



**Annual Report
2016-17
Natural Resources Commission**

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Letter of transmittal



12 October 2017

The Hon. Gladys Berejiklian
Premier of NSW
52 Martin Place
SYDNEY NSW 2000

Dear Premier

Letter of transmittal
Natural Resources Commission – Annual Report 2016-2017

It is my pleasure to forward to you for presentation to the NSW Parliament the Annual Report of the Natural Resources Commission for the year ended 30 June 2017.

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

Yours sincerely

A handwritten signature in black ink that reads 'Brian Gilligan'.

Mr Brian Gilligan
Acting Commissioner

Commissioner's message



In 2016-17, the NSW Government sought independent evidence based advice from the Natural Resources Commission on diverse natural resource management issues from forestry to biosecurity to contaminated land management.

In line with the NSW Government's NSW Forestry Industry Roadmap 2016, the Commission provided advice on outstanding settings for the remake of the Coastal Integrated Forestry Operations Approval (Coastal IFOA). The purpose of the remake is to provide a best practice, outcomes-based approach to improve clarity and enforceability, while reducing costs associated with implementation and compliance. This work balancing environmental protection and wood supply was challenging given data limitations, and the Commission drew on expertise from within agencies and independent ecology and forestry academics.

During the year, the Government supported key recommendations of our review of pest animal management in NSW, and committed to delivering improved biosecurity through a regional approach to pest animal management. Our recommendations aim to address pest animal management in the context of a future, more urbanised and more globally connected NSW with its increased risk exposure. This review, together with our previous review of weed management, focused attention on the challenges facing landscape-scale management of land requiring a collaborative shared approach between landholders, industry, government and community groups all working together.

Having evaluated the NSW Government-led supplementary pest control trial program for the last three years, we provided the final evaluation report to Government. Our review found that the trial was professionally managed, and demonstrated ground shooters can deliver positive outcomes as part of a wider integrated pest control program.

Such broad reviews have complemented and provided important context for our ongoing work of auditing and supporting the governance of Local Land Services. The Government supported nearly all of our recommendations from the 2015 and 2016 audits of Local Land Services' governance and communications. These audit themes were selected from the two-year audit plan, which was endorsed by the Minister for Primary Industries. We have also completed a new risk assessment of Local Land Services, and in the coming year will scope out further high risk areas for assurance and continuous

improvement.

We continued to work closely with the NSW Environmental Trust in conducting independent program evaluations and program design work in areas such as contaminated land management, and rehabilitation and restoration. It is a credit to the Trust that they are committed to continuous improvement across their prospectus.

In undertaking our work, we have built a capable team and made appropriate use of external expert advice. Our internal governance arrangements are strong with continuing excellent delivery on financial and other corporate services functions, policy updates and statutory reporting requirements.

I would like to thank Dr John Keniry for his previous leadership as Commissioner, who unexpectedly retired in December 2016 for health reasons. It is a credit to Dr Keniry's leadership that the Commission has continued to perform at a high level in his absence.

I would also like to thank all our stakeholders for sharing their time and expertise with us as your input and insights enable the Commission to deliver robust advice to Government.

Finally, I would like to thank everyone at the Commission for their outstanding contribution, professionalism and passion to uphold the values of the Commission.

Brian Gilligan
Acting Commissioner

What we do

Purpose

The Natural Resources Commission provides credible, high quality, independent advice to the NSW Government on managing natural resources to improve productivity, biodiversity, biosecurity and community well-being across the State.

Strategic priorities

To achieve the above purpose, the Commission's Strategic Plan 2017-18 has established three strategic priorities:

1. **Independent advice:** Developing evidence-based practical solutions and thought leadership to resolve natural resource management challenges.
2. **Brokering and mediation:** Providing cut-through options and negotiating solutions for contested issues in a challenging institutional environment where stakeholders hold different views.
3. **Accountability and assurance:** Delivering independent oversight and assurance to investors and the community through standards, performance audits, evaluations and planning reviews.

What we do

Established under the *Natural Resources Commission Act 2003*, the Commission has a general function to advise the Premier and Ministers on natural resource management.

The general function is supported by specific functions, including:

- auditing, evaluating and reviewing plans, programs and organisational performance – for example, auditing performance of Local Land Services
- reviewing complex, scientific and policy issues under legislation or as requested by Government – for example, reviewing pest animal management, water sharing plans and conducting forest assessments
- evaluating trials of new Government initiatives – for example, evaluating supplementary pest control in national parks
- promoting and enabling best practice – for example, setting standards and targets.

The Commissioner reports to the Premier, reflecting our independence and whole-of-government perspective. However, many of the issues we deal with are of more significance and visibility to other Ministers and stakeholders.

The Commission is only one source of potential advice for Government. To best understand the nature of complex issues we deal with, we use transparent collaborative approaches, access the best-available knowledge, retain the highest quality people and encourage innovation.

Values

The NSW public sector values are integrity, trust, service and accountability.

The Commission interprets these values through the following behaviours:

- aiming high and continually learning
- working collaboratively, both inside and outside the Commission
- listening to our clients, landholders and the community
- respecting by validating and affirming others
- sharing issues and challenges.

Achievements in 2016-17

Independent advice

- The NSW Government accepted most of the Commission's recommendations on pest animal management in NSW. The review identified opportunities to reduce the impacts from invasive species across all land tenures. The Commission sees clear economic, social and environmental benefits in NSW adopting a more strategic and people-centric approach to securing NSW's biosecurity future.
- The then Minister for Primary Industries supported the Commission's recommendation that all seven water sharing plans due to expire in 2017 and 2018 be replaced. Commenced review of the Water Sharing Plan for the NSW Border Rivers Regulated River Water Source 2009.

Brokering and mediation

- Provided advice on the extent to which the new Coastal Integrated Forestry Operations Approval would deliver on the Government's twin commitments for no erosion of either net wood supply or environmental values.
- Provided a discussion paper to Local Land Services to assist them in developing strategies for the provision of pest baiting products and services to meet community expectations in a cost-effective manner.

