

ANNUAL REPORT



2011-12

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Letter of transmittal

31 October 2012

The Hon. Barry O'Farrell
Premier of NSW
Level 40, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Premier

Natural Resources Commission—Annual Report 2011-12

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 2012.

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

Yours sincerely

Dr John Keniry AM
Commissioner

Commissioner's message



Welcome to the Annual Report of the Natural Resources Commission for fiscal 2012.

The year in review has seen substantial personnel changes within the Commission. My predecessor, Dr John Williams, retired in October 2011 after a six-year term, and the Executive Director, Alex McMillan, retired in February after eight years in the role. Both men played major, formative roles in the development of the Commission, and in the development and implementation of the systems that drive natural resource management (NRM) in NSW. They have left behind a significant beneficial legacy for NSW, which I am pleased to acknowledge here. I was appointed as Commissioner in November 2011, and Bryce Wilde was appointed as Executive Director effective 1 July 2012.

Over recent years, much has been achieved in improving the processes, and in implementing on-ground works, associated with NRM in NSW.

The NRM model used in NSW is widely regarded as highly effective.

The particular contributions of the Commission to NRM in fiscal 2012 are set out in detail within this report.

Despite the effective processes developed and applied to NRM in NSW, there is no room for complacency. The external environment within which NRM activities are undertaken is continually changing. We must recognise and adapt to these changes so that we can continue to improve our performance and our outcomes.

Of particular relevance in this external environment is the likelihood that public funding for NRM activities will become more competitive. If momentum in landscape improvement is to be retained, any reduced public funding must be accompanied by stringent efforts to streamline processes to make them not only more efficient, but also better adapted to third-party investment in on-ground NRM. To attract such third-party investment will require increased focus on triple-bottom-line outcomes and increased involvement of local communities in landscape improvement activities. Increased focus on triple-bottom-line outcomes will deliver productivity gains, some of which might then be diverted into initiatives to improve the function and resilience of our landscapes.

Against this background, the Commission has initiated work that, over time, will have the capability to significantly streamline NRM processes

in NSW. The first stage in this work involved revising, in association with catchment management authorities and agencies, the state-wide targets and standard for NRM. We have recommended to the Government a revised state-wide goal, five state-wide targets and a revised standard for NRM. Adopting these recommendations will refocus the state's efforts onto the most critical NRM opportunities, place more emphasis on the importance of people in managing landscapes, and establish a framework to streamline and improve the cost-effectiveness of monitoring, reporting and evaluation for NRM. The revised system would ensure that NRM data is collected only if it is useful to decision makers, and facilitate the recording of progress against the revised targets.

The year ahead will be busy with 11 catchment action plans to be reviewed as well as many water sharing plans, and continued effort to streamline NRM processes and structures.

The NRC staff and I look forward to meeting the challenges and taking the opportunities presented by 2012-13.

Dr John Keniry AM
Commissioner

Achievements in 2011-12

Helping practitioners achieve progress towards healthy and resilient landscapes

Promoting improvement

- Recommended a new state-wide goal and five new state-wide targets to refocus NSW's efforts on the most critical NRM challenges, and better recognise the importance of people in managing the landscape.
- Recommended governance as a new component of the *Standard for Quality NRM* (the Standard) to provide explicit guidance on this fundamental aspect of best practice.
- Reviewed the state-wide monitoring, evaluation and reporting (MER) arrangements in NSW, and made recommendations to better focus the available resources and improve the value of MER for decision makers.
- Developed an assessment framework to evaluate upgraded catchment action plans.
- Gave eight presentations to state and national conferences to share our work on and vision for NRM.
- Toured nine of the 13 CMAs to familiarise the new Commissioner with CMA operations, including the CMAs' work on the ground.

Assessing catchment action plans

- Assessed the Central West and Namoi Upgraded Catchment Action Plans and recommended both plans be approved. Our recommendations were accepted by the Government.
- To assist in upgrading the remaining 11 plans and facilitate better planning across NSW, we recommended the Government seek whole-of-government support for this process, including improving socio-ecological systems analysis and developing regional-scale spatial capacity.
- Visited 11 CMAs to clarify our expectations for the upgraded plans, monitor plan development, and provide feedback on risks to plan development.
- Reviewed socio-economic analytical tools to assist catchment action plan development.



Auditing the effectiveness of plan implementation

- Completed a repeat audit of the Lower Murray Darling Catchment Action Plan's implementation to assess the CMA's progress in improving its performance and effectiveness since the first audit in 2009.
- Commenced repeat audits of the Border Rivers-Gwydir and Sydney Metropolitan Catchment Action Plans' implementation.
- Reviewed eight strategic progress letters from CMA Boards, and found these CMAs are implementing the recommendations from our assessments and audits, and thus improving their effectiveness.
- Planned the approach and priorities for the next round of audits which focus on delivering outcomes, demonstrating good governance, enabling whole-of-government alignment, and demonstrating collaboration and community engagement.

Advising on complex scientific and technical issues

- Reviewed Snowy Hydro Limited's cloud seeding trial and found there were no significant adverse environmental impacts.
- Advised the Minister for the Environment on proposed adjustments to the boundaries of the river red gum reserves to improve land management outcomes for reserve managers and neighbouring landholders.
- Commenced planning to review the first set of water sharing plans, which expire in June 2014.
- Provided advice on whether seven coastal development proposals were consistent with the requirements of *State Environmental Planning Policy No. 77—Coastal Protection*. All of our advice and recommendations were accepted by the Minister for Planning and Infrastructure.
- Made two submissions to the NSW Planning System Review calling for better alignment of land use planning, catchment management, mining and water resource management systems at a regional scale.



What we do

Providing evidence-based advice to deliver triple-bottom-line outcomes

The Natural Resources Commission (NRC) provides credible, independent advice to the NSW Government on natural resource management (NRM) so that the funds available for investment deliver the best possible productivity and conservation benefits, and enhance community wellbeing across the state.

Our functions are established by the *Natural Resources Commission Act 2003*. They include reviewing and auditing the matters specified in this Act and, when requested, investigating matters specified in terms of reference.

In general, our advice informs the Government on what is working in NRM and what needs fixing, and how the Government is tracking against its stated policies and targets. This helps the Government make better informed decisions and leads to improved NRM outcomes.

Our goals are to help ensure that:

- NRM decisions are made on the basis of sound science and best-practice adaptive management
- community, industry and governments support the concept that healthy landscapes underpin the wellbeing of our society
- policies and programs are aligned to achieve the state-wide targets for NRM
- community, industry and governments collaborate in developing, implementing and co-owning catchment action plans.

Promoting improvement

Helping ensure that NRM investments are directed to where they are needed

NSW has a strong regional model and supporting framework for NRM that is delivering positive outcomes across the state and is well accepted by communities and other stakeholders. One of its key strengths is a continual focus on promoting improvement.

For example, in 2011-12, as part of our review function, the NRC examined three key elements of the supporting framework—the state-wide goal and targets for NRM, the Standard, and the state-wide monitoring evaluation and reporting (MER) arrangements—to identify and recommend how these elements can be improved to achieve better NRM outcomes.



Figure 1: Overview of the supporting framework for NRM

In addition, in response to a request from the Natural Resource Management Senior Officers Group, we commenced a review of the state's resource condition MER program, including its existing datasets and indicators, to provide advice on how best to prioritise efforts under this program to deliver better value from limited resources.

In 2011-12, we recommended that the NSW Government:

- adopt the new aspirational goal and five new state-wide targets that provide a sharper focus on the key long-term issues of concern to the Government and community
- include governance as a component in the Standard, as good governance is fundamental for establishing and maintaining communities' trust in CMAs
- revise the MER strategy to support the implementation of the new targets, with a particular focus on three priority areas.

We also described the next stages of our assessment and audit strategy in our report to the Government.

Sharpening the state-wide goal and targets

In 2005, we recommended one aspirational goal and 13 state-wide targets for NRM that provided a common focus for CMAs and agencies for nearly a decade. In 2011-12, we reviewed this goal and targets to assess their effectiveness in light of the lessons learnt through implementing the NRM model in NSW and the changes in thinking about NRM that have occurred over the past 10 years.

Based on our findings, we recommended the Government adopt a new goal and five new state-wide targets that provide a sharper focus on key long-term issues. We believe the new goal and targets will also be more practical for guiding regional decision making and measuring progress in the coming years.

The new goal captures the 'big picture' view of the outcomes the state is hoping to achieve by investing in NRM, and emphasises the importance of people working together to achieve these outcomes.

The targets include:

- one community target focused on improving the engagement and capacity of natural resource managers
- three natural resource targets focused on improving the condition of soil, water and native vegetation
- one governance target focused on devolving decision making to the most capable regional level.

Improving governance

The Standard aims to encourage consistent good practice in NRM across the state, promote flexible and innovative planning and decision making, and provide benchmarks for measuring CMAs' performance. It identifies the key components of high-quality, systematic NRM and the required outcomes of these components. It also provides guidance on how outcomes can be achieved.

Our audits and reviews show that the Standard is working well in promoting consistent, high-quality NRM practices across the state. However, since it has also been in place for almost a decade, we assessed its effectiveness as part of the same review that examined the state-wide goal and targets.

We found that the Standard could be made more effective by including an additional component on good governance. This would be particularly useful for CMAs, as good governance is fundamental for establishing and maintaining communities' trust in these regional bodies, and willingness to work in partnership with them to plan and deliver NRM programs and projects.

