



Natural Resources Commission

Annual Report 2018-19



Contents

COMMISSIONER'S MESSAGE	4
ABOUT THE COMMISSION	5
2018-19 HIGHLIGHTS	7
PERFORMANCE AGAINST STRATEGIC PRIORITIES	
Oversight of contested forestry issues	8
Assurance on water planning and implementation	10
Audit and other evaluations	12
Corporate services and management excellence	14
FINANCIAL REPORTING	16
APPENDICES	
Operation and performance	43
Funding and expenditure	44
Human resources and plans	46
Audit and risk management	48
Government Information (Public Access) Act	52
Legislation and legal change	53
COMPLIANCE INDEX	54

Acknowledgement of Country

The Natural Resource Commission acknowledges and pays respect to all the Traditional Owners and their Nations of NSW. The Commission recognises and acknowledges that the Traditional Owners have a deep cultural, social, environmental, spiritual and economic connection to their lands and waters. We recognise their knowledge of natural resource management and the contributions of earlier generations, including the Elders, are valued and respected. Aboriginal and Torres Strait Islander people are advised that this report may contain images and quotes of deceased persons.

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

Document Number: D19/1952 ISBN: 978 1 925204 42 1

Natural Resources Commission, Level 6, 52 Martin Place, Sydney NSW 2000
(GPO Box 5341, Sydney NSW 2001)

Phone: 02 9228 4844 Fax: 02 9228 4970 Email: nrc@nrc.nsw.gov.au Website: www.nrc.nsw.gov.au

Office hours 9am to 5pm (Access to office is with prior arrangement)

Photos by: Natural Resources Commission, unless otherwise credited

Letter of transmittal



22 October 2019

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

Dear Minister

Letter of transmittal - Natural Resources Commission - Annual Report 2018-2019

It is my pleasure to forward to you for presentation to the NSW Parliament the Annual Report of the Natural Resources Commission for the year ended 30 June 2019.

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

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

Dr John Keniry AM
Commissioner

Commissioner's message



Welcome to the Annual Report of the Natural Resources Commission for fiscal 2019. This report chronicles another very busy year for the Commission, with involvement in a wide range of complex natural resource management issues, including forestry, water and operational auditing.

In relation to operational auditing, we undertook several reviews of Local Land Services, pursuant to our legislated responsibilities, and, at the request of the Environmental Trust, reviewed several of their funding programs.

In relation to forestry, the NSW Parliament passed the Coastal Integrated Forestry Operations Approvals legislation. Arising mainly from provisions within that legislation, we received terms of reference from the Premier to initiate work on three important issues.

Firstly, we were tasked to independently oversee the development and implementation of a state-wide monitoring, evaluation and reporting program for NSW forests; planning and consultation with agencies and independent experts is underway.

Secondly, we were requested to design and oversee a research program to assess how koalas respond to regeneration harvesting in State forests; research proposals have been requested and work is underway.

And thirdly, following our work in 2017-18, we were requested to work with independent experts and the former Office of Environment and Heritage to re-assess the accuracy of existing old growth forest mapping; the process for this work is being developed for public consultation.

In relation to water, we commenced reviews of three water sharing plans for Central Coast, Coffs Harbour and Barwon-Darling.

The review of the Barwon-Darling plan was brought forward at the request of the then NSW Minister for Water. We identified a number of shortcomings in the plan, which in our opinion require urgent action to rectify in the interests of achieving outcomes that align with the provisions of the *NSW Water Management Water Act 2000*.

In response to the findings of a review by the Department of Premier and Cabinet of the Natural Resources Commission, steps were initiated in 2018 to recruit additional Assistant Commissioners. This resulted in the appointment of three Assistant Commissioners: Ken Baxter, Neil Byron and Peter Cochrane, whose CV's are within this report. I welcome all three to the Commission and expect that their broad skills and extensive experience will add a lot of value to the Commission's deliberations.

It has been a very busy year for our staff, and I wish to acknowledge their considerable contribution to the outcomes of our work during the year. It has been a concerted team effort, very well led by our Executive Director Bryce Wilde and our senior staff.

Finally, it is my intention to retire later this year, so this will be my last annual report. It has been a privilege to lead the Commission over most of the past eight years, and the opportunity, as an organisation that is independent within government, to contribute to policy review and development across a wide range of natural resource management issues.

I wish the Commission well in the future.

Dr John Keniry AM
Commissioner

About the Commission

Purpose

The Natural Resources Commission is an independent body with broad investigating and reporting functions. Its purpose is to establish a sound evidence basis for the properly informed management of natural resources in the social, economic and environmental interests of the State.

Strategic priorities

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

- independent advice on complex issues
- oversight of contested forestry issues
- assurance in water planning and implementation
- audit and other evaluation
- corporate services and management excellence.

Values

The Commission embraces the NSW public sector core values: trust, accountability, integrity and service.

Amendments to the NRC Act

Following a Department of Premier and Cabinet review into the functions and performance of the Commission, the NSW Government approved amendments to the *Natural Resources Commission Act 2003* (NRC Act).

These amendments provide the Commission with an expanded mandate to provide independent advice to the NSW Government.

The amendments commenced on 10 December 2018.

What we do

The legislative specific functions include:

- advising on strategic or investment priorities in natural resource management
- undertaking audits and reviews of natural resource management issues, including audits and reviews related to forestry or water management
- advising on program design for natural resource management

- coordinating or undertaking significant natural resource and conservation inquiries and assessments
- conducting audits of State and local strategic plans under the *Local Land Services Act 2013*
- advising on the extent that water sharing provisions have contributed to the environmental, social and economic outcomes, and whether changes to those provisions are warranted
- auditing implementation of water sharing plans within the first five years to determine whether plan provisions are being given effect
- assisting in the reconciliation of particular complex natural resource management issues
- recommending state-wide standards and targets for natural resource management
- advising on priorities for research related to natural resource management, and arranging for information to be gathered and disseminated on natural resource management.



To best understand the nature of complex issues the Commission deals with, the Commission:

- adopts transparent and collaborative approaches
- accesses the best-available knowledge, including the use of expert panels
- retains the highest quality people
- encourages continuous improvement and thought leadership.

Decision-making structure

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

The Commissioner is appointed by the Governor of NSW for up to five years, and is responsible to the Premier for exercising functions under the NRC Act.

In 2018-19, three new Assistant Commissioners were appointed to assist the Commissioner.

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

New administrative arrangements for 2019-20

The *Administrative Arrangements Order 2019* (to commence on 1 July 2019) confirms the Commission as an independent executive agency in the newly formed cluster of Planning, Industry and Environment. The Commissioner will be responsible to the Minister for Planning and Public Spaces in 2019-20.

Commissioners

Commissioner

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

Having served as the Commissioner from December 2011 to 2016, John joined the Commission again as Commissioner in December 2017. He was awarded an Order of Australia in 2005 and a Centenary Medal in 2003. John has recently chaired the Sydney Institute of Marine Science, and has been a Commissioner of the Greyhound Welfare and Integrity Commission. He is a Fellow of the Royal Australian Chemical Institute, the Academy of Technological Sciences and Engineering, and the Australian Institute of Company Directors. John 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 has also previously spent 20 years as a board member of the NSW Environment Protection Authority and six years as a member of the Prime Minister's Science, Engineering and Innovation Council. John is also a landholder who owns a wool and lamb enterprise in central west NSW.

Assistant Commissioner

Mr Ken Baxter
FAIM, FAICD, FAPS (N.Y.)
(From 29 November 2018 onwards)

Ken has over 30 years direct involvement in the Commonwealth, Victorian and NSW governments. He is the first person since federation to have served as Director General of the Premier's Department in both NSW and Victoria. Ken is Chairman of the PNG Sustainable Infrastructure Ltd, Policy Advisor to the Chief Secretary of Papua New Guinea Government, Director of Hydro

Electric Corporation of Tasmania, and Chairman of the Computronics Holdings Ltd. Since 2015, Ken is Commissioner of the Productivity Commission, where he was involved in the review of the Murray Darling Basin Authority.

