

annual report 07/08

Contents

Commissioner's message	1
Our achievements in 2007/08	2
1 Our purpose, people and partners	4
2 Reviewing and auditing CMAs	10
3 Prioritising investment in natural resource management	14
4 Encouraging coordinated, integrated NRM	16
5 Advising on complex scientific and technical issues	20
6 How we achieve our results	22
7 Financial statements	25
Appendix 1: Legislative provisions	56
Appendix 2: Publications	57
Appendix 3: Commitment to community values	58
Appendix 4: Operations	62
Appendix 5: Freedom of Information Act – statement of affairs	64
Compliance index	65
Shortened forms	66

Letter of transmittal

31 October 2008

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

Dear Premier

Natural Resources Commission – Annual Report 2007/2008

It is my pleasure to forward to you for presentation to the NSW Parliament the Annual Report of the Natural Resources Commission (NRC) for the year ended 30 June 2008.

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

Yours sincerely



John Williams
Commissioner

Commissioner's message

In uncertain times, using sound science to guide decision making is more important than ever

Our best response to climate change – undoubtedly the policy challenge of our century – is to rely on sound science to guide us in managing our natural resource assets and adapting to changing conditions. We need to balance the many competing uses and pressures on our natural resources, based on a scientific understanding of the impacts of our actions. We also need to commit to a sustainable future and work towards this goal in a coordinated way, based on a common platform of science and analysis.

In NSW, there are many threats to the health of our natural resources, compounded by more than 200 years of poor practices. But there are also many examples of good practice. Our community's commitment to better managing our natural resources continues to strengthen. Our capacity to harness the goodwill of landholders and citizens to interact more harmoniously with our fragile landscapes has greatly improved.

The NSW Government has set targets for natural resource management that are for all of us. They have been set so we can have healthy rivers in which to swim and fish; soil that produces the food and fibre we need; forests that absorb carbon dioxide from the air we breathe; beaches and sand

dunes our grandchildren can enjoy; communities that generate jobs and are desirable to live in; and private land and national parks where diverse native species can thrive.

To achieve the targets, we need to understand how we are performing across the state, and how we can do better. Audits of Catchment Management Authorities (CMAs) will contribute to this. But we also need publicly available and scientifically credible data on the health of our catchments, so we know where the problems are, the impacts of our actions, and how to improve our decision making. Further, there needs to be transparent quality assurance of all natural resource managers, just as there is of CMAs. With so many people involved and so much at stake, it is important that decisions support investment where it is most needed, aim to maximise results and stand up to public scrutiny.

In 2007/08, the Natural Resources Commission (NRC) undertook research and reviews that underscored the need for governments and communities to work together in a coordinated way. Just as landscapes need to be able to withstand shock and change, we need structures and systems that can adapt while providing continuity of purpose and funding. Confidence and trust take time to build, but once earned are the foundation of innovation and good governance.

Science can help us manage our land, water, biodiversity, air and communities together, rather than in isolation or competition with each other. Our land use planning must be informed by our catchment

planning. Our catchment planning must be informed by the best available knowledge. If we are guided by a shared understanding of what the science is telling us we can be confident that we are making the best possible decisions, and achieving the best possible outcomes. And that is the key to adapting to climate change.

John Williams
Commissioner



Our achievements in 2007/08



Ensuring that natural resource management decisions are based on the best available science and other knowledge

Auditing CMAs

In 2007/08, the main focus of the NRC's work was auditing how effectively CMAs are implementing their Catchment Action Plans. We developed an innovative audit process to assess whether their implementation complies with the *Standard for Quality Natural Resource Management* (the Standard), and is contributing to improvements in natural resource condition in line with the state-wide targets. For example, the audits check whether CMAs are using best-available science to engage with and empower their communities to work with them in deciding and delivering projects that improve the resilience of their landscapes. The audits also check whether CMAs are using science to monitor and learn from their experience, enabling adaptive management.

We completed audits of three CMAs, which involved site visits, field work and desk-top assessments. In the coming year, we will audit another four CMAs.

Reviewing Catchment Action Plans

We reviewed the Catchment Action Plans of the Lower Murray Darling and the Sydney Metro CMAs. Among other things, this involved checking that in developing their plans, these CMAs used the best-available scientific knowledge to understand the natural resource assets and threats in their regions. It also involved checking that the CMAs used this knowledge to engage their communities in developing practical plans to protect assets and address threats. All Catchment Action Plans need to provide a strategic framework for managing natural resources in the region they cover, so government and other stakeholders can identify where to invest most effectively.

Based on our reviews, we recommended the NSW Government approve both Catchment Action Plans. The NRC has now reviewed all 13 CMAs' first Catchment Action Plan, and recommended the Government approve all these plans.



Western CMA has invested in projects to improve the water efficiency of irrigation properties near Bourke and Brewarrina

Reviewing funding allocations and investment programs

We recommended a new process for allocating natural resource management (NRM) funding among CMAs. This involved developing a decision support tool that enables the NSW Government to use science to identify where funding is most likely to be effective in improving natural resource condition. For instance, the tool uses data on the natural resource assets and threats in each region, where these are being best managed, and where assets are being used most productively. This enables the Government to allocate funds across CMAs in a way that maximises returns on its investments.

We also reviewed all CMAs' annual investment programs to check they are consistent with approved Catchment Action Plans and recommended the Government approve these plans.

Promoting widespread adoption of the Standard

The Standard is a quality assurance tool that can help all natural resource managers improve their ability to bring science to bear on the challenges of NRM and increase our chances of meeting the state-wide targets. As well as auditing CMAs' compliance with the Standard, the NRC is responsible for promoting the Standard to other natural resource managers. In 2007/08, we produced a guide to help all such managers understand and use the Standard, to ensure their decisions are based on sound science and are aligned with the state-wide targets.

Advising on complex scientific and technical issues

The NRC has several ongoing roles in providing the Government with advice to ensure NRM decisions are based on sound science and best-practice management. In 2007/08, we reviewed and provided advice on whether:

- proposals for large-scale coastal development were consistent with planning requirements (SEPP 71)
- proposed improvements to the methodology for assessing applications to clear native vegetation should be adopted
- Snowy Hydro Pty Ltd's revised environmental management plan was adequate given the expansion of its cloud seeding trial to cover a second river catchment.



1

Our purpose, people and partners

Natural resource management based on sound science and best-practice management, and in the environmental, economic and social interests of NSW

Purpose

The NRC was established under the *Natural Resources Commission Act 2003* (the NRC Act) to provide independent advice to the NSW Government on natural resource management issues. Our primary purpose is to help the Government ensure its NRM decisions are based on sound science, and are in the best environmental, economic and social interests of the state.

To do this, we recommended the Standard and state-wide targets for NRM. The Government has adopted the Standard and included the targets as priority E4 of the State Plan. We also review and audit CMAs to ensure that their efforts comply with the Standard, align with the targets and contribute to healthier, more resilient landscapes.

Together, the Standard, targets and audits provide a statutory quality assurance framework that provides confidence that government investments in NRM reflect the best-available scientific information, represent value for money, and will result in real improvements in natural resource condition that enhance environmental, economic and social outcomes.

The NRC's ongoing roles include:

- reporting on progress towards achieving the state-wide targets, and advising the Government on resolving issues that are restricting progress
- reviewing CMAs' Catchment Action Plans, and advising the Government whether or not to approve these plans



Bellingen, NSW – Never Never Creek



- auditing the effectiveness of CMAs' implementation of their Catchment Action Plans in complying with the Standard and contributing to the achievement of the targets
- reviewing technical NRM issues to provide a sound scientific basis for decisions
- refining the Standard and targets and facilitating their use by natural resource managers across NSW
- reviewing specific natural resource issues as requested by the Government.

The NRC's ability to improve natural resource decision-making in NSW depends on independently sourcing and critiquing the best-available scientific and other knowledge. To do this, we rely on the skills of our people and our collaboration with our clients and stakeholders.

People

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

Leadership and structure

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



Left to right: Di Bentley, Dr David Leece, Alex McMillan, Dr Ronnie Harding, Peter Egger, Dr John Williams.

Dr John Williams

BScAgr(Hons) PhD

Commissioner

John is one of Australia's most respected scientists, and has led the national debate about sustainable land management. Prior to joining the NRC in 2006, he was Chief Scientist and Chair of the Department of Natural Resources' Science and Information Board, and Adjunct Professor in Agriculture and Natural Resource Management at Charles Sturt University. He retired from CSIRO as Chief of Land and Water in 2004. In 2005, he was awarded the prestigious Farrer Memorial Medal for achievement and excellence in agricultural science. John has extensive experience in providing national and international thought leadership in natural resource management, particularly in agriculture production and its environmental impact.

Di Bentley

BScAgr

Assistant Commissioner

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

Peter Egger

BE(Elec), MBA

Assistant Commissioner

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

Dr Ronnie Harding

BA, BSc(Hons), PhD

Assistant Commissioner

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

Dr David Leece

BScAgr, MScAgr, PhD, jssc

Assistant Commissioner

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

Alex McMillan,

Bec(Hons), LLB

Executive Director

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

Staff

The NRC has a small, professional team of analysts, managers and administrative staff who develop robust advice for the Commissioner's consideration.

Client and stakeholders

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

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

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

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

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

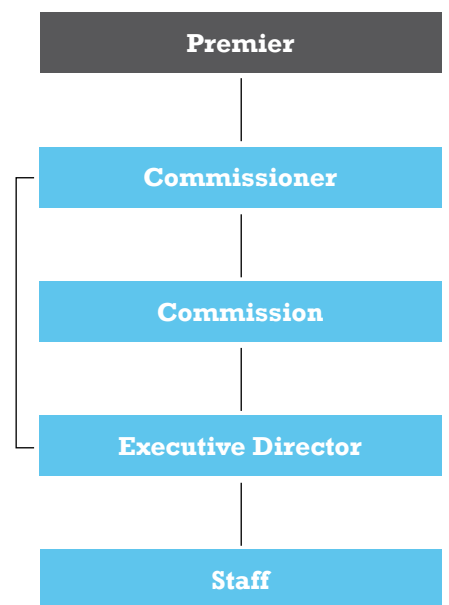
In addition, we engage with other important stakeholders, including farming and environmental groups, private landholders, the Natural Resources Advisory Council, the Local Government and Shires Association, and regional and local organisations.

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

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

During 2007/08, our Commissioner and senior staff gave 14 presentations at a variety of conferences and seminars, including the keynote speeches at the 2007 Coastal Conference at Yamba and the Landcare Conference at Tamworth.

Figure 1: NRC Reporting Structure



What is a landscape approach?

In many of his presentations during 2007/08, our Commissioner called for the adoption of a landscape approach to natural resource management.

A landscape approach to NRM is one in which management decisions are designed to ensure the underlying biophysical processes can support the community's environmental, economic and social values for that landscape over time. In a landscape approach, vegetation is not managed for its own sake, but as a key tool for ensuring biophysical landscape processes and resources continue to function well. For example, this approach might include strategic revegetation conservation and rehabilitation to achieve multiple outcomes such as biodiversity, soil health and water quality.

Importantly, a landscape approach requires information on biophysical landscape processes and resources. It also requires information on the values society seeks to realise in and from that landscape.