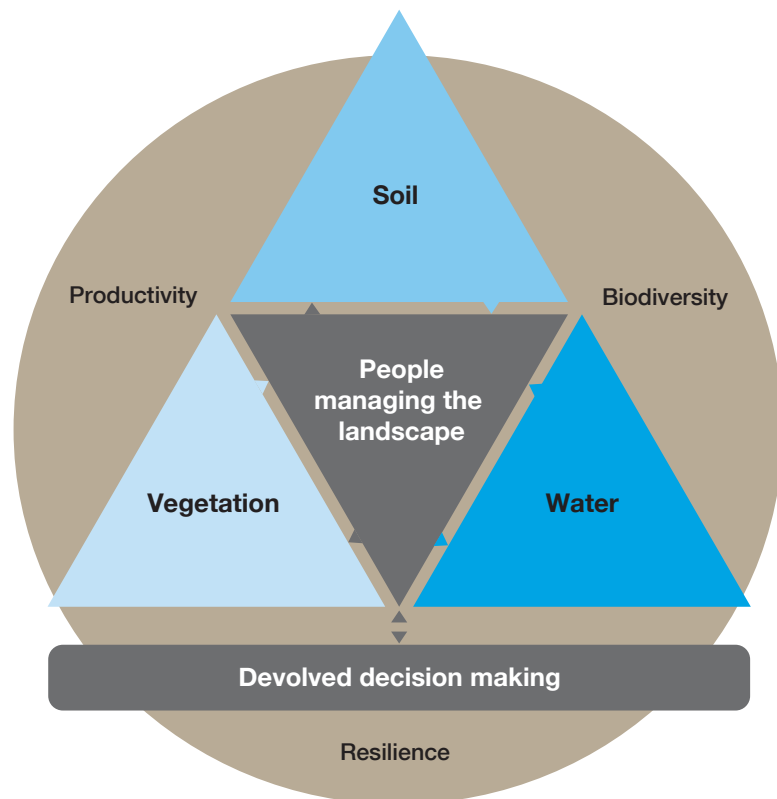


Figure 2: Model for managing landscapes



Improving state-wide MER arrangements

The adoption of the *NSW Natural Resources MER Strategy 2010-15* was a significant development in the state's MER arrangements. We consider that aspects of this strategy are comparable to the best national and international initiatives. However, there is still scope to improve the current arrangements to enhance the value of state-wide MER for decision makers.

We assessed the arrangements as part of the review that examined the state-wide goal and targets to identify how they could be improved. We identified three priority areas for change:

- refocusing data collection on answering important policy and evaluation questions related to the recommended state-wide targets
- reorganising agency MER staff into teams related to the recommended state-wide targets, clarifying MER roles at different scales, and improving collaboration across scales
- reviewing NRM reporting requirements (including State of Catchment and State of Environment) to establish more streamlined, efficient evaluation and reporting processes that are relevant to regional decision makers and investors.

We recommended that the Government revise the MER strategy to support the implementation of the recommended state-wide targets, with a particular focus on the above priority areas. We consider this will help ensure that state-wide MER focuses on informing sound, evidence-based policy and decision making, and on driving continuous improvements in efficiency and effectiveness.

Improving the resource condition MER program

The Natural Resource Management Senior Officers Group asked us to review the existing datasets and indicators for the resource condition MER program, and provide advice on how best to prioritise efforts under this program.

As a part of our review, we engaged consultants to provide advice on a range of matters, including:

- how the NSW MER approach compares with national and international MER initiatives
- how socio-economic information can be better integrated into NRM decision making
- how useful and effective existing resource condition datasets and indicators are for CMA decision making at the regional scale.

Based on our review, our draft advice was that the program should focus on supporting the upgrading of catchment action plans throughout 2012. We also suggested a range of actions to sharpen the focus of MER functions at the state and regional scales, and strengthen collaboration between these scales.

Next steps

- Provide our final advice to the Senior Officers Group in late 2012, which will focus on identifying the priority long-term state-wide datasets.
- Continue to engage with the Government to identify any future opportunities to streamline processes and drive improvements in NRM.

Assessing catchment action plans

Ensuring catchment action plans are high-quality, strategic plans that are whole-of-government and community owned

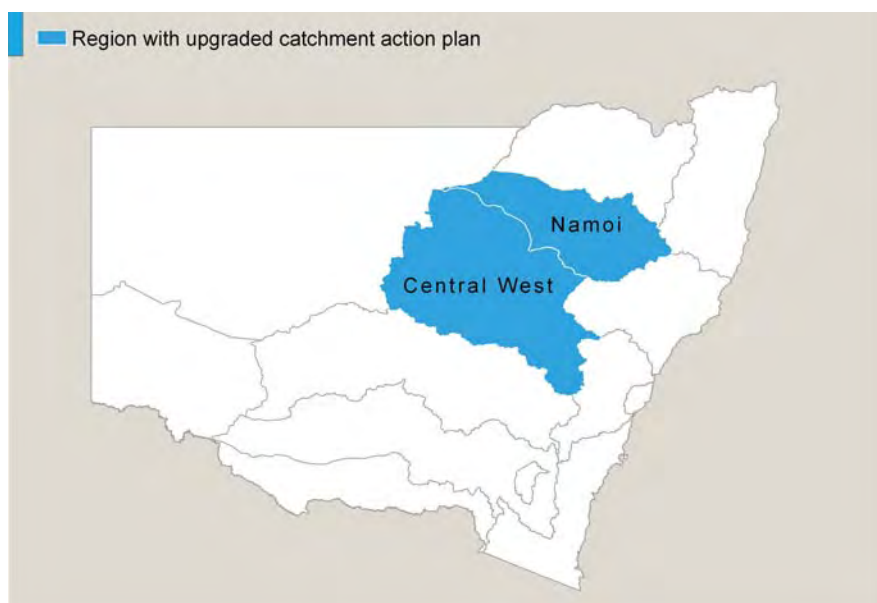
Catchment action plans are strategic regional plans for improving the health and resilience of our landscapes. The NRC has a legislative role to assess these plans as they are developed and upgraded, and recommend whether they should be approved by the Government.

In response to our recommendation in 2010, the NSW Government, in its *NSW 2021* plan, has committed to increasing devolved decision making at the regional scale by developing upgraded catchment action plans

across the state by March 2013. The Central West and Namoi regions are the first regions to have upgraded their plans.

In 2011-12, we:

- assessed the Central West and Namoi upgraded plans and recommended that they be approved by the Government
- continued to support the upgrading of the remaining 11 plans.





Assessment of Central West and Namoi upgraded plans

The Central West and Namoi regions used a pilot process to develop upgraded plans in which the CMAs, agencies and the NRC trialed new ways of achieving better regional planning in NSW. The pilots confirmed that whole-of-government and community collaboration, and the use of resilience concepts and spatial tools can enrich the planning process. The pilots also provided insights into how these approaches can be further improved when upgrading the remaining 11 plans.

In 2011-12, we assessed the Central West and Namoi region's upgraded plans. We found these plans to be significantly improved and recommended that the Government approve both these innovative plans.

For the Central West, we recommended that the plan be approved without any conditions. For Namoi, we recommended the plan be approved on the condition that the CMA facilitate further government and community collaboration, and improve its analysis of social-ecological systems at multiple scales. In both cases, we also recommended the Government seek whole-of-government support for coordinated delivery of agreed investment priorities through the relevant agencies' corporate and divisional planning processes.

The Government accepted these recommendations and approved both plans.

Support for plan upgrading

In 2011-12, we continued to support the upgrading of the remaining 11 plans.

We released a framework that sets out clear expectations related to the process for developing upgraded plans, and the content and quality of these plans. It also sets out the criteria and attributes to be used in assessing these plans. The framework aims to ensure that each upgraded plan is a whole-of-government and community plan that prioritises strategies based on analysis of landscape function in the region, and includes spatial expression of priorities.

We visited 11 CMAs to clarify our expectations for the upgraded plans, monitor the development of their plans, and provide feedback on risks associated with their plan development.

In addition, we:

- provided a summary document to CMA Boards to help them provide direction to their CMA in upgrading their region's plans
- developed tools and frameworks that aim to provide practical guidance to CMAs in integrating social and economic information into NRM and decision making as they upgrade their region's plan.

Next steps

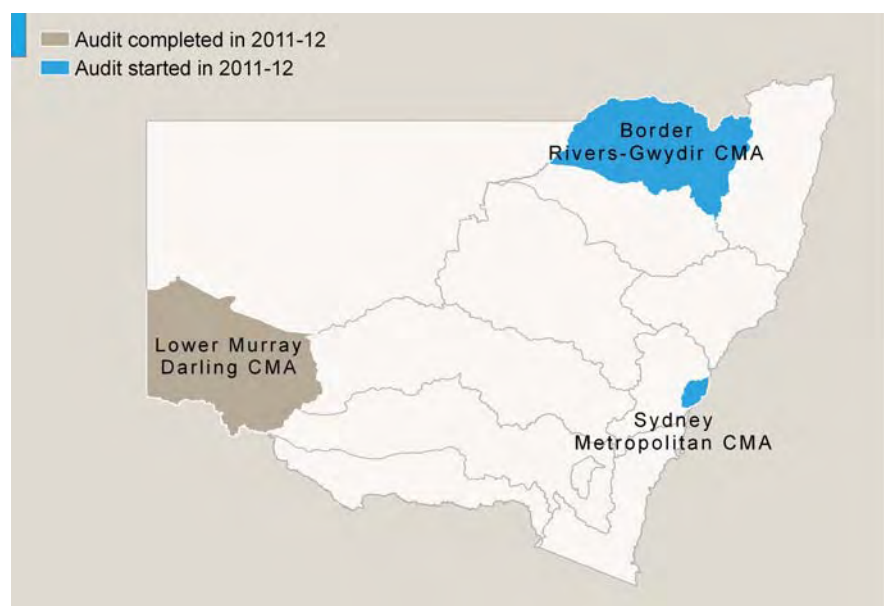
- Assess the remaining 11 upgraded catchment action plans and recommend whether or not they should be approved by the Government.

