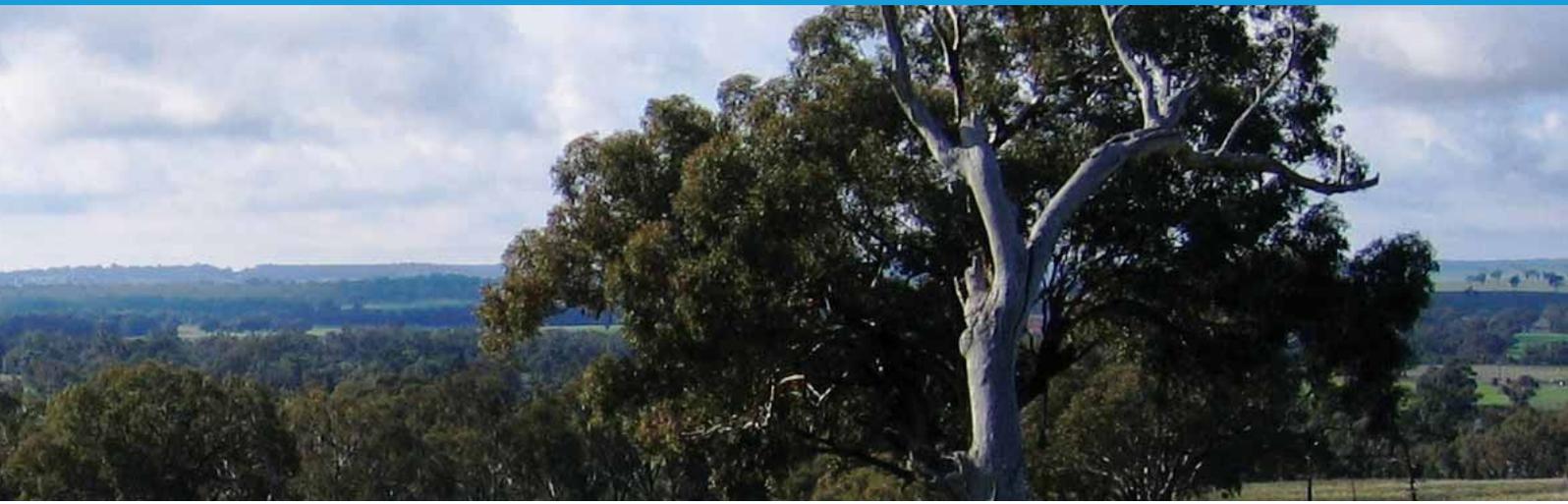


Photo: Gekko Images



section 7



how we achieve
our results

How we achieve our results

Our work is guided by the values we hold of independence, commitment, quality innovation and having a vibrant workplace. In keeping with our values, we aim to perform our duties skilfully, impartially and diligently.

The NRC has a small and professional team of management, analysts and administrative staff that support the Commissioner. We also work with relevant experts to ensure that the advice we provide and the approach to develop that advice is of the highest standard.

To be successful the NRC needs to maintain effective systems and processes as well as leveraging the best out of our team and our partners. Project teams use peer reviewers to seek advice on whether the NRC's work represents best practice, and how to make improvements. When staff work with external consultants a core objective is to capture and transfer the consultant's expertise into not only the project but across the whole team.

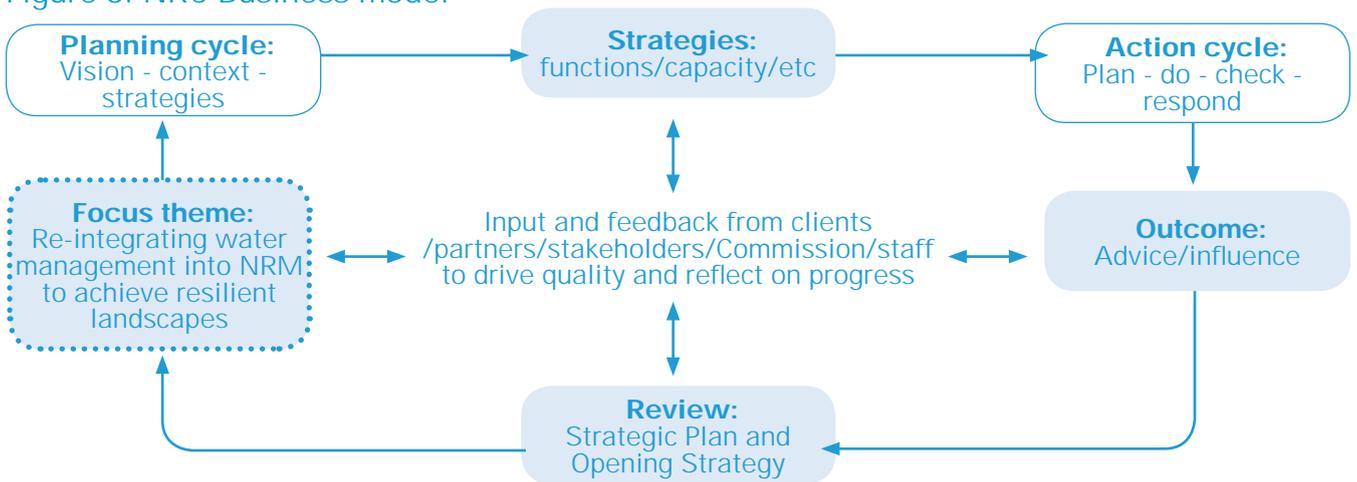
Achievements in 2008-09

In July 2008, the NRC finalised an Enterprise Agreement with staff that consolidated salaries and employment conditions. The Agreement was negotiated in consultation with all staff and was endorsed by the Industrial Relations Commission. The Agreement provides for a culture of ongoing achievement, skill enhancement and personal reward for staff, and will play a major role in the success of the NRC in fulfilling its legislated obligations.

During 2008-09, we continued to improve the systems that help us to achieve our results. We ensured we were making the best use of our resources by:

- introducing new Occupational Health and Safety and Injury Management System and specific Healthy Lifestyle programs including the provision of free health checks, flu shots and presentations on healthy eating and time management
- improving our risk management by reviewing our risk management system

Figure 3: NRC Business model



- recruiting staff who have the right mix of skills and motivation to achieve
- inducting new team members in our corporate values and systems and training them in our project management system and analytical and creative problem solving system – Dealing with Complexity
- continuing our strong focus on performance management through our Performance Excellence Process
- supporting a range of professional development opportunities targeted to the needs of individuals.

Strategic Planning

In December 2008, after extensive review of our Strategic Plan and Operating Strategy, a new Business Model was instituted for the NRC (Figure 3). The model is consistent with the adaptive management cycle and involves a focus on a specific theme, development of strategies within that theme, implementation of those strategies, and reviewing and adapting the theme or strategies.

The Commissioner is the decision maker in our business model and sets our focus themes and strategies and provides advice to government on the outputs of our work. The Executive Director is primarily responsible for leading the implementation and review of the strategies in accordance with the Standard.

