



Natural
Resources
Commission

ANNUAL REPORT 2013-2014



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Letter of transmittal

21 October 2014

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

Dear Premier

Letter of transmittal
Natural Resources Commission - Annual Report 2013-14

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 2014.

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

Yours sincerely


Dr John Keniry AM
Commissioner

Commissioner's message



Welcome to the Annual Report of the Natural Resources Commission for fiscal 2014.

Throughout the year, the Commission conducted an independent evaluation of the effectiveness and efficiency of weed management arrangements in NSW. This work was done in response to a term of reference issued by the Minister for Primary Industries. We found that weeds are a costly impost on both farmers and the environment and we made a number of recommendations to improve the weed management legislation, to focus more on prevention and high risks, to streamline and improve organisational arrangements and to improve enforcement by, and accountability of, bodies entrusted with managing weed issues in NSW.

Under a term of reference issued by the Premier, we assessed the potential environmental and socioeconomic impacts and benefits of undertaking adaptive and active management of white cypress pine forests in the Brigalow and Nandewar State Conservation Areas. We found that there is a compelling case for an active and adaptive management regime to be adopted in a significant portion of these State Conservation Areas, as a means to improve environmental outcomes in these forests. We believe the cost of an active management regime, which would involve a combination of ecological thinning, controlled burning

and limited grazing, could be partially offset by allowing commercial use of thinnings. At the time of writing, our draft report is open for public consultation, and will be finalised and submitted to Government in September 2014.

Also under a term of reference from the Premier, we commenced an independent evaluation of the NSW Government's three year trial of using skilled volunteers for supplementary pest control in 12 reserves in Western NSW. Initial activities appear to be well planned and well executed, but it is far too early to assess outcomes.

Fiscal 2014 marked the introduction to NSW of Local Land Services, a major re-organisation of the way in which natural resource management, biosecurity services and general advice is delivered to landholders in NSW. The Commission has continued to work closely with the newly established Local Land Services organisations to assist them in the development of plans, planning systems and operational standards. We are also developing an audit strategy that will be directed at providing assurance to investors such as farmers, State and Commonwealth Governments that funds are being spent wisely, and in pursuit of planned outcomes.

In the course of its work, the Commission has the opportunity to review the legislative framework and the on-ground implementation of natural resource management across a range of disciplines. Three issues arise frequently in our reviews which, in our opinion, lead to unease and confusion among the community and elsewhere.

The first is duplication and overlap among statutes; probably arising from a "layer upon layer" evolution of legislation, but which in any event creates confusion and a sense of arbitrariness and excessive red-tape.

The second issue is a tendency for legislation to be all-encompassing, so much so that it leads to requirements on governments that cannot be adequately resourced; raising expectations that cannot be met and undermining confidence.

And thirdly, there is the issue of tenure neutrality; the community expects there should be one rule for all, not one for government and another for the private sector. Comprehensive reviews of bundles of legislation, such as now underway in relation to the NSW biodiversity legislation, will go a long way to addressing these issues and provide improved confidence to both government and community in the regulation and practice of natural resource management.

Dr John Keniry AM
Commissioner

What we do

Providing practical solutions that have triple bottom line outcomes

The Natural Resources Commission (NRC) is an independent body set up to help Government find evidence-based solutions to complex natural resource problems.

We provide rigorous, independent advice to the Premier and Ministers on managing natural resources and related issues to improve production, biodiversity and community well-being across the state, in line with the *Natural Resources Commission Act 2003*.

Our advice helps Government make informed decisions on improving service delivery, policies and regulation for long term social, economic and environmental benefits.

Our advice aims to:

- develop practical solutions that have triple bottom line outcomes
- promote performance, good governance and accountability
- support evidence-based decision making

We provide services in:

- auditing, evaluating and reviewing plans, programs and organisational performance – for example, auditing performance of Local Land Services
- reviewing complex scientific and policy issues under legislation or as requested by Government – for

example, forest assessments, reviews of water sharing plans, and reviews of other policy issues such as weed management

- evaluating trials of new Government initiatives – for example, supplementary pest control in national parks
- promoting and enabling uptake of best practice – for example, setting a performance standard for Local Land Services
- providing ongoing scientific and technical advice under legislation – for example, advising on sensitive coastal developments.

We draw on best available data, expert analysis and opinion, and views of the community and stakeholders in developing our advice.

Our advice is evidence-based, objective and transparent.



Achievements in 2013-14

Developing practical solutions

- Conducted an independent evaluation of the effectiveness and efficiency of weed arrangements in NSW, informed by extensive consultation with a range of stakeholders. We found that the effectiveness of arrangements is variable across the state in part due to a lack of accountability at all scales as well as poor coordination of planning and funding. Different requirements for public and private landholders has created considerable angst in the community and led to fragmented approaches. Our recommendations focus on strengthening prevention and enforcement across all land tenures and to facilitate a sense of shared responsibility, supported by more effective regional and state governance.
- Assessed the potential environmental and socioeconomic impacts and benefits of undertaking active and adaptive management of white cypress pine forests in the Brigalow and Nandewar State Conservation Areas. We found that the State Conservation Areas contain some large areas of relatively dense white cypress pine which can impact on the ecological health of these forests. Our draft report outlines a number of proposed reforms to improve the management of these forests, including active management interventions such as ecological thinning, targeted grazing, controlled burning and pest management.

Promoting performance and accountability

- Commenced an independent evaluation of the NSW Government's three year supplementary pest control trial which uses skilled volunteers to boost pest animal control efforts in 12 reserves in Western NSW. Our evaluation will provide advice on whether the program should continue beyond the trial period by evaluating the effectiveness of supplementary pest control and the efficiency of the program, including its ecological, social and economic benefits.
- Developed a Better Practice Guide that presents examples from nine catchment action plans assessed by the NRC in 2013-14 to inform adaption of these plans to fit Local Land Services boundaries.
- Reviewed the transition of catchment action plans to Local Land Services, and provided advice to ensure that these plans fit Local Land Services boundaries, their strategic intent is maintained, and all legislative requirements are met.
- Developed a draft standard for landscape management that sets performance expectations for Local Land Services. It builds on the existing Standard for Quality Natural Resource Management which provided a solid framework to drive improvements in program delivery, leadership, innovation and professionalism across the previous Catchment Management Authorities.

- Recommended improvements for the process of allocating government funding to maximise return on investment, and applied this process to recommend Catchment Action NSW funding allocation to Local Land Services for 2014-16.
- Developed a draft audit strategy which sets out our risk-based approach to auditing outcomes, including through undertaking audits at the request of the Minister. The audit strategy covers our role in auditing the outcomes of Local Land Services.
- Provided advice on a range of issues including biosecurity, threatened species, Local Land Services strategic planning, Local Land Services rates and audits, native vegetation and wise use of state conservation areas.
- Gave seven presentations to conferences to share our vision and work on natural resource management.
- Provided advice on whether six coastal development proposals were consistent with the requirements of *State Environmental Planning Policy No. 71—Coastal Protection*.

Building organisational capacity and systems

- As a part of leadership development, provided coaching to identified staff to facilitate increase in self-awareness, leverage strengths, and recognise areas of further development.

Developing practical solutions

Providing quality, evidence based advice for decision making

The NRC develops practical solutions to complex scientific and policy issues under legislation or in response to the directions set by the Government in its terms of reference.

In 2013-14, we conducted two major reviews – weed management in NSW, and cypress forest management in the Brigalow and Nandewar State Conservation Areas.

Review of weed management in NSW

We conducted an independent evaluation of the effectiveness and efficiency of weed management arrangements in NSW, given the significant impacts of weeds on the NSW economy and environment.

Weeds cost the NSW economy almost \$2 billion annually, not including social and environmental impacts, with agricultural business incurring an estimated \$1.3 - \$1.6 billion of these costs. Weeds also threaten around 40 per cent of vulnerable and endangered species in NSW and 89 per cent of the state's endangered ecological communities. Farmers spend an estimated \$907 million in chemicals, equipment and labour each year to control weeds. Government is estimated to spend over \$65 million each year on weed management and volunteers provide countless hours of service to manage weeds.

The Commissioner for Natural Resources, Dr John Keniry AM, chaired a Steering Committee which ensured the Government's Terms of Reference were met and stakeholder input was appropriately considered. The Steering Committee included members from the Department of Primary Industries, the Office of Environment and Heritage, and the Noxious Weed Advisory Committee.

The review was conducted in three stages. The NRC developed an issues

paper based on a literature review and consultation, including a workshop with wide range of stakeholders. The issues paper was made available for public comment and 206 submissions were received.

The NRC then developed a draft report informed by the submissions, research, and significant consultation, including regional tours attended by Steering Committee members and local stakeholders, focus group meetings and key stakeholder interviews.

The draft report was made available for public comment and 109 submissions were received. During the public comment period, the NRC undertook additional consultation with the general community and relevant stakeholders, including holding public meetings in seven locations. The final report was provided to Government in May 2014.