Accountability and assurance

- The NSW Government supported nearly all of the Commission's recommendations from the 2015 and 2016 audits of Local Land Services' governance and communications.
- Commenced planning for audits of Local Land Services in 2017-18 by updating the risk assessment.
- Conducted a study to determine Local Land Services' expenditure on Landcare and community groups in 2014-15.
- Evaluated the NSW Government's three-year supplementary pest control trial in national parks.
- Developed an evaluation framework to guide assessment of the Environmental Trust's Contestable Grants programs. The Commission tested the framework through an evaluation of the Trust's Restoration and Rehabilitation Program.
- Evaluated the Environment Protection Authority's administration of the Contaminated Land Management Program funding for the Environmental Trust.
- Provided advice on whether 11 coastal development proposals were consistent with the requirements of *State Environmental Planning Policy No. 71 - Coastal Protection*.

Independent advice

Developing evidence-based practical solutions and thought leadership to resolve natural resource management challenges

In 2016-17:

- the NSW Government accepted most of the Commission's recommendations on pest animal management in NSW
- the Minister supported the Commission's recommendations on water sharing plans due to expire in 2017 and 2018, and the Commission commenced review of another water sharing plan.

Government accepts recommendations on pest animal management

The NSW Government accepted most of the Commission's recommendations and committed to delivering an effective pest animal management in NSW through the biosecurity reforms and regional approach to pest animal management.

In response to a request by the Premier, the Commission conducted an independent review of management of pest animals in NSW. The review focused on introduced terrestrial and freshwater vertebrate pest species only, and identified opportunities to improve pest animal management across all land tenures for environmental, economic and social benefits.

Introduced pest animals are pervasive across NSW. Based on conservative estimates, introduced pests cost the NSW economy at least \$170 million a year in lost production. Together with habitat loss, these pests are the greatest threat to biodiversity.

The Commission's recommendations aim to address pest animal management in the context of a future, more urbanised and more globally connected NSW with its increased risk exposure. The Commission sees clear economic, social and environmental benefits in NSW adopting a more strategic and people-centric approach to securing NSW's biosecurity future.



The Commission's 33 recommendations aim to:

- strengthen governance and planning
- improve risk management
- promote participation
- treat pests as pests
- establish smarter management practices
- improve knowledge base
- target funding where needed.

As required in the Terms of Reference, an advisory committee, chaired by the then Natural Resources Commissioner Dr John Keniry, was formed to ensure stakeholder input has been appropriately considered.

During the review period, the Commission:

- hosted a workshop of over 45 pest animal experts
- undertook five regional tours
- conducted six focus group meetings
- conducted seven public forums
- interviewed key stakeholders face-to-face or on telephone
- considered 589 public submissions on the draft report and the issues paper
- commissioned new research.

As a part of the review, the Commission engaged eSYS Development Pty Ltd to conduct an economic analysis to determine the cost impacts of seven pest animals in NSW and Australia. The economic analysis helped in identifying trends in prevalence and production impacts.

Minister supports recommendations on water sharing plan reviews

The then Minister for Primary Industries supported the Commission's recommendation that all seven water sharing plans due to expire in 2017 and 2018 be replaced.

In 2015, the Commission reviewed seven water sharing plans (covering six inland alluvial aquifers, and one coastal river system), examining the extent to which these plans contributed to State priorities for Local Land Services and whether changes to plan provisions were warranted. The Department of Primary Industries (DPI Water) is progressing replacement of these plans.

2017 review of water sharing plan

The Commission commenced the review of the Water Sharing Plan for the NSW Border Rivers Regulated River Water Source 2009.

The Commission's review is focused on how the plan provisions have contributed to State priorities for Local Land Services.

The Commission is reviewing this plan in parallel with DPI Water's development of a water resource plan.

The Commission and DPI Water jointly called for submissions to inform their respective processes.

The Commission aims to complete this review, as well as the review of two other water sharing plans, in 2017-18.

Next steps

- Monitor implementation of pest and weed reforms.
- Review water sharing plans.

Brokering and mediation

Providing cut-through options and negotiating solutions for contested issues in a challenging institutional environment where stakeholders hold different views

In 2016-17, the Commission:

- provided advice on the Coastal Integrated Forestry Operations Approval (Coastal IFOA)
- provided advice to Local Land Services on bait pricing strategy.

Review of coastal Integrated Forestry Operations Approval

Through a Terms of Reference, the NSW Government requested the Commission to review outstanding settings of the new Coastal IFOA and provide advice on the extent to which the proposed settings would deliver on the Government's twin commitments that the Coastal IFOA will not result in net change to wood supply or erode environmental values.

The proposed settings are a result of negotiations between the Environment Protection Authority and the Forestry Corporation of NSW.

The Commission's review and analysis confirmed that the Government's proposed outcomes-based, multi-scale landscape approach to the Coastal IFOA represents current best practice.

In developing its advice, the Commission engaged with independent ecology and forestry experts and worked closely with representatives from the Environment Protection Authority, Forestry Corporation of NSW, Office of Environment and Heritage, Department of Primary Industries and the Department of Premier and Cabinet.

Bait pricing strategy for Local Land Services

The Commission provided a discussion paper to Local Land Services to assist them in developing strategies for the provision of pest baiting services to meet community expectations in a cost-effective manner.

Baiting is a key tool to assist landholders to meet their general biosecurity obligations under the *NSW Biosecurity Act 2015* and reduce negative economic, environmental and social impacts of pests.

Next step

- Provide support and advice, as requested, on contested issues.



Accountability and assurance

Delivering independent oversight and assurance to investors and the community through standards, performance audits, evaluations and reviews

In 2016-17:

- the Government supported nearly all of the Commission's recommendations on previous audits, and the Commission commenced planning for 2017-18 audits of Local Land Services
- the Commission conducted a baseline study to determine Local Land Services' expenditure on Landcare and community groups
- the Commission completed an evaluation of the supplementary pest control trial
- the Commission completed three program evaluations for the Environmental Trust
- the Commission provided advice on 11 coastal development proposals.