Assistant Commissioner

Dr Neil Byron
BSc (Hons), MA (Econ), PhD, FAICD
(From 29 November 2018 onwards)

Neil has over 35 years of experience in advising governments in Australia and overseas on natural resource management. As Productivity Commissioner, he conducted over 25 national inquiries. Neil chaired an independent review of Biodiversity Legislation in NSW. He is an Honorary Professor at the Institute of Applied Sciences, University of Canberra, and at the Crawford School of Economics and Government, Australian National University.

Assistant Commissioner

Mr Peter Cochrane
BSc, MPP, FAICD
(From 29 November 2018 onwards)

Peter is also a Commissioner of the Independent Planning Commission of NSW since 2017. He was appointed Co-chair of the Commonwealth Marine Reserves Review that re-examined zoning of 40 marine reserves. Peter also chairs the National Environmental Science Program's Marine Biodiversity Hub Steering Committee and chairs the Australian Tropical Herbarium Board. He has been a Council Member of the International Union for Conservation of Nature since 2016. Peter was formerly Director of National Parks, CEO of Parks Australia and a member of the Commonwealth Environmental Water Holder Review Panel.

2018-19 Highlights

Oversight of contested forestry issues

- Commenced working with independent experts and the then Office of Environment and Heritage to reassess the accuracy of existing old growth forest mapping on coastal state forests.
- Independently overseeing the design of a state-wide cross tenure monitoring, evaluation, reporting and improvement program for NSW forests.
- Commenced chairing a Technical Working Group, established to design and oversee implementation of the Coastal Integrated Forestry Operations Approvals (IFOA) monitoring program. The program will monitor the effectiveness of key Coastal IFOA conditions and protocols in achieving stated outcomes and informing adaptive management.
- Selected researchers to undertake new independent research program on how koalas respond to regeneration harvesting in state forests on the NSW North Coast, and provided a Research Program Plan including an overview of the research projects.

Assurance on water planning and implementation

- Commenced reviews of three water sharing plans related to the Barwon-Darling, Coffs Harbour and Central Coast water sources to assess the extent to which each plan's provisions have contributed to environmental, social and economic outcomes, and whether changes to plan provisions are warranted.
- The NSW Government supported the Commission's recommendation for three water sharing plans related to the Border-Rivers, Bellinger River and Great Artesian Basin water sources.

Audit and other evaluations

- The NSW Government endorsed all of the Commission's recommendations from the audit of Local Land Services' implementation of the sustainable land management reforms.
- The NSW Government endorsed the Commission's recommendations from the audit of NSW's emergency response capability.
- The Environmental Trust and the then Office of Environment and Heritage accepted the Commission's recommendations from the evaluation of Linking Landscapes project, which was funded by the Trust and delivered by the Office of Environment and Heritage.
- Undertook audits of Local Land Services' implementation of local strategic plans to ascertain whether each plan's provisions have been given effect.
- Commenced review of the Environmental Trust's Major Projects Program and recommended improvements to maximise public value from the Trust's investment.



Performance against strategic priorities

Oversight of contested forestry issues

Reassessment of old growth mapping on coastal state forests

At the request of the Premier, the Commission is independently overseeing a program to reassess existing old growth forest mapping and associated special environmental values on coastal state forests.

As part of the program, the Commission is overseeing the former Office of Environment and Heritage's development and implementation of a framework to reassess old growth, and assessing the special environmental and conservation values of potential sites.

The framework will propose a process that will provide an opportunity for the community to nominate areas that are currently not mapped as containing old growth forests but may contain old growth forests.

The Commission will ensure that remapped sites maintain the NSW and Australian governments' commitment to JANIS biodiversity and old growth forest ecosystem type targets, if subsequent rezoning was to occur.

The project will only reassess a small proportion of old growth mapping to address any verified wood supply shortage. The reassessment of old growth mapping on coastal state forests will not result in the harvesting of old growth forests.

The Commission has established an expert panel, comprising experts in forest and landscape ecology, environmental and disturbance impact assessment, and forest growth modelling and yield projection to advise on the development of assessment method and framework.

The Commission will consult with the community on a draft assessment and decision-making framework and finalise it by December 2019.

Forest Monitoring and Improvement Program

At the request of the Premier, the Commission is independently overseeing and advising on a State-wide monitoring, evaluation, reporting and improvement program. The program will include forest monitoring, evaluation, research and reporting on both public and private land across NSW. Information will be generated to improve adaptive management of NSW forests, including state forests, national parks, private native forests and Crown forested land.

The program will improve the evidence base for decision making for forest management across tenures. In addition, the Commission is required to ensure the program delivers open and transparent information in a timely manner, and commitments are tracked and delivered.

The Commission will deliver practical recommendations to NSW government agencies and forest managers on both emerging challenges in forest management, such as forest health issues arising from the effects of climate change, and on opportunities to improve the management of forests in NSW.

The Commission has appointed four independent experts to guide the program and advise the Commission. The Commission will also work with a wide range of partners, including community organisations, Aboriginal groups and universities to draw in monitoring, research, data, and evaluation skills, and convene and consolidate experience from across the state at local and regional levels.

The Commission released a draft program strategy and received submissions which:

- supported a monitoring and improvement program
- supported the proposed strategic focus on ecologically sustainable adaptive forest management

- supported the proposed risk based prioritisation of forest monitoring
- suggested improvements to the program, including on its governance, community engagement and leveraging existing datasets.

The Commission and the Steering Committee will oversee the design of the state-wide, cross-tenure monitoring, evaluation, reporting and research plan for NSW forests to be completed by late 2020.

Coastal IFOA monitoring

The Coastal Integrated Forestry Operations Approval (IFOA) is an agreement between the NSW Minister for Energy and Environment and the Minister for Regional NSW, Industry and Trade. It guides native timber harvesting operations on NSW state forests and Crown timber land.

The new Coastal IFOA requires a forest monitoring program must be overseen by a monitoring steering committee, which is to be independently chaired by the Commission. The program will monitor the effectiveness of key Coastal IFOA conditions and protocols in achieving stated outcomes and inform adaptive management.

A Technical Working Group was established, which is chaired by the Commission and includes the NSW Environment Protection Authority, the Department of Primary Industries and the Forestry Corporation of NSW.

Independent experts who are members of the NSW Forest Monitoring Steering Committee will peer review the work of the Technical Working Group throughout the design of the monitoring protocols.

The Commonwealth Scientific and Industrial Research Organisation has been engaged and is working with the Technical Working Group to prioritise monitoring activities.

Independent research on North Coast koalas

At the request of the NSW Government, the Commission is overseeing an independent research program to better understand how koalas respond to regeneration harvesting in state forests on the NSW North Coast. The NSW Government will fund this research up to \$300,000 over three years.

This work is being undertaken as part of the NSW Government's Koala Strategy, which commits \$45 million over the next three years to conserve habitat, reduce threats, and build new knowledge.

The Commission has established an expert panel, comprising koala and forestry experts, to support the delivery of a robust and scientifically credible research program.

The Commission has selected three research projects to investigate how koalas respond to regeneration harvesting in state forests.

The research teams are leading complementary but distinct projects that focus on:

- the nutritional value of koala habitat, led by researchers at the Australian National University
- koala diet and its links to habitat quality, led by researchers at the Western Sydney University
- koala population density using acoustic sensors and DNA, led by researchers at the Forest Science Unit in the NSW Department of Primary Industries.

The Commission provided a research program plan to the NSW Government. The plan provides an overview of the research projects and how they will contribute to the research questions.

The Commission will annually report on the progress of research projects, and provide a final report of research findings to the NSW Government in early 2021.

2020 activities

- Consult with the community before providing an assessment and decision-making framework to reassess old growth.
- Consult with the community to finalise the key evaluation questions for the state-wide forest monitoring program.
- Finalise the forest monitoring plan for the Coastal IFOA.
- Provide a progress report on independent research on koalas.
- Identify research priorities for forest dieback.