Auditing the effectiveness of plan implementation

Providing quality assurance to support devolved natural resource management

In addition to assessing catchment action plans, the NRC has a legislative role to audit the effectiveness of the plans' implementation. We have completed one full round of these audits, and in 2011-12, we:

- completed a repeat audit of the Lower Murray Darling CMA's implementation of its region's plan, to assess the CMA's progress in improving its performance and effectiveness since the first audit in 2009
- began repeat audits of the Border Rivers-Gwydir and Sydney Metropolitan CMAs' implementation of their region's plans
- reviewed eight CMAs' progress in addressing our recommendations for improving their plan implementation in our first-round audit reports
- described the next stages of our assessment and audit strategy in our report to the Government.



About our audits

Although a range of government agencies have a role in implementing catchment action plans, our audits focused on the actions of CMAs, as they are responsible for leading the implementation.

Our audits aim to provide assurance to investors that catchment action plans are being effectively implemented, and are delivering social, economic, cultural and environmental outcomes in line with the state-wide targets. They also hold CMAs accountable in their role as regional natural resource managers, thus engendering community and investor confidence in the CMAs' business practices and driving improved performance.

The audits are conducted by experienced auditors and NRM experts, and involve recognised audit methodologies and standards as well as expert opinion. The audit reports describe how CMAs are performing against each of the audit's lines of inquiry, and include recommended actions for CMAs to improve their effectiveness. We ask CMA Boards to report to us annually on their progress in addressing the recommended actions. All our audit reports are available on our website.

Findings of the Lower Murray Darling audit

Our repeat audit of the Lower Murray Darling CMA's implementation of its region's plan found that the CMA demonstrated modest, incremental change since the 2009 audit, including improving its operational systems for prioritising investments and project delivery. The repeat audit recommended 15 actions the CMA should take to further improve its performance. The CMA agreed with these actions and developed a timeline to implement them. The recommended actions include adopting a cohesive approach to all engagement activities and better integrating adaptive management into the organisation to support continuous learning.

Reviewing CMA improvement

In our catchment action plan assessment and audit reports, we recommended actions for improving CMAs' strategic planning and business systems, and asked some CMA Boards to report to us, in the form of a strategic progress letter, on how their CMA is addressing the recommended actions. Some CMA Boards were asked to report annually and others half-yearly.

In 2011-12, we reviewed eight strategic progress letters from the following CMAs, and found that all are implementing the recommended actions and improving their effectiveness:

- Border Rivers-Gwydir
- Hawkesbury-Nepean
- Hunter Central-Rivers
- Lower Murray Darling (two letters)

- Murray
- Murrumbidgee
- Namoi.

Focusing assessment and audits on outcomes

The NRC assesses catchment action plans and audits their implementation in line with legislative requirements. Our assessments and audits are a key assurance mechanism, which support devolved regional NRM and decision making, and form part of our wider program of independent evaluation and reporting.

To date, we have completed one full round of catchment action plan assessments and implementation audits.

The CMAs are currently upgrading their region's catchment action plans. We will assess these plans using a new assessment framework that sets out our expectations for the upgraded plans. We developed this framework in collaboration with CMAs and government agencies.

We will audit the implementation of the upgraded plans using a new audit approach and priorities. The new audit priorities are:

- delivering outcomes
- demonstrating good governance
- enabling whole-of-government alignment
- demonstrating collaboration and community engagement.

These priorities provide a strong focus on auditing outcomes, in keeping with growth in the CMAs' maturity and capabilities since 2005. They also respond to our recommended changes to the state-wide targets and the Standard.

Next steps

- Complete the repeat audits of the Border Rivers-Gwydir and Sydney Metropolitan CMAs.
- Continue to monitor CMA performance by reviewing strategic progress letters.
- Review our audit framework and plan future audits.

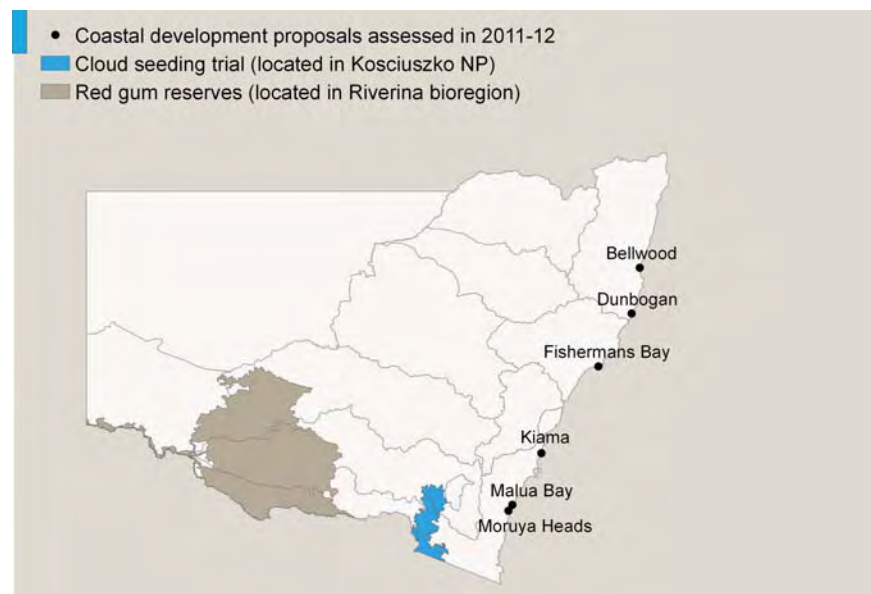
Advising on complex scientific and technical issues

Providing evidence-based advice to inform government decision making

The NRC has an ongoing role to provide independent and objective advice to government on complex scientific and policy issues.

In 2011-12, we:

- reviewed Snowy Hydro Limited's cloud seeding trial and found there were no significant adverse environmental impacts
- provided advice on the proposed boundary adjustment for river red gum reserves to improve land management outcomes for reserve managers and neighbouring landholders
- began planning for our future reviews of water sharing plans
- provided advice on whether seven coastal development proposals were consistent with the requirements of *State Environmental Planning Policy No. 77—Coastal Protection*
- made submissions to the NSW Planning System Review calling for better alignment of land use planning, catchment management, mining and water resource management systems at a regional scale.



Advice on Snowy Mountains cloud seeding trial

In 2011-12, we reviewed the *Snowy Precipitation Enhancement Research Project Annual Report 2011* on the cloud seeding trial in the Snowy Mountains. We reported to the Minister for the Environment and the Minister for Planning and Infrastructure on the trial's progress and potential environmental impacts. This trial is authorised under the *Snowy Mountains Cloud Seeding Trial Act 2004*, and is designed to help understand whether cloud seeding can increase snowfall in the Snowy Mountains area.

We found that the trial continues to comply with its Act and there is no evidence of adverse environmental impacts in the trial area, or adverse impacts on rainfall in down-wind areas.

In response to one of our previous recommendations, Snowy Hydro Limited commenced a three-year research program in December 2011 to determine the fate of cloud seeding agents in the environment, specifically silver iodide and indium trioxide. We recommended vigilant monitoring of the research program to ensure it meets the research objectives.

Advice on proposed boundary adjustments for red gum reserves

In 2010, the Government established new national parks and reserves after an independent, comprehensive forest assessment by the NRC. The corresponding legislation contains provisions to adjust reserve boundaries.

In 2011-12, the Minister for the Environment sought our advice on adjustments to boundaries of the red gum reserves, proposed by the Office of the Environment and Heritage. We recommended the Government:

- adopt the proposed boundary adjustments
- start a well-designed and independently monitored grazing trial (or trials), and complete this by the end of 2015, to allow for due consideration of whether ongoing grazing can provide conservation benefits before existing permits expire

- provide opportunities for landholders who have voluntarily surrendered grazing permits to request these permits be reissued in line with the Minister's extension of all existing permits until 2016
- use the principles from the NRC's 2009 forest assessment to implement active, flexible and adaptive management options, including continuing the ecological thinning trial, and using prescribed fire management to reduce fuel load and promote regeneration.

Preparing to review water sharing plans

Under the *Water Management Act 2000*, the NRC has a legislative role to review water sharing plans. The Act specifies that these plans can only be extended following a review by the NRC.

To date, we have not been called upon to exercise this review role as the first set of water sharing plans will not expire until June 2014. In 2011-12, we started planning our approach for these reviews.

Advice on coastal development proposals

In 2011-12, we provided advice on seven coastal development proposals. Our advice helps promote the aims of the *State Environmental Planning Policy No. 71 – Coastal Protection* (SEPP 71) and encourages greater connection between NRM and planning processes.

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

Submissions to the NSW Planning System Review

We provided two submissions to the NSW Planning System Review. The first provided input to the scoping stage of the review. It called for better alignment of land use planning, catchment management, mining and water resource management systems at all scales in NSW.

Our second submission responded to the review panel's issues paper. It emphasised the need for an effective strategic planning framework at the regional scale. We proposed that planning make better use of available data and consider environmental and social issues at a more meaningful scale, so that planning decisions effectively support the ongoing health and function of landscapes and communities.

Our submission also explained our concerns that the master planning provisions under SEPP 71 are not being effectively used to facilitate good, strategic decision making at a scale that is appropriate for maintaining important coastal values and functions. We suggested that integrated planning, with independent oversight, is the preferred way to ensure coastal protection issues are managed appropriately, rather than handling complex issues at the individual development proposal stage.

Next steps

- Review proposed boundary adjustments for south-western cypress reserves.
- Scope and develop protocols for our reviews of water sharing plans.
- Continue to assess coastal development proposals.
- Respond to any new terms of reference.