Governance and Decision Making

As part of the wider adaptive management cycle, the NRC also initiates internal audits of our work, functions and processes. In 2008-09, we commenced auditing the functioning of the Commission. Specialist governance consultants BoardWorks International were engaged to review the structure, role,

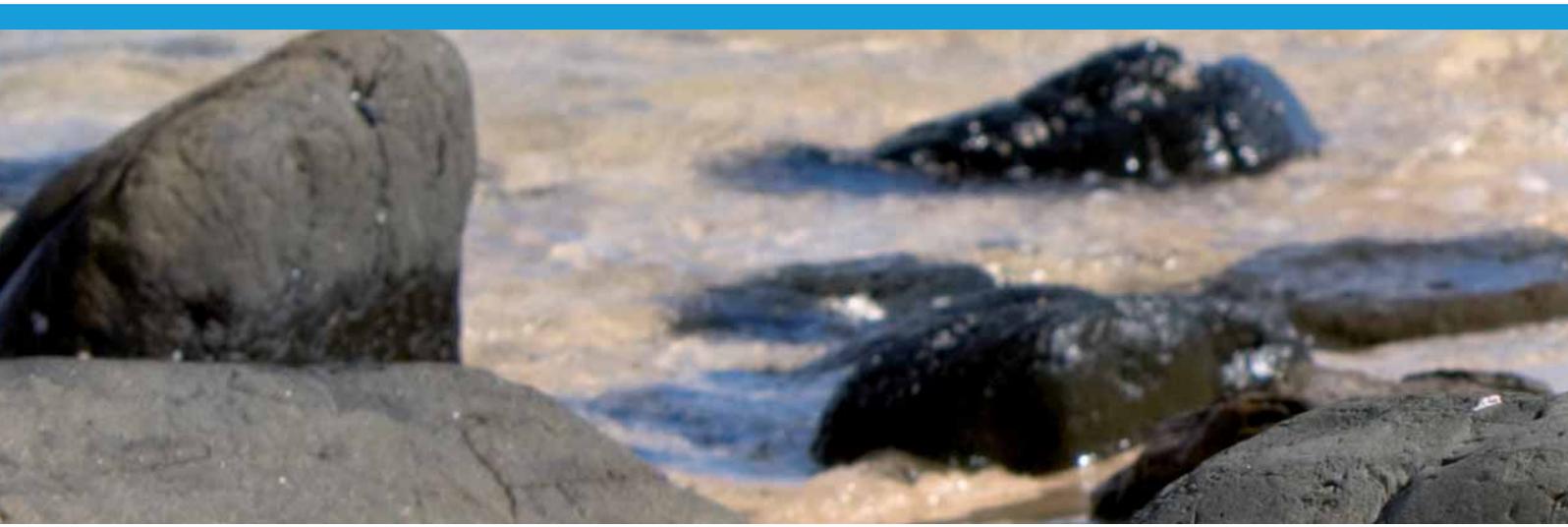
processes and operation of the Commission and its personnel.

The report was due to be delivered in July 2009 and it is anticipated that any recommended changes to the Commission structure will be phased in over the 2009-10 year.

next steps

The NRC has established the necessary framework to ensure we operate efficiently and effectively. In 2009-10 we will build on this framework by:

- monitoring the implementation of our new governance arrangement
- enhancing the capability of our staff through targeted professional development and training, as identified through our Performance Excellence Process
- continuing to focus staff well-being and development through targeted OH&S training and our Healthy Lifestyles programs
- enhancing our computer systems and infrastructure.



section
8



financial statements

8 financial statements

Consolidated

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Natural Resources Commission Division

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Natural Resources Commission

8.1 Independent auditor's report



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Natural Resources Commission and Controlled Entity

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Natural Resources Commission (the Commission), which comprises the balance sheet as at 30 June 2009, the operating statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes for both 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.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Commission and the consolidated entity as at 30 June 2009, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

Commissioner's Responsibility for the Financial Report

The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Commission or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.



M T Spriggins
Director, Financial Audit Services

26 October 2009
SYDNEY

Natural Resources Commission

8.2 Statement on behalf of the Natural Resources Commission



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 of our knowledge and belief:

- a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting 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 Central 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 2009 and the operations for the period then ended;
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in blue ink, which appears to read "Dr John Williams".

Dr John Williams
Commissioner

20 October 2009

Natural Resources Commission

8.3 Operating statement for the year ended 30 June 2009

	Notes	Consolidated			NRC		
		Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
Expenses excluding losses							
Employee related expenses	2(a)	2,480	2,588	2,283	-	-	-
Other operating expenses	2(b)	2,002	1,930	2,172	2,002	1,930	2,172
Depreciation and amortisation	2(c)	311	279	308	311	279	308
Personnel services	2(d)	-	-	-	2,480	2,588	2,283
Total expenses excluding losses		4,793	4,797	4,763	4,793	4,797	4,763
Revenue							
Sale of goods and services	3(a)	8	-	-	8	-	-
Investment income	3(b)	13	22	54	13	22	54
Other revenue	3(c)	-	-	16	-	-	16
Total revenue		21	22	70	21	22	70
Gain / (loss) on disposal	4	-	-	(7)	-	-	(7)
Net Cost of Services	18	(4,772)	(4,775)	(4,700)	(4,772)	(4,775)	(4,700)
Government contributions							
Recurrent appropriations	5	4,497	4,499	4,452	4,497	4,499	4,452
Acceptance by the Crown Entity of employee benefits and other liabilities	6	57	53	(9)	57	53	(9)
Total Government contributions		4,554	4,552	4,443	4,554	4,552	4,443
SURPLUS / (DEFICIT) FOR THE YEAR		(218)	(223)	(257)	(218)	(223)	(257)

The accompanying notes form part of these financial statements.

Natural Resources Commission

8.4 Statement of recognised income and expense for the year ended 30 June 2009

	Consolidated			NRC		
	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
Notes						
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	-	-	-	-	-	-
Surplus / (Deficit) for the year	(218)	(223)	(257)	(218)	(223)	(257)
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR	14 (218)	(223)	(257)	(218)	(223)	(257)

The accompanying notes form part of these financial statements.

Natural Resources Commission

8.5 Balance sheet as at 30 June 2009

	Notes	Consolidated			NRC		
		Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
ASSETS							
Current assets							
Cash and cash equivalents	8	110	179	123	110	179	123
Receivables	9	102	120	120	102	120	120
Total current assets		212	299	243	212	299	243
Non-current assets							
Property Plant and Equipment	10	43	75	354	43	75	354
Total non-current assets		43	75	354	43	75	354
Total assets		255	374	597	255	374	597
LIABILITIES							
Current liabilities							
Payables	11	58	128	128	196	128	300
Provisions	12	138	222	236	-	222	64
Other	13	1	33	19	1	33	19
Total current liabilities		197	383	383	197	383	383
Non-current liabilities							
Provisions	12	64	-	-	64	-	-
Other	13	-	1	1	-	1	1
Total non-current liabilities		64	1	1	64	1	1
Total liabilities		261	384	384	261	384	384
Net assets		(6)	(10)	213	(6)	(10)	213
EQUITY							
Accumulated funds	14	(6)	(10)	213	(6)	(10)	213
Total Equity		(6)	(10)	213	(6)	(10)	213

The accompanying notes form part of these financial statements.

Natural Resources Commission

8.6 Cash Flow Statement

for the year ended 30 June 2009

	Notes	Consolidated			NRC		
		Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee related		(2,476)	(2,534)	(2,293)	-	-	-
Other		(2,305)	(1,931)	(2,389)	(4,736)	(4,465)	(4,682)
Total Payments		(4,781)	(4,465)	(4,682)	(4,736)	(4,465)	(4,682)
Receipts							
Interest received		42	22	32	42	22	32
Other		234	-	240	189	-	240
Total Receipts		276	22	272	231	22	272
Cash Flows From Government							
Recurrent appropriation	5	4,497	4,499	4,457	4,497	4,499	4,457
Capital appropriation	5	-	-	-	-	-	-
Cash transfers to the Consolidated Fund		(5)		(104)	(5)		(104)
Net Cash Flows From Government		4,492	4,499	4,353	4,492	4,499	4,353
NET CASH FLOWS FROM OPERATING ACTIVITIES	18	(13)	56	(57)	(13)	56	(57)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of Property, Plant and Equipment		-	-	(11)	-	-	(11)
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	-	(11)	-	-	(11)
NET INCREASE (DECREASE) IN CASH		(13)	56	(68)	(13)	56	(68)
Opening cash and cash equivalents		123	150	191	123	150	191
CLOSING CASH AND CASH EQUIVALENTS	8	110	205	123	110	206	123

The accompanying notes form part of these financial statements.