Performance against strategic priorities (cont'd)

Assurance on water planning and implementation

Water sharing plans establish rules for sharing water between water users and the environment.

These plans typically apply for a period of ten years. At the end of this period, the Minister for Water may decide to replace or extend a plan.

Under s.43A of the *Water Management Act 2000*, the Commission is to provide advice to the Minister on:

- the extent that water sharing provisions have contributed to environmental, social and economic outcomes
- whether changes to those provisions are warranted.

Further, under s.44 of the *Water Management Act 2000*, the Commission has the new responsibility to audit the implementation of water sharing plans within their first five years.

Review of Barwon-Darling water sharing plan

The Commission is conducting a review of the Water Sharing Plan for the Barwon-Darling Unregulated and Alluvial Water Sources 2012 that is due to expire in 2022.

Usually such a review is conducted when the plan nears its completion, to inform the Minister whether to renew the plan or make amendments.

Given the high public interest in the way the Barwon-Darling water sharing plan is operating, the then Minister for Regional Water requested that the Commission commence reviewing the plan as soon as possible, rather than waiting until the plan nears its completion in 2022.

As a part of the review process, the Commission received 70 public submissions. The submissions drew attention to the:

- poor environmental and cultural outcomes along the river
- extension of low flows which are critical to threatened species
- change between the draft and gazetted plan, identifying the 300 percent annual entitlement rule as a key issue
- need to prioritise basic landholder rights and town water supply in the new plan
- inequity of entitlements or disproportionate disadvantage to downstream users
- impacts to community well-being and health under the current plan rules.

The Commission aims to provide its final report to the Minister in September 2019.



Review of Coffs Harbour and Central Coast water sharing plans

The Commission commenced reviews of water sharing plans for the Coffs Harbour area unregulated and alluvial water sources and the Central Coast unregulated water sources that are due to expire in 2019.

The Commission aims to provide its final reports to the Minister in the next reporting year.

Government accepts Commission's recommendation to replace Border Rivers water sharing plan

In May 2018, the Commission provided its final report on the review of the Water Sharing Plan for the NSW Border Rivers Regulated River Water Source 2009 that was due to expire in 2019.

In response to the Commission's recommendation to replace the plan, the then Minister for Regional Water informed the Commission that the NSW Government is developing a replacement plan which will be aligned with the water resource planning process.

The Minister further informed that in regard to the Commission's recommendation to improve cross-jurisdictional arrangements to manage cross-border flows, NSW and Queensland have appointed a working group to review the broader governance of the region.

Government responds to Commission's review of Bellinger River water sharing plan

In May 2018, the Commission provided its final report on the review of the Water Sharing Plan for the Bellinger River Area Unregulated and Alluvial Water Sources 2008 that was due to expire in 2018.

The then Minister for Regional Water supported the Commission's recommendation that the plan be replaced. The process of review and replacement provides an opportunity to deliver better outcomes, incorporate current science and knowledge, reduce ambiguities and ensure robustness of the plan.

The Minister extended the plan for a period of two years to allow sufficient time to consider the Commission's recommendations and prepare a replacement plan.

Government responds to Commission's review of Great Artesian Basin water sharing plan

In May 2018, the Commission provided its final report on the review of the Water Sharing Plan for the Great Artesian Basin Groundwater Sources 2008 that was due to expire in 2018.

In response to the Commission's review of the plan, the Department of Industry extended the plan for further two years. This will allow sufficient time to consider the Commission's recommendations and revise the plan.

2020 activities

- Finalise reports for the Barwon-Darling, Coffs Harbour and Central Coast water sharing plans.
- Commence reviews of water sharing plans for the Hunter, Lower North Coast, Peel Valley, Greater Metropolitan Region (unregulated river and groundwater).
- Commence audits of water sharing plans due to expire in 2020, 2021 and 2022.

Performance against strategic priorities (cont'd)

Audit and other evaluations

The *Natural Resources Commission Act 2003* requires the Commission to undertake audits of plans and other natural resource management issues, as required by the Minister.

The Commission's audits deliver accountability of service delivery, drive improved performance, and engender community and investor confidence in the audited organisation's activities.

Minister endorses Commission's recommendations on audit of sustainable land management reforms

The then Minister for Primary Industries endorsed all of the Commission's 10 recommendations on the audit of Local Land Services' implementation of the sustainable land management reforms.

Local Land Services' Sustainable Land Management Group is responsible for administering the new rural Land Management Framework, including providing support to landholders, as part of the biodiversity reforms.

Overall, the Commission found that the Sustainable Land Management Group has comprehensive systems and processes for providing accurate, consistent and timely advice.

The Commission recommended that systems and processes could be further strengthened by:

- reviewing the process for prioritising applications and ensuring it is consistently implemented and transparent to stakeholders
- evaluating the feasibility of reducing review requirements for low-risk applications without compromising quality assurance
- clarifying the policy on approval of activities that Sustainable Land Management Group staff have indicated may require approval under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) when landholders have signed statutory declarations indicating this act does not apply.

Government accepts Commission's recommendations on audit of NSW's emergency response capability

The then Department of Primary Industries and Local Land Services provided a joint response to the Commission's recommendations on the audit of NSW's emergency management capability. The response agreed to the recommendations and highlighted projects underway to resolve a majority of the issues identified in the Commission's report.

The Commission conducted an independent performance audit of the Department of Primary Industries and Local Land Services' emergency management capability.

The Department of Primary Industries is the combat agency responsible for control and coordination of prevention, preparedness, response and recovery from impacts and effects of any biosecurity emergency in NSW. The Department is also the lead coordinator of agricultural resources to respond to natural disasters, such as major fires and floods.

Environmental Trust accepts Commission's recommendations on Linking Landscapes Project

The Environmental Trust and the then Office of Environment and Heritage accepted the Commission's recommendations on the evaluation of Linking Landscapes Project.

From 2011 to 2015, the project was funded by the Trust and delivered by the Office of Environment and Heritage.

The project aimed to increase the condition, functional connectivity and resilience of landscapes and ecosystems in the Sydney Basin by establishing biobanking sites.

The Commission identified lessons for future funding of projects. These may be useful to agencies that work with landholders to establish conservation agreements for managing land with high biodiversity value.

Audit of implementation of Local Land Services' local strategic plans

In March 2019, the Commission commenced an independent audit of implementation of Local Land Services' 11 local strategic plans to ascertain whether each plan's provisions have been given effect.

The *Local Land Services Act 2013* requires that each local strategic plan be audited within three years of its approval. The local strategic plans were published in June 2016.

The Commission's audit examined:

- achievement of stated outcomes in local strategic plans
- reporting of these achievements
- systems and processes supporting the implementation of plans
- areas working well and those for improvement.

The Commission provided draft reports to North West and Riverina Local Land Services, and debriefing reports to seven Local Land Services (Central Tablelands, Hunter, Murray, North Coast, Northern Tablelands, North West and Riverina). The final reports will be provided to the Minister later in 2019.

Review of Environmental Trust's Major Projects Program

The Commission commenced a review of the Environmental Trust's Major Projects Program, which is one of the NSW Government's largest environmental funding programs.

The Commission's review focused on how well the governance processes supported the program objectives, and recommended improvements to maximise public value from the Trust's investment.

The Commission provided a draft report to the Trust and the final report will be provided in July 2019.

2020 activities

- Finalise a report on audits of Local Land Services' implementation of local strategic plans.
- Finalise a report on the Environmental Trust's Major Projects Program.
- Review the Environmental Trust's Coastal Rivers Program and Community Bush Regeneration Program.
- Evaluate Murrah Flora Reserves.



Performance against strategic priorities (cont'd)

Corporate services and management excellence

During the reporting year, the Commission engaged in the Machinery of Government changes to move from the Department of Premier and Cabinet to the newly-formed Department of Planning, Industry and Environment from 1 July 2019.

The Machinery of Government changes have had no impact on the Commission's governance during the reporting year.