Corporate governance

Continually improving our business systems to enhance the quality and timeliness of our advice

Decision-making structure and roles

The Natural Resources Commission comprises the Commissioner, the Assistant Commissioner and the Executive Director. The Director Corporate Services is the secretary of the Commission.

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

as required, which is typically once a month.

The Commissioner is appointed by the Governor of NSW for a period of up to five years and is accountable to the Premier for the exercise of all functions under the Natural Resources Commission Act 2003. The Assistant Commissioner may from time to time be delegated authority by the Commissioner to decide on the NRC's direct advice to government.

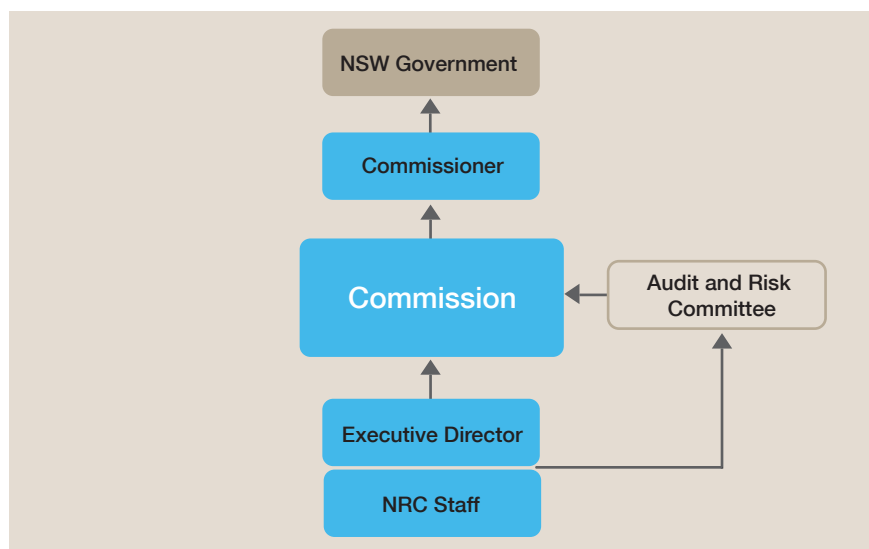


Figure 3: Key decision-making structure



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

Our Audit and Risk Committee provides independent assistance to the Commissioner by overseeing and monitoring the NRC's governance, risk and control frameworks, and our external accountability requirements.

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

Commissioners and executive

Commissioner

Dr John Keniry AM
BSc (Hons), PhD, FAICD, FTSE, FRACI
(10 December 2011 onwards)

John joined the Natural Resources Commission as Commissioner in December 2011. John was awarded an Order of Australia in 2005 and a Centenary Medal in 2003 for service to primary industry and applied science in agricultural and environmental settings. He also chairs the Sydney Institute of Marine Science, the Cooperative Research Centres for the pork and sheep industries and the Australian

Wool Exchange. John is a Fellow of the Royal Australian Chemical Institute, the Academy of Technological Sciences and Engineering, and the Australian Institute of Company Directors. He is the past Chairman of Ridley Corporation Ltd, the Australian Chamber of Commerce and Industry, the Livestock Export Review, the National Registration Authority for Agricultural and Veterinary Chemicals, and Unisearch Ltd. John also owns a wool and lamb enterprise in central west NSW.

(Dr John Williams completed his term as Commissioner on 9 December 2011.)

Assistant Commissioner

Mr Brian Gilligan
BA, DipEd, MA, FAICD
(throughout 2011-12)

Brian was appointed as Assistant Commissioner in August 2009, and has 33 years experience working in environment protection and education roles in NSW government agencies. He is also a Member of the NSW Planning Assessment Commission, and has been the Director-General of the National Parks and Wildlife Service of NSW. He has led inquiries and evaluations advising governments in various jurisdictions on contentious planning and policy issues, and making recommendations for improvements in program delivery.

Executive Director

Mr Bryce Wilde
BA(Hons), ExecMPA
(Acting Executive Director, 8 August 2011 to 30 June 2012)

Bryce has 19 years experience in public policy, strategic planning and organisational development. He has been a member of the senior management team at the Natural Resources Commission since 2006, and led our major review of the river red gum and woodland forests in the Riverina bioregion. Prior to joining the Natural Resources Commission, Bryce was a senior manager at the Department of Juvenile Justice.

(Mr Alex McMillan, the inaugural Executive Director, resigned on 29 February 2012.)

Internal audit and risk management attestation for the year 2011-12

I, John Keniry, am of the opinion that the Natural Resources Commission has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TPP 09/05 *Internal Audit and Risk Management Policy*. These processes provide a level of assurance that enables the senior management of the Natural Resources Commission to understand, manage and satisfactorily control risk exposures.

I, John Keniry, am of the opinion that the Audit and Risk Committee for the Natural Resources Commission is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/05. The Chair and Members of the Audit and Risk Committee are:

- Joan Wilcox, Independent Chair, appointed on 1 April 2010 for a period of four years
- Janet Grant, Independent Member, appointed on 28 April 2010 for a period of three years
- Pia Zadnik, non-independent Member, Program Director, reappointed on 20 April 2011 for a period of ten months.
- Andrea Ehlers, non-independent Member, Program Director, appointed on 1 February 2012 for a period of six months.

The Natural Resources Commission has considered all relevant factors and models in establishing an internal audit function. The Commission has determined that the internal audit function will be provided through an out sourced service delivery model by an appropriately qualified third-party provider and the contracted services will be project managed in-house.

Dr John Keniry AM
Commissioner

Insurance

Our insurance for workers compensation, motor vehicles, property and public liability was provided by the NSW Treasury Managed Fund. There were no claims in 2011-12.

Work health and safety

The NRC is committed to a safe and healthy working environment that contributes to the overall wellbeing of our staff and promotes healthy lifestyle choices.

In 2011-12, we:

- reviewed our *Workplace Health and Safety Policy* and the *Workplace Health and Safety Framework* to ensure their compliance with the new *Work Health and Safety Act 2011* and the corresponding regulation
- engaged our lawyers to conduct a legislative compliance audit of our policy and framework
- conducted staff training workshops and improved our safe work practices

- engaged the NSW Internal Audit Bureau Services to audit of the implementation of our policy and framework and evaluate the effectiveness of the implementation, and started implementing the audit recommendations.

Corporate initiatives

In 2011-12, we delivered the following corporate projects.

Policy review and update

We reviewed and improved 25 policies, including those for risk management and governance.

Information technology upgrade

We upgraded our standard operating environment to improve speed and reliability, and hence improve our productivity. We have also commenced upgrading our document and records management system to the latest version (HP TRIM 7.2) to meet our obligations and business needs for record management, and deliver enhanced cost-effective information management.

Conversion to Systems, Applications and Products (SAP) system

We commenced conversion to SAP ERP 6.0 (a supplier relationship management system) in line with the whole-of-government Corporate Shared Services improvements initiated by the Government. This system allows the management and monitoring of all finance and human resource related functions for managers and staff.

Next steps

- Finalise the rollover of the Enterprise Agreement.
- Complete testing and implementation of our upgraded records and document management system.
- Implement our Workplace Health and Safety Framework.
- Upgrade our website.

Financial statements

for the financial year ended 30 June 2012

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INDEPENDENT AUDITOR'S REPORT

Natural Resources Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Natural Resources Commission (the Commission), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows, and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Commissioner's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Commission
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements

Independence

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

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



Steven Martin
Director, Financial Audit Services

2 October 2012
SYDNEY

Statement on behalf of the Natural Resources Commission



STATEMENT ON BEHALF OF THE NATURAL RESOURCES COMMISSION

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

- a) the accompanying financial statements have been prepared in accordance with applicable Australian Account Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2010, the Financial Reporting Code for Budget Dependent General Government Sector Agencies and Treasurer's Directions;
- b) the financial statements exhibit a true and fair view of the financial position of the Natural Resources Commission of New South Wales as at 30 June 2012 and the operations for the year then ended;
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.


John Keniry
Commissioner


Bryce Wilde
Executive Director

28th September 2012

Natural Resources Commission

Statement of comprehensive income

for the year ended 30 June 2012

	Notes	Consolidated		NRC	
		Actual 2012 \$'000	Budget 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000
Expenses excluding losses					
Operating expenses					
Employee related	2(a)	2,756	2,550	2,458	-
Other operating expenses	2(b)	1908	2,223	2,218	1908
Depreciation and amortisation expenses	2(c)	100	100	105	100
Personnel services	2(d)	-	-	-	2,681
Total expenses excluding losses		4,764	4,873	4,781	4,689
Revenue					
Recurrent appropriation	3(a)	-	-	4,476	-
Investment income	3(b)	28	25	18	28
Grants and contributions	3(c)	4,750	4,750	-	4,750
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	75	60	60	-
Other revenue	3(e)	-	-	5	-
Total Revenue		4,853	4,835	4,559	4,778
Net Result		89	(38)	(222)	89
Other comprehensive income					
Total other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		89	(38)	(222)	89

The accompanying notes form part of these financial statements.