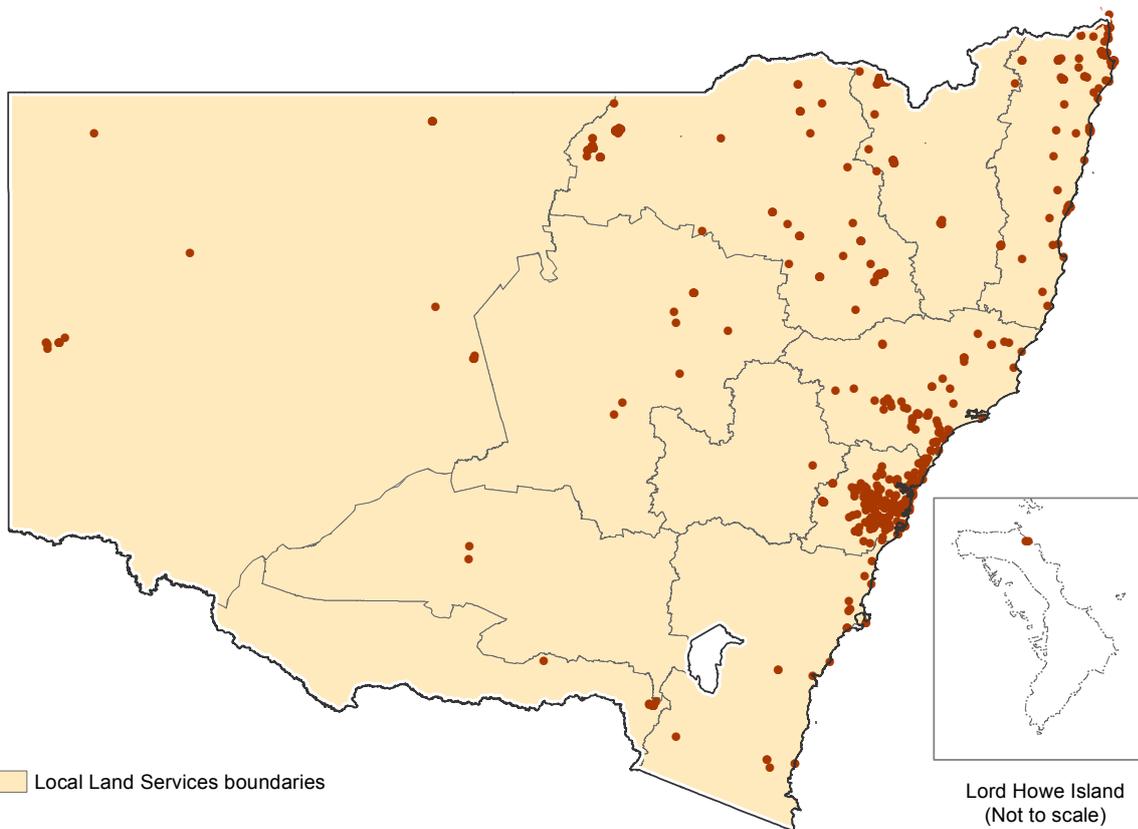
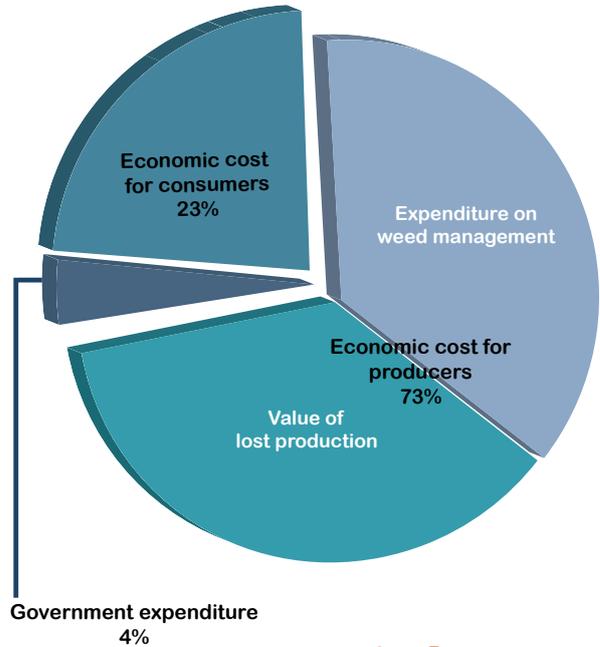
Overall, we found that the effectiveness of weed management arrangements is variable across NSW. Our recommendations focus on avoiding future costs by improving prevention, early detection and rapid response, while ensuring consistent compliance across tenures, and rebuilding seriously-eroded research and development capacity. Strong leadership within government to implement the required changes and improve accountability at all levels is now needed to avoid adding to the substantial costs already being borne by the community.

Our recommendations aim to build on the elements that are already working well, such as local service delivery, while simultaneously creating more effective regional and state governance structures to improve prevention, early detection, rapid response and consistent compliance and accountability across tenures.

We recommended that Government:

- promote shared responsibility for weed management across the whole community
- provide consistent and transparent state-level leadership and accountability
- ensure consistent and coordinated regional planning and local delivery
- improve prevention measures and response to incursions
- improve management of high-risk pathways
- improve accountability and enforcement at all scales
- support research and development.

Economic costs of weeds in NSW



Occurrence of declared noxious weeds recorded as naturalised in NSW between 2000 and 2012

Management of cypress forests in Brigalow and Nandewar State Conservation Area

Through a Terms of Reference, the NSW Premier requested that the NRC assess the potential environmental and socioeconomic impacts and benefits of undertaking active and adaptive management of cypress pine forests in the Brigalow and Nandewar State Conservation Areas.

The State Conservation Areas provide native vegetation habitat for threatened species, and support Aboriginal values, recreation, apiary, and mineral and petroleum exploration and extraction.

Based on our analysis, we found that some forests contained large areas of relatively dense white cypress pine that impact on environmental values, such as reducing habitat quality, and viability of native plants and animals. Recent scientific studies suggest that this situation is likely to worsen in the future.

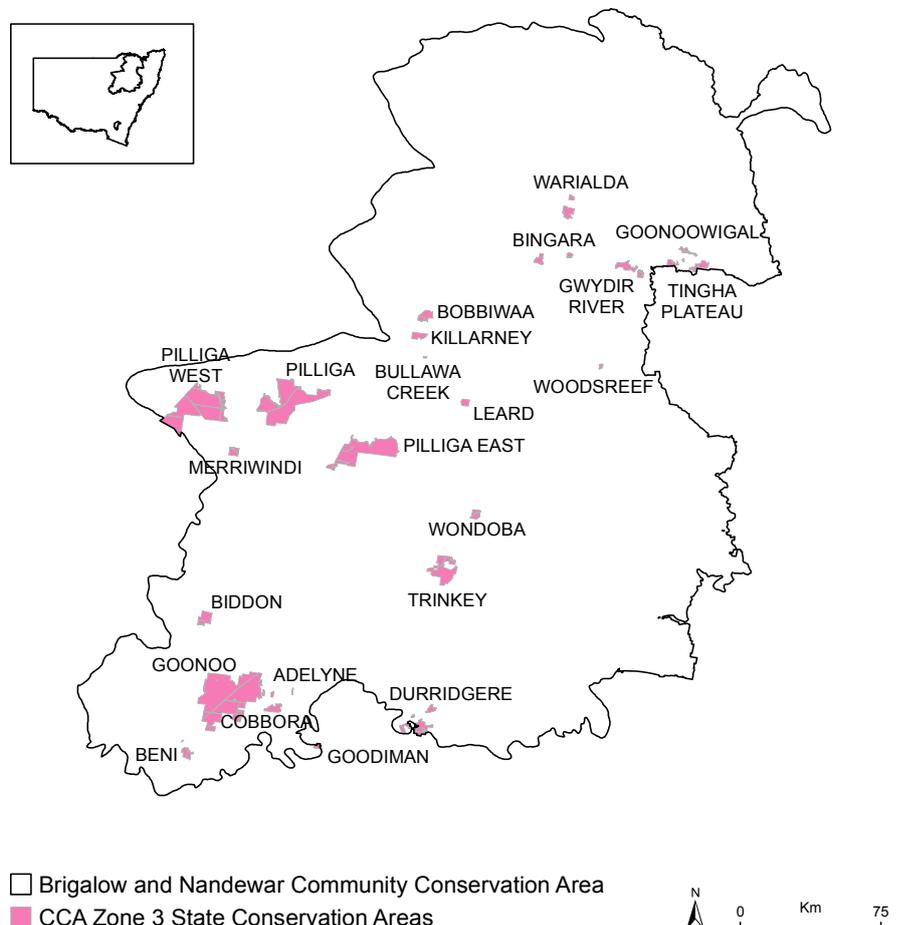
To improve the health of these forests and prevent further decline, we recommended active management interventions, such as ecological thinning and targeted grazing, in combination with controlled burning and pest management.

In undertaking active management to enhance environmental outcomes, the NSW Government should seek secondary commercial benefits, as appropriate, to offset costs, improve long term sustainability of the program, and deliver social and economic benefits.

Our draft report made the following key recommendations:

- Implement interventions such as ecological thinning and targeted grazing in combination with controlled burning and pest control to maintain and improve environmental outcomes, such as encouraging regeneration of eucalypts and improving habitat for fauna.
- Develop an adaptive management plan for the State Conservation Areas and implement interventions in line with the principles of adaptive management.
- Prioritise the development and implementation of management plans for the Goonoo, Pilliga, Pilliga West and Trinkey State Conservation Areas for active management.
- Seek cost recovery and sharing opportunities to offset management costs and enhance social and economic benefits.
- Amend legislation to facilitate active and adaptive management.

Brigalow and Nandewar Community Conservation Area CCA Zone 3 State Conservation Areas



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- Review governance arrangements in the State Conservation Areas to reduce duplication of advisory bodies and to develop better cross-tenure collaboration between land managers in the region

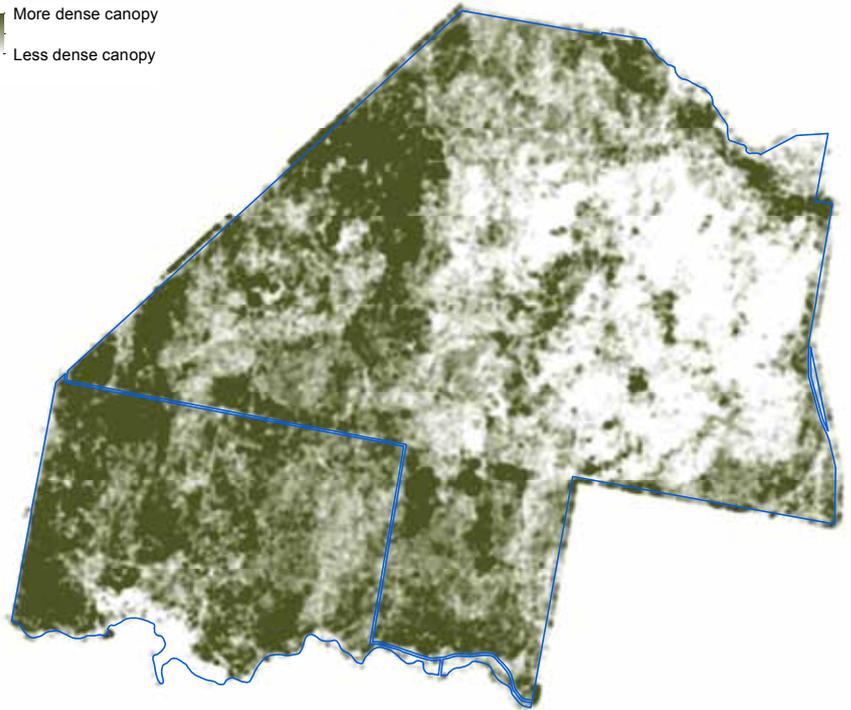
The draft report, including the supporting profile and map book provides further details of our recommendations.