Natural Resources Commission

8.7 Service group statements

for the year ended 30 June 2009

Consolidated	Service Group 1-Natural Resources Commission *		Not Attributable		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
AGENCY'S EXPENSES AND REVENUES						
Expenses excluding losses						
Operating expenses						
Employee related expenses	2,480	2,283	-	-	2,480	2,283
Other operating expenses	2,002	2,172	-	-	2,002	2,172
Operating expenses	4,482	4,455	-	-	4,482	4,455
Depreciation and amortisation expenses	311	308	-	-	311	308
Total expenses excluding losses	4,793	4,763	-	-	4,793	4,763
Revenue						
Sale of goods and services	8	-	-	-	8	-
Investment income	13	54	-	-	13	54
Other revenue	-	16	-	-	-	16
Total Revenue	21	70	-	-	21	70
Gain / (loss) on disposal	-	(7)	-	-	-	(7)
Other gains / (losses)	-	-	-	-	-	-
Net Cost of Services	4,772	4,700	-	-	4,772	4,700
Government contributions ****			4,554	4,443	4,554	4443
NET EXPENDITURE / (REVENUE) FOR THE YEAR	4,772	4,700	(4,554)	(4,443)	218	257
AGENCY'S ASSETS & LIABILITIES						
Current Assets						
Cash and cash equivalents	110	123	-	-	110	123
Receivables	102	120	-	-	102	120
Total current assets	212	243	-	-	212	243

	Service Group 1-Natural Resources Commission *		Not Attributable		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
AGENCY'S ASSETS AND LIABILITIES						
Non-current Assets						
Property plant and equipment	43	354	-	-	43	354
Total non-current assets	43	354	-	-	43	354
TOTAL ASSETS	255	597	-	-	255	597
Current liabilities						
Payables	58	128	-	-	58	128
Provisions	138	236	-	-	138	236
Other current liabilities	1	19	-	-	1	19
Total current liabilities	197	383	-	-	197	383
Non-current liabilities						
Provisions	64	1	-	-	64	1
Total non-current liabilities	64	1	-	-	64	1
TOTAL LIABILITIES	261	384	-	-	261	384
NET ASSETS	(6)	213	-	-	(6)	213

Natural Resources Commission

8.8 Summary of compliance with financial directives for the year ended 30 June 2009

Consolidated	2009			2008		
	Recurrent Appropriation \$'000	Expenditure / Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Recurrent Appropriation \$'000	Expenditure / Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000
ORIGINAL BUDGET APPROPRIATION / EXPENDITURE						
Appropriation Act	4,499	4,499	-	4,499	4,452	-
OTHER APPROPRIATIONS/ EXPENDITURE						
Transfer from another agency (s31 of the appropriation act)	w1	1	-	1	-	-
Adjustment: Saving for Payroll tax	(3)	(3)	-	(3)	4,452	-
Appropriation Act	4,497	4,497	-	4,457	4,452	-
Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	4,497	4,497	-	4,457	4,452	-
Amount drawn down against Appropriation		4,497	-		4,457	-
Liability to Consolidated Fund*		-	-		(5)	-

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

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

Natural Resources Commission

8.9 Notes to the financial statements for the year ended 30 June 2009

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a)	Reporting entity
	<p>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.</p> <p>The Natural Resources Commission, as a reporting entity, comprises all the entities under its control, including the Natural Resources Commission Division. Staff of the Commission were transferred to the Natural Resources Commission Division on 17 March 2006. All employee provisions are now held within the Division, and are shown in the consolidated section of these statements.</p> <p>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.</p> <p>The Commission is a NSW government statutory authority. The Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.</p> <p>The consolidated financial report for the year ended 30 June 2009 has been authorised for issue by the Commissioner on 20/10/2009.</p>
(b)	Basis of preparation
	<p>The Commission's financial report is a general purpose financial report which has been prepared in accordance with:</p> <ul style="list-style-type: none">• applicable Australian Accounting Standards (which include Australian Accounting Interpretations• the requirements of the <i>Public Finance and Audit Act 1983</i> and Regulation; and• the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer. <p>Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets held for trading and available for sale are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.</p> <p>Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial report.</p> <p>All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.</p>
(c)	Statement of compliance
	<p>The consolidated and parent entity financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.</p>
(d)	Administered activities
	<p>The Commission does not administer any activities on behalf of the Crown Entity.</p>

1...CONTINUED

(e) **Income recognition**

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

(i) Parliamentary Appropriations and Contributions

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

- Unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.
- The liability is disclosed in Note 13 as part of other current liabilities. The amount will be repaid and the liability will be extinguished next financial year.

(ii) Sale of Goods

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

(iii) Rendering of services

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

(iv) Investment revenue

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

(f) **Employee Benefits**

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

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

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

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

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

1...CONTINUED

	<p>(b) Long service leave and superannuation</p> <p>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".</p> <p>(c) Long service leave is measured at present value in accordance with AASB 119 <i>Employee Benefits</i>. This is based on the application of certain factors (specified in NSWTC 09/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.</p> <p>The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.</p> <p>Personnel Services</p> <p>The Personnel Services are provided by the Natural Resources Commission Division according to Part 3, Schedule 1 to the Public Sector Employment and Management Act 2002 as amended in 2006.</p>
(g)	<p>Insurance</p> <p>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.</p>
(h)	<p>Accounting for the Goods and Services Tax (GST)</p> <p>Revenues, expenses and assets are recognised net of the amount of GST, except that:</p> <p>the amount of GST incurred by the Commission as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and receivables and payables are stated with the amount of GST included.</p>
(i)	<p>Acquisitions of assets</p> <p>The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the agency. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.</p> <p>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.</p> <p>Fair value means the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.</p>
(j)	<p>Capitalisation thresholds</p> <p>Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.</p>

1...CONTINUED

(k)	<p>Revaluation of property, plant and equipment</p> <p>Physical non-current assets are valued in accordance with the “Valuation of Physical Non-Current Assets at Fair Value” Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.</p> <p>Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset’s fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.</p> <p>Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.</p>								
(l)	<p>Impairment of property, plant and equipment</p> <p>As a not-for-profit entity with no cash generating units, the Commission is effectively exempted from AASB 136 <i>Impairment of Assets</i> and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.</p>								
(m)	<p>Depreciation of property, plant and equipment</p> <p>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.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Depreciation Rates</th> <th style="text-align: right;">% Rate</th> </tr> </thead> <tbody> <tr> <td>Office furniture and fittings</td> <td style="text-align: right;">10</td> </tr> <tr> <td>Computer equipment and software</td> <td style="text-align: right;">33</td> </tr> <tr> <td>General plant and equipment</td> <td style="text-align: right;">33</td> </tr> </tbody> </table>	Depreciation Rates	% Rate	Office furniture and fittings	10	Computer equipment and software	33	General plant and equipment	33
Depreciation Rates	% Rate								
Office furniture and fittings	10								
Computer equipment and software	33								
General plant and equipment	33								
(n)	<p>Restoration costs</p> <p>The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.</p>								
(o)	<p>Leased assets</p> <p>Operating lease payments are charged to the Operating Statement in the periods in which they are incurred.</p>								
(p)	<p>Intangible assets</p> <p>The Commission recognises intangible assets only if it is probable that future economic benefits will flow to the agency and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.</p> <p>Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the agency’s intangible assets, the assets are carried at cost less any accumulated amortisation.</p> <p>The Commission’s intangible assets are amortised using the straight line method over a period of three years.</p> <p>In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units impairment can only arise if selling costs are material. Selling costs are regarded as immaterial. Hence, the Commission is effectively exempted from impairment testing.</p>								