NSW People Matter Employee Survey 2019

The Commission staff participated in the NSW People Matter Employee Survey 2019. Some highlights include:

- 100 percent felt we strive to achieve client satisfaction
- 95 percent felt we focus on improving the work we do
- 95 percent felt satisfaction with flexible working arrangements
- 95 percent felt they know how to address a work health and safety issue
- 90 percent felt the Commission is committed to developing its employees
- 85 percent felt their job gives them a feeling of personal accomplishment.

Learning and development

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

- attendance at relevant conferences and seminars
- field visits to learn what is happening on the ground
- professional development support through customised coaching, feedback training and study assistance scheme
- career development opportunities, including temporary assignment to senior roles
- training and refresher modules for audit and evaluation, work health and safety, fraud and corruption prevention, and ethics and code of conduct
- face-to-face induction program for all incoming staff
- targeted project management tools that provide interactive approach to planning and guiding project processes.



Policies and guidelines

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

The Commission continued to review policies and procedures. This helped provide current information that is easy to use and understand, and is aligned to the public sector provisions and best practice.

Multicultural policies and services

The Commission supports the principles of multiculturalism which recognise and value the different linguistic, religious, racial and ethnic backgrounds of residents of NSW, and promote equal rights and responsibilities for all residents.

The Commission's Multicultural Policies and Services Plan helps the Commission implement these principles.

The 2018-19 Multicultural Policies and Services Plan themes are:

- improving outcomes for women in leadership roles
- provision of language services
- services for humanitarian entrants.

Appendix 3 shows the number of roles and gender breakdown of senior executives at the Commission. As the Commission does not provide direct service to the public, the themes related to provision of language services and service for humanitarian entrants are not relevant.

Work health and safety

The Commission is committed to ensure a safe and healthy work environment for all staff, contractors, clients and visitors.

This was achieved by:

- continuing numerous health and wellbeing initiatives, including the corporate fitness program and influenza vaccinations
- facilitating a wellbeing seminar
- auditing first aid kits
- providing first aid training
- participating in the Work Health and Safety Committee activities.

One work health and safety incident was reported during the reporting year where a staff member slipped whilst on a field trip and SafeWork NSW was notified.

Complaints handling

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

The Commission received two complaints in the reporting period. These related to contract management and offensive conduct. Both complaints were investigated by the Commissioner and found to be without merit. A formal response was provided within four days to the persons who filed the complaints. No service improvement was necessary in these cases.

Disability inclusion

The Commission's Disability Inclusion Plan was developed around four focus areas that support the NSW Disability Inclusion Plan.

These areas include:

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

Workforce diversity

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

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

The Commission demonstrates its commitment to workforce diversity by:

- using new technologies and communications to enable more flexible ways of working
- supporting flexible work practices, including requests to work part-time or on a job share basis.

2020 activities

- Complete upgrade to Windows 10 - a series of personal computer operating systems.
- Roll out Office 365 to provide up-to-date applications.
- Complete TRIM upgrade for better performance and improved stability.
- Implement wellbeing program to instill physical, mental and emotional benefits to employees.

Financial statements for the year ended 30 June 2019

Natural Resources Commission

Independent auditor's report

Statement on behalf of the Commission

Financial statements



INDEPENDENT AUDITOR'S REPORT

Natural Resources Commission

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Natural Resources Commission (the Commission), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information of the Commission. The Commission comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission as at 30 June 2019, 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* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

I am independent of the Commission in accordance with the requirements of the:

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

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

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

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

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

Other Information

The Commission's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Natural Resources Commissioner is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement in Accordance with section 41C of the PF&A Act.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Commissioner's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Commissioner is responsible for assessing the ability of the Commission to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where operations will cease as a result of an administrative restructure.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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



Min Lee
A/Director, Financial Services

Delegate of the Auditor-General for New South Wales

19 September 2019
SYDNEY

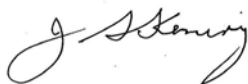
17 September 2019

Statement by the Natural Resources Commissioner
as head of the Natural Resources Commission
for the Natural Resources Commission financial statements

Pursuant to section 41C(1B) of the *Public Finance and Audit Act 1983*, I state to the best of my knowledge and belief that:

- the accompanying financial statements in respect of the year ended 30 June 2019 have been prepared in accordance with applicable Australian Accounting Standards, the provisions of the *Public Finance and Audit Act 1983*, applicable clauses of the *Public Finance and Audit Regulation 2015* and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities, and
- the statements exhibit a true and fair view of the financial position of the Natural Resources Commission as at 30 June 2019, and transactions for the year then ended, and
- there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

Yours sincerely



Dr John Keniry AM
Commissioner

**Natural Resources Commission
& its Controlled Entity
Financial Statements
for the period ended 30 June 2019**

Natural Resources Commission
Statements of Comprehensive Income
for the period ended 30 June 2019

		Consolidated		Commission		
		Budget	Actual	Actual	Budget	Actual
		2019	2019	2018	2019	2018
Notes		\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses						
Operating Expenses						
Employee Related Expenses	2(a)	3,386	3,748	2,789	-	-
Other Operating Expenses	2(b)	1,778	2,705	2,232	1,778	2,232
Depreciation and amortisation	2(c)	218	186	215	218	215
Personnel Services	2(d)	-	-	-	3,332	2,693
Finance Cost	2(e)	-	3	3	-	3
Total expenses excluding losses		5,382	6,642	5,239	5,328	5,143
Revenue						
Grants and Contributions	3(a)	5,108	5,066	4,934	5,108	4,934
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	54	139	96	-	-
Other Revenue	3(c)	-	789	205	-	205
Total Revenue		5,162	5,994	5,235	5,108	5,139
Gain / (loss) on disposal	4	-	-	(2)	-	(2)
Other gains/ (losses)	5	-	(5)	3	-	3
Net Result		(220)	(653)	(3)	(220)	(3)
Other comprehensive income		-	-	-	-	-
Other comprehensive income						
TOTAL COMPREHENSIVE INCOME		(220)	(653)	(3)	(220)	(3)

The accompanying notes form part of these financial statements.

**Natural Resources Commission
Statement of Financial Position
as at 30 June 2019**

		Budget	Consolidated Actual	Actual	Budget	Commission Actual	Actual
	Notes	2019 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2019 \$'000	2018 \$'000
ASSETS							
Current assets							
Cash and cash equivalents	7	667	459	1,008	667	446	1,000
Receivables	8	40	157	223	40	157	223
Total current assets		707	616	1,231	707	603	1,223
Plant and Equipment							
Plant and Equipment	9	250	333	378	250	333	378
Leasehold Obligations	9	684	673	784	684	673	784
Total Plant and Equipment		934	1,006	1,162	934	1,006	1,162
Total non-current assets		934	1,006	1,162	934	1,006	1,162
Total assets		1,641	1,622	2,393	1,641	1,609	2,385
LIABILITIES							
Current liabilities							
Payables	10	308	385	633	308	385	633
Provisions	11	307	375	255	307	362	247
Total current liabilities		615	760	888	615	747	880
Non-current liabilities							
Employee benefits and related on costs	11	-	7	5	-	7	5
Other provisions		147	133	125	147	133	125
Total non-current liabilities		147	140	130	147	140	130
Total liabilities		762	900	1,018	762	887	1,010
Net assets		879	722	1,375	879	722	1,375
EQUITY							
Accumulated funds		879	722	1,375	879	722	1,375
Total Equity		879	722	1,375	879	722	1,375

The accompanying notes form part of these financial statements.

.....

**Natural Resources Commission
Statements of changes in equity
for the period ended 30 June 2019**

Consolidated and Commission	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2018	1,375	1,375
Net Result for the year	(653)	(653)
Total comprehensive income for the year	(653)	(653)
Balance at 30 June 2019	722	722
Balance at 1 July 2017	1,378	1,378
Net Result for the year	(3)	(3)
Total comprehensive income for the year	(3)	(3)
Balance at 30 June 2018	1,375	1,375

The accompanying notes form part of these financial statements.