Next steps

- Public consultation on the Brigalow and Nandewar draft report on management of cypress forests in the Brigalow and Nandewar State Conservation Areas.
- Provide final report on management of cypress forests in the Brigalow and Nandewar State Conservation Areas.

Bobbiwaa State Conservation Area Continuous canopy density surface

■ More dense canopy
■ Less dense canopy



Promoting performance and accountability

Promoting improvements to help Government maximise its return on investment

The NRC contributes to wider natural resource management by reviewing regional plans, auditing plan implementation and reporting progress across NSW.

In 2013-14, we commenced an independent evaluation of the supplementary pest control trial, developed a Better Practice Guide and a performance standard for Local Land Services, recommended funding allocations to Local Land Services, provided advice on Catchment Management Authorities' transition to Local Land Services, and advised on coastal development proposals.

Supplementary pest control

We have commenced an independent evaluation of the supplementary pest control trial which uses skilled volunteers to boost pest animal control efforts in 12 reserves in Western NSW. Our evaluation will provide advice to Government to assist them in deciding whether, and how, to proceed with the program (beyond the trial period). We will provide findings and recommendations on the effectiveness, efficiency and impacts of the trial via evaluation reports to stakeholders, with the final evaluation report due in May 2017.

Better Practice Guide

We developed a Better Practice Guide to help adapt catchment action plans to align with Local Land Service boundaries.

The Guide:

- presents examples of better practice demonstrated in nine catchment action plans assessed by the NRC in 2013
- focuses on better practice relating to elements of a good strategic plan, such as planning hierarchies, strategies, actions and targets
- aims to share better practice for continual improvement of regional natural resource management planning in NSW.

Performance standard for Local Land Services

We developed a draft standard for landscape management that will set performance expectations for Local Land Services. After consultation with stakeholders and Local Land Services, the standard will be ready in the second half of 2014.

The new standard will help ensure management decisions sustain both production and conservation, support investment where it is most needed, aim for highest quality results and stand up to public scrutiny.

The new standard is being tailored to the new Local Land Services framework incorporating plant and animal pest control, biosecurity, emergency management and agricultural advisory services.



Components of the Standard

Funding allocations to Local Land Services

We provided a recommended funding profile that Government used to inform the allocation of Catchment Action NSW funding to Local Land Services for 2014-16. Catchment Action NSW is the NSW Government's regionally-delivered project funding to address the state's natural resource management priorities.

Since 2008, the NSW Government has been using the NRC's decision making process to allocate Catchment Action NSW funding. The six-stage decision making process aims to allocate funds based on state-wide investment priorities and the performance of the regional bodies. The process takes into account investment priorities for natural resource management identified within the NSW 2021 state plan, and the priorities for Catchment Action NSW funding. A multi-criteria analysis decision support tool is used during the decision making process that is designed to maximise the Government's return on investment.

Improvements made in 2013-14 included stronger state-wide spatial analysis of NSW's natural resource management priorities. For example, as there was no state-wide priority mapping for soils, we asked the University of New England to analyse, identify and map state-wide priorities for allocating investment to areas that are under greatest level of reaching irreversible damage to soil condition.

Transition of Catchment Management Authorities to Local Land Services

We reviewed information and provided advice on Catchment Management Authorities' progress in transitioning their 10 year catchment plan to Local Land Services.

Our review confirmed Catchment Management Authorities' commitment to implementing agency, community and other stakeholder priorities through continued partnerships.

Our advice aims to ensure that transitional catchment action plans are aligned to Local Land Services boundaries, their strategic intent is maintained, and all legislative requirements are met.

The transitional plans will guide natural resource management investment in the regions until the adoption of Local Land Services' state and local strategic plans.

Audit strategy

We developed a draft audit strategy which sets out our risk-based approach to auditing outcomes, including our auditing the outcomes of Local Land Services. It is derived from an assessment of risks to achievement of priority outcomes and ensures we deliver an efficient, flexible audit program that provides ongoing assurance to investors whilst monitoring and responding to emerging issues.

Advice on coastal development proposals

We provided advice on six coastal development proposals.

Our advice helps promote the aims of the *State Environmental Planning Policy No. 71 – Coastal Protection (SEPP 71)* and encourages greater connection between natural resource management and planning processes.

SEPP 71 aims to protect and manage the state's coast, marine environment, native coastal vegetation and cultural heritage. It requires that a master plan be prepared for land development before development consent can be granted. The Minister responsible for planning must consult the NRC before approving a master plan or waiving the need for a master plan.

Next steps

- Deliver a preliminary evaluation report followed by an interim evaluation report on the evaluation of supplementary pest control.
- Finalise the draft Performance Standard for Local Land Services.
- Review the process for allocating government funding to Local Land Services.
- Review the Local Land Services State Strategic Plan and 11 local strategic plans.
- Finalise the NRC Audit Strategy.
- Continue to provide advice on sensitive coastal development proposals, as required by Government.

Corporate governance

Improving the capability of our people and support systems to deliver our goals

As an independent agency, the NRC aims to be a role model of good governance, especially in being transparent, accountable and continually building the capacity and commitment of our people.

Decision making structure and roles

The Commissioner is responsible for making decisions related to governing the NRC and providing advice to government.

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

The Executive Director is responsible for the day-to-day leadership of the NRC programs, administration and financial affairs. The Director Corporate Services reports to the Executive Director and leads corporate governance, financial management, audit and reporting activities. Program Directors report to the Executive Director and are responsible for managing agreed programs.

We also establish project-specific review panels to provide us with additional expertise as needed.

Commissioner and executives

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

John joined the Natural Resources Commission as Commissioner in December 2011. John was awarded an Order of Australia in 2005 and a Centenary Medal in 2003 for service to primary industry and applied science in agricultural and environmental settings. He also chairs the Sydney Institute of Marine Science and the Australian Wool Exchange. John is a Fellow of the Royal Australian Chemical Institute, the Academy of Technological Sciences and Engineering, and the Australian Institute of Company Directors. He is the past Chairman of Ridley Corporation Ltd, the Australian Chamber of Commerce and Industry, the Livestock Export Review, the National Registration Authority for Agricultural and Veterinary Chemicals, and Unisearch Ltd. John also owns a wool and lamb enterprise in central west NSW.

Executive Director
Mr Bryce Wilde
BA(Hons), ExecMPA

Bryce has 20 years of experience in the areas of natural resource management, public policy, strategic planning and organisational development. He has been a manager at the Natural Resources Commission since 2006 where, among other achievements, he has led major reviews including review of weed management in NSW, management of cypress forests in Brigalow and Nandewar State Conservation Areas, review of river red gum and woodland forests in the Riverina bioregion, and upgrading of Catchment Action

Plans. Prior to joining the Natural Resources Commission, Bryce was a senior manager at the Department of Juvenile Justice. He has provided consultancy services to NSW, Australian and local Governments, and a range of non-government organisations, particularly in the human services field.

Audit and risk management

Our internal audit program helps to ensure our programs and processes comply with legislation and management best practice.

We continued participating in the shared services agreement with the Department of Premier and Cabinet. The Department of Premier and Cabinet appoints the Chief Audit Executive and our Audit and Risk Management Committee ensured compliance with requirements of Treasury Policy TPP 09-05. The Committee met quarterly, and officers from the Audit Office of NSW attended meetings as observers.

In 2013-14:

- the Internal Audit Bureau Services completed an internal audit of our Knowledge Management Strategy and found the strategy and its implementation to be “substantially effective”
- Deloitte conducted an internal audit of our Corruption Prevention and Reporting Policy, Risk Management Policy and Framework and found that the NRC has a low fraud and corruption risk exposure and a strong fraud and corruption resistant culture.

Values

The NSW public sector values are integrity, trust, service and accountability. The NRC interprets these values through the following behaviours:

- We aim high and never stop learning, discovering, adapting and growing.
- We work collaboratively both inside and outside the NRC.
- We ask and listen to our clients, landholders and farmers.
- We show respect by validating and affirming others.
- We discuss and share issues and challenges.

Insurance

In 2013-14, the NSW Treasury Managed Fund provided our insurance for workers compensation, property and public liability. There were no claims except for workers compensation.

Work health and safety

Over the past three years, we continued our commitment to a safe and healthy work environment that enhanced the overall wellbeing of our staff and promoted healthy lifestyle choices.

Corporate initiatives

In 2013-14, we delivered the following corporate projects.

ArcGIS upgrade

We upgraded to ArcMap 10.2.1 software and related hardware so that they meet our spatial mapping and analysis needs.

Performance excellence process review

We reviewed our performance excellence process to ensure its compliance with the Public Service Commission requirements.

Coaching and mentoring plan implementation

As a part of leadership development, provided coaching to identified staff to facilitate increase in self-awareness, leverage strengths, and recognise areas of further development.

Next steps

- Relocate NRC offices to 52 Martin Place in an existing government facility.
- Renew the NRC Enterprise Agreement.
- Complete a transition to the *Government Sector Employment Act 2013*.
- Continue to build staff capacity through further professional development.