Government supports recommendations on audits of Local Land Services

Audits of Local Land Services in 2015 and 2016

The NSW Government supported nearly all of the Commission's recommendations from the Local Land Services' governance and communications audits. In its response, the Government developed strategies for implementing the recommendations.

Planning for 2017-18 audits of Local Land Services

The Commission commenced updating its risk assessment and audit plan for Local Land Services. The updated audit plan will inform the selection of 'theme' audits of Local Land Services' activities in 2017-18.

In 2017-18, the Commission will commence planning for the audits of Local Land Services strategic plan implementation.

Landcare baseline study

The Commission conducted a study to determine Local Land Services' expenditure on Landcare and community groups in 2014-15. Local Land Services and the Landcare NSW Joint Management Committee plan to use this report to further build partnerships with Landcare and other community groups.

The Landcare baseline study forms part of the monitoring and evaluation component of the Local Landcare Coordinators' Initiative, a NSW Government program delivering \$15 million in funding over four years to build the capacity of local Landcare groups. Government intended that this program would deliver additional funding to Landcare and community groups, and would not displace any support that Local Land Services is currently providing to these organisations.

The Commission's report:

- allows changes in the amount of Local Land Services expenditure to be assessed over the four year program
- provides assurance that new funding will not replace existing Local Land Services expenditure on Landcare and community groups
- improves clarity around how Local Land Services supports Landcare and community groups.

Evaluation of supplementary pest control trial

The Commission provided its final report evaluating the NSW Government-led supplementary pest control trial which ended in June 2017.

The long-term aim of the program is to contribute to reducing the impact of targeted pest animal species on priority threatened native species and ecological communities in national parks and other conservation reserves in NSW.

Since February 2014, the National Parks and Wildlife Service (NPWS) has managed the trial in 12 parks and reserves across the State. The trial involved using voluntary ground shooters to assist in controlling pest animals as a supplementary technique to complement other NPWS pest control programs.

The trial has shown that using volunteer ground shooters can deliver positive pest management outcomes and social benefits, such as improved relationships and communication between NPWS and their neighbours. The trial has demonstrated that volunteer ground shooting can be done safely and humanely when sufficient risk management, supervision and planning are undertaken.

NPWS has capably and professionally managed the trial with the support of Sporting Shooters Association of Australia NSW. Both organisations have demonstrated a genuine collaborative approach, excellent team work and a willingness to share knowledge and experience.

Evaluation of Environmental Trust programs

The NSW Environmental Trust formalised an arrangement whereby the Commission will provide, on request, independent program evaluations, monitoring and evaluation frameworks, and program design.

Contestable Grants Program

The Commission worked with the Trust to develop an evaluation framework for guiding the Trust's Contestable Grants Program.

The evaluation framework is designed as an overarching guide to evaluation that outlines evaluation principles and approach.

The evaluation framework will help the Trust to manage their Contestable Grants Program evaluations. The framework reflects current best practice and aligns with the requirements of the NSW Government Evaluation Guidelines 2016.

The evaluation framework was tested by the Commission through an evaluation of the Restoration and Rehabilitation Program. It was subsequently revised based on lessons learned and the Trust has accepted the proposed framework.

Restoration and Rehabilitation Program

The Commission used the evaluation framework to evaluate the Trust's Restoration and Rehabilitation Program.

The Program has been funding projects for over 25 years. It aims to achieve long-term beneficial outcomes for the environment by enabling community and government organisations to protect, conserve and restore the valuable natural environment.

The Commission's evaluation found that the Program is well-run. The Trust provides clear guidance for applicants, grant recipients and technical reviewers. The application process is rigorous and transparent. Sound governance structures are also in place that provide a strong platform for the Program going forward.

The Commission made several recommendations including for improved program design and monitoring and evaluation.

Contaminated Land Management Program

The Commission used the Evaluation Framework to evaluate the activities funded by the Trust through the Contaminated Land Management Program. This Program has provided \$6 million over three years, and has been fully devolved to the NSW Environment Protection Authority.

The Commission's evaluation identified several areas for improvement, including program design, grant administration and governance.

Advice on coastal development proposals

The *State Environmental Planning Policy No. 71 – Coastal Protection* aims to protect and manage the State's coast, marine environment, native coastal vegetation and cultural heritage.

The Policy requires that a master plan be prepared for development of land before development consent can be granted. The Minister responsible for planning must consult the Commission before approving a master plan or waiving the need for a master plan.

The Commission provided advice on 11 coastal development proposals.

The Commission's advice helps promote the aims of the Policy and encourages greater connection between natural resource management and planning processes.

Next steps

- Finalise Local Land Services risk assessment and audit plan, and undertake proposed audits, if requested.
- Evaluate Catchment Action NSW program.
- Evaluate Environmental Trust's Linking Landscapes Program.
- Review coastal development proposals, as requested.



Building the capabilities of our people and systems to deliver our goals

The Commission aims to be a role model for good governance by adaptively managing our work, continually encouraging innovation and retaining the highest quality people with skills in key areas.

Decision-making structure

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

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

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

The Director Corporate Services reports to the Executive Director and leads corporate governance, financial management, audit and reporting activities.

Directors report to the Executive Director and are responsible for managing multiple programs and projects.

The Commission also establishes project-specific review panels to seek additional expertise, as needed.

Commissioner and executives

Commissioner

Dr John Keniry AM
BSc (Hons), PhD, FAICD, FTSE, FRACI
(Until 9 December 2016)

John joined the Commission in December 2011 and completed his appointment in December 2016. He was awarded an Order of Australia in 2005 and a Centenary Medal in 2003. He also chairs the Sydney Institute of Marine Science. 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.