1...CONTINUED

(q)	<p>Loans and receivables</p> <p>Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the operating statement when impaired, derecognised or through the amortisation process.</p>
(r)	<p>Payables</p> <p>These amounts represent liabilities for goods and services provided to the agency and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.</p>
(s)	<p>Budgeted amounts</p> <p>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, s21A, s24 and / or s26 of the <i>Public Finance and Audit Act 1983</i>.</p> <p>The budgeted amounts in the operating statement and the cash flow statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the balance sheet, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts; i.e. per the audited financial statements (rather than carried forward estimates).</p>
(t)	<p>New Australian Accounting Standards issued but not effective</p> <p>At reporting date, a number of Australian Accounting Standards adopted by the Australian Accounting Standards Board have been issued but are not yet operative and have not been early adopted by the Commission. NSW Treasury mandate (TC09/03) precludes early adoption of these accounting standards.</p> <p>AASB 3 (March 2008), AASB127 and AASB 2008-3 regarding business combinations</p> <p>AASB 8 and AASB 2007-3 regarding operations segments</p> <p>AASB 101 (Sept 2007), AASB 2007-8 and AASB 2007-10 regarding presentations of financial statements</p> <p>AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs</p> <p>AASB1039 regarding concise financial reports</p> <p>AASB 2008-1 regarding share based payments</p> <p>AASB 2008-2 regarding puttable financial instruments</p>

2 EXPENSES EXCLUDING LOSSES

	Consolidated		NRC	
	Actual 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Actual 2008 \$'000
(a) Employee related expenses				
Salaries and wages (including recreation leave)	2,149	2,057	-	-
Superannuation - defined contribution plans	155	134	-	-
Long service leave	57	(9)	-	-
Workers compensation insurance	20	11	-	-
Payroll tax and fringe benefit tax	99	90	-	-
	2,480	2,283	-	-

2...CONTINUED

An actuarial review of long service leave provisions to be accepted by the Crown was carried out in June 2008. The departure of a number of officers from the Commission who had substantial long service leave balances lead to a large decrease in the provision to be recognised in Crown ledgers.

	Consolidated		NRC	
	Actual 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Actual 2008 \$'000
(b) Other operating expenses include the following:				
Auditor's remuneration - audit or review of the financial reports	14	14	14	14
Consultancy costs	446	824	446	824
Contractors	631	289	631	289
Insurance	8	11	8	11
Postage and telephone	58	59	58	59
Advertising, Printing and Publication	38	46	38	46
Rental expense relating to operating leases	274	253	274	253
Training (staff development)	65	118	65	118
Travel	143	143	143	143
Special Functions/Events	21	5	21	5
Corporate services	110	111	110	111
Administration Expenses	139	224	139	224
EDP expenses	36	70	36	70
Maintenance expenses	19	5	19	5
	2,002	2,172	2,002	2,172
Maintenance expense - contracted labour and other (non-employee related), as above	19	5	19	5
Employee related maintenance expense included in Note 2(a)	-	-	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	19	5	19	5
(c) Depreciation and amortisation expense				
Depreciation				
Plant and Equipment	109	104	109	104
Total Depreciation	109	104	109	104
Amortisation				
Leasehold improvements	202	202	202	202
Intangible	-	2	-	2
	311	308	311	308
(d) Personnel services				
Paid to the Natural Resources Commission Division	-	2,480	2,283	
	-	2,480	2,283	

3 REVENUES

	Consolidated		NRC	
	Actual 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Actual 2008 \$'000
(a) Sale of goods and services				
Sale of goods and services	8	-	8	-
	8	-	8	-
(b) Investment income				
Interest	13	54	13	54
	13	54	13	54
(c) Other revenue				
Recoveries	-	16	-	16
	-	16	-	16

4 GAIN / (LOSS) ON DISPOSAL

	Consolidated		NRC	
	Actual 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Actual 2008 \$'000
Gain / (loss) on disposal of plant and equipment				
Proceeds from disposal	-	1	-	1
Written down value of assets disposed	-	(8)	-	(8)
Net gain / (loss) on disposal of plant and equipment	-	(7)	-	(7)

5 APPROPRIATIONS

	Consolidated		NRC	
	Actual 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Actual 2008 \$'000
Recurrent appropriations				
Total recurrent drawdowns from NSW Treasury (per Summary of Compliance)	4,497	4,457	4,497	4,457
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	5	-	5
	4,497	4,452	4,497	4,452
Comprising:				
Recurrent appropriations (per Operating Statement)	4,497	4,452	4,497	4,452
Transfer payments	-	-	-	-
	4,497	4,452	4,497	4,452

5...CONTINUED

	Consolidated		NRC	
	Actual 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Actual 2008 \$'000
Capital appropriations				
Total capital drawdowns from NSW Treasury (per Summary of Compliance)	-	-	-	-
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-	-	-
	-	-	-	-
Comprising:				
Capital appropriations (per Operating Statement)	-	-	-	-
	-	-	-	-

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

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

	Consolidated		NRC	
	Actual 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Actual 2008 \$'000
Long Service Leave	57	(9)	57	(9)
	57	(9)	57	(9)

7 SERVICE GROUPS OF THE AGENCY

(a) Service Group 1-Natural Resources Commission

Objectives: To provide independent advice on natural resources management issues; to recommend state-wide standards and targets; to review and 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.

8 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated		NRC	
	Actual 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Actual 2008 \$'000
Cash at bank and on hand	110	123	110	123
	110	123	110	123
Cash and cash equivalent assets recognised in the Balance sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:				
Cash and cash equivalents (per Balance sheet)	110	123	110	123
Closing cash and cash equivalents (per Cash Flow Statement)	110	123	110	123

9 CURRENT ASSETS - RECEIVABLES

	Consolidated		NRC	
	Actual 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Actual 2008 \$'000
Goods and Services Tax recoverable from ATO	39	83	39	83
Other debtors	14	34	14	34
Prepayments	49	3	49	3
	102	120	102	120

10 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment \$'000
Consolidated	
At 1 July 2008 - fair value	
Gross carrying amount	1,368
Accumulated depreciation and impairment	(1,014)
Net carrying amount	354
At 30 June 2009 - fair value	
Gross carrying amount	1,365
Accumulated depreciation and impairment	(1,322)
Net carrying amount	43
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.	
Year ended 30 June 2009	
Net carrying amount at start of year	354
Disposals	(4)
Depreciation expense	(311)
Write back on disposals	4
Net carrying amount at end of year	43
Consolidated	
At 1 July 2007 - fair value	
Gross carrying amount	1,448
Accumulated depreciation and impairment	(789)
Net carrying amount	659
At 30 June 2008 - fair value	
Gross carrying amount	1,368
Accumulated depreciation and impairment	(1,014)
Net carrying amount	354
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.	
Year ended 30 June 2008	
Net carrying amount at start of year	659
Additions	11
Write Back on Disposal	81
Disposals	(89)
Depreciation expense	(308)
Net carrying amount at end of year	354

10...CONTINUED

	Plant and Equipment \$'000
NRC	
At 1 July 2008 - fair value	
Gross carrying amount	1,368
Accumulated depreciation and impairment	(1,014)
Net carrying amount - at fair value	354
At 30 June 2009 - fair value	
Gross carrying amount	1,365
Accumulated depreciation and impairment	(1,322)
Net carrying amount	43
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.	
Year ended 30 June 2009	
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Depreciation expense	(311)
Write back on disposals	4
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At 1 July 2007 - fair value	
Gross carrying amount	1,448
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Net carrying amount	659
At 30 June 2008 - fair value	
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Net carrying amount	354
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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.	
Year ended 30 June 2008	
Net carrying amount at start of year	659
Additions	11
Disposals	(89)
Depreciation expense	(308)
Write back on disposals	81
Net carrying amount at end of year	354

11 CURRENT LIABILITIES - PAYABLES

	Consolidated		NRC	
	Actual 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Actual 2008 \$'000
Accrued salaries, wages and on-costs	42	62	-	-
Creditors	16	66	16	66
Personnel services	-	-	180	234
	58	128	196	300