To understand and manage biophysical landscape processes, we need to analyse different natural resources such as water, vegetation and soil, and their interaction at various scales to form an integrated understanding of a particular landscape.

To implement a landscape approach, it will be important for CMAs to develop spatial maps and other tools. These tools need to express the CMA's catchment targets at the sub-catchment, sub-bioregional or 'landscape' scales. They also need to demonstrate how the relevant landscapes function, help visualise future landscapes, and explicitly link landholders' on-ground actions to catchment targets.



CMAs use communication such as signage at project sites and on vehicle to promote collaboration, sustainable behavioural change and community feedback.





One goal, 13 targets, one standard

The Standard and state-wide targets are key components of the framework for quality NRM in NSW. They are incorporated in the NSW State Plan, and help to coordinate the Government's efforts to build healthy and resilient natural resources and communities.

The Standard defines how we should go about the business of natural resource management to improve our chances of achieving the targets. It sets out seven required outcomes against which all natural resource managers can review their performance, to help identify how they can make better use of scientific knowledge, and maximise the outcomes of their investments.

While only the CMAs are required to comply with the Standard, it provides a benchmark for all natural resource managers. Its widespread adoption will help ensure taxpayers' money is spent on the right things, at the right scale, at the right time.

The state-wide targets provide a clear, consistent focus for all natural resource managers. They identify the outcomes we need to achieve so we can have healthy rivers and coast lines for fishing, swimming and enjoying ourselves, soil that can produce food and fibre, forests to absorb carbon dioxide, communities that provide jobs and a pleasant place to live, and private land and national parks where diverse native species can thrive. The targets also provide a common yardstick for measuring progress, and holding all agencies to account.

 Biodiversity	 Water	 Land	 Community
<ol style="list-style-type: none"> 1 By 2015 there is an increase in native vegetation extent and an improvement in native vegetation condition. 2 By 2015 there is an increase in the number of sustainable populations of a range of native fauna species. 3 By 2015 there is an increase in the recovery of threatened species, populations and ecological communities. 4 By 2015 there is a reduction in the impact of invasive species. 	<ol style="list-style-type: none"> 5 By 2015 there is an improvement in the condition of riverine ecosystems. 6 By 2015 there is an improvement in the ability of groundwater systems to support groundwater-dependent ecosystems and designated beneficial uses. 7 By 2015 there is no decline in the condition of marine waters and ecosystems. 8 By 2015 there is an improvement in the condition of important wetlands, and the extent of the wetlands is maintained 9 By 2015 there is an improvement in the condition of estuaries and coastal lakes ecosystems. 	<ol style="list-style-type: none"> 10 By 2015 there is an improvement in soil condition. 11 By 2015 there is an increase in the area of land that is managed within its capacity 	<ol style="list-style-type: none"> 12 Natural resource decisions contribute to improving or maintaining economic sustainability and social wellbeing. 13 There is an increase in the capacity of natural resource managers to contribute regionally relevant natural resource management.

2

Reviewing and auditing CMAs

Providing confidence that science is guiding regional investments in building healthier landscapes

The NSW Government has set a goal to build resilient landscapes – landscapes that are healthy, productive and can cope with change. This goal is formalised in the state-wide targets for NRM within the State Plan.

Under the regional model for NRM, the state's 13 CMAs play a crucial role in achieving these targets. In partnership with their communities, they are responsible for planning and coordinating investments in NRM at the regional scale and achieving on-ground results.

The NRC's role includes providing a quality assurance framework

for the CMAs' efforts. Our work provides confidence that CMAs are using appropriate science to engage their communities and, in partnership with these communities, are developing and delivering practical projects to improve the health of native vegetation, rivers and soil in their regions.

As part of this role, in 2007/08 we:

- reviewed and recommended the approval of the final two CMAs' Catchment Action Plans
- started auditing how effectively the CMAs are implementing these plans.



Banks are used for 'water ponding' – to change the way water moves across the landscape, reducing sodic scalds and erosion.



Border Rivers Gwydir CMA has worked with Moree Plains Shire Council to install a fish trap at this weir.



Hudson Pear - one of the weed species targeted by control work funded by Western CMA

Reviewing Catchment Action Plans

Each CMA is responsible for developing a Catchment Action Plan: a documented 10-year strategy for protecting and improving the natural resources in its catchment. This plan must identify the key natural resource assets to be protected and improved, the key threats to be addressed, and practical ways the community can help do this. In line with the Standard, the plan must take account of the best-available scientific and other knowledge, be developed in partnership with the community, and include catchment-level targets that will help achieve the state-wide targets.

One of the NRC's roles is to review the CMAs' Catchment Action Plans and recommend whether or not the Government should approve the plans. This independent review provides government and communities with confidence that each CMA has a strategy based on sound science to guide its investments and activities. It also provides CMAs with detailed guidance on how to improve their Catchment Action Plan.

During 2007/08, we completed our reviews of the CMAs' first Catchment Action Plans. Last year, we reviewed and recommended the Government approve 11 of the 13 CMAs' plans. This year, we recommended the approval of the remaining two Catchment Action

Plans – those of the Lower Murray Darling and the Sydney Metro CMAs. We also prepared a report on each CMA's plan, which identified specific areas in which the plan could be improved and outlined an expected timetable for the CMA to achieve those improvements.

Auditing CMAs

Now the Government has approved the Catchment Action Plans, the CMAs are working with their communities to implement these plans and achieve real improvements in natural resource condition.

The NRC has begun auditing the effectiveness of the CMAs' implementation. These audits will help us understand what is working well, and what needs to be improved to achieve the healthy, resilient landscapes described by the targets.

During 2007/08, we developed our *Framework for auditing the implementation of Catchment Action Plans*. The framework was developed in collaboration with CMAs, NRM agencies and other stakeholders, and applies best-practice auditing principles.

Under this framework:

- Audit work will be designed to assess whether the implementation of Catchment Action Plans is leading to real improvements in the condition of natural resources by assessing

compliance with the Standard and using data to verify progress towards state-wide targets.

- A risk-based approach will be used to focus and tailor the nature of audit work, and to inform the frequency of audits.
- Each Catchment Action Plan will be audited at least once every three years; however, audits may be more frequent where we assess that the risks to effective implementation are high.
- Commonly accepted audit methods will be adopted to ensure the rigour of the process and the effective communication of findings and conclusions.
- Audit teams will include appropriate NRC staff, audit experts, and natural resource experts.

We also conducted the first three audits – of Borders Rivers-Gwydir, Western and Central West CMAs. This involved site visits, desk-top assessments and field work.

We focused our initial audits on how effectively the CMAs' native vegetation projects are promoting landscape-scale improvements in natural resource condition. For example, we assessed whether these projects are delivering improvements in habitat for native species, water quality, farm productivity and soil health. The case study below provides an illustration of good practice by a CMA identified by our audit process.¹

1. This case study comes from an audit completed in 2008/09



Hunter Central Rivers CMA funded rehabilitation and protection work at Dora Creek.

Good CMA practice identified by NRC audit

As part of our audit of Hunter Central Rivers CMA's implementation of its Catchment Action Plan, we assessed its river works program. As the audit identified, this program demonstrates the long-term benefits of sustained effort at the regional scale, and using the best-available science to guide these efforts.

The program is a continuation of numerous projects undertaken over some 60 years to reduce the costly impacts of periodic flooding of the Hunter River on landscapes weakened by overgrazing and vegetation removal. Due to extensive clearing of native vegetation in the past, there is a long history of flood waters surging over the river banks and flood plains, and damaging or threatening town infrastructure.

The Hunter Valley Conservation Trust was formed in 1950 to stabilise the river banks and reduce flood impacts. Its initial approach was to clear debris, strengthen banks with physical structures, and augment this with willow planting out of the main channels. This approach aimed to allow flood waters to clear rapidly and repair damaged banks. However, it was costly and often had the effect of shifting the problem to new points of weakness. While the approach repaired the damage caused by each flood, it did not improve the natural resilience of the river system. In addition, the damage seemed to be becoming worse with each flood.

Over time the Trust, then the CMA (which replaced the Trust in 2004), improved its scientific understanding of the role of vegetation in promoting river function in different parts of the catchment. As a result, it better understood the linkages between vegetation clearance in the upper Hunter and erosion, nutrient runoff, and pressures on habitat in downstream estuary areas. This enabled the CMA to identify a set of short-term management targets to cumulatively improve the resilience of the landscape in response to flood surges, and also improve the production base of soils and water resources to better support the values the community placed on the river.

Based on this science, the CMA now plants native vegetation at critical river reaches to slow flood flows and keep them longer in the upper reaches. This new approach re-establishes in-stream vegetation obstructions and is gradually re-establishing the essential features of the pre-clearance riparian zone. In addition, the CMA increasingly involves landowners and other community members in maintaining vegetation in riparian zones along the river banks in rural and town settings. This community involvement increases social and bio-physical resilience and reduces maintenance costs borne by the state.

The CMA estimates that the new, science-based approach to the river works could save 'tens of millions' of dollars by reducing the need to repair river banks after a major flood. It is currently working with government agencies to prepare detailed assessments of the costs and benefits of its river works projects.

The NRC expects CMAs to improve their Catchment Action Plans over time, as they gain experience in using science to guide their decisions

Next steps

The NRC expects CMAs to improve their Catchment Action Plans over time, as they gain experience in using science to guide their decisions and support their communities in better managing natural resources. In the coming years, we will undertake periodic reviews of the plans to ensure they continue to evolve as CMAs mature and apply adaptive management.

In 2008/09, we will audit a further four CMAs, bringing the number of audits to seven. This will allow us to provide government and the public with a representative picture of the effectiveness of the regional model and the resilience of our landscapes and communities. We intend to release a report on the consolidated findings from our audits and other research on the performance of the regional model in 2008/09.



A landholder explains to the NRC audit team how projects impact on the landscape of this property near Nyngan.

3

Prioritising investment in national resource management

Funding for NRM is finite and must be carefully targeted to provide maximum benefits for our landscapes

The funding for NRM programs and activities in NSW is provided jointly by the Commonwealth and the NSW Governments. In 2007/08, the NRC developed a decision support tool to enable the NSW Government to use best-available science to allocate the state's NRM funds among the CMAs. This tool allows the Government to allocate the funds in a way that will achieve maximum returns on its investment in NRM.

We also reviewed each CMA's annual investment program and recommended the Government approve these plans.

Allocating funds to CMAs

In January 2008, the NSW Government asked the NRC to recommend how it should allocate its available NRM funding among the CMAs. The Government's aim was to maximise the benefits generated by this investment, in the form of real improvements in natural resource condition across NSW.

We recommended a decision-making process, and a decision support tool that uses the best-available scientific knowledge on natural resource assets and threats in each region, as well as information on where these are being best managed, and where assets are being used most productively. The tool enables the Government to compare the likely return on investment across the 13 CMA regions based on:

- cross-regional priorities for CMA-delivered investment (including the achievement of the state-wide targets), and
- the likely effectiveness of CMAs in working with their communities to deliver natural resource outcomes.

The recommended funding process is robust, transparent and repeatable. It can be used to allocate funding from any source, against any set of investment objectives. It remains relevant despite the changed funding arrangements under the Commonwealth Government's new *Caring for Our Country* program.

The recommended funding process can be used to allocate funding from any source, against any set of investment objectives.