Financial reporting and statements

for the year ended 30 June 2014

Natural Resources Commission and its Controlled Entity

Independent Auditor's Report

Statement of Attestation - internal audit and risk management

Statement of Attestation - digital information security

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statement

Natural Resources Commission and Staff Agency

Independent Auditor's Report

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statement

Natural Resources Commission and its Controlled Entity

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

Natural Resources Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Natural Resources Commission (the Commission), which comprise the statement(s) of financial position as at 30 June 2014, the statement(s) of comprehensive income, statement(s) of changes in equity, statement(s) of cash flows and notes comprising a summary of significant accounting policies and other explanatory information of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission and the consolidated entity as at 30 June 2014, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. 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 statements.

I believe 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
- about the effectiveness of internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

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



Caroline Karakatsanis
Director, Financial Audit Services

22 September 2014
SYDNEY

Statement of Attestation - internal audit and risk management



Internal Audit and Risk Management statement for the 2013- 2014 financial year for the Natural Resources Commission

I, Dr John Keniry, am of the opinion that the Natural Resources Commission has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*. These processes provide a level of assurance that enables the senior management of the Natural Resources Commission to understand, manage and satisfactorily control risk exposures.

This Audit and Risk Management Committee was established under a Treasury approved shared arrangement from the 1 January 2013 with the following departments/statutory bodies:

- Department of Premier and Cabinet

I, Dr John Keniry, am of the opinion that the Audit and Risk Management Committee for the Natural Resources Commission is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

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

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

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

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

Dr John Keniry AM
Commissioner

30 June 2014

Statement of Attestation - digital information security



Digital Information Security Annual Attestation Statement for the 2013-2014 Financial Year for Natural Resources Commission

I, Dr John Keniry, Commissioner of Natural Resources Commission, am of the opinion that Natural Resources Commission had an Information Security Management System in place during the financial year being reported on consistent with the Core Requirements set out in the Digital Information Security Policy for the NSW Public Sector.

I, Dr John Keniry, Commissioner of Natural Resources Commission, am of the opinion that the security controls in place to mitigate identified risks to the digital information and digital information systems of Natural Resources Commission are adequate for the foreseeable future.

I, Dr John Keniry, Commissioner of Natural Resources Commission, am of the opinion that, where necessary in accordance with the Digital Information Security Policy for the NSW Public Sector, compliance with AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems - Requirements had been maintained by all or part of Natural Resources Commission.

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

Dr John Keniry AM
Commissioner
30 June 2014

Natural Resources Commission and its Controlled Entity

Statement of comprehensive income for the year ended 30 June 2014

	Notes	Consolidated		Actual 2013 \$'000	Commission		Actual 2013 \$'000
		Actual 2014 \$'000	Budget 2014 \$'000		Actual 2014 \$'000	Budget 2014 \$'000	
Expenses excluding losses							
Operating expenses							
Employee related	2(a)	3,180	3,262	3,230	-	-	-
Other operating expenses	2(b)	1,833	1,421	1,520	1,833	1,421	1,520
Depreciation and amortisation	2(c)	41	34	86	41	34	86
Personnel services	2(d)	-	-	-	3,122	3,262	3,126
Total Expenses excluding losses		5,054	4,717	4,836	4,996	4,717	4,732
Revenue							
Investment revenue	3(a)	18	26	21	18	26	21
Grants and contributions	3(b)	4,853	4,853	4,713	4,853	4,853	4,713
Acceptance by the Crown Entity of employee benefits and other liabilities	3(c)	58	40	104	-	40	-
Other revenue	3(d)	225	-	1	225	-	1
Total Revenue		5,154	4,919	4,839	5,096	4,919	4,735
Gain / (loss) on disposal	4	(3)	-	(1)	(3)	-	(1)
Net result		97	202	2	97	202	2
Other comprehensive income							
Total other comprehensive income		-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		97	202	2	97	202	2

The accompanying notes form part of these financial statements.

Natural Resources Commission and its Controlled Entity

Statement of financial position for the year ended 30 June 2014

	Notes	Consolidated		Commission			
		Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000
ASSETS							
Current Assets							
Cash and cash equivalents	6	788	491	580	788	491	576
Receivables	7	42	40	43	42	40	43
Total Current Assets		830	531	623	830	531	619
Non-Current Assets							
Plant and equipment	8	37	128	39	37	128	39
Intangible assets	9	2	-	-	2	-	-
Total Non-Current Assets		39	128	39	39	128	39
Total assets		869	659	662	869	659	658
LIABILITIES							
Current Liabilities							
Payables	10	287	285	193	287	285	189
Provisions	11	265	152	261	265	152	261
Total Current Liabilities		552	437	454	552	437	450
Non-Current Liabilities							
Provisions	11	114	101	102	114	101	102
Total Non-Current Liabilities		114	101	102	114	101	102
Total Liabilities		666	538	556	666	538	552
Net Assets		203	121	106	203	121	106
EQUITY							
Accumulated funds		203	121	106	203	121	106
Total Equity		203	121	106	203	121	106

The accompanying notes form part of these financial statements.

Natural Resources Commission and its Controlled Entity

Statement of change in equity for the year ended 30 June 2014

Consolidated and Commission	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2013	106	106
Net result for the year	97	97
Total comprehensive income for the year	97	97
Balance at 30 June 2014	203	203
Balance at 1 July 2012	104	104
Net result for the year	2	2
Total comprehensive income for the year	2	2
Balance at 30 June 2013	106	106

Natural Resources Commission and its Controlled Entity

Statement of cashflows for the year ended 30 June 2014

	Notes	Consolidated		Commission			
		Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee related		(3,117)	(3,238)	(3,053)	(3,113)	(3,238)	(3,050)
Other		(1,937)	(1,423)	(1,736)	(1,937)	(1,423)	(1,743)
Total Payments		(5,054)	(4,661)	(4,789)	(5,050)	(4,661)	(4,793)
Receipts							
Interest received		21	30	21	21	30	21
Grants and contributions		4,853	4,853	4,713	4,853	4,853	4,713
Other		420	-	144	420	-	144
Total Receipts		5,294	4,883	4,878	5,294	4,883	4,878
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	240	222	89	244	222	85
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of plant and equipment and intangibles		(32)	(130)	(2)	(32)	(130)	(2)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(32)	(130)	(2)	(32)	(130)	(2)
NET INCREASE (DECREASE) IN CASH		208	92	87	212	92	83
Opening cash and cash equivalents		580	399	493	576	399	493
CLOSING CASH AND CASH EQUIVALENTS	6	788	491	580	788	491	576

The accompanying notes form part of these financial statements.

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

1 Summary of Significant Accounting Policies

(a) Reporting entity

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

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

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.

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.

These consolidated financial statements for the year ended 30 June 2014 have been authorised for issue by the Commissioner on 18 September 2014.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2010 and*
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Plant and equipment and financial assets at fair value through profit and loss and available for sale are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.

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

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

(c) Statement of compliance

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

(d) Insurance

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

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

1 Summary of Significant Accounting Policies (cont'd)

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

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

- the amount of GST incurred by the Commission as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the cash flow statement on a gross basis. However, the GST components of cash flows arising from investing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(f) Income recognition

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

(i) Parliamentary Appropriations and Contributions

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as 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.

(ii) Sale of Goods

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

(iii) Rendering of services

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

(iv) Investment revenue

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

(g) Assets

(i) Acquisitions of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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

(ii) Capitalisation thresholds

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.

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

1 Summary of Significant Accounting Policies (cont'd)

(g) Assets (cont'd)

(iii) Revaluation of plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs.

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

(iv) Impairment of plant and equipment

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

(v) Depreciation of plant and equipment

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

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

Depreciation Rates

% Rate

Plant & Equipment

Office furniture and fittings	33
Computer equipment and software	33
General plant and equipment	25
Leasehold improvements	- over the period of the lease

(vi) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

1 Summary of Significant Accounting Policies (cont'd)

(g) Assets (cont'd)

(vii) Intangible assets

The Commission recognises intangible assets only if it is probable that future economic benefits will flow to the agency and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the agency's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Commission's intangible assets are amortised using the straight line method over a period of three years.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(viii) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the statements of comprehensive income when impaired, derecognised or through the amortisation process.

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

(h) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Commission and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Employee Benefits and other provisions

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

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

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

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

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

1 Summary of Significant Accounting Policies (cont'd)

(h) Liabilities (cont'd)

(ii) Employee Benefits and other provisions (cont'd)

(b) Long service leave and superannuation

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

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(c) Consequential on-costs

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

(d) Personnel Services

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

(iii) Other Provisions

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

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

(i) Fair value hierarchy

Fair value hierarchy disclosure under AASB 13 Fair Value Measurement, is not required as the Commission's assets are measured at depreciated historical cost as a surrogate for fair value.

(j) Equity and reserves

(i) Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

(k) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as suggested in section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

1 Summary of Significant Accounting Policies (cont'd)

(l) Comparative information

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

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

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except AASB 13 Fair Value Measurement and AASB 119 Employee Benefits that have been applied for the first time in 2013-14. The Commission anticipates that the adoption of these Standards in the period of initial application will have no material impact on the financial statements.

(ii) Issued but not yet effective

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

The following new Australian Accounting Standards have not been applied and are not yet effective (NSW TC 14/03).

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 10 Consolidated Financial Statements
- AASB 1031 Materiality
- AASB 1055 and AASB 2013-1 regarding budgetary reporting
- AASB 2011-7 (NFP) regarding consolidation and joint arrangements
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2013 6 regarding Reduced Disclosure Requirements
- AASB 2013 8 regarding Australian Implementation Guidance for Not for Profit Entities – Control and Structured Entities
- AASB 2013-9 regarding the Conceptual Framework, Materiality and Financial Instruments (Parts B and C).