12 CURRENT / NON-CURRENT LIABILITIES - PROVISIONS

	Consolidated		NRC	
	Actual 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Actual 2008 \$'000
Current				
Employee benefits and related on-costs				
Recreation leave	111	151	-	-
Long service leave on-costs	14	6	-	-
Payroll tax	13	15	-	-
	138	172	-	-
Current				
Other provisions				
Restoration Cost	-	64	-	64
	-	64	-	64
	138	236	-	64
Non-current				
Other provisions				
Restoration costs	64	-	64	-
	64	-	64	-
Personnel Services received from the Natural Resources Commission Division				
Aggregate employee benefits and related on-costs				
Provisions - current	138	172	-	-
Accrued salaries, wages and on-costs (Note 11)	42	62	-	-
	180	234	-	-

13 CURRENT / NON-CURRENT LIABILITIES - OTHER

	Consolidated		NRC	
	Actual 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Actual 2008 \$'000
Other current liabilities				
Liability to consolidated fund	-	5	-	5
Lease incentive	1	14	1	14
	1	19	1	19
Other non-current liabilities				
Lease incentive	-	1	-	1
	-	1	-	1

14 CHANGES IN EQUITY

	Accumulated Funds	
	2009 \$'000	2008 \$'000
Consolidated		
Balance at the beginning of the year	213	470
adjustment to Prior year rounding	(1)	-
Restated opening balance	212	470
Changes in equity - other than transactions with owners as owners		
Surplus / (deficit) for the year	(218)	(257)
Total	(218)	(257)
Balance at the end of the financial year	(6)	213
NRC		
Balance at the beginning of the year	213	470
adjustment to Prior year rounding	(1)	-
Restated opening balance	212	470
Changes in equity - other than transactions with owners as owners		
Surplus / (deficit) for the year	(218)	(257)
Total	(218)	(257)
Balance at the end of the financial year	(6)	213

15 COMMITMENTS FOR EXPENDITURE

	Consolidated		NRC	
	Actual 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Actual 2008 \$'000
(a) Other Expenditure Commitments				
Aggregate other expenditure for the acquisition of goods and services contracted for at balance date and not provided for:				
Not later than one year	516	338	516	338
Total (including GST)	516	338	516	338
Commitments include GST of \$46.9 k (\$31K for 2008) which is expected to be recovered from the Australian Taxation Office (ATO).				
(b) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable				
Not later than one year	321	302	321	302
Later than one year and not later than five years	1283	25	1283	25
Later than five years	26	-	267	-
Total (including GST)	1630	327	1630	327
Commitments include GST of \$148k (\$31K for 2008) 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 was \$3k below budget. This has been achieved as a result of lower level of expenditure in employee related expenses (\$108k) offset by higher expenditure in depreciation cost (\$32k) and other operating expenses (\$72k)

Assets and liabilities

Current Assets were \$87k lower than budget mainly due to a reduction in cash held at end of financial year of \$69k and a decrease in receivables of \$18k

Non Current Assets were \$32K lower than budget. It is due to higher than budgeted provision for depreciation.

Current Liabilities were \$186k lower due to a decrease in payables of \$70k and a decrease in provisions of \$116k

Non Current Liabilities were \$63k higher than budget due to the provision for make-good being transferred to non-current liability

Cash flows

Cash flow from Operating Activities was a negative \$13k against a budget figure of \$56k.

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

	Consolidated		NRC	
	Actual 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Actual 2008 \$'000
Net cash used on operating activities	(13)	(57)	(13)	(57)
Cash flows from Government / Appropriations	(4,497)	(4,353)	(4,497)	(4,353)
Acceptance by the Crown Entity of employee benefits and other liabilities	(57)	9	(57)	9
Net gain / (loss) on sale of plant and equipment	-	(7)	-	(7)
Depreciation	(311)	(308)	(311)	(308)
Decrease / (increase) in provisions and other liabilities	52	34	-	14
Increase / (decrease) in prepayments and other assets	(17)	29	(17)	29
Decrease / (increase) in creditors	71	(47)	123	(27)
Net cost of services	(4,772)	(4,700)	(4,772)	(4,700)

19 FINANCIAL INSTRUMENTS

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

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

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2009	2008
			\$'000	\$'000
Consolidated				
Cash and cash equivalents	8	N/A	110	123
Receivables	9	Loans and receivables (at amortised cost)	14	34
Financial Liabilities				
Consolidated				
Payables	11	Financial liabilities measured at amortised cost	57	121
Financial Assets				
NRC				
Cash and cash equivalents	8	N/A	110	123
Receivables	9	Loans and receivables (at amortised cost)	14	34
Financial Liabilities				
NRC				
Payables	11	Financial liabilities measured at amortised cost	196	300

(b) Credit Risk

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

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

Credit risk associated with the Commission's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

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

19...CONTINUED

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

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

(c) Liquidity risk

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

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 payment. There was no penalty interest paid in 2008/09 (Nil in 2007/08).

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

	\$'000		
	Nominal Amount	Interest Rate Exposure Non-interest bearing	Maturity Dates < 1 yr
Consolidated 2009			
<i>Payables:</i>			
Accrued salaries, wages and on-costs	42	42	42
Creditors	15	15	15
	57	57	57
Consolidated 2008			
<i>Payables:</i>			
Accrued salaries, wages and on-costs	62	62	62
Creditors	59	59	59
	121	121	121
NRC 2009			
<i>Payables:</i>			
Accrued salaries, wages and on-costs	180	180	180
Creditors	15	15	15
	195	195	195

19...CONTINUED

	\$'000		
	Nominal Amount	Interest Rate Exposure Non-interest bearing	Maturity Dates < 1 yr
<i>Payables:</i>			
Accrued salaries, wages and on-costs	-	-	-
Creditors	59	59	59
	59	59	59

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Group operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2008. The analysis assumes that all other variables remain constant.

Interest rate risk

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

	\$'000				
	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
Consolidated					
<i>Financial assets</i>					
Cash and cash equivalents	110	(1)	(1)	1	1
Receivables	14	-	-	-	-
Financial assets at fair value	-	-	-	-	-
Other financial assets	-	-	-	-	-
<i>Financial liabilities</i>					
Payables	57	-	-	-	-
	181	(1)	(1)	1	1
Consolidated 2008s					
<i>Financial assets</i>					
Cash and cash equivalents	123	(1)	(1)	1	1
Receivables	120	-	-	-	-
<i>Financial liabilities</i>					
Payables	128	-	-	-	-
	371	(1)	(1)	1	1

19...CONTINUED

	\$'000				
	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
NRC					
2009					
<i>Financial assets</i>					
Cash and cash equivalents	110	(1)	(1)	1	1
Receivables	14	-	-	-	-
<i>Financial liabilities</i>					
Payables	196	-	-	-	-
	320	(1)	(1)	1	1
NRC					
2008					
<i>Financial assets</i>					
Cash and cash equivalents	123	(1)	(1)	1	1
Receivables	120	-	-	-	-
<i>Financial liabilities</i>					
Payables	66	-	-	-	-
	309	(1)	(1)	-	1

(e) Fair Value

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

20 AFTER BALANCE DATE EVENTS

Announcements on Government public sector reforms indicate agencies will amalgamate into 13 'Super Departments'. Natural Resource Commission (NRC) has not been listed in any Administrative Orders documenting amalgamations at the time of lodging accounts with the Audit Office. As a result, no specific information is available in regard to future impact on NRC.

End of audited financial report.

Natural Resources Commission Division

8.10 Independent auditor's report



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Natural Resources Commission Division

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Natural Resources Commission Division (the Division), which comprises the balance sheet as at 30 June 2009, the operating statement, statement of recognised income and equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Division as at 30 June 2009, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

The Commissioner's Responsibility for the Financial Report

The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Division,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.



M. T. Spriggins
Director, Financial Audit Services

26 October 2009
SYDNEY

Natural Resources Commission Division

8.11 Statement on behalf of the Natural Resources Commission Division



STATEMENT ON BEHALF OF THE NATURAL RESOURCES COMMISSION DIVISION

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

- a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards, 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 Central 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 Division of New South Wales as at 30 June 2009 and the operations for the period then ended;
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in blue ink, which appears to read "John Williams".