Acting Commissioner

Brian Gilligan
BA, DipEd, MA
(Appointed: 9 December 2016)

Brian was appointed Acting Commissioner in December 2016. He has 40 years' experience in education and environment protection in the public sector, including serving as the Director General of the NSW National Parks and Wildlife Service after a period as Executive Director Operations with the Environment Protection Authority. He is also a Member of the NSW Planning Assessment Commission. 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

Bryce has over 20 years of experience in natural resource management, public policy, strategic planning and organisational development. He has been at the Commission since 2005 where he has led major reviews, including review of weed management in NSW, review of river red gum and woodland forests in the Riverina bioregion.

Corporate initiatives

In 2016-17, the Commission delivered the following corporate projects:

- completed financial audit (finalised as excellent with no management letter from the auditors)
- initiated four internal audits: Government Sector Employment Act compliance (finalised as excellent); procurement (finalised as good); work health and safety (finalised as good); shared services performance (finalised as good)
- as a part of NSW Treasury's Financial Management Transformation reform, rolled out a new financial management system called PRIME that enables end-to-end management of the budget from the program planning stage through to allocation of funding, cashflow, and benchmarking of results
- provided strategic professional development and training in report writing, critical and creative thinking, behavioural economics, design thinking and verbal communication

- implemented recommendations from the Employee Engagement Survey and Workshop in collaboration with the team
- implemented remote access, via CITRIX, to the Commission
- rolled out: "Taleo" online recruitment and onboarding process; internet banking; new monitors for vision impairment; "SuccessFactors" online performance management system
- upgraded TRIM and ArcGIS
- reviewed and updated 18 plans and policies to ensure they are relevant and current
- established an active and effective Health and Safety Committee.
- rolled out banking platform across the Commission.

Next steps

- Relocate CITRIX environment.
- Undertake 2018 internal audits.
- Roll out new expense and credit card processing system.
- Continue to further improve team engagement and management development.

Financial statements for the year ended 30 June 2017

Natural Resources Commission and its Controlled Entity

Independent auditor's report

Statement on behalf of the Commission and its Controlled Entity

Financial statements

Natural Resources Commission Staff Agency

Independent auditor's report

Statement on behalf of the Commission Staff Agency

Financial statements

Natural Resources Commission and Controlled Entity

Independent auditor's report



INDEPENDENT AUDITOR'S REPORT

Natural Resources Commission

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Natural Resources Commission (the Commission), which comprise the statements of financial position as at 30 June 2017, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission and the consolidated entity as at 30 June 2017, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

Basis for Opinion

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

I am independent of the Commission and the consolidated entity in accordance with the requirements of the:

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

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

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

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

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

The Commissioner's Responsibility for the Financial Statements

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

In preparing the financial statements, the Commissioner must assess the ability of the Commission and the consolidated entity to continue as a going concern except where operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must, disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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



Caroline Karakatsanis
Director, Financial Audit Services

28 September 2017
SYDNEY

Statement on behalf of Natural Resources Commission



**Natural
Resources
Commission**

For Official Use Only

24 October 2017

**Statement on behalf of
Natural Resources Commission and
Natural Resources Commission Staff Agency**

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

- a) The accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards, the requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Audit regulation 2015, the Financial Reporting Code for NSW General Government Sector Entities and Treasurers Directions;
- b) The financial statements exhibit a true and fair view of the financial position of both the Natural Resources Commission and the Natural Resources Commission Staff Agency as at the 30 June 2017 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.

Handwritten signature of Brian Gilligan in black ink.

Mr Brian Gilligan
Commissioner

Handwritten signature of Maree Leonard in black ink.

Maree Leonard
Director Corporate Services

Financial statements

**Natural Resources Commission
& its Controlled Entity
Financial statements
for the year ended 30 June 2017**

Natural Resources Commission
Statements of comprehensive income
for the year ended 30 June 2017

	Notes	Consolidated		Actual 2016 \$'000	Commission		Actual 2016 \$'000
		Actual 2017 \$'000	Budget 2017 \$'000		Actual 2017 \$'000	Budget 2017 \$'000	
Expenses excluding losses							
Operating Expenses							
Employee Related Expenses	2(a)	2,717	3,348	3,048	-	3,297	-
Other Operating Expenses	2(b)	2,010	1,842	2,125	2,010	1,842	2,125
Depreciation and amortisation	2(c)	208	198	205	208	198	205
Personnel Services	2(d)	-	-	-	2,751	-	2,985
Finance Cost	2(e)	2	-	3	2	-	3
Total expenses excluding losses		4,937	5,388	5,381	4,971	5,337	5,318
Revenue							
Grants and Contributions Acceptance by the Crown Entity of employee benefits and other liabilities	3(a)	4,148	4,308	6,195	4,148	4,308	6,195
Other Revenue	3(b) 3(c)	(34) 172	51 105	63 178	- 172	- 105	- 178
Total Revenue		4,286	4,464	6,436	4,320	4,413	6,373
Gain /(loss) on disposal	4	(4)	-	(9)	(4)	-	(9)
Other gains/(losses)	5	(7)	-	(6)	(7)	-	(6)
Net Result		(662)	(924)	1,040	(662)	(924)	1,040
TOTAL COMPREHENSIVE INCOME		(662)	(924)	1,040	(662)	(924)	1,040

The accompanying notes form part of these financial statements.

**Natural Resources Commission
Statement of financial position
as at 30 June 2017**

		Consolidated			Commission		
	Actual	Budget	Actual	Actual	Budget	Actual	
Notes	2017 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2017 \$'000	2016 \$'000	
ASSETS							
Current assets							
Cash and cash equivalents	7	877	150	1,185	858	150	1,162
Receivables	8	29	30	38	29	30	38
Total current assets		906	180	1,223	887	180	1,200
Plant and Equipment							
Plant and Equipment	9	404	1,292	505	404	1,292	505
Leasehold Obligations	9	895	-	1,006	895	-	1,006
Total Plant and Equipment		1,299	1,292	1,511	1,299	1,292	1,511
Total non-current assets		1,299	1,292	1,511	1,299	1,292	1,511
Total assets		2,205	1,472	2,734	2,186	1,472	2,711
LIABILITIES							
Current liabilities							
Payables	10	459	250	294	440	250	271
Provisions	11	239	272	280	239	272	280
Total current liabilities		698	522	574	679	522	551
Non-current liabilities							
Employee benefits and related on costs	11	4	-	5	4	-	5
Other provisions	11	125	126	115	125	126	115
Total non-current liabilities		129	126	120	129	126	120
Total liabilities		827	648	694	808	648	671
Net assets		1,378	824	2,040	1,378	824	2,040
EQUITY							
Accumulated funds		1,378	824	2,040	1,378	824	2,040
Total Equity		1,378	824	2,040	1,378	824	2,040

The accompanying notes form part of these financial statements.