2 Expenses Excluding Losses

	Consolidated		Commission	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
(a) Employee related expenses				
Salaries and wages (including annual leave)	2,797	2,770	-	-
Superannuation - defined contribution plans	190	191	-	-
Long service leave	58	104	-	-
Workers compensation insurance	11	9	-	-
Payroll tax and fringe benefit tax	117	128	-	-
On-costs - annual leave and long service leave	7	28	-	-
	3,180	3,230	-	-

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

2 Expenses Excluding Losses (cont'd)

	Consolidated		Commission	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
(b) Other operating expenses include the following:				
Auditor's remuneration - audit or review of the financial statements	17	15	17	15
Consultancy costs	900	638	900	638
Insurance	6	6	6	6
Postage and telephone	25	28	25	28
Advertising, Printing and Publication	70	26	70	26
Rental expense relating to operating leases	328	321	328	321
Training (staff development)	54	74	54	74
Travel	109	92	109	92
Corporate services	129	118	129	118
Administration Expenses	105	111	105	111
ICT expenses	90	91	90	91
	1,833	1,520	1,833	1,520
<i>* Reconciliation - Total maintenance</i>				
Maintenance expense - contracted labour and other (non-employee related), as above	-	-	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	-	-	-	-

	Consolidated		Commission	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
(c) Depreciation and amortisation expense				
Depreciation				
Plant and Equipment	10	79	10	79
Leasehold improvements	28	6	28	6
Total Depreciation	38	85	38	85
Amortisation				
Intangible	3	1	3	1
Total depreciation and amortisation	41	86	41	86

	Consolidated		Commission	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
(d) Personnel services				
Paid to the Natural Resources Commission Staff Agency	-	-	3,122	3,126
	-	-	3,122	3,126

3 Revenue

	Consolidated		Commission	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
(a) Investment revenue				
Interest revenue from financial assets not at fair value through profit or loss	18	21	18	21
	18	21	18	21

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

3 Revenue (cont'd)

	Consolidated		Commission	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
(b) Grants and contributions				
Transfer payment from Department of Premier and Cabinet	4,853	4,713	4,853	4,713
	<u>4,853</u>	<u>4,713</u>	<u>4,853</u>	<u>4,713</u>
(c) Acceptance by the Crown Entity of employee benefits and other liabilities				
Long Service Leave	58	104	-	-
	<u>58</u>	<u>104</u>	<u>-</u>	<u>-</u>
(d) Other revenue				
Consultancies recoveries	225	1	225	1
	<u>225</u>	<u>1</u>	<u>225</u>	<u>1</u>

4 Gain / (Loss) On Disposal

	Consolidated		Commission	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Gain / (loss) on disposal of plant and equipment				
Proceeds from disposal	-	-	-	-
Written down value of assets disposed	(3)	(1)	(3)	(1)
Net gain / (loss) on disposal of plant and equipment	<u>(3)</u>	<u>(1)</u>	<u>(3)</u>	<u>(1)</u>

5 Service Group of the Commission

Natural Resources Commission

Objectives: To provide independent advice to the NSW Government on natural resource management (NRM) issues which enables NRM decisions to be based on sound science and best practice management and ensures decisions are made in the environmental, social and economic interests of the State.

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

6 Current Assets - Cash and Cash Equivalents

	Consolidated		Commission	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash at bank and on hand	788	580	788	576
	788	580	788	576

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

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

	Consolidated		Commission	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash and cash equivalents (per statement of financial position)	788	580	788	576
Closing cash and cash equivalents (per statement of cash flows)	788	580	788	576

Refer Note 16 for details regarding credit risk, liquidity risk, and market risk arising from financial instruments.

7 Current Assets - Receivables

	Consolidated		Commission	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Goods and Services Tax recoverable from ATO	26	31	26	31
Other debtors	9	12	9	12
Prepayments	7	-	7	-
	42	43	42	43

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 16.

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

8 Non-Current Assets - Plant and Equipment

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
Consolidated and Commission			
At 1 July 2013 - fair value			
Gross carrying amount	426	903	1,329
Accumulated depreciation and impairment	(415)	(875)	(1,290)
Net carrying amount	<u>11</u>	<u>28</u>	<u>39</u>
At 30 June 2014 - fair value			
Gross carrying amount	404	920	1,324
Accumulated depreciation and impairment	(384)	(903)	(1,287)
Net carrying amount	<u>20</u>	<u>17</u>	<u>37</u>

Reconciliation

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

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
Year ended 30 June 2014			
Net carrying amount at start of year	11	28	39
Additions	22	17	39
Disposals	(44)	-	(44)
Depreciation expense	(10)	(28)	(38)
Write back on disposals	41	-	41
Net carrying amount at end of year	<u>20</u>	<u>17</u>	<u>37</u>

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
At 1 July 2012 - fair value			
Gross carrying amount	474	873	1,347
Accumulated depreciation and impairment	(385)	(869)	(1,254)
Net carrying amount	<u>89</u>	<u>4</u>	<u>93</u>
At 30 June 2013 - fair value			
Gross carrying amount	426	903	1,329
Accumulated depreciation and impairment	(415)	(875)	(1,290)
Net carrying amount	<u>11</u>	<u>28</u>	<u>39</u>

Reconciliation

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

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
Year ended 30 June 2013			
Net carrying amount at start of year	89	4	93
Additions	2	30	32
Disposals	(40)	-	(40)
Depreciation expense	(79)	(6)	(85)
Write back on disposals	39	-	39
Net carrying amount at end of year	<u>11</u>	<u>28</u>	<u>39</u>

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

9 Intangible Assets

	Software \$'000
Consolidated and Commission	
At 1 July 2013	
Cost (gross carrying amount)	13
Accumulated amortisation and impairment	<u>(13)</u>
Net carrying amount	<u>-</u>
At 30 June 2014	
Cost (gross carrying amount)	18
Accumulated amortisation and impairment	<u>(16)</u>
Net carrying amount	<u>2</u>
Year ended 30 June 2014	
Net carrying amount at start of year	-
Additions	5
Amortisation expense	<u>(3)</u>
Net carrying amount at end of year	<u>2</u>
	Software \$'000
At 1 July 2012	
Cost (gross carrying amount)	4
Accumulated amortisation and impairment	<u>(3)</u>
Net carrying amount	<u>1</u>
At 30 June 2013	
Cost (gross carrying amount)	13
Accumulated amortisation and impairment	<u>(13)</u>
Net carrying amount	<u>-</u>
Year ended 30 June 2013	
Net carrying amount at start of year	1
Amortisation (recognised in "depreciation and amortisation")	<u>(1)</u>
Net carrying amount at end of year	<u>-</u>

10 Current Liabilities-Payables

	Consolidated		Commission	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Accrued salaries, wages and on-costs	64	60	-	-
Creditors	223	133	219	126
Personnel services	-	-	68	63
	<u>287</u>	<u>193</u>	<u>287</u>	<u>189</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 16.

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

11 Current / Non-Current Liabilities - Provisions

	Consolidated		Commission	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current				
Employee benefits and related on-costs				
Annual leave	211	215	-	-
Long service leave on-costs	26	21	-	-
Payroll tax	28	25	-	-
Personnel services	-	-	265	261
Total provisions	265	261	265	261
Non-current				
Employee benefits and related on-costs				
Long service leave on-costs	1	1	-	-
Payroll tax	1	1	-	-
Personnel services	-	-	2	2
	2	2	2	2
Other provisions				
Restoration costs	112	100	112	100
	112	100	112	100
Total provisions	114	102	114	102
Aggregate employee benefits and related on-costs				
Provisions - current	265	261	-	-
Provisions - non-current	2	2	-	-
Accrued salaries, wages and on-costs (Note 10)	64	60	-	-
	331	323	-	-

Movements in provisions (other than employee benefits)

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

	Restoration costs \$'000
Consolidated / Commission	
2014	
Carrying amount at the beginning of financial year	100
Additional provisions recognised	12
Carrying amount at end of financial year	112

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

12 Commitments for Expenditure

Consolidated		Commission	
2014	2013	2014	2013
\$'000	\$'000	\$'000	\$'000

(a) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable

Not later than one year	372	335	372	335
Later than one year and not later than five years	31	28	31	28
Total (including GST)	403	363	403	363

Commitments include GST of \$36,617 (\$33,043 for 2013) which is expected to be recovered from the Australian Taxation Office (ATO).

13 Contingent Liabilities and Contingent Assets

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

14 Budget Review

Net cost of services

Net result was \$105k lower than the budget mainly due to the increase in consultancy costs.

Assets and liabilities

Current assets are \$299k higher than budget due to an increase in cash held at end of financial year.

Non-Current assets are lower than the budget by \$91K mainly due to the delay in capital expenditure.

Current liabilities were \$113k higher than budget due mainly to increases in employee benefits and related on-costs.

Non-current liabilities were \$13k higher than budget due to an increase in make good provision.

Cash flows

Cash flows from Operating Activities were \$18k higher than budget due to other revenue receipts.

15 Reconciliation of Cash Flows from Operating Activities to Net Result

Consolidated		Commission		
2014	2013	2014	2013	
\$'000	\$'000	\$'000	\$'000	
Net cash used on operating activities	240	89	244	85
Depreciation and amortisation	(41)	(86)	(41)	(86)
Decrease / (increase) in provisions	(4)	(94)	(4)	(94)
Increase / (decrease) in receivables	(1)	1	(1)	1
Decrease / (increase) in creditors	(94)	93	(98)	97
Net gain / (loss) on sale of plant and equipment	(3)	(1)	(3)	(1)
Net result	97	2	97	2

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

16 Financial Instruments

The Commission's principal financial instruments are outlined below. These financial instruments arise directly from the Commission's operations or are required to finance the Commission's operations. The Commission does not enter into or trade financial instruments 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 these financial statements.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Consolidated			2014	2013
			\$'000	\$'000
Class				
Cash and cash equivalents	6	N/A	788	580
Receivables ¹	7	Receivables (at amortised cost)	16	12
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			2014	2013
			\$'000	\$'000
Consolidated				
Payables ²	10	Financial liabilities measured at amortised cost	287	193
Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Commission			2014	2013
			\$'000	\$'000
Class				
Cash and cash equivalents	6	N/A	788	576
Receivables ¹	7	Receivables (at amortised cost)	16	12
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			2014	2013
			\$'000	\$'000
Payables ²	10	Financial liabilities measured at amortised cost	287	189

Notes:

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

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

(b) Credit Risk

Credit risk arises when there is the possibility of the 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.