Dr John Williams
Commissioner

20 October 2009

Natural Resources Commission Division

8.12 Operating statement for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Expenses excluding losses			
Employee related expenses	2(a)	2,480	2,283
Total expenses excluding losses		2,480	2,283
Revenue			
Personnel services		2,480	2,283
Total revenue		2,480	2,283
SURPLUS / (DEFICIT) FOR THE PERIOD		-	-

The accompanying notes form part of these financial statements.

8.13 Statement of recognised income and expense for the year ended 30 June 2009

	Actual 2009 \$'000	Actual 2008 \$'000
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	-	-
Surplus / (Deficit) for the year	-	-
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR	-	-

The accompanying notes form part of these financial statements.

Natural Resources Commission Division

8.14 Balance sheet as at 30 June 2009

	Notes	Actual 2009 \$'000	Actual 2008 \$'000
ASSETS			
Current assets			
Receivables	3	180	234
Total current assets		180	234
Total assets		180	234
Current liabilities			
Payables	4	42	62
Provisions	5	138	172
Total current liabilities		180	234
Total liabilities		180	234
Net assets		-	-
Total Equity		-	-

The accompanying notes form part of these financial statements.

8.15 Cash Flow Statement for the year ended 30 June 2009

	2009 Actual	2008 Actual
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee related	(2,534)	(2,280)
Total Payments	(2,534)	(2,280)
Receipts		
Other	2,534	2,280
Total Receipts	2,534	2,280
Net Cash Flows From Government	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	-	-
NET INCREASE /(DECREASE) IN CASH	-	-
CLOSING CASH AND CASH EQUIVALENTS	-	-

The accompanying notes form part of these financial statements.

Natural Resources Commission Division

8.16 Notes to the financial statements for the year ended 30 June 2009

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

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

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

The financial report was authorised for issue by the Executive Director on 20/10/2009. The report will not be amended and reissued as it has been audited.

(b) Basis of preparation

The Division's financial report is a general purpose financial report which has been prepared in accordance with:

applicable Australian Accounting Standards (which include Australian Accounting Interpretations)

the requirements of the *Public Finance and Audit Act 1983* and Regulation; and

the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

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

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

(c) Statement of compliance

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

(d) Income recognition

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

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

(e) Employee Benefits

Salaries and wages, annual leave, sick leave and on-costs

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

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

1 CONT...

	<p>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.</p> <p>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.</p>
(f) Payables	<p>These amounts represent liabilities for goods and services provided to the Division and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.</p>
(g) New Australian Accounting Standards issued but not effective	<p>At reporting date, a number of Australian Accounting Standards adopted by the Australian Accounting Standards Board have been issued but are not yet operative and have not been early adopted by the Commission. NSW Treasury mandate (TC09/03) precludes early adoption of these accounting standards.</p> <p>AASB 3 (March 2008), AASB127 and AASB 2008-3 regarding business combinations</p> <p>AASB 8 and AASB 2007-3 regarding operations segments</p> <p>AASB 101 (Sept 2007), AASB 2007-8 and AASB 2007-10 regarding presentations of financial statements</p> <p>AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs</p> <p>AASB1039 regarding concise financial reports</p> <p>AASB 2008-1 regarding share based payments</p> <p>AASB 2008-2 regarding puttable financial instruments</p>

2 EXPENSES EXCLUDING LOSSES

	2009 \$'000	2008 \$'000
(a) Employee related expenses		
Salaries and wages (including recreation leave)	2,149	2,057
Superannuation - defined contribution plans	155	134
Long service leave	57	(9)
Workers compensation insurance	20	11
Payroll tax and fringe benefit tax	99	90
	2,480	2,283

3 CURRENT / NON-CURRENT ASSETS - RECEIVABLES

	Actual 2009 \$'000	Actual 2008 \$'000
Current Receivables		
Personnel services	180	234
	180	234

4 CURRENT LIABILITIES - PAYABLES

	Actual 2009 \$'000	Actual 2008 \$'000
Accrued salaries, wages and on-costs	42	62
	42	62

5 CURRENT LIABILITIES - PROVISIONS

	Actual 2009 \$'000	Actual 2008 \$'000
Employee benefits and related on-costs		
Recreation leave	111	151
Long service leave	14	6
Payroll tax	13	15
	138	172
Aggregate employee benefits and related on-costs	138	172
Provisions - current	42	41
Accrued salaries, wages and on-costs (Note 4)	180	213

6 FINANCIAL INSTRUMENTS

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

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

Financial Assets	Note	Category	Carrying Amount 2009 \$'000	Carrying Amount 2008 \$'000
Class:				
Receivables	3	Loans and receivables (at amortised cost)	180	234
Financial Liabilities				
Payables	4	Financial liabilities measured at amortised cost	42	62

(a) Credit Risk

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

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

6...CONTINUED

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

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

(b) Liquidity risk

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

Maturity Analysis and interest rate exposure of financial liabilities

	\$'000		
	Nominal Amount	Interest Rate Exposure Non-interest bearing	Maturity Dates < 1 yr
2009			
<i>Payables:</i>	42	42	42
Accrued salaries, wages and on-costs	42	42	42
2008			
<i>Payables:</i>	62	62	62
Accrued salaries, wages and on-costs	62	62	62

6...CONTINUED

(c) Market risk

Interest rate risk

	\$'000				
	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
2009					
Financial assets	180	-	-	-	-
Receivables					
Payables	42	-	-	-	-
	222	-	-	-	-
2008					
Receivables	234	-	-	-	-
Payables	62	-	-	-	-
	296	-	-	-	-

(d) Fair Value

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

End of audited financial report.



appendices 1–5



appendix 1

legislative provisions

There were no changes in 2008-09 to the relevant sections of the legislation below.

Legislation	Relevant sections	Details
<i>Natural Resources Commission Act 2003</i>	Whole Act	Establishes the NRC, details its functions and includes operational provisions.
<i>Catchment Management Authorities Act 2003</i>	s. 22, 23, 26, 28	<p>The Minister is to seek advice from the NRC in assessing a draft Catchment Action Plan and take account of that advice.</p> <p>Catchment Action Plans must be audited at least every 5 years by the NRC or an independent audit panel appointed by the Minister.</p> <p>The Minister may seek advice from the NRC on any annual implementation program submitted to the Minister.</p>
Native Vegetation Regulation 2005	Clauses 8, 17, 25	<p>The NRC may establish a requirement for information regarding the social and economic impacts of a draft Property Vegetation Plan.</p> <p>The Minister must consult with the NRC before listing a native species as a feral species.</p> <p>The Minister is to seek the advice of the NRC regarding any proposed amendment to the environmental outcomes assessment methodology. The NRC may suggest amendments to the methodology.</p>
Threatened Species Conservation Act 1995	s. 18, 21, 24, 25A, 90B, 126E, 128, 141B, 141C	<p>Establishes links between the NRC and the Threatened Species and Fisheries Scientific Committees and the Biological Diversity and Socio-Economic Advisory Councils.</p> <p>The NRC may provide advice on preparation or review of a priorities action statement.</p> <p>The Minister may suspend biodiversity certification based on the outcomes of any audit undertaken by the NRC.</p>
Water Management Act 2000	s. 43A	The Minister may extend the duration of a water sharing plan on the recommendation of the NRC. The section includes provisions for the NRC's review and report.
Snowy Mountains Cloud Seeding Trial Act 2004	s. 6, 8	<p>The Ministers must consult the NRC about any proposed suspension or termination of the cloud seeding trial.</p> <p>The NRC is to supervise cloud seeding operations and report on the environmental impact of those operations.</p>
Forestry and National Park Estate Act 1998	s. 15, 25	A forest agreement can only be made after an assessment by the NRC.
State Environmental Planning Policy No 71 – Coastal Protection	s. 18, 21, 22	The Minister must consult with the NRC when considering approval of a master plan or waiving the need for a master plan.