Natural Resources Commission

Statement of financial position

as at 30 June 2012

	Notes	Consolidated		NRC		
		Actual 2012 \$'000	Budget 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
ASSETS						
Current Assets						
Cash and cash equivalents	5	493	42	452	493	452
Receivables	6	42	227	69	42	69
Total Current Assets		535	269	521	535	521
Non-Current Assets						
Property plant and equipment	7	93	91	191	93	191
Intangible assets	8	1	3	3	1	3
Total non-current assets		94	94	194	94	194
Total assets		629	363	715	629	715
LIABILITIES						
Current Liabilities						
Payables	9	286	121	247	286	247
Provisions	10	168	160	150	168	150
Other current liabilities	11	0	40	232	0	232
Total current liabilities		454	321	629	454	629
Non-Current Liabilities						
Other	10	71	65	71	71	71
Total Non-Current Liabilities		71	65	71	71	71
Total Liabilities		525	386	700	525	700
Net Assets		104	(23)	15	104	15
EQUITY						
Accumulated funds		104	(23)	15	104	15
Total Equity		104	(23)	15	104	15

The accompanying notes form part of these financial statements.

Natural Resources Commission

Statement of changes in equity

for the year ended 30 June 2012

Consolidated / NRC	Notes	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2011		15	15
Net result for the year		89	89
Total comprehensive income for the year		89	89
Balance at 30 June 2012		104	104
Consolidated / NRC			
Balance at 1 July 2010		237	237
Net result for the year		(222)	(222)
Total comprehensive income for the year		(222)	(222)
Balance at 30 June 2011		15	15

Natural Resources Commission

Statement of cash flows

for the year ended 30 June 2012

	Consolidated			NRC	
	Actual 2012 \$'000	Budget 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
Notes					
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Employee related	(2,641)	(2,485)	(2,404)	(2,641)	(2,404)
Other	(2,045)	(2,451)	(2,274)	(2,045)	(2,274)
Total Payments	(4,686)	(4,936)	(4,678)	(4,686)	(4,678)
Receipts					
Recurrent appropriation	-	-	4,708	-	4,708
Sale of goods and services	-	-	35	-	35
Interest received	26	4	35	26	35
Grants and contributions	4,750	4,716	-	4,750	-
Cash transfers to the Consolidated Fund	(232)	(194)	(212)	(232)	(212)
Other	183	-	287	183	287
Total Receipts	4,727	4,526	4,853	4,727	4,853
NET CASH FLOWS FROM OPERATING ACTIVITIES	41	(410)	175	41	175
15					
CASH FLOWS FROM INVESTING ACTIVITIES					
NET CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-	-	-
NET INCREASE (DECREASE) IN CASH	41	(410)	175	41	175
Opening cash and cash equivalents	452	452	277	452	277
CLOSING CASH AND CASH EQUIVALENTS	493	42	452	493	452
5					

The accompanying notes form part of these financial statements.

Natural Resources Commission

Summary of compliance with financial directives for the year ended 30 June 2012

Consolidated	2012			2011				
	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	-	-	-	-	4,708	4,476	-	-
	-	-	-	-	4,708	4,476	-	-
Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	-	-	-	-	4,708	4,476	-	-
Amount drawn down against Appropriation	-	-	-	-	-	4,708	-	-
Liability to Consolidated Fund*	-	-	-	-	-	(232)	-	-

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

Natural Resources Commission

Notes to the financial statements

for the year ended 30 June 2012

1 Summary of Significant Accounting Policies

(a) Reporting entity

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

The Natural Resources Commission, as a consolidated 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 inter-entity transactions and balances have been eliminated.

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

The consolidated financial statements for the year ended 30 June 2012 have been authorised for issue by the Commissioner on 28 September 2012.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation; and
- the Financial Reporting Directions published in the 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 statements.

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

(c) Statement of compliance

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

(d) Administered activities

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

(e) Insurance

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

1 Summary of Significant Accounting Policies (cont'd)

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

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

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

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

(g) *Income recognition*

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

(i) Parliamentary Appropriations and Contributions

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

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

The liability is disclosed in Note 11 as part of Current liabilities-Other. The amount will be repaid and the liability will be extinguished next financial year.

(ii) Grants Income

Grants are generally recognised as income when the Commission obtains control over the assets upon receipt of cash.

(iii) Sale of Goods

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

(iv) 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).

(v) Investment revenue

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

1 Summary of Significant Accounting Policies (cont'd)

(h) Assets

(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.

(ii) Capitalisation thresholds

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

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment 1(h).

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

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.

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

(iv) Impairment of property, plant and equipment

As a not-for-profit 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.

(v) Depreciation of property, plant and equipment

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

Depreciation Rates

% Rate

Plant & Equipment

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

1 Summary of Significant Accounting Policies (cont'd)

(h) Assets (cont'd)

(vi) Restoration costs

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

(vii) Intangible assets

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

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

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

In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial. Hence, the Commission is effectively exempted from impairment testing.

(viii) Loans and receivables

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

(i) Liabilities

(i) Payables

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

(ii) Employee Benefits and other provisions

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

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

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

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

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

1 Summary of Significant Accounting Policies (cont'd)

(i) *Liabilities (cont'd)*

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

(b) Long service leave and superannuation

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

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 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

(c) 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.

(j) *Budgeted amounts*

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

(k) *Comparative information*

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

(l) *New Australian Accounting Standards issued but not effective*

- AASB 9 and AASB 2010-7 regarding financial instruments
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 and AASB 2011-8 regarding fair value measurement
- AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures
- AASB 1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-8 regarding deferred tax
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding Trans-Tasman Convergence – RDR
- AASB 2011-3 regarding orderly adoption of changes to the ABS GFS Manual
- AASB 2011-4 removing individual KMP disclosure requirements
- AASB 2011-6 regarding RDR and relief from consolidation
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-9 regarding presentation of items of other comprehensive income
- AASB 2011-12 regarding Interpretation 20
- AASB 2011-13 regarding AASB 1049 and GAAP/GFS harmonisation

2 Expenses Excluding Losses

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(a) Employee related expenses				
Salaries and wages (including recreation leave)	2,370	2,137	-	-
Superannuation - defined contribution plans	168	148	-	-
Long service leave	75	60	-	-
Workers compensation insurance	9	8	-	-
Payroll tax and fringe benefit tax	134	105	-	-
	2,756	2,458	-	-

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(b) Other operating expenses include the following:				
Auditor's remuneration - audit or review of the financial statements	15	14	15	14
Consultancy costs	724	1,105	724	1,105
Contractors	-	87	-	87
Insurance	6	6	6	6
Postage and telephone	4	49	4	49
Advertising, printing and publication	43	89	43	89
Rental expense relating to operating leases	300	286	300	286
Training (staff development)	68	29	68	29
Travel	99	186	99	186
Special functions/events	-	8	-	8
Corporate services	118	116	118	116
Administration expenses	363	156	363	156
EDP expenses	168	44	168	44
Maintenance expenses	-	43	-	43
	1,908	2,218	1,908	2,218
Maintenance expense - contracted labour and other (non-employee related), as above	-	43	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	-	43	-	-

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(c) Depreciation and amortisation expense				
Depreciation				
Plant and equipment	97	104	97	104
Leasehold improvements	1	-	1	-
Total depreciation	98	104	98	104
Amortisation				
Intangible	2	1	2	1
	100	105	100	105

2 Expenses Excluding Losses (con't)

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(d) Personnel services				
Paid to the Natural Resources Commission Division	-	-	2,681	2,398
	-	-	2,681	2,398

3 Revenue

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(a) Appropriations				
Recurrent appropriations				
Total recurrent drawdowns from NSW Treasury (per Summary of compliance)	-	4,708	-	4,708
Less: Liability to Consolidated Fund (per Summary of compliance)	-	232	-	232
	-	4,476	-	4,476

Comprising:
Recurrent appropriations (per Statements of comprehensive income)

-	4,476	-	4,476
-	4,476	-	4,476

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(b) Investment revenue				
Interest	28	18	28	18
	28	18	28	18

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(c) Grants and contributions				
Grants and Contributions	4,750	-	4,750	-
	4,750	-	4,750	-

(d) Acceptance by the Crown Entity of employee benefits and other liabilities
Long Service Leave

75	60	-	-
75	60	-	-

3 Revenue (cont'd)

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(e) Other revenue				
Recoveries	-	5	-	5
	<u>-</u>	<u>5</u>	<u>-</u>	<u>5</u>

4 Service Groups of the Agency

(a) Natural Resources Commission

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

5 Current Assets - Cash and Cash Equivalents

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash at bank and on hand	<u>493</u>	<u>452</u>	<u>493</u>	<u>452</u>
	493	452	493	452

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

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash and cash equivalents (per balance sheet)	<u>493</u>	<u>452</u>	<u>493</u>	<u>452</u>
Closing cash and cash equivalents (per statements of cash flows)	<u>493</u>	<u>452</u>	<u>493</u>	<u>452</u>

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

6 Current Assets - Receivables

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Goods and Services Tax recoverable from ATO	30	35	30	35
Other debtors	12	10	12	10
Prepayments	-	24	-	24
	<u>42</u>	<u>69</u>	<u>42</u>	<u>69</u>

7 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment \$'000
Consolidated and NRC	
At 1 July 2011 - fair value	
Gross carrying amount	1,356
Accumulated depreciation and impairment	<u>(1,165)</u>
Net carrying amount	<u>191</u>
At 30 June 2012 - fair value	
Gross carrying amount	1,347
Accumulated depreciation and impairment	<u>(1,254)</u>
Net carrying amount	<u>93</u>

Reconciliation

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

	Plant and Equipment \$'000
Year ended 30 June 2012	
Net carrying amount at start of year	191
Disposals	(9)
Depreciation expense	(98)
Write back on disposals	<u>9</u>
Net carrying amount at end of year	<u>93</u>

	Plant and Equipment \$'000
At 1 July 2010 - fair value	
Gross carrying value	1,644
Accumulated depreciation and impairment	<u>(1,355)</u>
Net carrying amount	<u>289</u>
At 30 June 2011 - fair value	
Gross carrying value	1,356
Accumulated depreciation and impairment	<u>(1,165)</u>
Net carrying amount	<u>191</u>