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

16 Financial Instruments (cont'd)

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.

Receivables - trade debtors

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

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

(c) Liquidity risk

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payment to other suppliers, the Commissioner (or a person appointed by the Commissioner) may automatically pay the supplier simple interest. No interest for late payment was paid during the year (2013 nil).

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

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

16 Financial Instruments (cont'd)

Maturity Analysis and interest rate exposure of financial liabilities

	\$'000				
	Nominal Amount	Interest Rate Exposure		Maturity Dates	
		Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
Consolidated 2014					
<i>Payables:</i>					
Accrued salaries, wages and on-costs	64	64	64	-	-
Creditors	223	223	223	-	-
	<u>287</u>	<u>287</u>	<u>287</u>	<u>-</u>	<u>-</u>

	\$'000				
	Nominal Amount	Interest Rate Exposure		Maturity Dates	
		Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2013					
<i>Payables:</i>					
Accrued salaries, wages and on-costs	60	60	60	-	-
Creditors	133	133	133	-	-
	<u>193</u>	<u>193</u>	<u>193</u>	<u>-</u>	<u>-</u>

	\$'000				
	Nominal Amount	Interest Rate Exposure		Maturity Dates	
		Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
Commission 2014					
<i>Payables:</i>					
Personnel Services	68	68	68	-	-
Creditors	219	219	219	-	-
	<u>287</u>	<u>287</u>	<u>287</u>	<u>-</u>	<u>-</u>

	\$'000				
	Nominal Amount	Interest Rate Exposure		Maturity Dates	
		Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2013					
<i>Payables:</i>					
Personnel Services	63	63	63	-	-
Creditors	126	126	126	-	-
	<u>189</u>	<u>189</u>	<u>189</u>	<u>-</u>	<u>-</u>

Note:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities.

(d) Market risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Commission operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2013. The analysis assumes that all other variables remain constant.

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

16 Financial Instruments (cont'd)

Interest rate risk

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

Consolidated	Carrying Amount	-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2014					
<i>Financial assets</i>					
Cash and cash equivalents	788	(8)	(8)	8	8
Receivables	16	-	-	-	-
<i>Financial liabilities</i>					
Payables	287	-	-	-	-
Total	1,091	(8)	(8)	8	8

2013					
<i>Financial assets</i>					
Cash and cash equivalents	580	(6)	(6)	6	6
Receivables	12	-	-	-	-
<i>Financial liabilities</i>					
Payables	193	-	-	-	-
Total	785	(6)	(6)	6	6

Commission	Carrying Amount	-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2014					
<i>Financial assets</i>					
Cash and cash equivalents	788	(8)	(8)	8	8
Receivables	16	-	-	-	-
<i>Financial liabilities</i>					
Payables	287	-	-	-	-
Total	1,091	(8)	(8)	8	8

2013					
<i>Financial assets</i>					
Cash and cash equivalents	576	(6)	(6)	6	6
Receivables	12	-	-	-	-
<i>Financial liabilities</i>					
Payables	189	-	-	-	-
Total	777	(6)	(6)	6	6

Natural Resources Commission and its Controlled Entity

Notes to the financial statements for the year ended 30 June 2014

16 Financial Instruments (cont'd)

(e) Fair value measurement

(i) Fair value compared to carrying amount

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

17 Events after the Reported Period

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

End of audited financial statements.

Natural Resources Commission Staff Agency

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

Natural Resources Commission Staff Agency

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Natural Resources Commission Staff Agency (the Staff Agency), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows and notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Staff Agency as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Staff Agency's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Staff Agency's internal control. 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 statements.

I believe 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 Staff Agency
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

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



Caroline Karakatsanis
Director, Financial Audit Services

22 September 2014
SYDNEY

Natural Resources Commission Staff Agency

Statement of comprehensive income for the year ended 30 June 2014

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
Expenses excluding losses			
Operating expenses			
Employee related expenses	2(a)	<u>3,180</u>	3,230
Total Expenses excluding losses		<u>3,180</u>	3,230
Revenue			
Personnel services	3(a)	3,122	3,126
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	<u>58</u>	104
Total Revenue		<u>3,180</u>	3,230
Net result		<u>-</u>	-
Other comprehensive income			
Total Other comprehensive income		<u>-</u>	-
TOTAL COMPREHENSIVE INCOME		<u>-</u>	-

The accompanying notes form part of these financial statements.

Natural Resources Commission Staff Agency

Statement of financial position for the year ended 30 June 2014

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	-	3
Receivables	5	<u>335</u>	<u>327</u>
Total Current Assets		<u>335</u>	<u>330</u>
Total Assets		<u>335</u>	<u>330</u>
LIABILITIES			
Current Liabilities			
Payables	6	68	67
Provisions	7	<u>265</u>	<u>261</u>
Total Current Liabilities		<u>333</u>	<u>328</u>
Non-Current Liabilities			
Provisions	7	<u>2</u>	<u>2</u>
Total Non-Current Liabilities		<u>2</u>	<u>2</u>
Total Liabilities		<u>335</u>	<u>330</u>
Net Assets		<u>-</u>	<u>-</u>
EQUITY			
Total Equity		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

Natural Resources Commission Staff Agency

Statement of change in equity for the year ended 30 June 2014

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2013	-	-
Net result for the year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2014	-	-
Balance at 1 July 2012	-	-
Net result for the year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2013	-	-

Natural Resources Commission Staff Agency

Statement of cashflows for the year ended 30 June 2014

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
Payments			
Employee related		(3,117)	(3,046)
Total Payments		<u>(3,117)</u>	<u>(3,046)</u>
Receipts			
Other		3,114	3,049
Total Receipts		<u>3,114</u>	<u>3,049</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	9	<u>(3)</u>	3
NET INCREASE /(DECREASE) IN CASH		(3)	3
Opening cash and cash equivalents		<u>3</u>	-
CLOSING CASH AND CASH EQUIVALENTS	4	<u>-</u>	<u>3</u>

The accompanying notes form part of these financial statements.

Natural Resources Commission Staff Agency

Notes to the financial statements for the year ended 30 June 2014

1 Summary of Significant Accounting Policies

(a) Reporting entity

The Natural Resources Commission Staff Agency (Staff Agency) is a public service agency established under the Administrative Arrangements Order 2014 and is pursuant to Part 2 of Schedule 1 of the Government Sector Employment Act 2013 (formerly the Natural Resources Commission Division established under the former Public Sector Employment and Management Act 2002). It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at Level 10, 15 Castlereagh Street, Sydney 2000.

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

The financial statements for the year ended 30 June 2014 have been authorised for issue by the Commissioner on 18 September 2014.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2010* and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

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

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

(c) Statement of compliance

The Staff Agency's financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

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

(e) Assets

(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the statement of comprehensive income when impaired, derecognised or through the amortisation process.

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

(f) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Staff Agency and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Natural Resources Commission Staff Agency

Notes to the financial statements for the year ended 30 June 2014

1 Summary of Significant Accounting Policies (cont'd)

(f) Liabilities (cont'd)

(ii) Employee benefits

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

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

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

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

(b) Long service leave and superannuation

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

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(c) Consequential on-costs

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

(d) Personnel Services

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

(g) Comparative information

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

Natural Resources Commission Staff Agency

Notes to the financial statements for the year ended 30 June 2014

1 Summary of Significant Accounting Policies (cont'd)

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

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except AASB 13 Fair Value Measurement and AASB 119 Employee Benefits that have been applied for the first time in 2013-14.

(ii) Issued but not yet effective

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

The following new Accounting Standards have not been applied and are not yet effective. The Treasury Circular TC14/03 mandates not to early adopt any of the new Accounting Standards and Interpretations.

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 10 Consolidated Financial Statements
- AASB 1031 Materiality
- AASB 1055 and AASB 2013-1 regarding budgetary reporting
- AASB 2011-7 (NFP) regarding consolidation and joint arrangements
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2013-6 regarding Reduced Disclosure Requirements
- AASB 2013-8 regarding Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities
- AASB 2013-9 regarding the Conceptual Framework, Materiality and Financial Instruments (Parts B and C)

It is considered that the impact of these new Standards and Interpretations in future periods will have no material impact on the financial statements of the Staff Agency.

2 Expenses Excluding Losses

	2014 \$'000	2013 \$'000
(a) Employee related expenses		
Salaries and wages (including annual leave)	2,797	2,770
Superannuation - defined contribution plans	190	191
Long service leave	58	104
Workers compensation insurance	11	9
Payroll tax and fringe benefit tax	117	128
On-costs - annual leave and long service leave	7	28
	<u>3,180</u>	<u>3,230</u>

3 Revenue

	2014 \$'000	2013 \$'000
(a) Personnel services		
Personnel services	<u>3,122</u>	<u>3,126</u>
	<u>3,122</u>	<u>3,126</u>

Natural Resources Commission Staff Agency

Notes to the financial statements for the year ended 30 June 2014

3 Revenue (cont'd)

2014	2013
\$'000	\$'000

(b) Acceptance by the Crown Entity of employee benefits and other liabilities

Long service leave

58	104
<u>58</u>	<u>104</u>

4 Current Assets – Cash and Cash Equivalents

2014	2013
\$'000	\$'000

Cash at bank and on hand

-	3
<u>-</u>	<u>3</u>

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

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

2014	2013
\$'000	\$'000

Cash and cash equivalents (per statement of financial position)

-	3
<u>-</u>	<u>3</u>

Closing cash and cash equivalents (per statement of cash flows)

-	3
<u>-</u>	<u>3</u>

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

5 Current / Non-Current Assets - Receivables

2014	2013
\$'000	\$'000

Personnel services

335	327
<u>335</u>	<u>327</u>

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 10.