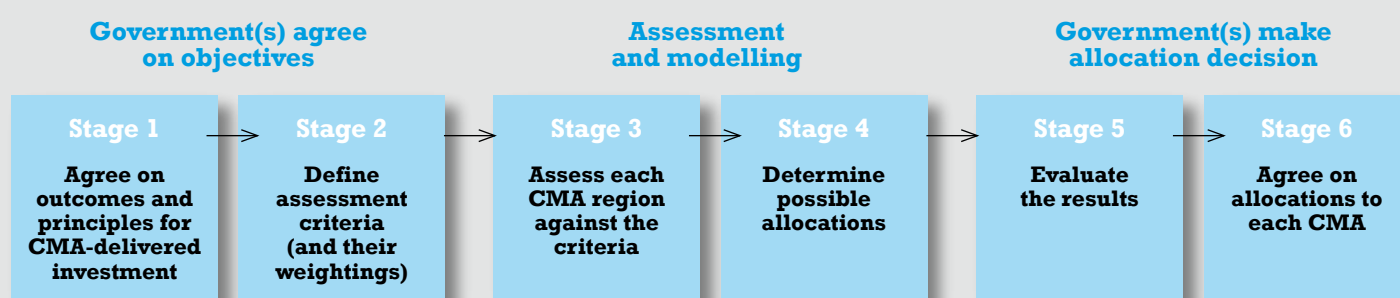


Figure 2: NRC's recommended decision-making process for allocating funding to CMAs

The NSW Government adopted the NRC's recommended process in April 2008. It subsequently asked the NRC to apply the process to allocate funding to CMAs for 2008/09, when the transitional funding arrangements come into being under *Caring for Our Country*.

Approving CMAs' Investment Programs

In May 2008 the NSW Government asked the NRC to review each CMA's annual Investment Program, and recommend whether it should be approved.

Investment Programs are four-year investment contracts between the Government and the CMAs that are rolled over each year. They set out how the CMA will deliver on its Catchment Action Plan. They are intended to be an integrated planning mechanism, and replace three previous planning tools.

The NRC recommended that all the CMAs' Investment Programs be approved. It also found that while the new integrated approach has streamlined the CMAs' planning task, there are still several difficulties with it. For example:

- The Investment Program is required to serve multiple purposes and multiple audiences, and this can cause inconsistencies and conflict.
- The CMAs are required to use a prescriptive document template to prepare their Investment Programs. This has resulted in some perverse outcomes, particularly with regard to Catchment Action Plans.
- The template requires some refinement to streamline administration and target accountability on integrated outcomes, not individual inputs.

The NRC also recommended improvements to the template to address these difficulties, and further streamline the CMAs' planning process in future years.

Next steps

We will continue to provide advice to the Government on request, as NSW adapts to the Commonwealth's new *Caring for Our Country* funding arrangements.

4 Encouraging coordinated, integrated NRM

Achieving outcomes requires joint planning and effort by governments and the community

While CMAs play a critical role in the delivery of on-ground NRM actions and results, they are not solely responsible for achieving the state-wide targets for NRM included in the State Plan. Rather, the model for delivering on the targets involves integrated actions from state agencies, CMAs, local government and private industry and investors that are sustained and coordinated. For this model to be most effective, the CMAs' Catchment Action Plans should become integrating documents that guide all investment across the state towards the targets.

In 2007/08, the NRC worked to facilitate coordinated, integrated NRM and the success of the regional model. We focused on:

- promoting the use of the Standard by all natural resource managers
- obtaining data to help assess progress towards the state-wide targets
- identifying barriers to integrated catchment and land use planning.

In 2007/08, the NRC worked to facilitate coordinated, integrated NRM and the success of the regional model.



Laurieton, NSW – looking down the Camden Haven River.

A new plantation project in Inverell district where more than 5000 ha is being managed for conservation.

Promoting the Standard to all natural resource managers

The Standard aims to promote high-quality practice in the NRM sector, including the use of sound science and adaptive management to achieve improvements in natural resource condition. In NSW, only the CMAs are legally obliged to comply with the Standard. But it can be used by all natural resource managers to build and maintain high-quality, systematic approaches to NRM. Indeed, it will be most powerful when it is used by all natural resource managers.

In 2007/08, we published a guide introducing the Standard to everyone involved in NRM -- including landholders, community NRM groups, local government and regional NRM bodies. The guide discussed the Standard's non-prescriptive approach, its value in facilitating adaptive management, and its role in helping develop a systematic, science-based approach to managing natural resources.

We also promoted the Standard and targets using a variety of forums and approaches, including presentations, and distribution of fact sheets and brochures. In addition, we produced a series of short videos explaining natural resource management, the importance of the Standard and state-wide targets, and how everyone's actions affect the health of our landscapes. These videos will be available on our website in 2008/09.

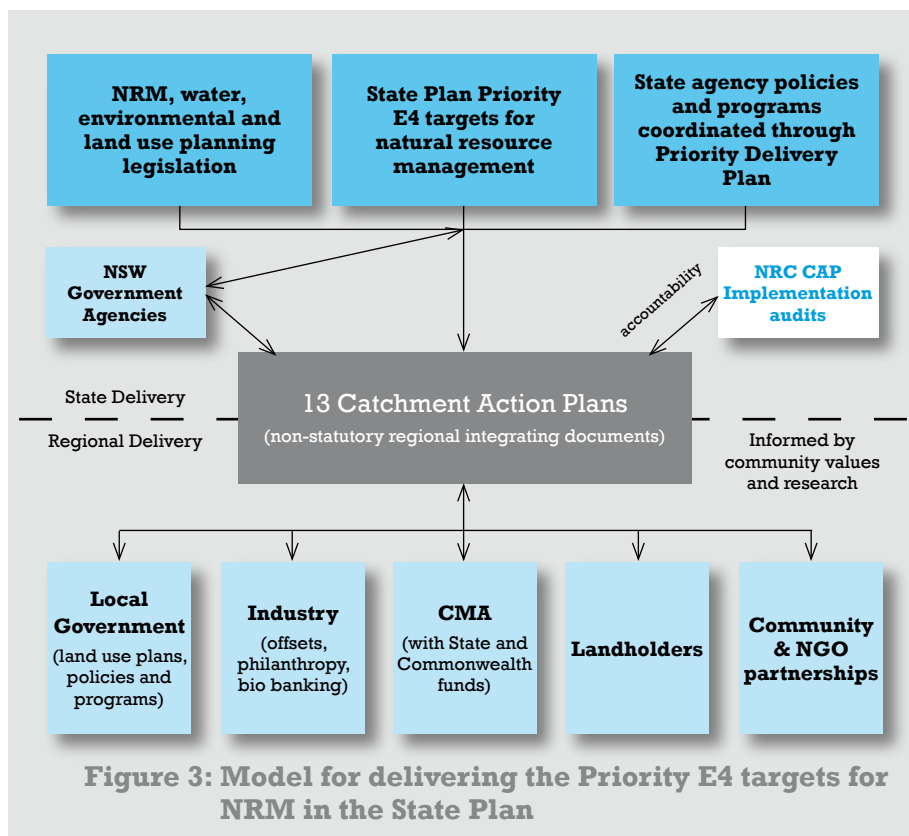


Figure 3: Model for delivering the Priority E4 targets for NRM in the State Plan

Obtaining data for reporting on progress towards targets

Both the NRC Act and the State Plan require the NRC to report on progress towards achieving the state-wide targets, and to use reliable natural resource data in meeting these requirements. To help in fulfilling these requirements, and to ensure the best data is available to inform all NRM decision making, we accessed and analysed natural resource data generated by work under the NSW Monitoring, Evaluation and Reporting (MER) Strategy.

The state-wide MER Strategy was developed by NRM agencies, and approved by the Government in 2006. It is currently being implemented through 13 cross-agency theme teams. While progress is being made, MER data are not yet publicly available. As a result, it is not possible to measure how NSW is tracking towards its 2015 NRM targets.

Because MER Strategy data were not available, the NRC had to acquire, evaluate and analyse available monitoring, evaluation and reporting indicator data directly from agency

MER theme teams and external sources, to enable us to fulfil our reporting requirements. We note that future audits of CMA performance would be strengthened if we can access relevant MER Strategy data at the regional scale.

Identifying barriers to integrated catchment and land use planning

NRM planning and investment need to be integrated. All natural resource assets – biodiversity, water, land and community – need to be considered together, along with the social and economic concerns of communities. Too often in the past, policy makers have neglected to fully consider the integrated nature of the NRM challenge.

The NRC's work in 2007/08 highlighted the need for better alignment between catchment planning and land use planning if we are to achieve the state-wide targets. While the NSW Government and the State Plan recognise this issue, resolution has been slow.

Importantly, we note that the state-wide targets do not inform the regulatory framework for water

management and soils. Also, there needs to be greater integration between state government policies if CMAs are to have sufficient influence to lead improved management of natural resources in their regions.

The NRC advised the NSW Government that Catchment Action Plans should integrate and translate all government policy, so it is relevant at the catchment scale. This will allow these plans to serve as an investment prospectus for all government investment in NRM.

Next steps

The NRC will continue to provide advice on improving the coordination and integration of NRM. This advice will take into account new options being considered by the Commonwealth Government.

We will also continue to publicly report on progress in implementing the Standard, targets and Catchment Action Plans across NSW.



Housing development in western Sydney.

Challenges for integrated NRM in coastal NSW

In November 2007, our Commissioner gave the keynote address to the 16th NSW Coastal Conference. His presentation was titled "Challenges for integrated natural resource management in coastal NSW". The following is a summary of the issues he raised.

The NSW coast contains many highly valuable natural resources that are vulnerable to the pressures of population growth, urban development and climate change. It is important that the coast is managed in a way that ensures the landscape functions effectively at all scales, and supports the environmental, economic, social and cultural values of the community. The NRM regional delivery model in NSW provides a solid foundation for good management of the coast. However, there remain several challenges to further enhancing the ability of the model to work effectively on the coast.



Coastline at Yamba taken during 2007 Coastal Conference

The NSW Government has set state-wide targets that are relevant to coastal areas, for example:

- the target for increasing the extent of native vegetation and improving its condition encompasses dune vegetation and other vegetation relevant to the coast
- the target for reducing the impact of invasive species encompasses weeds such as Bitou Bush, and other potentially troublesome vegetation such as *Caulerpa taxifolia*
- the targets for water include improving the condition of wetlands and estuaries and coastal lake ecosystems
- the marine target covers rocky reefs and the open water environment.

CMA's have developed, and are investing, in regionally-specific catchment targets which will contribute to the achievement of the state-wide targets.

However, the institutional complexity and number of large players with significant influence over natural resources on the coast can make it difficult for CMA's to achieve catchment outcomes through investment in on-ground action alone. CMA's in these regions should have greater flexibility to engage and invest more in strategic planning and coordination and less in on-ground delivery.

Given the increasing pressures from population growth, urban development and climate change, several urgent issues need to be addressed. In particular, we need:

- better natural resource data in coastal areas to inform land use and NRM decision making
- a common set of goals for land use planning and NRM
- better alignment of the priorities for coastal landscapes
- consistent legislation governing native vegetation management across urban and non-urban areas
- greater flexibility for coastal and urban CMA's to invest in planning and coordination.