Natural Resources Commission
Statement of Cash Flows
for the period ended 30 June 2019

	Consolidated			Commission		
	Budget	Actual	Actual	Budget	Actual	Actual
	2019	2019	2018	2019	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related	(3,323)	(3,480)	(2,684)	(3,323)	(3,492)	(2,684)
Other	(1,866)	(3,237)	(2,259)	(1,866)	(3,230)	(2,248)
Total Payments	(5,189)	(6,717)	(4,943)	(5,189)	(6,722)	(4,932)
Receipts						
Grants and Contributions	5,109	5,066	4,934	5,109	5,066	4,934
Other	(2)	1,132	220	(2)	1,132	220
Total Receipts	5,107	6,198	5,154	5,107	6,198	5,154
NET CASH FLOWS FROM OPERATING ACTIVITIES	(82)	(519)	211	(82)	(524)	222
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems	-	1	-	-	1	-
Purchases of land and buildings, plant and equipment and infrastructure systems	-	(31)	(80)	-	(31)	(80)
NET CASH FLOWS FROM INVESTING ACTIVITIES	-	(30)	(80)	-	(30)	(80)
NET INCREASE (DECREASE) IN CASH	(82)	(549)	131	(82)	(554)	142
Opening cash and cash equivalents	749	1,008	877	749	1,000	858
CLOSING CASH AND CASH EQUIVALENTS	667	459	1,008	667	446	1,000

The accompanying notes form part of these financial statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

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

The Commission, as a reporting entity, comprises all the entities under its control, namely the Natural Resources Commission Staff Agency. 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).

All employee provisions are held within the Staff Agency and are shown in the consolidated section of these statements. Due to the release of Public Finance and Audit Amendment (Financial Reporting and Auditing Exclusions) Regulation 2019, there is no requirement for separate financial statements for the Staff Agency and all items previously reported in the Staff Agency financial statements have been included in the consolidated reporting in Commission's financial statements.

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

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

Under the April 2019 Machinery of Government changes the Natural Resources Commission will move administrative cluster arrangements, from the Department of Premier and Cabinet to the Department of Planning, Industry and Environment. As a result of this the Commission is not aware of any impact on financial assets or financial liabilities of the Natural Resources Commission or the Natural Resources Commission Staff Agency.

These consolidated financial statements for the year ended 30 June 2019 have been authorised for issue by the Commissioner on 17th September 2019.

(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 2015*; and
- the Financial Reporting Directions published in the Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Leasehold obligations and plant and equipment 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.

The Commission's financial statements have been prepared on a going concern basis, which contemplates the continuity of normal operating activity and the realisation of assets and the settlement of liabilities in the normal course of operations. The Commission held cash at bank as at 30 June 2019 of \$446k (2018:\$1,000k). As at 30 June 2019 it had net working capital deficit of \$193k (2018: working capital of \$343k). The Commission receives a grant from principal cluster Agency (FY 2019 Department of Premier and Cabinet and from 1 July 2019 Department of Planning, Industry and Environment) that is sufficient to fund its ongoing operations.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

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

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

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

(f) *Income recognition*

Income is 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 income 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 and costs incurred are recovered.

(iv) Grants

Income from grants (other than the contribution by owners) is recognised when the entity obtains control over the contribution. The entity is deemed to have assumed control when the grant is received or receivable.

(g) *Property, Plant and Equipment*

(i) Property, Plant and Equipment

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

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

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent,

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Property, Plant and Equipment (cont'd)

i.e. deferred payment amount is effectively discounted over the period of credit.

(ii) Capitalisation thresholds

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

(iii) Restoration costs

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

(iv) Depreciation of property, plant and equipment

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

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

Depreciation Rates	% Rate 2019	% Rate 2018
Plant & Equipment		
Office furniture and fittings	range from 10 to 33	range from 10 to 33
Computer equipment and software	range from 25 to 33	range from 25 to 33
General plant and equipment	range from 10 to 20	range from 10 to 20
Intangible	33	33
Leasehold improvements	Over the period of the lease	Over the period of the lease

(v) Revaluation of property, plant and equipment

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

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

(vi) Impairment of property, plant and equipment

As a not for profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Leases

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in statement of comprehensive income on straight line basis over the term.

(i) Receivables

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

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

Subsequent measurement under AASB139 (for comparative period) is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

(j) Employee benefits and other provisions

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

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 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 commission's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

(b) Long service leave and superannuation

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

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 18/13) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

(c) Consequential on-costs

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

(k) Other Provisions

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

(l) *Fair value hierarchy*

Fair value hierarchy disclosure under AASB 13 Fair Value Measurement, is not required as the Commission's assets are non-specialised assets with short useful lives and measured at depreciated historical cost as an approximation of fair value.

(m) *Equity and reserves*

(i) *Accumulated Funds*

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

(n) *Budgeted amounts*

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained in Note 14.

(o) *Comparative information*

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

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

(i) *Effective for the first time in 2018-19*

The accounting policies applied in 2018-19 are consistent with those of the previous financial year except for the following standards adopted for the first time in 2018-19. The impact of these Standards in the period of initial application is not material.

- AASB 9 Financial Instruments.
The disclosure in Note 16 Financial Instruments has been modified in accordance with the AASB 9 and the guidelines as per Treasury Circular (19-04). There is no change to the Agency's business model and the measuring category of financial instruments hence no material impact to the entity on adopting the new impairment model.

(ii) *Issued but not yet effective*

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

The following new Australian Accounting Standards have not been applied and are not yet effective (TC 19-04).

- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding Revenue from Contracts with Customers (Not-for-profits only)
- AASB 16 Leases
- AASB 17 Insurance Contracts
- AASB 1058 Income of Not-for-Profit Entities

The Commission anticipates that adoption of these standards in the period of initial application will have no material impact on the financial statements, except for AASB 16 Leases impact is outlined as follows:

Based on the impact assessments the Commission has undertaken on currently available information, Commission estimates additional lease liabilities of \$6.04 million and right-of-use assets of \$6.04 million will be recognised as at 1 July 2019 for leases in which the Commission is a lessee. Most operating lease expenses will be replaced by the depreciation of the right of use asset and interest on the lease liability. The impact on the statement of comprehensive income is expected to be \$0.07 million.

Natural Resources Commission
Notes to the Financial Statements
for the ended 30 June 2019

2 Expenses excluding losses

	Consolidated		Commission	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
(a) Employee related expenses				
Salaries and wages (including annual leave)	3,185	2,453	-	-
Superannuation: defined contribution plans	177	115	-	-
Long service leave	139	96	-	-
Worker's compensation insurance	11	9	-	-
Payroll tax and fringe benefit tax	137	102	-	-
On-Costs - annual leave and long service leave	30	14	-	-
Temporary employees	69	-	-	-
	3,748	2,789	-	-

	Consolidated		Commission	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
(b) Other operating expenses include the following:				
Auditor's remuneration - audit or review of the financial statements	25	26	25	26
Consultancy costs	1,423	973	1,423	973
Contractors	183	129	183	129
Insurance	4	5	4	5
Postage and telephone	4	17	4	17
Advertising, Printing and Publication	7	7	7	7
Operating lease rental expense - minimum lease payments	500	452	500	452
Training (staff development)	68	73	68	73
Travel	150	111	150	111
Corporate Services	254	241	254	241
Administration Expenses	65	174	65	174
ICT Expenses	22	24	22	24
	2,705	2,232	2,705	2,232

	Consolidated		Commission	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
(c) Depreciation and amortisation expense				
Depreciation				
Plant and Equipment	75	104	75	104
Leasehold Improvements	111	111	111	111
Total depreciation and amortisation	186	215	186	215

Natural Resources Commission
Notes to the Financial Statements
for the ended 30 June 2019

2 Expenses excluding losses (cont'd)

	Consolidated		Commission	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
(d) Personnel Services				
Paid to Natural Resources Commission Staff Agency	-	-	3,609	2,693
	-	-	3,609	2,693

	Consolidated		Commission	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
(e) Finance Cost				
Unwinding of discount rate	3	3	3	3
Total unwinding of discount rate	3	3	3	3

3 REVENUE

	Consolidated		Commission	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
(a) Grants and contributions				
Transfer payment from Department of Premier and Cabinet	5,066	4,934	5,066	4,934
	5,066	4,934	5,066	4,934

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

Long service leave	139	96	-	-
	139	96	-	-

(c) Other revenue

Consultancies recoveries	789	205	789	205
Total Revenue	789	205	789	205

4 GAIN / (LOSS) ON DISPOSAL

	Consolidated		Commission	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Gain / (loss) on disposal of plant and equipment				
Proceeds from disposal	1	-	1	-
Written down value of assets disposed	(1)	(2)	(1)	(2)
Net gain / (loss) on disposal of plant and equipment	-	(2)	-	(2)

5 OTHER GAINS / (LOSSES)

	Consolidated		Commission	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Other gains/(losses)	(5)	3	(5)	3
Other gains / (losses) total	(5)	3	(5)	3

6 Budget program – Independent advice and accountability

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.