appendix 2

publications

Publication Topic	Date	Title
Catchment Action Plan audits	December 2008	Audit report – Western CMA
	December 2008	Audit report – Murray CMA
	February 2009	Audit report – Hawkesbury Nepean CMA
	March 2009	Audit report – Hunter Central Rivers CMA
	March 2009	Audit report – Central West
	March 2009	Audit report – Lower Murray Darling
	April 2009	Audit report – Border-Rivers Gwydir CMA
Cloud seeding	April 2009	Progress report on the Snowy Mountains Cloud Seeding Trial
Corporate	October 2008	NRC Annual Report 2007-08
	March 2009	NRC Strategic Plan 2009-12
Environmental Outcomes Assessment Methodology	May 2009	Advice on proposed amendments to the Environmental Outcomes Assessment Methodology – Chapters 2 and 5 (Biodiversity)
Funding allocation	March 2009	Investment funding allocations to CMAs in 2008-09
Natural Resource Management	February 2009	The future of catchment management – Commissioner's presentation – Australian Water Association Conference
Reporting on standard and targets	November 2008	Progress report on effective implementation of Catchment Action Plans
	March 2009	NRM Models and frameworks – Advantages and pitfalls
Standard and targets	August 2008	Commissioner's presentation – NSW Land for Wildlife Conference
Videos	November 2008	Good news story
	November 2008	Natural Resource Management
	November 2008	Resilience
	November 2008	The coast
	November 2008	The future
	November 2008	The Government
	November 2008	The problem

appendix 3

commitment to community values

NRC Code of Conduct

The NRC is guided by its Code of Conduct. Through induction training, all new staff received training on the Code of Conduct. At team meetings, the Code of Conduct is regularly discussed to raise awareness, monitor adherence and explore ethical issues. Commitment to and implementation of the Code of Conduct, including ethical work practices, is a key component of the NRC's performance excellence process, as well as recruitment decisions.

NSW Government Action Plan for Women

The NRC fully supports and, where appropriate, works with other agencies to achieve the whole-of-government approach for addressing the concerns and interests of women in NSW. The NSW Government Action Plan for Women focuses on reducing violence, promoting safe and equitable workplaces, maximising interest in economic reforms, promoting the position of women in society, improving access for education and improving the health and quality of life.

The NRC is committed to assisting women in its workplace and continuously aims to achieve the following strategies for all women in the NRC. During 2008-09 the NRC continued to:

- ensure that access to learning and development programs were non-discriminatory
- provide equal access to and participation in decision-making and leadership structures
- support flexible working arrangements to help women balance their work and family commitments. During 2008-09 two staff members commenced 12 months maternity leave and another returned to the workplace following 12 months maternity leave.

The NRC exceeds the NSW government benchmark for female representation with 60% female employees.

Ethnic Affairs Priority Statement

NRC activities are centred on providing independent advice to government and the NRC is not a direct service provider to the community, beyond consultation and information dissemination. The NRC therefore has reduced capacity to address Ethnic Affairs Priority Statement (EAPS) issues. The NRC respects the rights of Australian citizens and residents who wish to become citizens to seek employment from advertised vacancies in the NRC.

The NRC continued to implement its EAPS in the reporting period. This statement sets out a series of strategies that ensure the NRC continues to operate by the principles of multiculturalism. The NRC in 2008-09 undertook the following to implement EAPS:

- circulated information to all staff to ensure they are kept up to date on EAPS issues and their responsibility in implementation of these principles where appropriate
- ensured information on EAPS is available to all prospective job applicants via the information pack and expanded careers website
- reviewed staff members' understanding and commitment to the principles of cultural diversity as they relate to the job as part of the performance appraisal of staff
- assessed applicants' knowledge, understanding and implementation of the principles of cultural diversity as they relate to the job as part of the recruitment process for all positions
- provided flexible work practices to enable individuals to meet personal, cultural or religious needs
- accommodated matters such as dietary requirements at functions in accordance with needs of the individual
- provided access to information and publications including tender advertisements via the internet.

In 2009-10, the NRC will continue to undertake the above initiatives, as well as seek further ways to celebrate cultural diversity.

Disability Action Plan

The NRC continued to implement its Disability Action Plan in the reporting period. In 2008-09 the NRC continued to:

- be accommodated in an office that is accessible to people with disability
- choose venues for public consultations, hearings and meetings that are accessible to people with disability and close to accessible public transport

- ensure all NRC staff are familiar with internal policies on EEO and discrimination and respond sensitively to the needs of people with disability
- improve the accessibility of our website by enabling web pages to be viewed in large format
- make any reasonable adjustment necessary for staff, contractors or visitors.

In 2009-10, we will continue to improve our awareness and accessibility.

Equal Employment Opportunity policies

The NRC's policies on EEO, grievance handling and harassment prevention were

reviewed and re-issued. All new staff were inducted in the policies on EEO, grievance handling and harassment prevention. The NRC's commitments to EEO were also discussed with all new consultants and contractors who were temporarily based in the NRC's offices as part of their specialised induction program. All staff are actively encouraged to balance work and family commitments through use of flexible work practices, including part time work.

In 2009-10, the NRC will continue to:

- facilitate fair, transparent and inclusive decision making forums
- emphasise the importance of adhering to EEO principles and NRC values as part of our performance excellence process
- discuss EEO at our team meetings to ensure all staff are kept up to date and aware of opportunities to promote fairness and diversity in the workplace
- emphasise EEO as part of recruitment
- provide equal access to professional development opportunities.

Number of employees by category as at 30 June

Category	2005-06	2006-07	2007-08	2008-09
Commissioner (part-time)	1	1	1	1
Assistant Commissioners (part-time)	4	4	4	4
Executive Director	1	1	1	1
Manager, Corporate Services	1	1	1	1
Program Managers	2	1	3	2
Senior Advisor	1	1	0	1
Natural Resource Analysts	6	11	10	11
Executive Assistant	1	1	1	1
Administration Officer	1	1	1	1

Trends in the Representation of EEO Groups

EEO Group	% of Total Staff				
	Benchmark or Target	2006	2007	2008	2009
Women	50%	40%	55%	58%	60%
Aboriginal people and Torres Strait Islanders	2%	0%	0%	0%	0%
People whose first language was not English	20%	7%	16%	6%	6%
People with a disability	12%	0%	0%	0%	0%
People with a disability requiring work-related adjustment	7%	0%	0%	0%	0%

Trends in the Distribution of EEO Groups

EEO Group	Distribution Index				
	Benchmark or Target	2006	2007	2008	2009
Women	100	n/a	n/a	n/a	n/a
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a	n/a
People whose first language was not English	100	n/a	n/a	n/a	n/a
People with a disability	100	n/a	n/a	n/a	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a	n/a

Notes:

1. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20, as is the case with the NRC.
2. 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.
3. Staff numbers are as at 30 June 2009.
4. Excludes casual staff and temporary secondments.

Personnel and industrial relations policies and practices

In July 2008, the NRC finalised an Enterprise Agreement with staff that consolidated salaries and employment conditions. The Agreement was endorsed by the Industrial Relations Commission.

The Agreement was negotiated directly with full consultation of all staff. The Agreement provides for a culture of ongoing achievement, skill enhancement and

personal reward for staff, and will play a major role in the success of the NRC in fulfilling its legislated obligations.

Occupational Health and Safety

The NRC continued to implement its occupational health and safety program in 2008-09.

The NRC reviewed its program to improve occupational health and safety outcomes in line with NSW Government policy on *Working Together – The Public Sector OHS and Injury Management Strategy for 2005 – 2008* and *Taking Safety Seriously*.

A new *Occupational Health and Safety and Injury Management System* was introduced along with revised *Occupational Health and Safety Procedures*.