5 Advising on complex scientific and technical issues

Improving natural resource management through transparent, independent science-based advice

The NRC has an ongoing role to provide independent and objective advice to government on NRM issues and policy settings, particularly complex scientific and technical issues. In some cases, we are asked to review an issue and given specific terms of reference. In other cases, we are responsible under legislation to undertake regular review functions.

In 2007/08, we reviewed and provided advice on whether:

- proposals for large-scale coastal development were consistent with planning requirements (SEPP 71)
- proposed improvements to the methodology for assessing applications to clear native vegetation should be adopted
- Snowy Hydro Pty Ltd's proposed revisions to its environmental management plan was adequate given the expansion of its cloud seeding trial to cover a second river catchment.

Coastal development proposals

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

In 2007/08, we provided 13 separate pieces of advice on large-scale proposals, as well as generic advice to ensure minor proposals were considered in line with SEPP 71 requirements.



Paperbark forest near Myall Lakes



Cloud seeding equipment



Sheep farm west of Dubbo

Methodology for assessing native vegetation clearance proposals

The Environmental Outcomes Assessment Methodology is a system for assessing applications to clear native vegetation. In accordance with the *Native Vegetation Regulation 2005*, the Minister for Climate Change and the Environment must seek advice from the NRC regarding proposed amendments to this methodology. The NRC must also be consulted about any proposed changes to the databases that support the methodology.

During 2007/08 we reviewed two proposed changes to the assessment methodology databases.

The first set of changes aimed to take advantage of improvements in the mapping of native grasslands across the state and recent expert assessments of cleared landscapes. We supported the changes because they improved the accuracy of the database on over-cleared landscapes and thus helped to increase stakeholder confidence in the BioMetric Tool, one of the tools underpinning the methodology. We also made suggestions to ensure that the threshold for designating land as 'over-cleared' is applied in accordance with the precautionary principle and takes account of the uncertainty of available data.

The second set of changes comprised editorial and minor changes to the databases for the vegetation benchmarks and threatened species profiles. We were unable to form a view about the robustness and scientific accuracy of proposed changes. This was due to a lack of documentation of the process

and methodology used to review the databases and develop the proposed changes. Documentation of an appropriately robust scientific review methodology is critical to our review process, and without it we were not able to thoroughly investigate the proposed changes.

However, we clarified a process by which, in the future, editorial and minor changes can be implemented relatively quickly, while more substantial changes would continue to receive formal NRC oversight prior to their implementation.

We support the continual improvement of databases, and recommended that responsible agencies consider ways to reduce uncertainty about data, through the use of peer review and other methods.

Snowy Hydro's revised environmental management plan

Snowy Hydro is part way through a trial to assess the potential for cloud seeding to increase snow precipitation in the Snowy Mountains. In May 2008, the Government agreed to extend the period of the trial from six to 11 years (through the *Snowy Mountains Cloud Seeding Trial Amendment (Extension) Act 2008*). It also agreed to double the area where cloud seeding can be undertaken to approximately 2000km² (by amendment of the *Snowy Mountains Cloud Seeding Trial Act 2004*).

Before agreeing to the expansion of the trial, the Government required Snowy Hydro to update and improve its environmental management plan. It asked the NRC and the Department of Environment and Climate Change to review the revised plan.

The NRC found that the revised environmental management plan was appropriate, given the expansion of the trial to a second river catchment. The plan requires Snowy Hydro to undertake enhanced monitoring of the environment across a wider range of environmental parameters. It also requires Snowy Hydro to report annually on the plan and the results of its monitoring. In addition, it clarifies when Snowy Hydro will be required to report on the effectiveness of cloud seeding. This reporting will occur twice over the remaining duration of the trial, first in 2010 following the initial 6 years of seeding (2004 to 2009), and second in 2015 at the conclusion of the trial.

Since we published our *Progress Report on the Snowy Mountains Cloud Seeding Trial* in June 2007, we have continued to monitor Snowy Hydro's cloud seeding operations by undertaking site inspections and liaising with Snowy Hydro staff about current activities. We have found that to date, Snowy Hydro is using the best available technology to undertake the trial, and has appropriately managed the impacts of installing and maintaining cloud seeding infrastructure. However, there is no publicly available evidence to demonstrate that cloud seeding increases snowfall.

Next steps

The NRC will continue to provide independent advice to the NSW Government on complex NRM issues to ensure that NRM decisions in NSW are guided by sound science.

6 How we achieve our results

Seeking the best available scientific and other knowledge, collaborating and continually learning from our experiences

The NRC is staffed by a small team of professional natural resource analysts, administrative staff and managers. We also draw on the experience and knowledge of expert researchers, scientists and practitioners in a variety of fields to supplement our in-house capabilities and ensure we achieve high-quality outputs in a cost-effective way.

Effective decision making

The NRC is headed by the Commissioner, who makes the final decisions on the advice we provide to government. He is supported by the other members of the Commission, including four Assistant Commissioners and the Executive Director, as well as invited external representatives (such as scientific experts and peer reviewers) and a small team of staff.

The NRC has established two committees with delegated authority from the Commissioner to provide advice in response to referrals for SEPP 71 coastal development

matters, and for proposed changes to the *Environmental Outcomes Assessment Methodology* under the *Native Vegetation Act 2003*.

In 2007/08, we adopted a new governance policy that sets out the respective roles and responsibilities of Commission members and staff. The new policy provides a platform for continuous improvement of the NRC's governance arrangements. We also reviewed our strategic plan for 2008-2011, which sets out how we will fulfil our core functions.

Robust and efficient processes

The NRC uses a project-based approach, often working under specific terms of reference from government. We aim to provide high-quality, objective and practical advice. We highly value our independence and the transparent way in which we work, collaborate and engage with our stakeholders.



We use the Standard as the basis for our work to ensure that our advice to Government is based on sound science and best practice management

We use the Standard to guide our analytical work to ensure the Commissioner's advice to government is based on sound science and best-practice management, so government decisions are made in the best environmental, social and economic interests of the state.

We are guided by our values and seek to contribute to the achievement of resilient landscapes by being efficient and focussed, and continually improving our processes and leveraging each other's strengths.

Our work this year

During 2007/08 we continued to improve the business systems that help us to achieve our results. We ensured we were making the best use of our resources by:

- clarifying our governance systems and roles
- refining our project management system to better fit our needs

- conducting an internal audit on our use of consultants
- embedding our system for dealing with complex problems into our daily practice
- building a data library for storing scientific and spatial data
- improving our records management policy and practices
- reviewing our employment conditions collegially with our team, and negotiating an Enterprise Agreement
- providing a mix of targeted professional development and training opportunities, including in environmental auditing, natural resources, climate change, management, communication skills and project management
- reviewing our Occupational Health and Safety systems
- tightening security systems
- enhancing the structure and content of our website to ensure it is user friendly, and makes our information readily available and our processes transparent.



Tumut Pond Reservoir, Cabramurra

Next steps

We will continue to ensure that the NRC operates efficiently and effectively.

We will also finalise and adopt our new Enterprise Agreement. This agreement will maintain our current employment conditions, which drive productivity and excellence in our team.

In addition, we will

- monitor the implementation of our new governance arrangements
- increase our internal focus on risk management, and continue to use the best-available knowledge to inform decisions in a structured and transparent manner
- continue to develop and review our organisational policies
- enhance the capability of our staff through targeted professional development and training in line with their individual needs as identified through our Performance Excellence Process
- continue to develop our Occupational Health and Safety and Injury Management System, with a focus on implementing more detailed procedures and Healthy Lifestyles programs
- improve the systems that support the work of our staff and Commission, for example by further enhancing our records management procedures.

The NRC's website – improving information flow

We use our website www.nrc.nsw.gov.au as the primary channel for communicating our messages and providing information about our activities and work in NRM.

In 2007/08, this website attracted 304,551 hits. This represents an increase of 330 per cent compared to 2006/07. The public consultation documentation in relation to our draft audit framework was downloaded 770 times by stakeholders and members of the public.

During the year we continued to improve the structure and

contents of our website to ensure our information is readily available, user-friendly and complies with government policy. We also adopted a new content management system, which enables us to update the information on our site more efficiently.

As always, our reports were published on our website. This ensured they were easily accessible to the public, while helping to reduce the generation of waste paper.

By using in-house skills, we were able to update our website regularly and efficiently. We also received much unsolicited positive feedback from website users, which continues to drive us towards excellence in this area.

7 Financial statements

for the year ended 30 June 2008

Consolidated

Independent auditor's report	26
Statement on behalf of the National Resources Commission	27
Operating statement	28
Statement of recognised income and expenses	29
Balance sheet	30
Cash flow statement	31
Summary of compliance with financial directives	32
Notes to the financial statements	33

National Resources Commission Division

Independent auditor's report	48
Statement on behalf of the National Resources Commission Division	49
Operating statement	50
Statement of recognised income and expenses	50
Balance sheet	51
Cash flow statement	52
Notes to the financial statements	53

INDEPENDENT AUDITOR'S REPORT

Natural Resources Commission and controlled entity

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Natural Resources Commission (the Commission) which comprises the balance sheet as at 30 June 2008, the operating statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Commission, and the Commission and controlled entity (the consolidated entity). The consolidated entity comprises the Commission and the entity it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Commission and the consolidated entity as at 30 June 2008, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

Commissioner's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

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



M T Spriggins
Director, Financial Audit Services

9 October 2008
SYDNEY

National Resources Commission

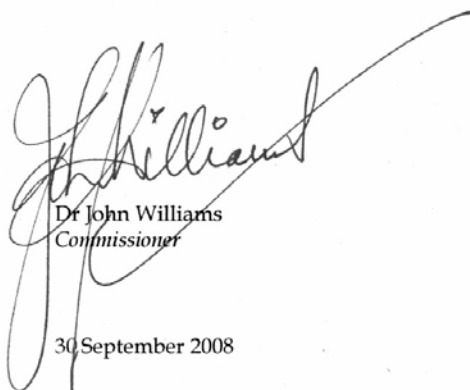
Statement on behalf of the National Resources Commission



STATEMENT ON BEHALF OF THE NATURAL RESOURCES COMMISSION DIVISION

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

- a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2000, the Financial Reporting Code for Budget Dependent Central Government Sector Agencies and Treasurer's Directions;
- b) the financial statements exhibit a true and fair view of the financial position of the Natural Resources Commission Division of New South Wales as at 30 June 2008 and the operations for the period then ended;
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Dr John Williams
Commissioner



Alex McMillan
Executive Director

30 September 2008

National Resources Commission

Operating statement for the year ended 30 June 2008

	Notes	Consolidated			NRC		
		Actual 2008 \$'000	Budget 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Budget 2008 \$'000	Actual 2007 \$'000
Expenses excluding losses							
Employee related expenses	2(a)	2,283	2,876	2,715	–	–	–
Other operating expenses	2(b)	2,172	1,598	1,604	2,172	1,598	1,604
Depreciation and amortisation	2(c)	308	279	327	308	279	327
Personnel services	2(d)	–	–	–	2,283	2,876	2,715
Total expenses excluding losses		4,763	4,753	4,646	4,763	4,753	4,646
Less: Revenue							
Investment income	3(a)	54	21	23	54	21	23
Other revenue	3(b)	16	–	1	16	–	1
Total revenue		70	21	24	70	21	24
Gain/(loss) on disposal	4	(7)	–	–	(7)	–	–
Net cost of services	18	4,700	4,732	4,622	4,700	4,732	4,622
Government contributions							
Recurrent appropriations	5	4,452	4,457	4,269	4,452	4,457	4,269
Capital appropriation	5	–	–	300	–	–	300
Acceptance by the Crown Entity of employee benefits and other liabilities	6	(9)	–	40	(9)	–	40
Total government contributions		4,443	4,457	4,609	4,443	4,457	4,609
SURPLUS/(DEFICIT) FOR THE YEAR		(257)	(275)	(13)	(257)	(275)	(13)

The accompanying notes form part of these financial statements.