Reconciliation

	Plant and Equipment \$'000
Year ended 30 June 2011	
Net carrying amount at start of year	289
Additions	6
Disposals	294
Depreciation expense	(104)
Write back on disposals	<u>(294)</u>
Net carrying amount at end of year	<u>191</u>

8 Intangible Assets

Software
\$'000

Consolidated And NRC

At 1 July 2011

Cost (gross carrying amount)	4
Accumulated amortisation and impairment	(1)
Net carrying amount	<u>3</u>

At 30 June 2012

Cost (gross carrying amount)	4
Accumulated amortisation and impairment	(3)
Net carrying amount	<u>1</u>

Year ended 30 June 2012

Net carrying amount at start of year	3
Amortisation (recognised in 'depreciation and amortisation')	(2)
Net carrying amount at end of year	<u>1</u>

Software
\$'000

At 1 July 2010

Cost (gross carrying amount)	4
Accumulated amortisation and impairment	-
Net carrying amount	<u>4</u>

At 30 June 2011

Cost (gross carrying amount)	4
Accumulated amortisation and impairment	(1)
Net carrying amount	<u>3</u>

Year ended 30 June 2011

Net carrying amount at start of year	4
Amortisation (recognised in 'depreciation and amortisation')	(1)
Net carrying amount at end of year	<u>3</u>

9 Current Liabilities-Payables

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Accrued salaries, wages and on-costs	81	59	-	-
Creditors	141	188	141	188
Personnel services	-	-	81	59
Other	64	-	64	-
	<u>286</u>	<u>247</u>	<u>286</u>	<u>247</u>

10 Current / Non-Current Liabilities - Provisions

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current				
Employee benefits and related on-costs				
Recreation leave	139	121	-	-
Long service leave on-costs	13	11	-	-
Payroll tax	16	18	-	-
Personnel services	-	-	168	150
Total provisions	168	150	168	150

Non-current				
Employee benefits and related on-costs				
Long service leave on-costs	1	1	-	-
Personnel services	-	-	1	1
Non-current				
Restoration costs	70	70	70	70
Total provisions	71	71	71	71

Aggregate employee benefits and related on-costs

Aggregate employee benefits and related on-costs				
Provisions - current	168	150	-	-
Provisions - non-current	1	1	-	-
Accrued salaries, wages and on-costs (Note 9)	81	59	-	-
	250	210	-	-

11 Current- Other

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Other current liabilities				
Liability to consolidated fund	-	232	-	232
	-	232	-	232

12 Commitments for Expenditures

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
a) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable				
Not later than one year	340	320	340	320
Later than one year and not later than five years	735	668	735	668
Total (including GST)	<u>1075</u>	<u>988</u>	<u>1075</u>	<u>988</u>

Commitments include GST of \$97,925 (\$89,781 for 2011) which is expected to be recovered from the Australian Taxation Office (ATO).

13 Contingent Liabilities and Contingent Assets

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

14 Budget Review

Net cost of services

Net result was \$127k above budget due to lower operational costs offset partly by higher employee expenses.

Assets and liabilities

Current assets are \$266k higher than budget due to an increase of \$451k in cash held at end of financial year and a decrease in receivables of \$185k.

Non-current assets agreed to budget due to the absence of capital acquisition by the Commission.

Current liabilities were \$133k higher than budget due mainly to increases in accrued salaries and accrued creditors.

Non-current liabilities were \$6k higher than budget due to an increase in make-good provision.

Cash flows

Cash flows from Operating Activities was \$451k higher than budget due to lower cash payments.

15 Reconciliation of Cash Flows from Operating Activities to Net Result

	Consolidated		NRC	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Net cash used on operating activities	41	175	41	175
Cash flows from Government / Appropriations	-	(4,496)	-	(4,496)
Acceptance by the Crown Entity of employee benefits and other liabilities	-	(60)	-	(60)
Increase in Make-good provision	-	6	-	6
Depreciation	(100)	(105)	(100)	(105)
Decrease / (increase) in provisions and other liabilities	(18)	4	(18)	(157)
Increase / (decrease) in prepayments and other assets	(27)	(156)	(27)	(156)
Decrease / (increase) in creditors	193	(126)	193	35
Net Result	<u>89</u>	<u>(4,758)</u>	<u>89</u>	<u>(4,758)</u>

16 Financial Instruments

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

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

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2012	2011
			\$'000	\$'000
Consolidated				
Cash and cash equivalents	5	N/A	493	452
Receivables ¹	6	Loans and receivables (at amortised cost)	12	10
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			2012	2011
			\$'000	\$'000
Consolidated				
Payables ²	9	Financial liabilities measured at amortised cost	263	214
Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2012	2011
			\$'000	\$'000
NRC				
Cash and cash equivalents	5	N/A	493	452
Receivables ¹	6	Loans and receivables (at amortised cost)	12	10
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			2012	2011
			\$'000	\$'000
NRC				
Payables ²	9	Financial liabilities measured at amortised cost	263	214

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

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

(b) Credit Risk

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

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

16 Financial Instruments (cont'd)

Cash

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

Receivables - trade debtors

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

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payment to other suppliers, the Commissioner (or a person appointed by the Commissioner) may automatically pay the supplier simple interest. There was no penalty interest paid in 2011/12 (Nil in 2010/11).

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

16 Financial Instruments (cont'd)

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹	\$'000 Interest Rate Exposure		Maturity Dates < 1 yr
		Non-interest bearing		
Consolidated 2012				
<i>Payables:</i>				
Personnel Services	81	81		81
Creditors	<u>205</u>	<u>205</u>		<u>205</u>
	<u>286</u>	<u>286</u>		<u>286</u>

Consolidated 2011				
<i>Payables:</i>				
Accrued salaries, wages and on-costs	59	59		59
Creditors	<u>188</u>	<u>188</u>		<u>188</u>
	<u>247</u>	<u>247</u>		<u>247</u>

	Nominal Amount ¹	\$'000 Interest Rate Exposure		Maturity Dates < 1 yr
		Non-interest bearing		
NRC 2012				
<i>Payables:</i>				
Personnel Services	81	81		81
Creditors	<u>205</u>	<u>205</u>		<u>205</u>
	<u>286</u>	<u>286</u>		<u>286</u>

NRC 2011				
<i>Payables:</i>				
Accrued salaries, wages and on-costs	59	59		59
Creditors	<u>188</u>	<u>188</u>		<u>188</u>
	<u>247</u>	<u>247</u>		<u>247</u>

16 Financial Instruments (cont'd)

(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 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 2011. 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 -Corp. 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	Impact of 1% Increase		Impact of 1% Decrease	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Consolidated 2012					
<i>Financial assets</i>					
Cash and cash equivalents	493	5	(5)	(5)	5
Receivables	12	-	-	-	-
<i>Financial liabilities</i>					
Payables	263	-	-	-	-
Total	768	5	(5)	(5)	5
2011					
<i>Financial assets</i>					
Cash and cash equivalents	452	5	(5)	(5)	5
Receivables	69	-	-	-	-
<i>Financial liabilities</i>					
Payables	247	-	-	-	-
Total	768	5	(5)	(5)	5

16 Financial Instruments (cont'd)

	Carrying Amount	Impact of 1% Increase		Impact of 1% Decrease	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
NRC 2012					
<i>Financial assets</i>					
Cash and cash equivalents	493	5	(5)	(5)	5
Receivables	12	-	-	-	-
<i>Financial liabilities</i>					
Payables	263	-	-	-	-
Total	768	5	(5)	(5)	5
2011					
<i>Financial assets</i>					
Cash and cash equivalents	452	5	(5)	(5)	5
Receivables	69	-	-	-	-
<i>Financial liabilities</i>					
Payables	398	-	-	-	-
Total	919	5	(5)	-	5

(e) Fair Value

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

17 Events after the Reporting Period

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

End of audited financial statements.



INDEPENDENT AUDITOR'S REPORT

Natural Resources Commission Division

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Natural Resources Commission Division (the Division), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows, and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Division as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Commissioner's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Division
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements

Independence

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

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



Steven Martin
Director, Financial Audit Services

2 October 2012
SYDNEY

Statement on behalf of the Natural Resources Commission Division



STATEMENT ON BEHALF OF THE NATURAL RESOURCES COMMISSION DIVISION

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

- a) the accompanying financial statements have been prepared in accordance with applicable Australian Account Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2010, the Financial Reporting Code for Budget Dependent General Government Sector Agencies and Treasurer's Directions;
- b) the financial statements exhibit a true and fair view of the financial position of the Natural Resources Commission of New South Wales as at 30 June 2012 and the operations for the year then ended;
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



John Keniry
Commissioner



Bryce Wilde
Executive Director

28th September 2012

Natural Resources Commission Division

Statement of comprehensive income

for the year ended 30 June 2012

	Notes	Actual 2012 \$'000	Actual 2011 \$'000
Expenses excluding losses			
Operating expenses			
Employee related expenses	2(a)	<u>2,756</u>	2,458
Total expenses excluding losses		<u>2,756</u>	2,458
Revenue			
Personnel services	3(a)	2,681	2,458
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	<u>75</u>	-
Total Revenue		<u>2,756</u>	2,458
Net Result		<u>-</u>	-
Other comprehensive income for the year		<u>-</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>-</u>	-

The accompanying notes form part of these financial statements.