7 Current Assets- Cash and cash equivalents

	Consolidated		Commission	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	459	1,008	446	1,000
	459	1,008	446	1,000

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

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

	Consolidated		Commission	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents (per balance sheet)	459	1,008	446	1,000
Closing cash and cash equivalents (per statements of cash flows)	459	1,008	446	1,000

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

8 Current Assets - Receivables

	Consolidated		Commission	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current Receivables				
Goods and Service Tax recoverable from ATO	132	62	132	62
Receivables	25	161	25	161
	157	223	157	223

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note16.

9 Non-Current assets - Plant and equipment

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
Consolidated and Commission			
At 1 July 2018 - fair value			
Gross Carrying Amount	656	1,108	1,764
Accumulated depreciation and impairment	(278)	(324)	(602)
Net carrying amount	378	784	1,162
At 30 June 2019 - fair value			
Gross Carrying Amount	686	1,108	1,794
Accumulated depreciation and impairment	(353)	(435)	(788)
Net carrying amount	333	673	1,006

Reconciliation

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

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
Year ended 30 June 2019			
Net carrying amount at start of year	378	784	1,162
Additions	31	-	31
Disposals	(1)	-	(1)
Depreciation expense	(75)	(111)	(186)
Net carrying amount at end of year	333	673	1,006

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
At 1 July 2017 - fair value			
At Fair Value	590	1,108	1,698
Accumulated depreciation and impairment	(186)	(213)	(399)
Net carrying amount	404	895	1,299
At 30 June 2018 - fair value			
At Fair Value	656	1,108	1,764
Accumulated depreciation and impairment	(278)	(324)	(602)
Net carrying amount	378	784	1,162

Reconciliation

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

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
Year ended 30 June 2018			
Net carrying amount at start of year	404	895	1,299
Additions	80	-	80
Disposals	(2)	-	(2)
Depreciation expense	(104)	(111)	(215)
Net carrying amount at end of year	378	784	1,162

Natural Resources Commission
Notes to the Financial Statements
for the ended 30 June 2019

10 Current Liabilities - Payables

	Consolidated		Commission	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Payables				
Accrued salaries, wages and on costs	16	8	-	-
Creditors	369	625	369	625
Personnel Services	-	-	16	8
	385	633	385	633

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

11 Current / Non-Current Liabilities - Provision

	Consolidated		Commission	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Current				
Employee benefits and related on-costs				
Annual leave	271	178	-	-
Long service leave on-costs	50	38	-	-
Payroll tax	53	38	-	-
Fringe benefits tax	1	1	-	-
Personnel Services	-	-	362	247
Total current provisions	375	255	362	247

	Consolidated		Commission	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Non-current				
Employee benefits and related on-costs				
Long service leave on-costs	5	3	-	-
Payroll tax	2	2	-	-
Personnel Services	-	-	7	5
	7	5	7	5

Other Provisions				
Restoration Cost (Make good 52 Martin Place Provision)	133	125	133	125
Total non-current provisions	140	130	140	130

Aggregate employee benefits and related on-costs

Movement in Provisions (other than employee benefits)

	Restoration Costs \$ '000
Carry forward amount at the beginning of financial year	125
Additional Provisions recognised:	8
	133

12 Commitments for Expenditure

	Consolidated		Commission	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	526	408	526	408
Later than one year and not later than five years	2,104	1,631	2,104	1,631
Later than five years	789	1,019	789	1,019
Total (including GST)	<u>3,419</u>	<u>3,058</u>	<u>3,419</u>	<u>3,058</u>

Commitments include GST of \$310k (2018:\$278k) 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 Results

Net result is over budget to the original by \$433k. This is the result of two events:

- Treasury approved period 13 carry forward from 2018 in December 2018 and adjusted the budget net result to \$445k. The impact of this change is the adjusted net result is \$208k.
- The over budget position of \$208k to the adjusted net result budget is as a consequence of a NSW Public Sector Agency with a AAA credit rating and NSW Treasury both taking action that deviated from the agreed process to transfer funds to the Commission for a Terms of Reference in 2019.

NSW Treasury have acknowledged the error and working to remediate this with the Agency's involved in 2020. If this error was not made the Commission would have been under budget by \$287k, which was directly related to a Terms of Reference that was under budget and those funds would have been carried forward to complete the program delivery in 2020.

Assets and Liabilities

Current assets are \$91k lower than the budget due to decrease in cash which were used in new assignment.

Total net assets are lower than the budget by \$157k due to cash holdings.

Current Liabilities are \$145k higher than the budget due to increase in payables and provision.

Total non-current liabilities are \$7k lower than the budget due to lower expense Asset Remediation and Restoration expense.

Cash flows

Cash flows from Operating Activities are \$437k higher than the budget as actual payments were higher than the forecast due to additional Terms of Reference, associated costs and subsequent recoveries.

15 Reconciliation of Cash Flows from Operating Activities to Net Result

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

	Consolidated		Commission	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Net cash used on operating activities	(519)	211	(524)	222
Depreciation and amortisation	(186)	(215)	(186)	(215)
Decrease / (increase) in provisions	(137)	(9)	(125)	(9)
Increase / (decrease) in receivables	(68)	195	(68)	195
Decrease / (increase) in creditors	257	(183)	250	(194)
Net gain / (loss) on sale of plant and equipment	-	(2)	-	(2)
Net Result	(653)	(3)	(653)	(3)

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.

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.

16 Financial instruments (cont'd)

(a) Financial instrument categories

As at 30 June 2019 under AASB 9

Financial Assets	Note	Category	Carrying Amount
Class:			2019
			\$'000
Consolidated			
Cash and cash equivalents	7	N/A	459
Receivables ¹	8	Amortised cost	25

Financial Liabilities	Note	Category	Carrying Amount
Class:			2019
			\$'000
Consolidated			
Payables ²	10	Financial liabilities measured at amortised cost	385

As at 30 June 2019 under AASB 9

Financial Assets	Note	Category	Carrying Amount
Commission			2019
			\$'000
Class:			
Cash and cash equivalents	6	N/A	446
Receivables ¹	7	Amortised cost	25
Financial Liabilities	Note	Category	Carrying Amount
Class:			2019
			\$'000
Payables ²	10	Financial liabilities measured at amortised cost	385

As at 30 June 2018 under AASB 139 (comparative period)

Financial Assets	Note	Category	Carrying Amount
Class:			2018
			\$'000
Consolidated			
Cash and cash equivalents	7	N/A	1,008
Receivables ¹	8	Amortised cost	161
Financial Liabilities	Note	Category	Carrying Amount
Class:			2018
			\$'000
Consolidated			
Payables ²	10	Financial liabilities measured at amortised cost	633

As at 30 June 2018 under AASB 139 (comparative period)

Financial Assets	Note	Category	Carrying Amount
Commission			2018
			\$'000
Class:			
Cash and cash equivalents	6	N/A	1,000
Receivables ¹	7	Loans and receivables (at amortised cost)	161
Financial Liabilities	Note	Category	Carrying Amount
Class:			2018
			\$'000
Payables ²	10	Financial liabilities measured at amortised cost	633

- 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)

16 Financial instruments (cont'd)

(b) Credit Risk

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

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

Cash

Cash comprises cash at bank balances within the NSW Treasury Banking System.