National Resources Commission

Statement of recognised income and expenses for the year ended 30 June 2008

	Notes	Consolidated			NRC		
		Actual 2008 \$'000	Budget 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Budget 2008 \$'000	Actual 2007 \$'000
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-	-	-	-	-	-
Surplus/(Deficit) for the year		(257)	(275)	(13)	(257)	(275)	(13)
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR	14	(257)	(275)	(13)	(257)	(275)	(13)

The accompanying notes form part of these financial statements.

National Resources Commission

Balance sheet

as at 30 June 2008

	Notes	Consolidated			NRC		
		Actual 2008 \$'000	Budget 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Budget 2008 \$'000	Actual 2007 \$'000
Assets							
Current assets							
Cash and cash equivalents	8	123	254	191	123	254	191
Receivables	9	120	91	91	120	91	91
Total current assets		243	345	282	243	345	282
Non-current assets							
Property plant and equipment	10	354	380	659	354	380	659
Total non-current assets		354	380	659	354	380	659
Total assets		597	725	941	597	725	941
Liabilities							
Current liabilities							
Payable	11	128	81	81	300	81	273
Provisions	12	236	256	256	64	256	64
Other	13	19	118	118	19	118	118
Total current liabilities		383	455	455	383	455	455
Non-current liabilities							
Other	13	1	16	16	1	16	16
Total non-current liabilities		1	16	16	1	16	16
Total liabilities		384	471	471	384	471	471
Net assets		213	254	470	213	254	470
Equity							
Accumulated funds	14	213	254	470	213	254	470
Total equity		213	254	470	213	254	470

The accompanying notes form part of these financial statements.

National Resources Commission

Cash flow statement

for the year ended 30 June 2008

	Notes	Consolidated			NRC		
		Actual 2008 \$'000	Budget 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Budget 2008 \$'000	Actual 2007 \$'000
Cash flows from operating activities							
Payments							
Employee related		(2,293)	(2,817)	(2,652)	–	(2,817)	–
Other		(2,389)	(1,598)	(1,794)	(4,682)	(1,598)	(4,446)
Total payments		(4,682)	(4,415)	(4,446)	(4,682)	(4,415)	(4,446)
Receipts							
Sale of goods and services		–	–	34	–	–	34
Interest received		32	21	23	32	21	23
Other		240	–	249	240	–	249
Total receipts		272	21	306	272	21	306
Cash flows from government							
Recurrent appropriation	5	4,457	4,457	4,373	4,457	4,457	4,373
Capital appropriation	5	–	–	300	–	–	300
Cash transfers to the consolidated funds		(104)	–	(69)	(104)	–	(69)
Net cash flows from government		4,353	4,457	4,604	4,353	4,457	4,604
NET CASH FLOWS FROM OPERATING ACTIVITIES	18	(57)	63	464	(57)	63	464
Cash flows from investing activities							
Purchases of property, plant and equipment		(11)	–	(300)	(11)	–	(300)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(11)	–	(300)	(11)	–	(300)
NET INCREASE (DECREASE) IN CASH		(68)	63	164	(68)	63	164
Opening cash and cash equivalents		191	44	27	191	44	27
CLOSING CASH AND CASH EQUIVALENTS	8	123	107	191	123	107	191

The accompanying notes form part of these financial statements.

National Resources Commission

Summary of compliance with financial directives for the year ended 30 June 2008

	Consolidated				NRC			
	Recurrent appropriation \$'000	Expenditure/ Net claim on consolidated fund \$'000	Capital appropriation \$'000	Expenditure/ Net claim on consolidated fund \$'000	Recurrent appropriation \$'000	Expenditure/ Net claim on consolidated fund \$'000	Capital appropriation \$'000	Expenditure/ Net claim on consolidated fund \$'000
Original budget appropriation/ expenditure								
Appropriation act	4,457	4,452	-	-	4,373	4,269	300	300
Additional appropriation	-	-	-	-	-	-	-	-
	4,457	4,452	-	-	4,373	4,269	300	300
Other appropriations/ expenditure								
Treasurer's advance	-	-	-	-	-	-	-	-
Transfers to/from another agency (s32 of the Appropriation act)	-	-	-	-	-	-	-	-
Total appropriations/ expenditure/Net claim on consolidated fund (includes transfer payments)	4,457	4,452	-	-	4,373	4,269	300	300
Amount drawn down against appropriation		4,457		-		4,373		300
Liability to consolidated fund*						104		-

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

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

National Resources Commission

Notes to the financial statements

for the year ended 30 June 2008

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 Statewide standards and targets for natural resource management issues.

The Commission, as a reporting entity, comprises all the entities under its control, including the Natural Resources Commission Division. Staff of the Commission were transferred to the Natural Resources Commission Division on 17 March 2006. All employee provisions are now held within the Division, and are shown in the consolidated section of these statements.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all interentity transactions and balances have been eliminated.

The Commission is a NSW government statutory authority. The Commission is a notforprofit 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.

The consolidated financial report for the year ended 30 June 2008 has been authorised for issue by the Commissioner on 30 September 2008.

(b) Basis of preparation

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

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

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets held for trading and available for sale are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.

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

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

(c) Statement of compliance

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

(d) Administered activities

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

(e) Income recognition

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

(i) Parliamentary Appropriations and Contributions

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

- Unspent appropriations are recognised as liabilities rather than revenue, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

The liability is disclosed in Note 13 as part of other current liabilities. The amount will be repaid and the liability will be extinguished next financial year.

(ii) Sale of Goods

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

(iii) Rendering of services

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

(iv) Investment revenue

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

(f) Employee Benefits

(i) Salaries and wages, annual leave, sick leave and oncosts

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

Longterm annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119.

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

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

(ii) Long service leave and superannuation

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

(iii) Personnel Services

The Personnel Services are provided by the Natural Resources Commission Division according to Part 3, Schedule 1 to the Public Sector Employment and Management Act 2002 as amended in 2006.

(g) Insurance

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

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

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

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

(i) Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the agency. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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

(j) 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.

(k) Revaluation of property, plant and equipment

Physical noncurrent assets are valued in accordance with the 'Valuation of Physical NonCurrent Assets at Fair Value' Policy and Guidelines Paper (TPP 071). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

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

(l) Impairment of property, plant and equipment

As a notforprofit entity with no cash generating units, the Commission is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(m) Depreciation of property, plant and equipment

Depreciation is provided for on a straightline 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.

Depreciation Rates	% Rate
Office furniture and fittings	20
Computer equipment and softwares	33
General plant and equipment	25

(n) Restoration cost

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

(o) Leased assets

Operating lease payments are charged to the Operating Statement in the periods in which they are incurred.

(p) Intangible assets

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

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

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

In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a notforprofit entity with no cash generating units. Impairment can only arise if selling costs are material. Selling costs are regarded as immaterial. Hence, the Commission is effectively exempted from impairment testing.

(q) Loans and receivables

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

(r) Payables

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

(s) Budgeted amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s21A, s24 and / or s26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the operating statement and the cash flow statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the balance sheet, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts; i.e. per the audited financial statements (rather than carried forward estimates).

(t) New Australian Accounting Standards issued but not effective

At reporting date, a number of Australian Accounting Standards adopted by the Australian Accounting Standards Board have been issued but are not yet operative and have not been early adopted by the Commission. NSW Treasury mandate (TC08/04) precludes early adoption of these accounting standards.

The Commission has reviewed the new accounting standards and at this stage does not anticipate any material impact on the figures reported in the financial reports.

2 Expenses excluding losses

	Consolidated		NRC	
	Actual 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Actual 2007 \$'000
(a) Employee related expenses				
Salaries and wages (including recreation leave)	2,057	2,404	–	–
Superannuation defined contribution plans	134	158	–	–
Long service leave	(9)	40	–	–
Workers compensation insurance	11	–	–	–
Payroll tax and fringe benefit tax	90	113	–	–
	2,283	2,715	–	–
<p>An actuarial review of long service leave provisions to be accepted by the Crown was carried out in June 2008. The departure of a number of officers from the Commission who had substantial long service leave balances lead to a large decrease in the provision to be recognised in Crown ledgers. This movement has lead to a negative long service leave expense of \$9,000.</p>				
(b) Other operating expenses include the following:				
Auditor's remuneration audit or review of the financial reports	14	10	14	10
Consultancy costs	824	273	824	273
Contractors	289	255	289	255
Insurance	11	–	11	–
Postage and telephone	59	54	59	54
Advertising, Printing and Publication	46	36	46	36
Rental expense relating to operating leases	253	280	253	280
Training (staff development)	118	109	118	109
Travel	143	176	143	176
Other expenses	–	–	–	–
Special Functions/Events	5	4	5	4
Corporate services	111	101	111	101
Administration Expenses	224	144	224	144
EDP expenses	70	113	70	113
Maintenance expenses	5	49	5	49
	2,172	1,604	2,172	1,604
(c) Depreciation and amortisation expense				
Depreciation				
Plant and Equipment	104	142	104	142
Total Depreciation	104	142	104	142
Amortisation				
Leasehold improvements	202	183	202	183
Intangible	2	2	2	2
	308	327	308	327
(d) Personnel services	–	–	2,283	2,715
Personnel Services	–	–	2,283	2,715

Personnel services are payments to NRC Division for employee related expenses.