Natural Resources Commission Division

Statement of changes in equity

for the year ended 30 June 2012

Consolidated	Notes	Accumulated Funds \$'000
Balance at 1 July 2011		-
Net result for the year		-
Other comprehensive income:		-
Total other comprehensive income		-
Total comprehensive income for the year		-
Balance at 30 June 2012		-
Consolidated		
Balance at 1 July 2010		-
Net result for the year		-
Other comprehensive income:		-
Total other comprehensive income		-
Total comprehensive income for the year		-
Balance at 30 June 2011		-

Natural Resources Commission Division

Statement of financial position

as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
ASSETS			
Current Assets			
Receivables	4	<u>250</u>	210
Total assets		<u>250</u>	<u>210</u>
LIABILITIES			
Current Liabilities			
Payables	5	81	59
Provisions	6	<u>168</u>	<u>150</u>
Total current liabilities		<u>249</u>	<u>209</u>
Non-Current Liabilities			
Provisions	6	<u>1</u>	<u>1</u>
Total Liabilities		<u>250</u>	<u>210</u>
Net Assets		<u>-</u>	<u>-</u>
Total Equity		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

Natural Resources Commission Division

Statement of cash flows

for the year ended 30 June 2012

	2012 \$'000	2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee related	<u>(2,640)</u>	<u>(2,462)</u>
Total Payments	<u>(2,640)</u>	<u>(2,462)</u>
Receipts		
Other	<u>2,640</u>	<u>2,462</u>
Total Receipts	<u>2,640</u>	<u>2,462</u>
Net Cash Flows From Government	<u>-</u>	<u>-</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE /(DECREASE) IN CASH	<u>-</u>	<u>-</u>
CLOSING CASH AND CASH EQUIVALENTS	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

Natural Resources Commission Division

Notes to the financial statements

for the year ended 30 June 2012

1 Summary of Significant Accounting Policies

(a) Reporting entity

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

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

The financial statements for the year ended 30 June 2012 have been authorised for issue by the Commissioner on 28 September 2012.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation; and
- the Financial Reporting Directions published in the 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) Liabilities

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

1 Summary of Significant Accounting Policies (cont'd)

(ii) Employee benefits

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

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

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

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

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

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 non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 09/04) 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 (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(f) *New Australian Accounting Standards issued but not effective*

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

- AASB 9 and AASB 2010 7 regarding financial instruments
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 and AASB 2011 8 regarding fair value measurement
- AASB 119, AASB 2011 10 and AASB 2011 11 regarding employee benefits
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures
- AASB 1053 and AASB 2010 2 regarding differential reporting
- AASB 2010 8 regarding deferred tax
- AASB 2010 10 regarding removal of fixed dates for first time adopters
- AASB 2011 2 regarding Trans-Tasman Convergence – RDR
- AASB 2011 3 regarding orderly adoption of changes to the ABS GFS Manual
- AASB 2011 4 removing individual KMP disclosure requirements
- AASB 2011 6 regarding RDR and relief from consolidation
- AASB 2011 7 regarding consolidation and joint arrangements
- AASB 2011 9 regarding presentation of items of other comprehensive income
- AASB 2011 12 regarding Interpretation 20
- AASB 2011 13 regarding AASB 1049 and GAAP/GFS harmonisation

2 Expenses Excluding Losses

	2012 \$'000	2011 \$'000
(a) Employee related expenses		
Salaries and wages (including recreation leave)	2,370	2,137
Superannuation - defined contribution plans	168	148
Long service leave	75	60
Workers compensation insurance	9	8
Payroll tax and fringe benefit tax	134	105
	<u>2,756</u>	<u>2,458</u>

3 Revenue

	2012 \$'000	2011 \$'000
(a) Personnel services		
	<u>2,681</u>	<u>2,458</u>
	<u>2,681</u>	<u>2,458</u>
(b) Acceptance by the Crown Entity of employee benefits and other liabilities		
Long Service Leave	75	-
	<u>75</u>	<u>-</u>

4 Current Assets - Receivables

	2012 \$'000	2011 \$'000
Personnel services	<u>250</u>	<u>210</u>
	<u>250</u>	<u>210</u>

5 Current Liabilities - Payables

	2012 \$'000	2011 \$'000
Accrued salaries, wages and on-costs	<u>81</u>	<u>59</u>
	<u>81</u>	<u>59</u>

6 Current / Non-Current Liabilities - Provisions

	2012 \$'000	2011 \$'000
Current		
Employee benefits and related on-costs		
Recreation leave	139	121
Long service leave	13	11
Payroll tax	16	18
	<hr/>	<hr/>
Total provisions	168	150
	2012 \$'000	2011 \$'000
Non-current		
Employee benefits and related on-costs		
Long service leave	1	-
Payroll tax	-	1
	<hr/>	<hr/>
Total provisions	1	1
Aggregate employee benefits and related on-costs		
Provisions - current	168	150
Provisions - non-current	1	1
Accrued salaries, wages and on-costs (Note 5)	81	59
	<hr/>	<hr/>
	250	210

7 Contingent Liabilities and Contingent Assets

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

8 Financial Instruments

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

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 these financial statements.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2012	2011
			\$'000	\$'000
Receivables ¹	4	Loans and receivables (at amortised cost)	250	210
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			2012	2011
			\$'000	\$'000
Payables ²	5	Financial liabilities measured at amortised cost	71	43

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

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

(b) Credit Risk

Credit risk arises when there is the possibility of the 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.

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

(c) 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.

8 Financial Instruments (cont'd)

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payment to other suppliers, the Commissioner (or a person appointed by the Commissioner) may automatically pay the supplier simple interest. There was no penalty interest paid in 2011/12 (Nil in 2010/11).

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹	\$'000	Maturity Dates
		Interest Rate Exposure	< 1 yr
		Non-interest bearing	
2012			
<i>Payables:</i>			
Accrued salaries, wages and on-costs	81	81	81
	81	81	81
2011			
<i>Payables:</i>			
Accrued salaries, wages and on-costs	59	59	59
	59	59	59

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Division's exposures to market risk are primarily through interest rate risk on the Division's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment facilities. The Division 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 Division 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 2011. The analysis assumes that all other variables remain constant.

8 Financial Instruments (cont'd)

Interest rate risk

		Impact of 1% Increase		Impact of 1% Decrease	
	Carrying	Profit	Equity	Profit	Equity
	Amount	\$'000	\$'000	\$'000	\$'000
2012					
<i>Financial assets</i>					
Receivables	250	-	-	-	-
Payables	71	-	-	-	-
Total	321	-	-	-	-
2011					
Receivables	210	-	-	-	-
Payables	59	-	-	-	-
Total	269	-	-	-	-

(e) Fair value

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

9 Events after the Reporting Period

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

End of audited financial statements.

Appendix 1

Operation and performance

Commission meetings

In 2011-12, the Commission held 11 meetings.

The Commissioners, Dr John Keniry and Dr John Williams attended six and five meetings respectively. The Assistant Commissioner, Mr Brian Gilligan, attended 10 meetings. The Executive Directors, Mr Bryce Wilde and Mr Alex McMillan, attended 10 and one meetings respectively.

External committees

We continued to participate in the following inter agency groups:

- Natural Resource Management Senior Officers Group to encourage whole-of-government collaboration, planning, and MER.
- Natural Resource Management Knowledge Working Group to develop a knowledge strategy to support the whole-of-government adaptive management approach to NRM, as led by the Senior Officers Group.
- Inter agency Native Vegetation Working Group to review the *Native Vegetation Regulation 2005* to ensure efficient and timely management of native vegetation.
- Resource Condition MER Management Team, Program Performance MER Management Team and the MER Data Management Team to coordinate operational programs for implementing the *NSW MER Strategy 2010-15*.

External presentations

In 2011-12, our Commissioner and staff gave the following presentations at conferences and events.

Date	Event and venue	Topic
20 June 2012	NRM Planning for Resilience Conference, Sydney	Resilience and NSW catchment management planning
18 April 2012	National NRM Knowledge Conference, Adelaide	Managing future landscapes in NSW: Next-generation catchment action plans
14 November 2011	2011 Victorian Landcare Conference, Melbourne	Growing sustainable communities: Landcare's evolving roles in Australia's NRM
8 November 2011	2011 NSW Coastal Conference, Tweed Heads	Coastal catchment management: The future of catchment action plans in NSW
29 September 2011	Visiting delegation under the Australia China Environment Development Partnership	Managing landscapes in NSW
21 September 2011	2011 Queensland Landcare Conference, Ayr	Can we secure our food whilst maintaining our environment?
2 September 2011	Australian Evaluation Society 2011 Conference, Sydney	Shaping the landscapes of NSW—the role of evaluation in NRM
22 August 2011	AWA Catchment Management Conference, Wangaratta	Catchment management—setting the scene


Publications

Area of work	Title	Date	
Recommend standard, targets and approval of catchment action plans	Framework for assessing and recommending catchment action plans	June 2012	
	Guide for CMA Board Members for updating catchment action plans	June 2012	
	Recommendations: Revising the Standard and state-wide targets for NRM in NSW	May 2012	
	GHD review of Central West Upgraded Catchment Action Plan	November 2011	
	GHD review of Namoi Upgraded Catchment Action Plan	November 2011	
	Recommendation: Central West Upgraded Catchment Action Plan	November 2011	
	Recommendation: Namoi Upgraded Catchment Action Plan	November 2011	
	Report on the pilot upgrades in the Central West and Namoi catchments	November 2011	
	Report on implementation of catchment action plans in complying with standard and targets	Audit report: Lower Murray Darling Catchment Management Authority	November 2011
Complete reviews under new terms of reference, or provide advice under other legislation	Advice on the review of Snowy Precipitation Enhancement Research Project Annual Report 2011	June 2012	
	Advice to the Minister for the Environment on river red gum boundary adjustment	June 2012	
	Submissions to the NSW planning system review	February 2012 (and November 2011)	
	NRC commissioned research: Socio-economic tools and frameworks for facilitating decision making in NRM (Sheridan Coakes Consulting Pty Ltd)	February 2012	
	Review of NSW resource condition monitoring, evaluation and reporting (draft report)	December 2011	
	NRC commissioned research: Evaluation of NRM and MER initiatives (University of New England)	December 2011	
	NRC commissioned research: Summary of findings from CMA interviews related to review of NSW resource condition MER (Hyder Consulting Pty Ltd)	November 2011	
	Corporate	NRC Strategic Plan 2012-15	April 2012
		Sustainability policy	January 2012
Procurement policy		December 2011	
Risk management policy and framework		December 2011	



Publications (cont'd)

Area of work	Title	Date
	Annual Report 2010-11	October 2011
	Code of conduct	October 2011
	Corruption prevention and reporting policy	October 2011
	Governance policy	October 2011
	Policy for managing external complaints and allegations	September 2011
	Policy on providing access to government information	September 2011
	Privacy policy	September 2011
	Workplace health and safety policy	September 2011
	Equal opportunity policy	July 2011
	Grievance policy	July 2011



Appendix 2

External liaison

Access to government information

The *Government Information (Public Access) Act 2009* introduced a new right-to-information system that focuses on making government information more readily available, unless there is an overriding public interest against disclosure.