Receivables - trade debtors

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

The Commission applies the AASB9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

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

As at 30 June 2019 (on adoption of AASB 9) there are no debtors that are due past 30, 60 or 90 days, the Commission has determined the expected credit loss to be 0.

As at 1 July 2018 (on adoption of AASB 9) out of total debtors of \$161K: \$61K were current and \$99k were due past 90 days. The expected credit loss at 1 July 2018 was also determined to be 0.

For the Comparative period 30 June 2018, the Commission undertook the same considerations under the guidelines of AASB139 and the aging analysis of trade debtors was comprised of total debtors of \$161K.; \$61K was current and \$99K was due past 90 days. The amount of impaired debtors as at 30 June 2018 was nil.

(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 liquid assets.

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payment to other suppliers, The Commissioner (or a person appointed by the Commissioner) may automatically pay the supplier simple interest. No interest for late payment was paid during the year 2018-2019 (2017-2018 nil).

16 Financial instruments (cont'd)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹	\$'000		Maturity Dates	
		Interest Rate Exposure Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
Consolidated 2019					
<i>Payables:</i>					
Accrued salaries, wages and on-costs	16	16	16	-	-
Creditors	369	369	369	-	-
	<u>385</u>	<u>385</u>	<u>385</u>	<u>-</u>	<u>-</u>

2018					
<i>Payables:</i>					
Accrued salaries, wages and on-costs	8	8	8	-	-
Creditors	625	625	625	-	-
	<u>633</u>	<u>633</u>	<u>633</u>	<u>-</u>	<u>-</u>

	Nominal Amount ¹	\$'000		Maturity Dates	
		Interest Rate Exposure Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
Commission 2019					
<i>Payables:</i>					
Personnel Services	16	16	16	-	-
Creditors	369	369	369	-	-
	<u>385</u>	<u>385</u>	<u>385</u>	<u>-</u>	<u>-</u>

2018					
<i>Payables:</i>					
Personnel Services	8	8	8	-	-
Creditors	625	625	625	-	-
	<u>633</u>	<u>633</u>	<u>633</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 2017-18. The analysis assumes that all other variables remain constant.

(e) Interest rate risk

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

		-1%		+1%	
	Carrying Amount	Profit	Equity	Profit	Equity
		\$'000	\$'000	\$'000	\$'000
Consolidated 2019					
<i>Financial assets</i>					
Cash and cash equivalents	459	(5)	(5)	5	5
Total	459	(5)	(5)	5	5

2018					
<i>Financial assets</i>					
Cash and cash equivalents	1,008	(10)	(10)	10	10
Total	1,008	(10)	(10)	10	10

		-1%		+1%	
	Carrying Amount	Profit	Equity	Profit	Equity
		\$'000	\$'000	\$'000	\$'000
Commission 2019					
<i>Financial assets</i>					
Cash and cash equivalents	446	(4)	(4)	4	4
Total	446	(4)	(4)	4	4

2018					
<i>Financial assets</i>					
Cash and cash equivalents	1,000	(10)	(10)	10	10
Total	1,000	(10)	(10)	10	10

f) Fair value measurement

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 Related Party Disclosures

The entity's key management personnel compensation was paid by the Natural Resources Staff Agency and details for the year ending 30 June 2019 are as follows:

Short Term Employee Benefits:	2019 \$ '000	2018 \$ '000
Salaries	556	542
Other monetary allowances	-	-
Non-monetary benefits	18	18
Other long-term employee benefits	19	16
Post-employment benefits	-	-
Termination benefits	-	-
Total remuneration	593	576

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

18 Events after the Reporting Period

Under the April 2019 Machinery of Government changes the Natural Resources Commission will move administrative cluster arrangements, from the Department of Premier and Cabinet to the Department of Planning, Industry and Environment. As a result of this the Commission is not aware of any impact on financial assets or financial liabilities of the Natural Resources Commission or the Natural Resources Commission Staff Agency.

End of audited financial statements.

Appendix 1: Operation and performance

Commission meetings

Table A1.1: Commission meetings

Number held	Attendees	Title	Number attended
12	Dr John Keniry AM	Commissioner	12
	Mr Ken Baxter	Assistant Commissioner	6
	Dr Neil Byron	Assistant Commissioner	6
	Mr Peter Cochrane	Assistant Commissioner	6
	Mr Bryce Wilde	Executive Director	12
	Ms Maree Leonard	Secretary to the Commission	12

External committees

The Commission staff and executives observed the Department of Premier and Cabinet led Audit and Risk Committee meetings.

Publications

Table A1.2: List of publications

Date	Publication
June 2019	Forest monitoring and improvement program - Draft program strategy
June 2019	Audit of Local Land Services strategic plan implementation – Draft report (North West)
June 2019	Audit of Local Land Services strategic plan implementation – Draft report (Riverina)
June 2019	Audit of Local Land Services strategic plan implementation – Debriefing report (Central Tablelands)
June 2019	Audit of Local Land Services strategic plan implementation – Debriefing report (North Coast)
June 2019	Audit of Local Land Services strategic plan implementation – Debriefing report (Murray)
June 2019	Audit of Local Land Services strategic plan implementation – Debriefing report (Northern Tablelands)
May 2019	Environmental Trust – Major Projects Program review – Draft report
May 2019	Audit of Local Land Services strategic plan implementation – Debriefing report (Hunter)
February 2019	Koala response to regeneration harvesting - Research program plan
October 2018	Audit of Local Land Services implementation of sustainable land management reforms
September 2018	Audit of NSW's emergency management capability
July 2018	Environmental Trust - Linking Landscape Through Local Action - Evaluation report
Corporate	
April 2019	Strategic Plan 2018-19
October 2018	Annual Report 2017-18

Appendix 2: Funding and expenditure

Annual report production

In accordance with the Premier's Memorandum M2013-09, the Commission is committed to minimising the cost of producing its annual report.

This report was designed in-house without incurring any external costs on its production. Two copies of this report were printed (on recycled paper) and provided to the Minister for Planning and Public Spaces for presenting to the Parliament. After that the report will be made available on the Commission website.

Consultants

The Commission engaged the following consultancies in the reporting period. Work on some of these consultancies was still progressing as at the end of reporting year.

Table A2.1: Consultancies (All \$ amounts include GST)

Consultant	Title / Nature	Contract value	Amount paid in 2018-19
A. Consultancies equal to or more than \$50,000			
CSIRO	Monitoring design for the forest monitoring and improvement program for NSW state forests	\$112,464	\$53,420
Indufor Asia Pacific Pty Ltd	Development of wood supply verification methodology for old growth on coastal state forests	\$116,358	\$116,358
ANU Enterprise Pty Ltd	Research to understand how koalas respond to regeneration harvesting on North Coast state forests in NSW	\$173,754	\$78,954
RM Consulting Group Pty Ltd	Audits of Local Land Services' implementation of local strategic plans	\$61,050	\$56,050
Western Sydney University	Research to understand how koalas respond to regeneration harvesting on North Coast state forests in NSW	\$84,950	\$32,911
K2 Recruitment and Consulting Pty Ltd (D. Bentley)	Audits of Local Land Services' implementation of local strategic plans	\$89,351	\$82,401
<i>Subtotal (A)</i>			\$420,094
B. Consultancies less than \$50,000			
Various consultants	Various nature of consultancies		\$788,810
<i>Subtotal (B)</i>			\$788,810
Total (A+B)			\$1,208,904

Funds granted to non-community organisations

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

Insurance

The NSW Treasury Managed Fund provided insurance for workers compensation, property and public liability. One workers compensation claim was lodged in the reporting period where a staff member slipped while on a field trip.