3 Revenues

	Consolidated		NRC	
	Actual 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Actual 2007 \$'000
(a) Investment income				
Interest	54	23	54	23
	54	23	54	23
(b) Other revenue				
Recoveries	16	1	16	1
	16	1	16	1

4 Gain/(loss) on disposal

	Consolidated		NRC	
	Actual 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Actual 2007 \$'000
Gain / (loss) on disposal of plant and equipment				
Proceeds from disposal	1	–	1	–
Written down value of assets disposed	(8)	–	(8)	–
Net gain / (loss) on disposal of plant and equipment	(7)	–	(7)	–

5 Appropriations

	Consolidated		NRC	
	Actual 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Actual 2007 \$'000
Recurrent appropriations				
Total recurrent drawdowns from NSW Treasury (per Summary of Compliance)	4,457	4,373	4,457	4,373
Less: Liability to Consolidated Fund (per Summary of Compliance)	5	104	5	104
	4,452	4,269	4,452	4,269
Comprising:				
Recurrent appropriations (per Operating Statement)	4,452	4,269	4,452	4,269
Transfer payments	–	–	–	–
	4,452	4,269	4,452	4,269
Capital appropriations				
Total capital drawdowns from NSW Treasury (per Summary of Compliance)	–	300	–	300
Less: Liability to Consolidated Fund (per Summary of Compliance)	–	–	–	–
	–	300	–	300
Comprising:				
Capital appropriations (per Operating Statement)	–	300	–	300
Transfer payments	–	–	–	–
	–	300	–	300

6 Acceptance by the crown entity of employee benefits and other liabilities

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

	Consolidated		NRC	
	Actual 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Actual 2007 \$'000
Long Service Leave	(9)	40	(9)	40
	(9)	40	(9)	40

7 Programs/activities of the agency

(a) Program – Natural Resources Commission

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

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

8 Current assets cash and cash equivalents

	Consolidated		NRC	
	Actual 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Actual 2007 \$'000
Cash at bank and on hand	123	191	123	191
	123	191	123	191

Cash and cash equivalent assets recognised in the balance sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	123	191	123	191
Closing cash and cash equivalents (per Cash Flow Statement)	123	191	123	191

9 Current assets receivables

	Consolidated		NRC	
	Actual 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Actual 2007 \$'000
Goods and Services Tax recoverable from ATO	83	48	83	48
Other debtors	34	12	34	12
Prepayments	3	31	3	31
	120	91	120	91

10 Non-current assets property, plant and equipment

	Plant and equipment \$'000
Consolidated	
At 1 July 2007	
Gross carrying amount	1,448
Accumulated depreciation and impairment	(789)
Net carrying amount at fair value	659
At 30 June 2008	
Gross carrying amount	1,368
Accumulated depreciation and impairment	(1,014)
Net carrying amount at fair value	354
Reconciliation	
A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.	
Year ended 30 June 2008	
Net carrying amount at start of year	659
Additions	11
Disposals	(89)
Depreciation expense	(308)
Write back on disposals	81
Net carrying amount at end of year	354
Consolidated	
At 1 July 2006	
Gross carrying amount	1,148
Accumulated depreciation and impairment	(464)
Net carrying amount at fair value	684
At 30 June 2007	
Gross carrying amount	1,448
Accumulated depreciation and impairment	(789)
Net carrying amount at fair value	659
Reconciliation	
A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.	
Year ended 30 June 2007	
Net carrying amount at start of year	684
Additions	300
Depreciation expense	(325)
Net carrying amount at end of year	354

	Plant and equipment \$'000
NRC	
At 1 July 2007	
Gross carrying amount	1,448
Accumulated depreciation and impairment	(789)
Net carrying amount at fair value	659

At 30 June 2006	
Gross carrying amount	1,368
Accumulated depreciation and impairment	(1,014)
Net carrying amount at fair value	354

Reconciliation

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

Year ended 30 June 2008

Net carrying amount at start of year	659
Additions	11
Disposals	(89)
Depreciation expense	(308)
Write back on disposals	81
Net carrying amount at end of year	354

NRC

At 1 July 2006

Gross carrying amount	1,148
Accumulated depreciation and impairment	(464)
Net carrying amount at fair value	684

At 30 June 2006

Gross carrying amount	1,448
Accumulated depreciation and impairment	(789)
Net carrying amount at fair value	659

Reconciliation

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

Year ended 30 June 2008

Net carrying amount at start of year	684
Additions	300
Depreciation expense	(325)
Net carrying amount at end of year	659

11 Current liabilities payable

	Consolidated		NRC	
	Actual 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Actual 2007 \$'000
Accrued salaries, wages and oncosts	62	42	-	-
Creditors	66	39	66	39
Personnel services	-	-	234	234
	128	81	300	273

12 Current/non-current liabilities – Provisions

	Consolidated		NRC	
	Actual 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Actual 2007 \$'000
Current				
Employee benefits and related oncosts				
Recreation leave	151	167	-	-
Long service leave oncosts	6	7	-	-
Payroll tax	15	18	-	-
	172	192	-	-
Current				
Other provisions				
Restoration Cost	64	64	64	64
	64	64	64	64
	236	256	64	64
Personnel Services received from the Natural Resources Commission Division				
Aggregate employee benefits and related oncosts				
Provisions current	172	192	-	-
Provisions noncurrent	-	-	-	-
Accrued salaries, wages and oncosts (Note 11)	62	42	-	-
	234	234	-	-

13 Current/non-current liabilities – Other

	Consolidated		NRC	
	Actual 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Actual 2007 \$'000
Other current liabilities				
Liability to consolidated fund	5	104	5	104
Lease incentive	14	14	14	14
	19	118	19	118
Other non current liabilities				
Lease incentive	1	16	1	16
	1	16	1	16

14 Changes in equity

	Accumulated funds	
	Actual 2008 \$'000	Actual 2007 \$'000
Consolidated		
Balance at the beginning of the year	470	483
Changes in equity other than transactions with owners as owners		
Surplus/(deficit) for the year	(257)	(13)
Total	(257)	(13)
Balance at the end of the financial year	213	470
NRC		
Balance at the beginning of the year	470	483
Changes in equity other than transactions with owners as owners		
Surplus/(deficit) for the year	(257)	(13)
Total	(257)	(13)
Balance at the end of the financial year	213	470

15 Commitments for expenditure

	Consolidated		NRC	
	Actual 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Actual 2007 \$'000
(a) Other Expenditure Commitments				
Aggregate other expenditure for the acquisition of goods and services contracted for at balance date and not provided for:				
Not later than one year	338	1	338	1
Total (including GST)	338	1	338	1
(b) Operating Lease Commitments				
Future noncancellable operating lease rentals not provided for and payable				
Not later than one year	302	268	302	268
Later than one year and not later than five years	25	301	25	301
Total (including GST)	327	569	327	569

The commission leases floor space in the CBD under operating leases.

Commitments include GST of \$60,435 (\$50K for 2007) which is expected to be recovered from the Australian Taxation Office (ATO).

16 Contingent liabilities and contingent assets

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

17 Budget review

Net cost of services

Net cost of services was \$32k below budget. This has been achieved as a result of lower level of expenditure in Employee Related Expenses (\$593k) and slightly higher revenue (\$49k) offset by Other Operating Expenses (\$574k)

Assets and liabilities

Current Assets were \$102k lower than budget mainly due to a reduction in cash held at end of financial year of \$131k offset by higher receivable of \$29k.

Non Current Assets were \$26k lower than budget. This is due to higher than budgeted provision for depreciation.

Current Liabilities were \$72k lower due to a smaller liability to con fund of \$5k (\$104k at end of 2006/07), \$20k in lower provisions and a higher level of payables (\$47k).

Cash flows

Cash flows from Operating Activities was a negative \$57k against a budget figure of \$63k. This is mainly due to the liability to consolidated fund of \$104k in 2006/07.

18 Reconciliation of cash flows from operating activities to net cost of services

	Consolidated		NRC	
	Actual 2008 \$'000	Actual 2007 \$'000	Actual 2008 \$'000	Actual 2007 \$'000
Net cash used on operating activities	(57)	464	(57)	464
Cash flows from Government/Appropriations	(4,353)	(4,604)	(4,353)	(4,604)
Acceptance by the Crown Entity of employee benefits and other liabilities	9	(40)	9	(40)
Net gain/(loss) on sale of plant and equipment	(7)	-	(7)	-
Depreciation	(308)	(327)	(308)	(327)
Decrease/(increase) in provisions and other liabilities	34	(22)	14	-
Increase/(decrease) in prepayments and other assets	29	(104)	29	(104)
Decrease/(increase) in creditors	(47)	11	(27)	(11)
Net cost of services	(4,700)	(4,622)	(4,700)	(4,622)

19 Financial instruments

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

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

(a) Financial instrument categories

	Notes	Category	Carrying amount 2008 \$'000	Carrying amount 2007 \$'000
Financial assets				
Class:				
Consolidated				
Cash and cash equivalents	8	n/a	123	191
Receivables	9	Loans and receivables (at amortised cost)	34	12
Financial liabilities				
Class:				
Consolidated				
Payables	11	Financial liabilities measured at amortised cost	121	35
Financial assets				
Class:				
NRC				
Cash and cash equivalents	8	n/a	123	191
Receivables	9	Loans and receivables (at amortised cost)	34	12
Financial liabilities				
Class:				
NRC				
Payables	11	Financial liabilities measured at amortised cost	59	35

(b) Credit Risk

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

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

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

Cash

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

Receivables trade debtors

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

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

(c) Liquidity risk

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. There was no penalty interest paid in 2007/08 (Nil in 2006/07).

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

Maturity Analysis and interest rate exposure of financial liabilities

	\$'000		
	Nominal amount	Interest rate exposure non-interest bearing	Maturity dates <1yr
Consolidated 2008			
Payables:			
Accrued salaries, wages and oncosts	62	62	62
Creditors	59	59	59
	121	121	121
Consolidated 2007			
Payables:			
Accrued salaries, wages and oncosts	42	42	42
Creditors	35	35	35
	77	77	77
NRC 2008			
Payables:			
Creditors	59	59	59
	59	59	59
NRC 2007			
Payables:			
Creditors	35	35	35
	35	35	35

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Commission's operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2007. The analysis assumes that all other variables remain constant.

Interest rate risk

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

The Commission's exposure to interest rate risk is set out below.

Carrying amount	\$'000			
	1%		+1%	
	Profit	Equity	Profit	Equity

Consolidated

2008

Financial assets

Cash and cash equivalents	123	(1)	(1)	1	1
Receivables	120	-	-	-	-
Financial liabilities					
Payables	128	-	-	-	-
	371	(1)	(1)	1	1

Consolidated

2007

Financial assets

Cash and cash equivalents	191	(2)	(2)	2	2
Receivables	91	-	-	-	-
Financial liabilities					
Payables	81	-	-	-	-
	363	(2)	(2)	2	2

NRC

2008

Financial assets

Cash and cash equivalents	123	(1)	(1)	1	1
Receivables	120	-	-	-	-
Financial liabilities					
Payables	66	-	-	-	-
	309	(1)	(1)	1	1

NRC

2007

Financial assets

Cash and cash equivalents	191	(2)	(2)	2	2
Receivables	91	-	-	-	-
Financial liabilities					
Payables	39	-	-	-	-
	321	(2)	(2)	2	2

(e) Fair Value

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the shortterm nature of the financial instruments.

20 After balance date events

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

End of audited financial report.

National Resources Commission Division

Independent auditor's report



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Natural Resources Commission Division

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Natural Resources Commission Division (the Division), which comprises the balance sheet as at 30 June 2008, the operating statement, statement of recognised income and expenses and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Division as at 30 June 2008, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

The Commissioner's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

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

A handwritten signature in cursive script that reads 'M T Spriggins'.