In 2011-12, we:

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

Consumer response

In 2011-12, we did not receive any complaints.

Annual report production

The production costs of the annual report are \$10,700 (excl. GST). We print in-house a minimum number of paper copies (on recycled paper) that are distributed to various sections of government. An electronic copy of the annual report is also available on our website.

Funds granted to non-government community organisations

In 2011-12, we did not grant any funds to non-government community organisations.

Overseas visits

Our Commissioners and staff did not undertake any overseas visits. We gave a presentation to delegates from China, visiting under the Australia China Environment Development Partnership, an initiative that encourages the sharing of both countries' experiences in water reforms.

Public interest disclosures

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

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



Sustainability policy

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

In 2011-12, we continued to implement the following principles to avoid waste and recover resources.

Saving energy

- We reduced our power consumption by 5298 KW (see figure).
- We bought 100 per cent green electricity and used energy-efficient lighting.
- We minimised air and road travel as far as possible and used alternative means to convene meetings with stakeholders in remote locations.

Reducing the generation of waste paper

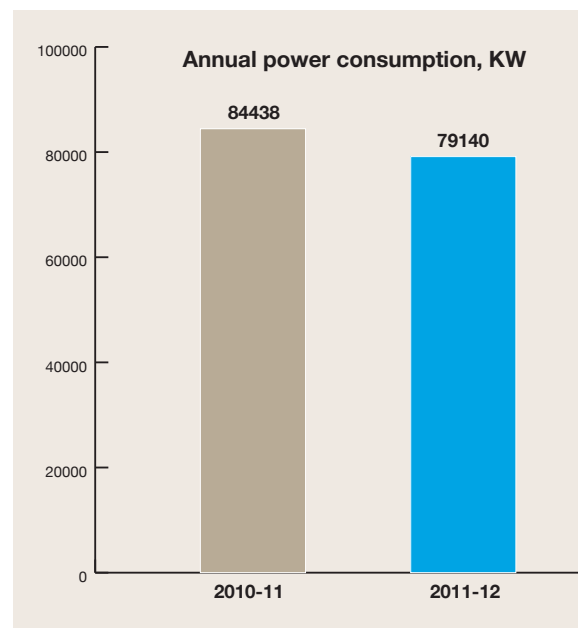
- We continued to release reports electronically, from our website and by email, with only limited in-house printing of paper-copy reports.

Recovering resources

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

Using recycled material

- All our office paper, excluding our letterhead, was Green Wrap. This paper contains 50 per cent recycled pulp, 10 per cent waste products from the cotton industry and 40 per cent content from sustainable managed plantations.
- We purchased other recycled paper products, such as notebooks and pads, wherever possible.
- We procured remanufactured toner cartridges for use in all black-and-white printers.



Appendix 3

Legislative provisions

In 2011-12, there were no changes to our functions. The table shows our functions under the *Natural Resources Commission Act 2003* and certain functions under other legislation.

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

Appendix 4

Staffing and consultants

Consultants

In 2011-12, we engaged the following consultancies for a total expenditure of \$724,000. Work on some of these consultancies was still progressing as at 30 June 2012.

Consultant	Title	Contract value (excl. GST)	Amount spent (excl. GST)
A. Consultancies equal to or more than \$50,000			
Environmental Risk Science Audit Pty Ltd	2012 audit of Sydney Metropolitan Catchment Action Plan implementation	\$57,500	\$48,875
GHD Pty Ltd	Review of Central West and Namoi Upgraded Catchment Action Plans	\$56,348	\$56,348
GHD Pty Ltd	2012 audit of Border Rivers-Gwydir Catchment Action Plan implementation	\$66,824	\$66,824
Knowledge Partners Pty Ltd	Upgrade of document and record management system	\$54,020	\$25,900
	Subtotal (A)		\$197,947
B. Consultancies less than \$50,000			
Various			\$526,053
	Subtotal (B)		\$526,053
	Total (A+B)		\$724,000

Contract executive profile

In 2011-12, two contract positions, equivalent to the NSW Senior Executive Service Level 5 or higher, were filled by males (see table).

Name	Position	2011-12 gross salary
Dr John Keniry	Commissioner (part-time, 10 December 2011 to 30 June 2012)	\$269,241
Dr John Williams	Commissioner (part-time, 1 July 2011 to 9 December 2011)	\$116,166
Mr Bryce Wilde	Acting Executive Director (8 August 2011 to 30 June 2012)	\$274,500
Mr Alex McMillan	Executive Director (1 July 2011 to 29 February 2012)*	\$287,000

(*) Mr Alex McMillan was on a combination of secondment and leave from 8 August 2011 to 29 February 2012.



Dr John Keniry

(Dr John Williams completed his five-year term as Commissioner on 9 December 2011.)

Key accountabilities of the Commissioner for 2011-12 were:

- leading development of the Commission's strategic direction, priorities and plans in collaboration with the Assistant Commissioner and the Executive Director
- directing the Commission's review of NRC projects (scope, progress, recommendations and related outputs) to ensure these are robust, scientifically credible and relevant to the terms of reference or legislative function
- providing independent advice to the Premier and Ministers, whenever appropriate, after taking input from NRC teams and the Commission, so that the Government is well informed on matters within the scope of the *Natural resource commission Act 2003*.

Mr Bryce Wilde

(Mr Alex McMillan, the inaugural Executive Director, resigned in 2011-12.)

The Commissioner expressed satisfaction with Bryce's and Alex's performance throughout 2011-12.

Key accountabilities of the Executive Director in 2011-12 were:

- managing and maintaining the NRC team to drive the NRC's efficient operation and effectively implement the NRC's strategic direction
- advising the Commissioner on possible directions for the NRC and the actions necessary to achieve strategic goals so that the Commissioner can decide periodically on appropriate directions, priorities and plans
- monitoring the quality of outputs of NRC project teams, and inspiring excellence in processes and outcomes so that stakeholders are meaningfully engaged to contribute, and robust recommendations are made to the Commission for decision making.

Credit card certification

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

Disability plans

We reported on this matter in 2010-11 and will report again in 2013-14. The *Annual Reports (Statutory Bodies) Regulation 2011* allows small statutory bodies to report on this matter on a triennial basis.

Equal employment opportunity

We reported on this matter in 2010-11 and will report again in 2013-14. The *Annual Reports (Statutory Bodies) Regulation 2011* allows small statutory bodies to report on this matter on a triennial basis.

Multicultural policies and services program

We reported on this matter in 2010-11 and will report again in 2013-14. The *Annual Reports (Statutory Bodies) Regulation 2011* allows small statutory bodies to report on this matter on a triennial basis.

Payment of accounts

In 2011-12, there were no instances where penalty interest was paid in accordance with s.18 of the *Public Finance and Audit (General) Regulation 1995*. In addition, there were no significant events that affected payment performance.

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

Quarter	Current (within due date) \$	Less than 30 days overdue \$	30–60 days overdue \$	61–90 days overdue \$	More than 90 days overdue \$
September	(0)	0	0	0	0
December	(6,600)	0	0	0	0
March	(52,828.32)	0	0	0	0
June	(404,767)	0	0	0	0

Accounts paid on time within each quarter (all suppliers)

Number of accounts due for payment	September	December	March	June
Number of accounts due for payment	143	209	161	167
Number of accounts paid on time	143	209	161	167
Actual percentage of accounts paid on time (based on number of accounts)	100%	100%	100%	100%
Dollar amount of accounts due for payment	407,072.53	588,538.66	643,978.78	544,784.65
Dollar amount of accounts paid on time	407,072.53	588,538.66	643,978.78	544,784.65
Actual percentage of accounts paid on time (based on \$)	100%	100%	100%	100%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0

Note: Due date is calculated based on 'Government Terms'—payment made by the end of the month following the month in which an invoice is received, excluding small business vendors.

Privacy management plan

We are committed to protecting the personal information and privacy of members of the public and the NRC staff. Personal information means information or an opinion about an individual whose identity can reasonably be ascertained from the information or opinion. Our *Privacy Policy* complies with the *NSW Privacy and Personal Information Protection Act 1988*, which regulates the collection, use, disclosure and storage of personal information.

All new staff members were briefed at induction on the policy as it relates to their role. Our privacy statement is available on our website.

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Shortened forms

CMA	catchment management authority
NRC	Natural Resources Commission
NRM	natural resource management
NSW	New South Wales
MER	monitoring, evaluation and reporting
SEPP 71	State Environmental Planning Policy No. 71 – Coastal Protection



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