In addition to this other specific initiatives in 2008-09 included:

- Introduction of specific Healthy Lifestyle programs including presentations on healthy eating and time management
- Availability of flu shots to all staff on a voluntary basis
- Provision of free health checks
- Workshop and practical assistance on workstation set up and modification to office furniture to facilitate safety and ease of use.
- Conduct of a hazard identification and risk assessment to safeguard against staff injury risks and promote wellness
- Consultation, risk identification and information awareness sessions as part of regular team meetings
- Review, implementation and testing of emergency evacuation procedures
- Promotion of a healthy and safe workplace culture and encouraging fitness activities
- Training of First Aid Officers
- Provision of free telephone counselling services

There were no prosecutions under the *Occupational Health and Safety Act 2000* for the NRC during this year and no reported accidents or injuries which resulted in a loss of work time.

Contract executive profile

The NRC has two positions, one executive (the Executive Director) and one non-executive (the Commissioner) that are equivalent to SES level 1 or higher. Both positions were substantively filled by males in 2007-08 and 2008-09.

Salaries of statutory appointees and contract executives

No performance-related payments (bonuses) were made.

Assistant Commissioners

Assistant Commissioners are appointed by the Commissioner with the concurrence of the Premier. Assistant Commissioners work part time and are paid at a daily rate.

Privacy management plan

The NRC's Privacy Management Plan complies with the *NSW Privacy Act and Personal Information Protection Act 1988*. It outlines:

- Policies and practices;
- Details of information held; and
- Review procedures.

The NRC is committed to protecting the privacy of its stakeholders, business contacts and employees.

Waste

NRC team members have an ongoing commitment in the area of waste reduction

and regularly review administrative processes to look for further opportunities in this regard. Strategies employed by NRC to avoid waste and recover resources include:

- **Reducing the generation of waste paper.** The NRC continues to release reports electronically via our web-site and email with only a very limited print run of hard copy reports. Multi-function office machines which enable double-sided copying and printing are also provided and their use encouraged to reduce paper usage
- **Recovering resources.** The NRC is reusing paper printed on one side for scribble pads and in personal laser printers for draft documents. A paper and cardboard recycling system is followed by NRC staff and managed through an organised building system. Empty toner cartridges are collected by outside organisations for recycling. All glass and plastic material is also separately recycled
- **Using recycled material.** All NRC office paper excluding letterhead is Green Wrap. This paper contains 50% pulp, 10% 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. Remanufactured toner cartridges are procured for use in all black and white printers
- **Energy management.** The NRC is committed to being an energy efficient workplace. The NRC uses timers on its lighting and air conditioning in all areas of the tenancy, and purchases energy efficient office machines and equipment.

In June 2008, the NRC purchased all new energy efficient lighting that reduces energy consumption from fluorescent and halogen down lights by up to 40% and last up to 3 times longer than the older style lights. This has resulted in energy savings and will ensure reduced costs over time. The NRC also purchases 100% Green Power Accredited Renewable Energy from its electricity supplier.

In 2008-09, energy consumption of the NRC's tenancy decreased by over 11% on the 2007-08 amount due to the efficiency measures put in place. In regard to energy costs, the increase shown below is as a result of higher charges as well as the use of 100% Green Power, which is more expensive to purchase, but provides a significant overall benefit to the community.

NRC Electricity Usage Comparison

	Total Energy Consumed KWh	Annual Cost
Electricity 06/07	109,641.60	\$13,102.82
Electricity 07/08	114,954.00	\$18,499.58
Electricity 08/09	101,014.00	\$19,443.52

appendix 4

operations

Consultants

Due to the need for high level scientific, audit and NRM expertise, the NRC's consultant expenditure for 2008/09 was **\$445,763**.

The following consultancies over \$30,000 incurred expenditure by the NRC in 2008-09:

Consultant	Amount in 2007/08	Service
Langford	\$205,056	Audit Partner to undertake audits of the effectiveness of CMA's implementation of Catchment Action Plans.
Rod Griffiths & Associates	\$61,600	Expert support and advice regarding the NRC's review of CMA Governance arrangements
Institute for International Development	\$31,920	Audits of the effectiveness of CMA's implementation of Catchment Action Plans
Total	\$298,576	

14 consultancies were engaged that were valued at less than \$30,000 each. These consultancies totalled **\$147,186**.

Asset Management Plan

An Asset Management Plan was reviewed and implemented during 2008/09.

Complaints

NRC did not receive any complaints in 2008/09.

Funds granted to non-government community organisations

No funds were granted to non-government community organisations in 2008/09.

Risk Management and Insurance

The NRC has comprehensive coverage for workers' compensation, motor vehicle, property and public liability insurance, provided through the NSW Treasury Managed Fund. During 2008/09, the NRC did not make any insurance claims.

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

The Business Continuity Plan was revised and tested. This plan includes disaster

recovery strategies and a number of schedules of key information and contacts. Copies of the plan are stored in a number of off-site locations.

During 2008/09 the NRC continued to implement its risk management systems through the Finance, Audit and Risk Management Committee comprising of the Commissioner, Executive Director and Manager Corporate Services. The Committee meets monthly. The Governance section of this report provides further information on risk management.

Internal and External Reviews

There was one internal audit carried out during the period by BoardWorks International into the operation of the NRC's governance systems and policies. The review made recommendations dealing with the structure, processes and operation of the Commission and the role of Assistant Commissioners. The implementation of the review will occur during 2009-10.

During the year 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.

Accounting services are provided by ServiceFirst within the Department of Commerce.

Report on Account Payment Performance

Aged analysis at the end of each 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	9,782	0	0	0	0
December Quarter	7,508	0	0	0	0
March Quarter	16,937	0	0	0	0
June Quarter	17,391	0	0	0	0

Accounts paid on time within each quarter

	Target	Actual	\$	Total Amount Paid (\$)
September Quarter	88%	94%	599,269	621,108
December Quarter	88%	96%	523,970	568,657
March Quarter	88%	88%	327,758	398,963
June Quarter	88%	96%	759,816	787,796

Credit Card Certification

The NRC has two credit cards with a combined limit of \$30,000 which have been certified as complying with procedures contained in the Treasurer's Direction and the *Public Finance and Audit Act 1983*.

External Committees

The NRC did not participate in any external committees in 2008/09.

Internal Committees

Two significant internal committees operated in 2008/09, the State Environmental Planning Policy (SEPP) 71 Committee and the Financial, Audit and Risk Management Committee. The work of both of these committees is outlined in the main part of the report.

Electronic Services

The NRC's chief outputs are our reports which are available electronically on our website, www.nrc.nsw.gov.au. NRC uses government contracts for electronic services. The NRC made further changes to its website during 2008/09 and continuously monitors its electronic services to improve accessibility, quality and consistency with whole of government directions and policy.

Details of Annual Report Production

The production costs of the annual report are \$9869 and the printing costs are \$4445.

An electronic copy of this report is available on the NRC's website (www.nrc.nsw.gov.au).

This report has been printed on recycled paper.

Overseas visits

No overseas visits were undertaken by NRC staff, nor any overseas visitors hosted by the NRC.

Land Disposal & Heritage Management

The NRC does not own any property and no property was disposed of during the reporting year. The NRC possesses nothing of heritage value.

appendix 5

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 the 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 1989*.

Since many documents are readily accessible through the NRC's public access arrangements and website www.nrc.nsw.gov.au, it is advisable to check the general availability of the document before making an application under the *Freedom of Information Act 1989*.

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 2008-09

NRC did not receive any requests for documents under the *Freedom of Information Act 1989* in 2008-09.

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shortened forms

CMA	Catchment Management Authority
EAPS	Ethnic Affairs Priority Statement
EEO	equal employment opportunity
FOI	freedom of information
NRC	Natural Resources Commission
NRM	natural resource management
NSW	New South Wales
OHS	occupational health and safety
SEPP 71	State Environmental Planning Policy No. 71 – Coastal Protection