M T Spriggins
Director, Financial Audit Services

9 October 2008
SYDNEY

National Resources Commission Division

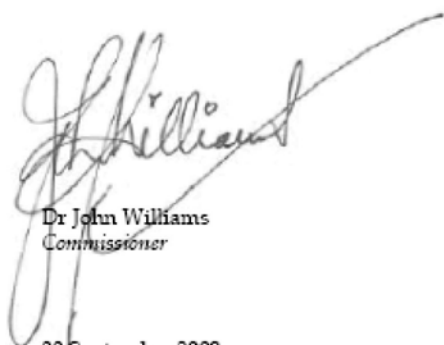
Statement on behalf of the National Resources Commission Division



STATEMENT ON BEHALF OF THE NATURAL RESOURCES COMMISSION DIVISION

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

- a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2000, the Financial Reporting Code for Budget Dependent Central Government Sector Agencies and Treasurer's Directions;
- b) the financial statements exhibit a true and fair view of the financial position of the Natural Resources Commission Division of New South Wales as at 30 June 2008 and the operations for the period then ended;
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Dr John Williams
Commissioner

30 September 2008



Alex McMillan
Executive Director

National Resources Commission Division

Operating statement

for the year ended 30 June 2008

	Notes	Division	
		Actual 2008 \$'000	Budget 2007 \$'000
Expenses excluding losses			
Employee related expenses	2(a)	2,283	2,715
Total expenses excluding losses		2,283	2,715
Less:			
Revenue			
Personnel services		2,283	2,715
Total Revenue		2,283	2,715
SURPLUS/(DEFICIT) FOR THE PERIOD		-	-

The accompanying notes form part of these financial statements.

Statement of recognised income and expenses

for the year ended 30 June 2008

	Notes	Division	
		Actual 2008 \$'000	Budget 2007 \$'000
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-	-
Surplus / (Deficit) for the year		-	-
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR		-	-

The accompanying notes form part of these financial statements.

National Resources Commission Division

Balance sheet

as at 30 June 2008

	Notes	Division	
		Actual 2008 \$'000	Budget 2007 \$'000
Assets			
Current Assets			
Receivables	3	234	234
Total Current Assets		234	234
Total Assets		234	234
Current Liabilities			
Payables	4	62	42
Provisions	5	172	192
Total Current Liabilities		234	234
Total Liabilities		234	234
Net Assets		-	-
Equity			
Total Equity		-	-

The accompanying notes form part of these financial statements.

National Resources Commission Division

Cash flow statement

for the year ended 30 June 2008

	Division	
	Actual 2008 \$'000	Budget 2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee related	(2,293)	(2,652)
Total Payments	(2,293)	(2,652)
Receipts		
Other	(2,293)	2,652
Total Receipts	(2,293)	2,652
Net Cash Flows From Government	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	-	-
NET INCREASE / (DECREASE) IN CASH	-	-
CLOSING CASH AND CASH EQUIVALENTS	-	-

The accompanying notes form part of these financial statements.

National Resources Commission Division

Notes to the financial statements

for the year ended 30 June 2008

1 Summary of significant accounting policies

(a) Reporting entity

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

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

The financial report has been authorised for issue by the Commissioner on 30 September 2008. The report will not be amended and reissued as it has been audited.

(b) Basis of preparation

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

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

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

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

(c) Statement of compliance

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

(d) Income recognition

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

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

(e) Employee Benefits

(i) Salaries and wages, annual leave, sick leave and oncosts

Liabilities for salaries and wages (including nonmonetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting

date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

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

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

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

(ii) Long service leave and superannuation

The Division's liabilities for long service leave and superannuation are assumed by the Crown Entity. The Division accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the nonmonetary 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 07/04*) to employees with 5 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 (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(f) Payables

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

(g) New Australian Accounting Standards issued but not effective

At reporting date, a number of Australian Accounting Standards adopted by the Australian Accounting Standards Board have been issued but are not yet operative and have not been early adopted by the Division. NSW Treasury mandate (TC08/04) precludes early adoption of these accounting standards.

The Division has reviewed the new accounting standards and at this stage does not anticipate any material impact on the figures reported in the financial reports.

2 Expenses excluding losses

	Division	
	Actual 2008 \$'000	Budget 2007 \$'000
(a) Employee related expenses		
Salaries and wages (including recreation leave)	2,057	2,404
Superannuation defined contribution plans	134	158
Long service leave	(9)	40
Workers compensation insurance	11	–
Payroll tax and fringe benefit tax	90	113
	2,283	2,715

3 Current/non-current assets receivables

	Division	
	Actual 2008 \$'000	Budget 2007 \$'000
Current Receivables		
Personnel services	234	234
	234	234

4 Current liabilities payable

	Division	
	Actual 2008 \$'000	Budget 2007 \$'000
Current Liabilities Payable		
Accrued salaries, wages and oncosts	62	42
	62	42

5 Current/non-current liabilities provisions

	Division	
	Actual 2008 \$'000	Budget 2007 \$'000
Current		
Employee benefits and related oncosts		
Recreation leave	151	167
Long service leave	6	7
Payroll tax	15	18
	172	192
Aggregate employee benefits and related oncosts		
Provisions current	172	192
Provisions non-current	-	-
Accrued salaries, wages and oncosts (Note 4)	62	42
	234	234

6 Financial instruments

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

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

(a) Credit Risk

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

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

(i) Receivables trade debtors

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

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

(b) Liquidity risk

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

(c) Fair Value

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

End of audited financial report.

Appendix 1

Legislative provisions

There were no changes in 2007/08 to the relevant sections of the legislation below.

Legislation	Relevant sections	Details
Natural Resources Commission Act 2003	Whole Act	<ul style="list-style-type: none"> Establishes the NRC, details its functions and includes operational provisions.
Catchment Management Authorities Act 2003	s. 22, 23, 26, 28	<ul style="list-style-type: none"> The Minister is to seek advice from the NRC in assessing a draft Catchment Action Plan (CAP) and take account of that advice. CAPs must be audited at least every 5 years by the NRC or an independent audit panel appointed by the Minister. The Minister may seek advice from the NRC on any annual implementation program submitted to the Minister.
Native Vegetation Regulation 2005	Clauses 8, 17, 25	<ul style="list-style-type: none"> The NRC may establish a requirement for information regarding the social and economic impacts of a draft Property Vegetation Plan. The Minister must consult with the NRC before listing a native species as a feral species. The Minister is to seek the advice of the NRC regarding any proposed amendment to the environmental outcomes assessment methodology. The NRC may suggest amendments to the methodology.
Threatened Species Conservation Act 1995	s. 18, 21, 24, 25A, 90B, 126E, 128, 141B, 141C	<ul style="list-style-type: none"> Establishes links between the NRC and the Threatened Species and Fisheries Scientific Committees and the Biological Diversity and Socio Economic Advisory Councils. The NRC may provide advice on preparation or review of a priority action statement. The Minister may suspend biodiversity certification based on the outcomes of any audit undertaken by the NRC.
Water Management Act 2000	s. 43A	<ul style="list-style-type: none"> The Minister may extend the duration of a water sharing plan on the recommendation of the NRC. The section includes provisions for the NRC's review and report.
Snowy Mountains Cloud Seeding Trial Act 2004	s. 6, 8	<ul style="list-style-type: none"> The Ministers must consult the NRC about any proposed suspension or termination of the cloud seeding trial. The NRC is to supervise cloud seeding operations and report on the environmental impact of those operations.
Forestry and National Park Estate Act 1998	s. 15, 25	<ul style="list-style-type: none"> A forest agreement can only be made after an assessment by the NRC.
State Environmental Planning Policy No 71 – Coastal Protection	s. 18, 21, 22	<ul style="list-style-type: none"> The Minister must consult with the NRC when considering approval of a master plan or waiving the need for a master plan.

Appendix 2

Publications

Publication Topic	Date	Title
Catchment Action Plans (CAPs)	June 2008	Recommendation – Sydney Metro CAP
	July 2007	Recommendation – Lower Murray Darling CAP
	July 2007	Fact sheet – Process to review Catchment Action Plans
CAP Audits	December 2007	Framework for auditing the implementation of Catchment Action Plans
	July 2007	Gap analysis checklist for CMA systems
Coastal Protection	November 2007	Challenges for integrated natural resource management in coastal New South Wales – Commissioner's paper and presentation – NSW Coastal Conference
Funding	April 2008	Allocating NRM funding between NSW catchment management authorities
Landscape or Multi-Farm Vegetation Plans	October 2007	Future landscapes – moving forward together – Commissioner's paper – State Landcare Forum
Standards and Targets	December 2007	An introduction to the Standard for Quality Natural Resource Management
	November 2007	Healthy landscapes and communities
	July 2007	Fact sheet – State-wide targets for NRM
	July 2007	Fact sheet – Why standards and targets are important
Corporate	October 2007	NRC Annual Report 2005/2006
	November 2007	The NRC: Past, present and future
	April 2008	NRC Strategic Plan 2008–11

Appendix 3

Commitment to community values

NRC Code of Conduct

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

NSW Government Action Plan for Women

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

The NRC is committed to assisting women in its workplace and continuously aims to achieve the following strategies for all women in the NRC. During 2007/08 the NRC continued to:

- ensure that access to learning and development programs were non-discriminatory
- provide equal access to and participation in decision-making and leadership structures, and
- support flexible working arrangements to help women balance their work and family commitments. One staff member commenced 12 months maternity leave and another returned to the workplace on a part time basis following 12 months maternity leave.

The NRC exceeds the NSW government benchmark for female representation with 58% of employees female.

Ethnic Affairs Priority Statement

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

The NRC continued to implement its EAPS in the reporting period. This statement sets out a series of strategies that ensure the NRC continues to operate by the principles of multiculturalism. The NRC in 2007/08 undertook the following to implement EAPS:

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

In 2008/09, the NRC will continue to undertake the above initiatives, as well as seek further ways to celebrate cultural diversity.

Disability Action Plan

The NRC continued to implement its Disability Action Plan in the reporting period. In 2007/08 the NRC continued to:

- be accommodated in an office that is accessible to people with disability
- choose venues for public consultations, hearings and meetings that are accessible to people with disability and close to accessible public transport
- ensure all NRC staff are familiar with internal policies on EEO and discrimination and respond sensitively to the needs of people with disability
- improve the accessibility of our website by enabling web pages to be viewed in large format, and
- make any reasonable adjustment necessary for staff, contractors or visitors.

In 2008/09 we will continue to improve our awareness and accessibility.

Equal Employment Opportunity policies

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

In 2008/09, the NRC will continue to:

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

Number of employees by category as at 30 June

Category	2004/05	2005/06	2006/07	2007/08
Commissioner (part-time)	1	1	1	1
Assistant Commissioners (part-time)	4	4	4	4
Executive Director	1	1	1	1
Manager, Corporate Services	1	1	1	1
Program Managers	2	2	1	3
Senior Advisor	1	1	1	0
Natural Resource Analysts	6	6	11	10
Executive Assistant	1	1	1	1
Administration Officer	1	1	1	1

Trends in the Representation of EEO Groups

EEO Group	Benchmark or Target	% of Total Staff			
		2005	2006	2007	2008
Women	50%	53%	40%	55%	58%
Aboriginal people and Torres Strait Islanders	2%	0%	0%	0%	0%
People whose first language was not English	20%	7%	7%	16%	6%
People with a disability	12%	0%	0%	0%	0%
People with a disability requiring work related adjustment	7%	0%	0%	0%	0%

Trends in the Distribution of EEO Groups

EEO Group	Distribution Index				
	Benchmark of target	2005	2006	2007	2008
Women	100%	n/a	n/a	n/a	n/a
Aboriginal people and Torres Strait Islanders	100%	n/a	n/a	n/a	n/a
People whose first language was not English	100%	n/a	n/a	n/a	n/a
People with a disability	100%	n/a	n/a	n/a	n/a
People with a disability requiring work related adjustment	100%	n/a	n/a	n/a	n/a

Notes:

1. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20, as is the case with the NRC.
2. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by ODEOPE.
3. Staff numbers are as at 30 June 2008.
4. Excludes casual staff and temporary secondments.