6 Current Liabilities - Payables

2014	2013
\$'000	\$'000

Accrued salaries, wages and on-costs

64	60
----	----

Creditors

4	7
<u>68</u>	<u>67</u>

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

Natural Resources Commission Staff Agency

Notes to the financial statements for the year ended 30 June 2014

7 Current / Non-Current Liabilities – Provisions

	2014	2013
	\$'000	\$'000
Current		
Employee benefits and related on-costs		
Annual leave	211	215
Long service leave	26	21
Payroll tax	<u>28</u>	<u>25</u>
Total provisions	<u>265</u>	<u>261</u>
	2014	2013
	\$'000	\$'000
Non-current		
Employee benefits and related on-costs		
Long service leave	1	1
Payroll tax	<u>1</u>	<u>1</u>
Total provisions	<u>2</u>	<u>2</u>
Aggregate employee benefits and related on-costs		
Provisions - current	265	261
Provisions - non-current	2	2
Accrued salaries, wages and on-costs (Note 6)	<u>64</u>	<u>60</u>
	<u>331</u>	<u>323</u>

Natural Resources Commission Staff Agency

Notes to the financial statements for the year ended 30 June 2014

8 Contingent Liabilities and Contingent Assets

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

9 Reconciliation of Cash Flows from Operating Activities to Net Result

	2014 \$'000	2013 \$'000
Net cash used on operating activities	(3)	3
Decrease / (increase) in provisions	(4)	(94)
Increase / (decrease) in receivables	8	77
Decrease / (increase) in creditors	(1)	14
Net result	<u>-</u>	<u>-</u>

10 Financial Instruments

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

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

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2014 \$'000	Carrying Amount 2013 \$'000
Class:				
Cash and cash equivalents	4	N/A	-	3
Receivables ¹	5	Loans and receivables (at amortised cost)	335	327
Financial Liabilities				
Class:				
Payables ²	6	Financial liabilities measured at amortised cost	68	67

Notes:

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

(b) Credit Risk

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

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

Natural Resources Commission Staff Agency

Notes to the financial statements for the year ended 30 June 2014

10 Financial Instruments (cont'd)

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.

Receivables - trade debtors

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

The Staff Agency is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. There are no debtors which are currently not past due or impaired.

(c) Liquidity risk

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payment to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. No interest for the late payment was paid during the year (2013 nil).

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

Natural Resources Commission Staff Agency

Notes to the financial statements for the year ended 30 June 2014

10 Financial Instruments (cont'd)

Maturity Analysis and interest rate exposure of financial liabilities

	\$'000				
	Nominal Amount	Interest Rate Exposure	Maturity Dates		
		Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2014					
<i>Payables:</i>					
Accrued salaries, wages and on-costs	64	64	64	-	-
Creditors	4	4	4	-	-
	68	68	68	-	-
2013					
<i>Payables:</i>					
Accrued salaries, wages and on-costs	60	60	60	-	-
Creditors	7	7	7	-	-
	67	67	67	-	-

Note:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price.

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

(e) Fair value measurement

(i) Fair value compared to carrying amount

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

11 Events after the Reporting Period

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

End of audited financial statements.

Appendix 1 – Operation and performance

Commission meetings

In 2013-14, the Commission held 11 meetings and 3 additional finance meetings.

Dr John Keniry (Commissioner) and Mr Bryce Wilde (Executive Director) attended all meetings and sessions.

Community and stakeholder engagement

In 2013-14, we **commenced** two major reviews that involved extensive community and stakeholder engagement.

While completing the review of **weed management in NSW**, we consulted with:

- 16 state government agencies
- Over 13 local government organisations
- 2 Australian Government agencies
- 2 state government agencies from Queensland and South Australia
- 31 other industry, environmental and community groups.

Our consultation included:

- a workshop with weed management professionals and experts
- 315 public submissions
- 5 regional tours and focus group meetings
- 7 public meetings.

During the ongoing review of **cypress management in the Brigalow and Nandewar State Conservation Areas**, we consulted with:

- 7 government agencies and state owned corporations
- 2 local government organisations
- 10 environment groups
- 11 industry associations and businesses
- 9 Aboriginal groups.

Our consultation included:

- 38 meetings with targeted stakeholders, including government agencies, local government, environment groups, industry associations and Aboriginal groups
- 28 visits to parks, reserves, forests, conservation areas and Aboriginal areas
- 36 formal submissions.

External committees

We participated in the following inter agency groups:

- As an observer on the Water Sharing Plan Audit Panel that reviews audit reports prepared by Office of Water, advises on appropriateness of the assessments made in these reports, and identifies any additional measures to give effect to the water sharing plans.
- Our Commissioner chaired the Steering Committee to evaluate the effectiveness and efficiency of the current weed management arrangements in NSW with a view to inform further development of the NSW Biosecurity Act and other relevant strategies under the NSW Biosecurity Strategy.

External presentations

Our Commissioner and Executive Director gave the following presentations to large audiences or at conferences.

Date	Event and venue	Topic
August 2013	Land for wildlife forum, Sydney	Natural resource management in NSW
September 2013	NSW Weeds Conference, Corowa	Weed management in NSW
October 2013	Sustainability, science and the law, Macquarie University, Sydney	Natural resource management and the law
November 2013	2013 NSW Coastal Conference, Port Macquarie	Strategic planning on the coast
November 2013	Environment Reporting Symposium, Melbourne	Environmental and natural resource management reporting in NSW
April 2014	Sydney Weeds Committee Forum, Sydney	Review of weed management in NSW
May 2014	Landcare Forum, Dubbo	Local Land Services\Landcare partnership

Publications

Date	Publications
Developing practical solutions	
October 2013	Review of weed management in NSW – Issues paper
November 2013	Management of cypress forests in Brigalow and Nandewar – Paper on definition of key concepts
February 2014	Review of weed management in NSW – Draft report
June 2014	Review of weed management in NSW – Final report
June 2014	Management of cypress forests in Brigalow and Nandewar – Draft report
June 2014	Management of cypress forests in Brigalow and Nandewar – Draft report – Supporting profile and map book
June 2014	Audit strategy and approach – Working draft
June 2014	Performance Standard for Local Land Services – Working draft for discussion
Promoting performance improvement and accountability	
August 2013	Natural Resource Management Roundtable – Summary of discussion
August 2013	Better practice guide for adapting catchment action plans to fit Local Land Services boundaries
September 2013	Review of Catchment Action NSW funding allocation - Evidence-based soil health investment prioritisation for NSW (University of New England)
September 2013	Review of Catchment Action NSW funding allocation to Local Land Services
Corporate governance	
July 2013	Equal employment policy
August 2013	Statement of business ethics
October 2013	Annual Report 2012-2013
April 2014	Strategic business plan 2014
June 2014	Multicultural Policies and Services Plan

Appendix 2 – External liaison

Access to government information

In accordance with the *Government Information (Public Access) Act 2009*, we:

- reviewed our program for the release of government information
- proactively released information on our website, including the information guide, documents tabled in Parliament, policy documents, disclosure log of information released in response to access applications, and contracts register
- did not receive any request for documents under the Act.

Annual report production

In accordance with the Premier's Memorandum 2013-09 dated 11 October 2013, we are committed to minimising the cost of producing our annual report, and did not incur any external costs to produce this report. We designed the report in-house and printed two copies (on recycled paper) for the Premier to table in the Parliament. An electronic copy of the annual report will be made available on our website.

Consumer response

We did not receive any complaints in 2013-14.

Funds granted to non-government community organisations

We did not grant any funds to non-government community organisations in 2013-14.

Overseas visits

Our Commissioners and staff did not undertake any overseas visits in 2013-14.

Public interest disclosures

We neither received any public interest disclosures nor did any member of the NRC make any public interest disclosures under the *Public Interest Disclosures Regulation 2011*.

Effective implementation of our Corruption Prevention and Reporting Policy promoted an organisational culture of ethical conduct, and contributed towards maintaining public confidence in the integrity of the NRC.

Privacy and personal information

In 2013-14, we complied with the requirements of the Privacy and Personal Information Protection Act 1998 through implementation of our Privacy Management Plan. The Plan demonstrates how we uphold and respect the privacy of our staff and others about whom we hold personal information. The Plan also acts as a reference tool for the staff to explain how we may best meet our privacy obligations under the Act.

In 2013-14, no internal review was conducted by or on behalf of the NRC under Part 5 of the Privacy and Personal Information Protection Act 1998 in relation to entitlement of a person aggrieved by the NRC.

Statement of business ethics

Our statement of business ethics policy is available on our website.

Sustainability policy

We have an ongoing commitment to reducing our impact on the environment by using resources more efficiently and embedding environmentally sustainable business practices in our daily activities.

In 2013-14, we continued to implement the following principles to avoid waste and recover resources.

Saving energy

- We bought 100 per cent green electricity and used energy-efficient lighting.
- We minimised air and road travel as far as possible and used alternative means to convene meetings with stakeholders in remote locations.

Reducing the generation of waste paper

- We continued to release reports electronically, from our website and by email, with only limited in-house printing of paper copy reports.

Recovering resources

- We reused and recycled paper, cardboard, toners, glass and plastic material.

Using recycled material

- All our office paper, excluding our letterhead, was recycled. We continued to use A4 80 percent recycled paper and changed A3 from 80 percent to 100 percent recycled paper.
- We purchased other recycled paper products, such as notebooks and pads, wherever possible.
- We procured reconditioned toner cartridges for use in all black-and-white printers.