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**Natural Resources Commission
Statements of changes in equity
for the year ended 30 June 2017**

Consolidated and Commission	Accumulated Funds	Total
	\$'000	\$'000
Balance at 1 July 2016	2,040	2,040
Net Result for the year	(662)	(662)
Total comprehensive income for the year	(662)	(662)
Balance at 30 June 2017	1,378	1,378
Balance at 1 July 2015	1,000	1,000
Net Result for the year	1,040	1,040
Total comprehensive income for the year	1,040	1,040
Increase / (decrease) in net assets from equity transfers	-	-
Balance at 30 June 2016	2,040	2,040

The accompanying notes form part of these financial statements.

Natural Resources Commission
Statement of cash flows
for the year ended 30 June 2017

	Actual 2017 \$'000	Consolidated Budget 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Commission Budget 2017 \$'000	Actual 2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related	(2,588)	(3,297)	(3,044)	(2,805)	(3,297)	(3,057)
Other	(2,225)	(1,745)	(2,459)	(2,004)	(1,745)	(2,459)
Total Payments	(4,813)	(5,042)	(5,503)	(4,809)	(5,042)	(5,516)
Receipts						
Interest received	-	-	21	-	-	21
Grants and Contributions	4,148	4,308	6,195	4,148	4,308	6,195
Other	357	105	587	357	105	587
Total Receipts	4,505	4,413	6,803	4,505	4,413	6,803
NET CASH FLOWS FROM OPERATING ACTIVITIES	(308)	(629)	1,300	(304)	(629)	1,287
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of land and buildings, plant and equipment and infrastructure systems	-	-	(1,070)	-	-	(1,070)
NET CASH FLOWS FROM INVESTING ACTIVITIES	-	-	(1,070)	-	-	(1,070)
NET INCREASE (DECREASE) IN CASH	(308)	(629)	230	(304)	(629)	217
Opening cash and cash equivalents	1,185	779	955	1,162	779	945
CLOSING CASH AND CASH EQUIVALENTS	877	150	1,185	858	150	1,162

The accompanying notes form part of these financial statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

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

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

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

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

These consolidated financial statements for the year ended 30 June 2017 have been authorised for issue by the Commissioner on 28 September 2017.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015*; and
- the Financial Reporting Directions published in the Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Leasehold obligations and plant and equipment at fair value through profit and loss are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.

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

The Commission's financial statements have been prepared on a going concern basis, which contemplates the continuity of normal operating activity and the realisation of assets and the settlement of liabilities in the normal course of operations. The Commission held cash at bank as at 30 June 2017 of \$877,000 (2016:\$1,185,000). The Commission receives a grant from the Department of Premier and Cabinet that is sufficient to fund its ongoing operations.

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

(c) Statement of compliance

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

(d) Insurance

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

(f) *Income recognition*

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

(i) Parliamentary appropriations and contributions

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when the Commission obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

(ii) Sale of goods

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

(iii) Rendering of services

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

(iv) Investment revenue

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

(v) Grants

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

(g) *Property, Plant and Equipment*

(i) Property, Plant and Equipment

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

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

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted over the period of credit.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(ii) Capitalisation thresholds

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

(iii) Restoration costs

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

(iv) Depreciation of property, plant and equipment

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

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

Depreciation Rates	% Rate 2017	% Rate 2016
Plant & Equipment		
Office furniture and fittings	range from 10 to 33	range from 10 to 33
Computer equipment and software	33	33
General plant and equipment	range from 10 to 20	range from 10 to 20
Intangible	33	33
Leasehold improvements	Over the period of the lease	Over the period of the lease

(v) Revaluation of property, plant and equipment

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

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

(vi) Impairment of property, plant and equipment

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

(h) *Leases*

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

(i) *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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) *Intangible assets (cont'd)*

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

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

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

(j) *Financial Instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

The Commission determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(i) Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

- Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

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

(ii) Financial liabilities

Financial liabilities are classified as either 'at fair value through profit or loss' or 'at amortised cost'.

- Financial liabilities at amortised cost (including borrowings and trade payables)

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Payables represent liabilities for goods and services provided to the agency and other amounts. 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)

(j) *Financial Instruments (cont'd)*

Borrowings are financial liabilities at amortised cost. Gains or losses are recognised in the net result for the year on de-recognition of borrowings.

Finance lease liabilities are determined in accordance with AASB 117.

(iii) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the agency has not transferred substantially all the risks and rewards, if the agency has not retained control.

Where the agency has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the agency's continuing involvement in the asset. In that case, the agency also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the agency has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(k) *Employee benefits and other provisions*

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

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

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

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability.

The Commission has assessed the actuarial advice based on the Commission's circumstances and has determined that the effect of discounting is immaterial to annual leave.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(b) Long service leave and superannuation

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

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

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

(c) Consequential on-costs

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

(l) *Other Provisions*

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

(m) *Fair value hierarchy*

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

(n) *Equity and reserves*

(i) Accumulated Funds

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

(o) *Budgeted amounts*

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

(p) *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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(i) Effective for the first time in 2016-17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as result of the AASB 124- Extended Related Party Disclosure to Not-for-Profit Entity that has been applied for the first time in year ending 30 June 2017.

(ii) Issued but not yet effective

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

The following new Australian Accounting Standards have not been applied and are not yet effective.