Personnel and Industrial Relations Policies and Practices

After concurrence from the Public Employment Office, the NRC has finalised an Enterprise Agreement with staff that consolidated salaries and employment conditions. As at 30 June 2008, this Agreement was before the Industrial Relations Commission for endorsement.

The Agreement was negotiated directly with full consultation of all staff. The Agreement provides for a culture of ongoing achievement, skill enhancement and personal reward for staff, and will play a major role in the success of the NRC in fulfilling its legislated obligations.

Occupational Health and Safety

The NRC continued to implement its occupational health and safety program in 2007/08.

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

A new *Occupational Health and Safety and Injury Management System* was developed and final draft put to staff for consultation. As part of this, revised *Occupational Health and Safety Procedures* were also developed. These foundation documents form the basis of the NRC's policies.

In addition to this other specific initiatives in 2007/08 included:

- conduct of a hazard identification and risk assessment to safeguard against staff injury risks and promote wellness
- consultation, risk identification and information awareness sessions as part of regular team meetings
- review, implementation and testing of emergency evacuation procedures
- modification to office furniture to facilitate safety and ease of use
- promotion of a healthy and safe workplace culture and encouraging fitness activities
- training of First Aid Officers, and
- provision of free telephone counselling services.

There were no prosecutions under the *Occupational Health and Safety Act 2000* for the NRC during this year and no reported accidents or injuries which resulted in a loss of work time. In 2008/09 the NRC will continue to implement its occupational health and safety program, including further development of a Healthy Lifestyles Program.

Contract Executive Profile

The NRC has two positions, one executive (the Executive Director) and one non executive (the Commissioner) that are equivalent to SES level 1 or higher. Both positions were substantively filled by males in 2006/07 and 2007/08.

Salaries of statutory appointees and contract executives

No performance-related payments (bonuses) were made.

Assistant Commissioners

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

Privacy Management Plan

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

- policies and practices
- details of information held, and
- review procedures.

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

Waste

NRC team members have an ongoing commitment in the area of waste reduction and regularly review administrative processes to look for further opportunities in this regard. Strategies employed by NRC to avoid waste and recover resources include:

- **Reducing the generation of waste paper.** The NRC continues to release reports electronically via our web-site and email with only a very limited print run of hard copy reports. Multi-function office machines which enable double-sided copying and printing are also provided and their use encouraged to reduce paper usage.
- **Recovering resources.** The NRC is reusing paper printed on one side for scribble pads and in personal laser printers for draft documents. A paper and cardboard recycling system is followed by NRC staff and managed through an organised building system.
- **Using recycled material.** All NRC office paper excluding letterhead is Green Wrap. This paper contains 50 per cent recycled pulp, 10 per cent waste products from the cotton industry and 40 per cent from sustainably managed plantations. NRC purchases other recycled paper products such as note books and pads wherever possible. Remanufactured toner cartridges are procured for use in all black and white printers.

Energy Management

The NRC is committed to being an energy efficient workplace. The NRC uses timed lighting and air conditioning in all areas of the tenancy, and purchases energy efficient office machines and equipment. In June 2008, the NRC purchased all new energy efficient lighting that reduces energy consumption from fluorescent and halogen downlights by up to 40% and last up to 3 times longer than the older style lights. This should see both future energy savings and reduced costs over time.

The NRC also purchases 100% Green Power Accredited Renewable Energy from its electricity supplier.

In 2007/08, energy consumption of the NRCs tenancy slightly increased on the 2006/07 amount due in some part to extended hours worked by many staff. However, consumption was lower than the amount used in 2005/06 due to the efficiency measures. In regard to energy costs, the increase shown below is as a result of higher charges accompanied by increased usage as well as a full year of 100% Green Power, which is more expensive to purchase, but provides a significant overall benefit to the community.

NRC Electricity Usage Comparison

	Total Energy Consumed KWh	Annual Cost
Electricity 05/06	115,670.90	\$13,163.14
Electricity 06/07	109,641.60	\$13,102.82
Electricity 07/08	114,954.00	\$18,499.58

Appendix 4

Operations

Consultants

Due to the need for high level scientific, audit and NRM expertise, the NRC's consultant expenditure for 2007/08 was \$824,381. The majority of this was as a result of the NRC engaging Langford as an Audit Partner to undertake the Catchment Action Plan audits of CMAs.

The following consultancies over \$30,000 incurred expenditure by the NRC in 2007/08:

Consultant	Amount in 2007/08	Service
Langford	\$402,742	Audit Partner to undertake audits of the effectiveness of CMA's implementation of their Catchment Action Plans and prepare the audit manual
Alluvium Consulting Pty Ltd	\$56,273	Work with the NRC to produce a report on Progress to the state-wide NRM targets in State Plan priority E4
Rod Griffiths & Associates	\$37,685	Expert support and advice regarding the NRC's review of CMA Governance arrangements
PWC	\$80,536	Development of analytical tools and provide expertise into funding allocation models
Total	\$577,236	

28 consultancies were engaged that were valued at less than \$30,000 each. These consultancies totalled \$247,145.

Asset Management Plan

An Asset Management Plan was reviewed and implemented during 2007/08.

Complaints

NRC did not receive any complaints in 2007/08.

Funds granted to non-government community organisations

No funds were granted to non-government community organisations in 2007/08.

Risk Management and Insurance

The NRC has comprehensive coverage for workers' compensation, motor vehicle, property and public liability insurance, provided through the NSW Treasury Managed Fund. During 2007/08, the NRC made one claim for property insurance as a result of a break in and theft of equipment.

Access to the NRC's premises is controlled by a building security system. A review of the NRC's building security this financial year resulted in an investment in additional physical and monitoring systems being implemented.

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

The Business Continuity Plan was revised and tested. This plan includes disaster recovery strategies and a number of schedules of key information and contacts. Copies of the plan are stored in a number of off-site locations.

During 2007/08 the NRC continued to implement its risk management systems through the Finance, Audit and Risk Management Committee comprising of the Commissioner, Executive Director and Manager Corporate Services. External parties can be invited to attend specific meetings of this committee. The Committee meets monthly. The Governance section of this report provides further information on risk management.

Internal and External Reviews

There was one internal audit carried out during the period by the Internal Audit Bureau which found some minor deficiencies in the documentation kept regarding the management of contracts. This will be rectified in the 2008/09 year. In addition the financial accounts were audited by the Audit Office of NSW.

Report on account payment performance

Aged analysis at the end of each quarter

	Current (i.e. within due date) (\$)	Less than 30 days overdue (\$)	Between 30 days and 60 days overdue (\$)	Between 60 days and 90 days overdue (\$)	More than 90 days overdue (\$)
September Quarter	18,810	0	0	0	0
December Quarter	30,878	0	0	0	0
March Quarter	9,563	0	0	0	0
June Quarter	18,608	0	0	0	0

Accounts paid on time within each quarter

	Target	Actual	\$	Total Amount Paid (\$)
September Quarter	88%	94%	296,261	358,597
December Quarter	88%	86%	441,360	467,367
March Quarter	88%	93%	400,804	416,225
June Quarter	88%	94%	1,247,572	1,415,579

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

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

Accounting services are provided by ServiceFirst (formerly the Central Corporate Services Unit) within the Department of Commerce.

Credit card certification

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

External committees

The NRC did not participate in any external committees in 2007/08.

Internal committees

Two significant internal committees operated in 2007/08, the State Environmental Planning Policy (SEPP) 71 Committee and the Financial, Audit and Risk Management Committee. The work of both of these committees is outlined in the main part of the report.

Electronic services

The NRC's chief outputs are our reports which are available electronically on our website, www.nrc.nsw.gov.au. NRC uses government contracts for electronic services. The NRC made further changes to its website during 2007/08 and continuously monitors its electronic services to improve accessibility, quality and consistency with whole of government directions and policy.

Details of annual report production

The production costs of the annual report are \$10,545 and the printing costs are \$4,234.

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

This report has been printed on recycled paper.

Overseas visits

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

Land disposal & heritage management

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

Appendix 5

Freedom of Information Act – Statement of Affairs

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

Availability of Information

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

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

FOI Procedures

To obtain NRC documents other than those identified in the public access library, application must be made in writing under the *Freedom of Information Act 1989*.

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

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

Natural Resources Commission
GPO Box 4206
Sydney NSW 2001

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

FOI Requests in 2007/08

NRC did not receive any request for documents under the *Freedom of Information Act 1989* in 2006/07 or in 2007/08.

NRC compliance index

Access	inside back cover
Aims and objectives	4-5
Charter	4, 56
Code of conduct	58
Consultants	62
Consumer response	62
Credit card certification	63
Disability plans	58
Disclosure of controlled entities	n/a
Disclosure of subsidiaries	n/a
Economic or other factors	1, 22-24
Equal Employment Opportunity	59-60
Electronic service delivery	24, 63
Ethnic affairs priority statements	58
Financial statements	25-55
Freedom of Information Act	64
Funds granted to non-government community organisations	62
Guarantee of service	58
Human resources	59-61
Identification of audited financial statements	26, 48
Investment performance	34
Land disposal	63
Legal change	56
Letter of submission	inside front cover
Management and structure	1, 5-7, 22-24, 60-61, 63
NSW Government Action Plan for Women	58
NSW Government Energy Management Policy	61
Occupational Health and Safety	23-24, 60
Payment of accounts	63
Performance and numbers of executive officers	5-7, 60-61
Privacy management plan	61
Promotion	57
Public availability of annual report	63, inside back cover
Research and development	16-24
Risk management and insurance activities	62
Summary review of operations	2-3, 10-21, 28-47, 50-55
Time for payment of accounts	63
Waste	61

Shortened forms

CMA	Catchment Management Authority
CSIRO	Commonwealth Scientific and Industrial Research Organisation
EAPS	Ethnic Affairs Priority Statement
EEO	equal employment opportunity
FOI	freedom of information
MER	monitoring, evaluation and reporting
NRC	Natural Resources Commission
NRM	natural resource management
NSW	New South Wales
OHS	occupational health and safety
SEPP 71	State Environmental Planning Policy No. 71 – Coastal Policy



Published by

Natural Resources Commission
Level 10/15 Castlereagh Street, Sydney NSW 2000
GPO Box 4206, Sydney NSW 2001

Phone 02 8227 4300
Fax 02 8227 4399
Email nrc@nrc.nsw.gov.au
Office hours 9am to 6pm

Enquiries about this report should be directed to:
Daniel Hoenig
Phone 02 8227 4300
Email nrc@nrc.nsw.gov.au

© Natural Resources Commission 2008
Document number D08/4906
ISBN 978 1 921050 39 8

Photos by Natural Resources Commission unless otherwise credited
Production by Piro Creative
Printed by Snap Printing Chatswood Help Street

This report is available for download at our website www.nrc.nsw.gov.au

Natural Resources Commission
Level 10/15 Castlereagh Street, Sydney NSW 2000
GPO Box 4206, Sydney NSW 2001

Phone 02 8227 4300
Fax 02 8227 4399
Email nrc@nrc.nsw.gov.au

www.nrc.nsw.gov.au