Appendix 3 – Legislative provisions

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

Legislation	Functions
<i>Natural Resources Commission Act 2003</i>	<p>Establishes the NRC.</p> <p>Establishes general and specific functions for the NRC, including specific functions to recommend state-wide standards and targets for natural resource management issues and to undertake audits of the effectiveness of the implementation of plans in achieving compliance with those state-wide standards and targets.</p>
<i>Environmental Planning and Assessment Act 1979</i>	General awareness of obligations as part of overall responsibility when providing advice under the <i>Natural Resources Commission Act 2003</i> or other Acts (as relevant).
<i>Forestry Act 2012</i>	Section 69B: A forest agreement can only be made after an assessment by the NRC.
<i>Native Vegetation Regulation 2005</i>	<p>Clause 25: The Minister for the Environment is required to seek the NRC's advice on any proposed amendments to the Environmental Outcomes Assessment Methodology. The NRC may also suggest amendments to the Assessment Methodology.</p> <p>Clause 17 (2) (b): The Minister for the Environment is to consult with the NRC on a proposed listing of native vegetation species as a feral species.</p> <p>Clause 8: A Draft Property Vegetation Plan may also provide information regarding social and economic impacts including on-farm impacts, impacts on regional community and implications for any socio-economic targets established by the NRC or the relevant Catchment Management Authority of any matters provided for in the draft Property Vegetation Plan.</p>
<i>Catchment Management Authorities Act 2003</i>	Repealed by s210 (b) of the <i>Local Land Services Act 2013</i> with effect from January 2014.
<i>Local Land Services Act 2013</i>	<p>Establishes the requirement for periodic independent performance audits of Local Land Services. Establishes the requirement for the Minister to seek advice from independent auditors in approving Local Land Services draft strategic plans.</p> <p>The Second Reading speech for the Act establishes NRC as the independent performance auditor for Local Land Services in the first instance.</p>
<i>State Environmental Planning Policy no 71 – Coastal Protection</i>	The Minister must consult with the NRC when considering approval of a master plan or waiving the need for a master plan.
<i>Threatened Species Conservation Act 1995</i>	<p>Establishes links between the NRC and the Threatened Species and Fisheries Scientific Committees, and relevant Advisory Councils.</p> <p>Relevant sections: 18, 21, 24, 25A, 90B, 126E, 128, 141B and 141C</p>
<i>Fisheries Management Act 1994</i>	<p>The 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> <p>The NRC may give advice or make recommendations to the Committees concerning priorities and may give directions to undertake investigations for the purposes of identifying potentially threatened species, populations and communities.</p> <p>Relevant sections 220H, 220I, 220J, 220MA, 220NA, 220ZVB, 221ZB, 221Z.</p>
<i>Water Management Act 2000</i>	Section 43A: Before making a decision to extend or replace a water sharing plan, the Minister must consider a report provided by the NRC. This section includes provisions for the NRC's review and report.

Appendix 4 – Staffing and consultants

Consultant

In 2013-14, the NRC engaged the following consultancies.

Consultant	Title/Nature	Cost (\$)
A. Consultancies equal to or more than \$50,000		
Eco Logical Australia Pty Ltd	Assist with landscape analysis, spatial analysis, estimation of cypress and analysis of LiDAR data for active and adaptive management of cypress forests in the Brigalow and Nandewar State Conservation Areas	63,920
GHD Pty Ltd	Assist with analysis of ecological values for active and adaptive management of cypress forests in the Brigalow and Nandewar State Conservation Areas	133,171
Hyder Consulting	Assist with issues paper and evaluation of weed management in NSW	52,390
Umwelt Pty Ltd	Assist with socioeconomic assessment and town resource cluster analysis for active and adaptive management of cypress forests in the Brigalow and Nandewar State Conservation Areas	118,180
URS Australia Pty Ltd	Assist with assessment of commercial opportunities for active and adaptive management of cypress forests in the Brigalow and Nandewar State Conservation Areas	104,799
	Subtotal (A)	472,460
B. Consultancies less than \$50,000		
Various		427,808
	Subtotal (B)	427,808
	Total (A+B)	900,268

Senior executive

The tables below provide senior executive profile for 2013-14.

Band	2013-14	
	Female	Male
Band 4 (Secretary)	0	1
Band 3 (Deputy Secretary)	0	0
Band 2 (Executive Director)	0	1
Band 1 (Director)	0	0
Subtotal	0	2
Total		2

Band	Range (\$)	Average remuneration
		2013-14 (\$)
Band 4 (Secretary)	422,501 – 490,000	288,912
Band 3 (Deputy Secretary)	299,751 – 422,500	0
Band 2 (Executive Director)	238,301 – 299,750	296,145
Band 1 (Director)	167,100 – 238,300	0

18.4% of the NRC's employee related expenditure in 2013-14 was related to senior executives.

Credit card certification

We have five credit cards with a combined limit of \$30,000, which have been certified as complying with procedures contained in the *Public Finance and Audit Act 1983*.

Disability plans

Our Disability Action Plan was developed in accordance with the NSW Government Disability Framework.

In 2013-14, we implemented this plan by:

- making our office accessible to people with disability
- choosing venues for public consultations and meetings that are accessible to people with disability and are close to public transport
- making adjustments to meet specific needs of staff, contractors and visitors with a disability
- making staff aware of options available to assist people with disability to access the NRC information.

Workforce diversity

We are committed to a diverse workforce that is free of discrimination and reflective of the NSW community in order to be more innovative, productive and deliver high quality services.

Our Equal Employment Opportunity (EEO) Management Plan complies with the requirements of the *Government Sector Employment Act 2013* that preserves the focus on existing diversity groups (Aboriginal people, women, people from culturally and linguistically diverse backgrounds, and people with disability) but also provides flexibility to encompass a broader spectrum of diversity,

including mature workers, young people and carers. Our Grievance Policy provides clear guidance on how bullying or harassment is managed.

Over the past three years, we implemented the principles of equity and diversity by:

- providing an environment where staff can share their views with the team
- incorporating EEO and diversity management into workforce planning
- ensuring all policies and procedures comply with and support equity standards
- encouraging staff to balance work and family commitments through the use of flexible work practices, including part-time work
- promoting EEO, anti-discrimination and diversity principles during staff induction
- providing access to targeted professional development opportunities
- promoting career development opportunities within the NRC by providing coaching and mentoring program to identified staff

The following tables provide information on workforce diversity benchmarks and targets.

Multicultural policies and services program

The NRC is a small agency with approximately 20 staff. Although we engage in community consultation related to projects, we are not a direct service provider to the community. However, we are committed to the principles of multiculturalism as outlined in the *Community Relations Commission and Principles of Multiculturalism Act 2000*.

Our Multicultural Policies and Services Plan (MPS Plan) is continuously monitored and reviewed annually to reflect the identified needs and evolving practices.

Over the past three years, we implemented our MPS Plan through a range of activities, including:

- keeping all staff up-to-date on principles of multiculturalism and their responsibility to implement these principles, where appropriate
- reviewing information package for every recruitment activity to ensure requirements are communicated in plain English
- assessing applicants' knowledge and understanding of the principles of multiculturalism as they relate to the job, as part of the recruitment process
- providing flexible work practices to enable individuals to fulfil personal, cultural or religious needs
- accommodating matters such as dietary requirements at meetings and functions in accordance with individual's needs.

.....

Staff numbers

Staff	2010-11	2011-12	2012-13	2013-14	% Change 2013 to 2014
Total staff number	21	18	19	20	5.26%

Trends in the representation of diversity groups

EEO group	Benchmark or target	Percentage of total staff (excluding casual staff)			
		2010-11	2011-12	2012-13	2013-14
Women	60%	61.9%	50.0%	57.9%	70.0%
Aboriginal and Torres Strait Islanders	2.6% (2015)	0.0%	0.0%	0.0%	0.0%
People whose first language was not English	19%	7.1%	16.7%	10.5%	5.0%
People with a disability requiring work-related adjustment	1.5% (2013)	0.0%	0.0%	0.0%	5.0%

Trends in the distribution of EEO groups (Staff numbers as at 30 June 2014: 20)

EEO group	Benchmark or target	Percentage of total staff (excluding casual staff)			
		2010-11	2011-12	2012-13	2013-14
Women	100	N/A	N/A	N/A	N/A
Aboriginal 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 requiring work-related adjustment	100	N/A	N/A	N/A	N/A

Note 1: 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. An index of more than 100 indicates that the EEO group is less concentrated at lower salary levels.

Note 2: The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

Work health and safety

There were no prosecutions under the *Work Health and Safety Act 2011* but one injury was reported that resulted in some lost work time in the reporting year.

In 2013-14, we:

- made available vaccinations against influenza, with 15 staff participating on a voluntary basis
- conducted ergonomic reviews to instruct staff on how to best set up a workstation and for early identification of individual needs
- installed 'bullet breaks' software on all computers to promote health breaks and stretches for staff sitting for prolonged periods in order to reduce potential office-related strain injuries
- discussed risk identification at team meetings
- reviewed, implemented and tested emergency evacuation procedures
- upgraded and refreshed training for first aid officers and fire wardens.

Payment of accounts

In 2013-14, there were no instances where penalty interest was paid in accordance with s.18 of the *Public Finance and Audit (General) Regulation 1995*. In addition, there were no significant events that affected payment performance.

Aged analysis at the end of each quarter (all suppliers)

Quarter	Current (within due date)	Less than 30 days overdue	30-60 days overdue	61-90 days overdue	More than 90 days overdue
September	37,104	0	0	0	0
December	104,174	0	0	0	0
March	25,407	0	0	0	0
June	83,340	0	0	0	0

Measure	September 2013	December 2013	March 2014	June 2014
Number of accounts due for payment	130	134	123	146
Number of accounts paid on time	130	133	123	146
Actual percentage of accounts paid on time (based on number of accounts)	100.00%	99.25%	100.00%	100.00%
Dollar amount of accounts due for payment	293,458	323,537	523,540	358,250
Dollar amount of accounts paid on time	293,458	297,618	523,540	358,250
Actual percentage of accounts paid on time (based on dollars)	100.00%	91.99%	100.00%	100.00%
Number of payments for interest on overdue accounts	N/A	N/A	N/A	N/A
Interest paid on overdue accounts	N/A	N/A	N/A	N/A

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Shortened form

CMA	Catchment management authority
LLS	Local Land Services
NRC	Natural Resources Commission
NRM	Natural resource management
NSW	New South Wales
MER	Monitoring, evaluation and reporting
SEPP 71	State Environmental Planning Policy No. 71 – Coastal Protection

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