- AASB 9 Financial Instruments
- AASB 1058 Income of Not-for-profit Entities
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 16 Leases
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle.

The Commission anticipates that adoption of these standards in the period of initial application will have no material impact on the financial statements.

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2017**

2 Expenses excluding losses

	Consolidated		Commission	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
(a) Employee related expenses				
Salaries and wages (including annual leave)	2,523	2,651	-	-
Superannuation: defined contribution plans	125	202	-	-
Long service leave*	(34)	63	-	-
Worker's compensation insurance	8	8	-	-
Payroll tax and fringe benefit tax	106	121	-	-
On-Costs - annual leave and long service leave	(11)	3	-	-
	2,717	3,048	-	-

*Long service leave for commission has negative balance due to accounting treatment for long service leave of FY16-17 as per Treasury Circular 15/09. This is the net result of movement in provisions and staff transfers out of the Commission.

	Consolidated		Commission	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
(b) Other operating expenses include the following:				
Auditor's remuneration - audit or review of the financial statements	25	12	25	12
Consultancy costs	932	1,108	932	1,108
Insurance	5	5	5	5
Postage and telephone	15	15	15	15
Advertising, Printing and Publication	12	17	12	17
Operating lease rental expense - minimum lease payments	438	437	438	437
Training (staff development)	107	42	107	42
Travel	68	97	68	97
Corporate Services	266	141	266	141
Administration Expenses	122	72	122	72
ICT Expenses	20	179	20	179
	2,010	2,125	2,010	2,125

	Consolidated		Commission	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
(c) Depreciation and amortisation expense				
Depreciation				
Plant and Equipment	97	91	97	91
Leasehold Improvements	111	114	111	114
Total Depreciation	208	205	208	205
Leasehold improvements	-	-	-	-
Intangible	-	-	-	-
Total depreciation and amortisation	208	205	208	205

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2017**

2 Expenses excluding losses (cont'd)

	Consolidated		Commission	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
(d) Personnel Services				
Paid to Natural Resources Commission Staff Agency	-	-	2,751	2,985
	-	-	2,751	2,985
(e) Finance Cost				
Unwinding of discount rate	2	3	2	3
Total unwinding of discount rate	2	3	2	3

3 REVENUE

	Consolidated		Commission	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
(a) Grants and contributions				
Transfer payment from Department of Premier and Cabinet	4,148	6,195	4,148	6,195
	4,148	6,195	4,148	6,195
(b) Acceptance by Crown Entity of employee benefits and other liabilities				
Long service leave	(34)	63	-	-
	(34)	63	-	-
(c) Other revenue				
Consultancies recoveries	172	178	172	178
Total Revenue	172	178	172	178

4 GAIN / (LOSS) ON DISPOSAL

	Consolidated		Commission	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Gain / (loss) on disposal of plant and equipment				
Proceeds from disposal	-	-	-	-
Written down value of assets disposed	(4)	(6)	(4)	(6)
Net gain / (loss) on disposal of plant and equipment	(4)	(6)	(4)	(6)

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2017**

4 GAIN / (LOSS) ON DISPOSAL (cont'd)

	Consolidated		Commission	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Gain / (loss) on disposal of Leasehold Improvements				
Proceeds from disposal	-	-	-	-
Written down value of assets disposed	-	(3)	-	(3)
Net gain / (loss) on disposal of Leasehold Improvements	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>(3)</u>
Gain / (loss) on disposal	<u>(4)</u>	<u>(9)</u>	<u>(4)</u>	<u>(9)</u>

5 OTHER GAINS / (LOSSES)

	Consolidated		Commission	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Other gains/(losses)	(7)	(6)	(7)	(6)
Other gains / (losses) total	<u>(7)</u>	<u>(6)</u>	<u>(7)</u>	<u>(6)</u>

6 Service group of the Commission - Natural Resources Commission

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

7 Current Assets- Cash and cash equivalents

	Consolidated		Commission	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash at bank	<u>877</u>	<u>1,185</u>	<u>858</u>	<u>1,162</u>
	877	1,185	858	1,162

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

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

	Consolidated		Commission	
	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000
Cash and cash equivalents (per balance sheet)	<u>877</u>	<u>1,185</u>	<u>858</u>	<u>1,162</u>
Closing cash and cash equivalents (per statements of cash flows)	<u>877</u>	<u>1,185</u>	<u>858</u>	<u>1,162</u>

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

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2017**

8 Current Assets - Receivables

	Consolidated		Commission	
	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000
Current Receivables				
Goods and Service Tax recoverable from ATO	29	38	29	38
	<u>29</u>	<u>38</u>	<u>29</u>	<u>38</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 16.

9 Non-Current assets - Plant and equipment

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
Consolidated and Commission			
At 1 July 2016 - fair value			
Gross Carrying Amount	602	1,108	1,710
Accumulated depreciation and impairment	(97)	(102)	(199)
Net carrying amount	<u>505</u>	<u>1,006</u>	<u>1,511</u>
At 30 June 2017 - fair value			
Gross Carrying Amount	590	1,108	1,698
Accumulated depreciation and impairment	(186)	(213)	(399)
Net carrying amount	<u>404</u>	<u>895</u>	<u>1,299</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	Leasehold Improvement \$'000	Total \$'000
Year ended 30 June 2017			
Net carrying amount at start of year	505	1,006	1,511
Additions	-	-	-
Disposals	(13)	-	(13)
Depreciation expense	(97)	(111)	(208)
Write-back on disposals	9	-	9
Net carrying amount at end of year	<u>404</u>	<u>895</u>	<u>1,299</u>
At 1 July 2015 - fair value			
At Fair Value	427	1,554	1,981
Accumulated depreciation and impairment	(388)	(938)	(1,326)
Net carrying amount	<u>39</u>	<u>616</u>	<u>655</u>
At 30 June 2016 - fair value			
Gross carrying amount	602	1,108	1,710
Accumulated depreciation and impairment	(97)	(102)	(199)
Net carrying amount	<u>505</u>	<u>1,006</u>	<u>1,511</u>