Payment of accounts

There were no instances where penalty interest was paid in accordance with s18 of the *Public Finance and Audit (General) Regulation 1995*. In addition, there were no significant events that affected payment performance.

Table A2.2: Aged analysis of account payment in 2018-19

Quarter ending	Current (within due date)	Less than 30 days overdue	30-60 days overdue	61-90 days overdue	More than 90 days overdue
Sep 2018	\$60,680	\$337,402	\$21	\$13,872	-
Dec 2018	\$206,845	\$36,868	\$16,574	\$3,179	\$28,387
Mar 2019	\$225,148	\$58,204	-	\$1,957	-
Jun 2019	\$1,107,567	\$76,134	-	-	-

Table A2.3: Report on account payment performance in 2018-19

Measure / Quarter ending	Sep 2018	Dec 2018	Mar 2019	Jun 2019
Number of accounts due for payment	53	176	60	116
Number of accounts paid on time	46	150	47	103
Actual percentage of accounts paid on time (based on number of accounts)	87%	85%	78%	89%
Dollar amount of accounts due for payment	\$377,494	\$1,751,459	\$404,363	\$1,347,015
Dollar amount of accounts paid on time	\$323,603	\$1,595,108	\$344,202	\$1,250,905
Actual percentage of accounts paid on time (based on dollar amount)	86%	91%	85%	93%

Resource efficiency

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

The Commission was able to share and use resources efficiently as its office is housed in the same building as other government agencies and ministers. The Commission's office is located at 52 Martin Place – a building whose environmental credentials include:

- 4.5-star National Australian Built Environment Rating System (NABERS) Energy unassisted rating
- 4.0-star NABERS Water rating
- Onsite energy monitoring systems.

The Premier's Memorandum M2014-08 states that Clusters are required to publish a statement of their performance against the Resource Efficiency Policy on an annual basis. The Commission was part of the Premier's Cluster in 2018-19 and thus not required to report separately on its resource efficiency performance.

Appendix 3: Human resources and plans

Employees

Table A3.1: Number of employees by category

Band	2015-16	2016-17	2017-18	2018-19
Commissioner - Part time	1	1	1	1
Assistant Commissioners - Part time	0	1	0	3
Public Service Senior Executives	1	3	3	4
Non-Executive - FTE	15	9	10	15
Non-Executive - Part time	1	1	0	3.2
Total	15	15	14	26.2

Senior executives

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

Table A3.2: Number of roles and gender breakdown

Band	2017-18			2018-19		
	Male	Female	Total	Male	Female	Total
Band 4 (Secretary)	0	0	0	0	0	0
Band 3 (Deputy Secretary)	0	0	0	0	0	0
Band 2 (Executive Director)	1	0	1	1	0	1
Band 1 (Director)	1	2	3	1	2	3
Total	2	2	4	2	2	4

Table A3.3: Average remuneration

Band	2017-18		2018-19	
	Range	Average remuneration	Range	Average remuneration
Band 4 (Secretary)	NA	NA	NA	NA
Band 3 (Deputy Secretary)	NA	NA	NA	NA
Band 2 (Executive Director)	\$268,001 to \$328,900	\$328,000	\$268,001 to \$337,100	\$335,935
Band 1 (Director)	\$183,300 to \$261,450	\$226,000	\$187,900 to \$268,000	\$242,170

(Note: 34% of the Commission's employee-related expenditure in 2018-19 was related to public sector senior executives.)

Overseas visits

The Commissioners and staff did not go overseas on official duty.

Privacy and personal information

The Commission complies with the requirements of the *Privacy and Personal Information Protection Act 1998* through implementation of the Privacy Management Plan. The Plan provides for the Commission to uphold and respect the privacy of staff and others about whom it holds personal information. The Plan also acts as a reference tool for staff to best meet privacy obligations under the Act.

No internal review was conducted by or on behalf of the Commission under Part 5 of the Act in relation to entitlement of a person aggrieved by the Commission.

Public interest disclosures

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

Statement of business ethics

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

Appendix 4: Audit and risk management

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

The Commission continued the shared arrangement with the Department of Premier and Cabinet led Audit and Risk Committee.

Under this arrangement, the Department appoints the Chief Audit Executive and the Commission's Audit and Risk Committee ensures compliance with requirements of the Treasury Policy Paper TPP15-03.

The Committee met 5 times and officers from the Audit Office of NSW were standing invitees.

In the reporting period, three internal audits were conducted:

- Project governance, fraud and corruption:
Overall assessment "Good". Systems and processes exist which manage the risk, and minor improvement opportunities have been identified but not yet actioned.
- Risk Management Policy and Framework:
Assessment: Risks appear to be identified and managed in a proactive manner. Management has a good understanding of the risks facing the Commission and demonstrated a good attitude towards risk register assessment.
- Payroll audit:
Overall assessment "Excellent". Systems and processes exist to manage the risk and management accountability is assigned. The systems are well documented and regular monitoring/management review indicates high compliance to the process and that the system is effective in mitigating the risk.

Internal Audit and Risk Management Attestation Statement for the 2018-2019 Financial Year for Natural Resources Commission

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

Core Requirements

Risk Management Framework

1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant

Internal Audit Functions

2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant

Audit and Risk Committee

3.1	An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

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

- Department of Premier and Cabinet.

The Chair and Members of the Audit and Risk Committee 2018-2019:

- Independent Chair, Gerardine Brus, January 2018 to December 2020
- Independent Member 1, Christine Feldman, December 2017 to November 2020
- Independent Member 2, Gary Dinnie, October 2017 to April 2021.

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

- Natural Resources Commission (controlled entity).



Dr John Keniry AM
Commissioner

30 June 2019

Cyber Security Annual Attestation Statement for the 2018-2019 Financial Year for Natural Resources Commission

I, Dr John Keniry AM, Commissioner of the Natural Resources Commission (Commission), am of the opinion that:

- the Commission has assessed its cyber security risks and is putting in place systems and processes to further strengthen the cyber security environment in a manner consistent with the mandatory requirements as set out in the NSW Government Cyber Security Policy.
- Risks to the Commission's information and systems have been assessed and are being managed.
- Governance is in place to manage Commission's cyber security initiatives.
- Cyber security incidents are escalated to Cyber Security NSW as required. The Commission has a cyber incident response plan and has formally tested the plan in the reporting period.



Dr John Keniry AM
Commissioner



Letter of Certification to the Commissioner of Natural Resources Commission for the Financial Year 2018-2019

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

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

I certify that the Natural Resources Commission had an effective system of internal controls to ensure that financial information presenting the financial position and performance of the agency is true and fair in all material respects. This is subject to the deficiencies, which are not regarded as significant, in the internal controls of the shared service provider as identified by an independent control assessment. The Commission has effective controls to mitigate the deficiencies, and therefore they are not considered to have a material impact on the financial information.

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

Ms Maree Leonard
Chief Financial Officer

Appendix 5: GIPA Act

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

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

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

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

In the reporting period, the Commission:

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

Appendix 6: Legislation and legal change

Legislation relevant to Commission

(As at 1 July 2019)

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

New legislation relevant to Commission

(Assented to during 2018-19)

- Amendments to the *Natural Resources Commission Act 2003*
- *Water Management (General) Regulation 2018*

Repealed legislation that were relevant to Commission

(Repealed during 2018-19)

- None

Compliance index

Access	2
Aims and objectives	5
Annual report production	44
Audit and risk management	48
Consultants	44
Complaints handling	15
Cyber security annual attestation statement	50
Disability inclusion action plan	15
Financial statements	16
Funds granted to non-government community organisations	44
Government Information (Public Access) Act	52
Human resources	46
Insurance	44
Internal audit and risk management policy attestation	49
Legislation and legal change	53
Letter of transmittal	3
Multicultural policies and services program	15
Overseas visits	47
Payment of accounts	45
Privacy and personal information	47
Public interest disclosures	47
Senior executives	46
Workforce diversity	15
Work health and safety	15