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2017**

9 Non-Current assets - Plant and equipment (cont'd)

Reconciliation

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

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
Year ended 30 June 2016			
Net carrying amount at start of year	39	616	655
Additions	564	506	1,070
Disposals	(389)	(952)	(1,341)
Depreciation expense	(91)	(113)	(204)
Writeback on disposals	382	949	1,331
Net carrying amount at end of year	<u>505</u>	<u>1,006</u>	<u>1,511</u>

10 Current Liabilities - Payables

	Consolidated		Commission	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Payables				
Accrued salaries, wages and on costs	8	4	-	-
Creditors	451	290	431	271
Personnel Services	-	-	9	-
	<u>459</u>	<u>294</u>	<u>440</u>	<u>271</u>

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

11 Current / Non-Current Liabilities - Provision

	Consolidated		Commission	
	30 June 2017 \$'000	30 June 2016 \$'000	30 June 2017 \$'000	30 June 2016 \$'000
Current				
Employee benefits and related on-costs				
Annual leave	181	216	-	-
Long service leave on-costs	30	33	-	-
Payroll tax	28	31	-	-
Personnel Services	-	-	239	280
	<u>239</u>	<u>280</u>	<u>239</u>	<u>280</u>
Total current provisions	<u>239</u>	<u>280</u>	<u>239</u>	<u>280</u>

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2017**

11 Current / Non-Current Liabilities – Provision (cont'd)

	Consolidated		Commission	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current				
Employee benefits and related on-costs				
Long service leave on-costs	2	3	-	-
Payroll tax	2	2	-	-
Personnel Services	-	-	4	5
	<u>4</u>	<u>5</u>	<u>4</u>	<u>5</u>
Other Provisions				
Restoration Costs (Make good 52 Martin Place Provision)	125	115	125	115
	<u>125</u>	<u>115</u>	<u>125</u>	<u>115</u>
Total non-current provisions	<u>129</u>	<u>120</u>	<u>129</u>	<u>120</u>

Movement in Provisions (other than employee benefits)

	Restoration Costs \$ '000
Carry forward amount at the beginning of financial year	115
Additional Provisions recognised:	-
Make good for level 6, 52 Martin Place	10
	<u>125</u>

12 Commitments for Expenditure

	Consolidated		Commission	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	408	408	408	408
Later than one year and not later than five years	1,631	1,631	1,631	1,631
Later than five years	1,427	1,835	1,427	1,835
Total (including GST)	<u>3,466</u>	<u>3,874</u>	<u>3,466</u>	<u>3,874</u>

The Commission's lease at 15 Castlereagh Street expired 31 July 2015. The Commission moved to 52 Martin Place on 20 July 2015 under an existing lease held by Government Property. That lease expired on 31 December 2015 and has been renewed for a further term of 10 years from 1 January 2016 to 31 December 2025.

Commitments include GST of \$315K (2016: \$352K) which is expected to be recovered from the Australian Taxation Office (ATO).

13 Contingent Liabilities and Contingent Assets

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

14 Budget Review

Net Results

The net result was under budget by \$262K, as a result of lower than expected employee related costs offset against the higher costs for other operating costs including the consultant category.

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2017**

14 Budget Review (cont'd)

Assets and Liabilities

Current assets are \$726K higher than the budget due to an increase in cash held at the end of financial year to meet year end accruals and also due to rolled over cash from 2017 grant funding of \$150K.
Total net assets are higher than the budget by \$554K due to cash holdings.
Current Liabilities were \$176K higher than the budget due to increase in payables.
Non-current liabilities were on budget.

Cash flows

Cash flows from Operating Activities were \$321K higher than the budget as actual payments were less than the budget forecast.

15 Reconciliation of Cash Flows from Operating Activities to Net Result

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

	Consolidated		Commission	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Net cash used on operating activities	(308)	1,300	(304)	1,287
Depreciation and amortisation	(208)	(205)	(208)	(205)
Decrease / (increase) in provisions	32	(123)	18	(123)
Increase / (decrease) in receivables	(9)	(91)	(9)	(91)
Decrease / (increase) in creditors	(165)	168	(155)	181
Decrease / (increase) in other liabilities	(4)	-	(4)	-
Net gain / (loss) on sale of plant and equipment	-	(9)	-	(9)
Net Result	(662)	1,040	(662)	1,040

16 Financial instruments

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

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

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2017 \$'000	Carrying Amount 2016 \$'000
Class:				
Consolidated				
Cash and cash equivalents	7	N/A	877	1,185
Receivables ¹	8	Loans and receivables (at amortised cost)	-	-
Financial Liabilities				
Class:				
Consolidated				
Payables ²	10	Financial liabilities measured at amortised cost	459	294

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2017**

16 Financial instruments (cont'd)

Financial Assets	Note	Category	Carrying Amount 2017 \$'000	Carrying Amount 2016 \$'000
Commission				
Class:				
Cash and cash equivalents	7	N/A	858	1,162
Receivables ¹	8	Loans and receivables (at amortised cost)	-	-
Financial Liabilities				
Class:				
Payables ²	10	Financial liabilities measured at amortised cost	440	271
Notes:			-	-

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

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

(b) Credit Risk

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

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

Cash

Cash comprises bank balances within the NSW Treasury Banking System in paragraph (d).

Receivables - trade debtors

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

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

(c) Liquidity risk

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

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

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2017**

16 Financial instruments (cont'd)

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12.

For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For payment to other suppliers, The Commissioner (or a person appointed by the Commissioner) may automatically pay the supplier simple interest. No interest for late payment was paid during the year (2015-2016 nil).

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹	\$'000			Maturity Dates	
		Interest Rate Exposure		< 1 yr	1-5 yrs	> 5 yrs
		Non-interest bearing				
Consolidated 2017						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	8	8	8	-	-	-
Creditors	<u>451</u>	<u>451</u>	<u>451</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>459</u>	<u>459</u>	<u>459</u>	<u>-</u>	<u>-</u>	<u>-</u>

2016						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	4	4	4	-	-	-
Creditors	<u>290</u>	<u>290</u>	<u>290</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>294</u>	<u>294</u>	<u>294</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Nominal Amount ¹	\$'000			Maturity Dates	
		Interest Rate Exposure		< 1 yr	1-5 yrs	> 5 yrs
		Non-interest bearing				
Commission 2017						
<i>Payables:</i>						
Personnel Services	9	9	9	-	-	-
Creditors	<u>431</u>	<u>431</u>	<u>431</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>440</u>	<u>440</u>	<u>440</u>	<u>-</u>	<u>-</u>	<u>-</u>

2016						
<i>Payables:</i>						
Personnel Services	-	-	-	-	-	-
Creditors	<u>271</u>	<u>271</u>	<u>271</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>271</u>	<u>271</u>	<u>271</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note

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

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 has no borrowings, no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Commission operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2015-2016. The analysis assumes that all other variables remain constant.

Interest rate risk

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

	Carrying Amount	-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Consolidated 2017					
<i>Financial assets</i>					
Cash and cash equivalents	877	(9)	(9)	9	9
Total	877	(9)	(9)	9	9

2016					
<i>Financial assets</i>					
Cash and cash equivalents	1,185	(12)	(12)	12	12
Total	1,185	(12)	(12)	12	12

	Carrying Amount	-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Commission 2017					
<i>Financial assets</i>					
Cash and cash equivalents	858	(9)	(9)	9	9
Total	858	(9)	(9)	9	9

2016					
<i>Financial assets</i>					
Cash and cash equivalents	1,162	(12)	(12)	12	12
Total	1,162	(12)	(12)	12	12

(e) Fair value measurement

(i) Fair value compared to carrying amount

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

**Natural Resources Commission
Notes to the financial statements
for the year ended 30 June 2017**

17 Related Party Disclosures

The entity's key management personnel compensation was paid by the Natural Resource Staff Agency and details for the year ending June 2017 are as follows:

	2017 \$'000
Short term employee benefits:	
Salaries	552
Other monetary allowances	-
Non-monetary benefits	17
Other long-term employee benefits	13
Post-employment benefits	-
Termination benefits	-
	<hr/>
Total remuneration	<u>582</u>

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

18 Events after the Reporting Period

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

End of audited financial statements.

Natural Resources Commission Staff Agency

Independent auditor's report



INDEPENDENT AUDITOR'S REPORT

Natural Resources Commission Staff Agency

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Natural Resources Commission Staff Agency (the Agency), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Agency as at 30 June 2017, 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* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

Basis for Opinion

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

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

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

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

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

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

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

The Commissioner's Responsibility for the Financial Statements

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

In preparing the financial statements, the Commissioner must assess the ability of the Commission and the consolidated entity to continue as a going concern except where operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must, disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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



Caroline Karakatsanis
Director, Financial Audit Services

28 September 2017
SYDNEY

Statement on behalf of Natural Resources Commission Staff Agency



Natural
Resources
Commission

For Official Use Only

24 October 2017

**Statement on behalf of
Natural Resources Commission and
Natural Resources Commission Staff Agency**

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

- a) The accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards, the requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Audit regulation 2015, the Financial Reporting Code for NSW General Government Sector Entities and Treasurers Directions;
- b) The financial statements exhibit a true and fair view of the financial position of both the Natural Resources Commission and the Natural Resources Commission Staff Agency as at the 30 June 2017 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.

Handwritten signature of Brian Gilligan in black ink.

Mr Brian Gilligan
Commissioner

Handwritten signature of Maree Leonard in black ink.

Maree Leonard
Director Corporate Services

Financial statements

**Natural Resources Commission
Staff Agency
Financial Statements
for the year ended 30 June 2017**

.....
Natural Resources Commission Staff Agency
Statement of comprehensive income
for the year ended 30 June 2017

	Notes	Actual 2017 \$'000	Actual 2016 \$'000
Expenses excluding losses			
Operating expenses			
Employee related expenses	2(a)	<u>2,717</u>	<u>3,048</u>
Total Expenses excluding losses		<u>2,717</u>	<u>3,048</u>
Revenue			
Personnel services	3(a)	2,751	2,985
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	<u>(34)</u>	<u>63</u>
Total Revenue		<u>2,717</u>	<u>3,048</u>
Net result		<u>-</u>	<u>-</u>
Other comprehensive income			
Total Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

.....
Natural Resources Commission Staff Agency
Statement of financial position
for the year ended 30 June 2017

	Notes	Actual 2017 \$'000	Actual 2016 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	19	23
Receivables	5	<u>252</u>	<u>286</u>
Total Current Assets		<u>271</u>	<u>309</u>
Total Assets		<u>271</u>	<u>309</u>
LIABILITIES			
Current Liabilities			
Payables	6	28	24
Provisions	7	<u>239</u>	<u>280</u>
Total Current Liabilities		<u>267</u>	<u>304</u>
Non-Current Liabilities			
Provisions	7	<u>4</u>	<u>5</u>
Total Non-Current Liabilities		<u>4</u>	<u>5</u>
Total Liabilities		<u>271</u>	<u>309</u>
Net Assets		<u>-</u>	<u>-</u>
EQUITY			
Total Equity		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

.....
Natural Resources Commission Staff Agency
Statement of changes in equity
for the year ended 30 June 2017

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2016	-	-
Net result for the period	-	-
Total comprehensive income for the period	-	-
Balance at 30 June 2017	-	-
Balance at 1 July 2015	-	-
Net result for the period	-	-
Total comprehensive income for the period	-	-
Balance at 30 June 2016	-	-

The accompanying notes form part of these financial statements.

.....
Natural Resources Commission Staff Agency
Statement of cash flows
for the year ended 30 June 2017

	Notes	Actual 2017 \$'000	Actual 2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		<u>(2,789)</u>	<u>(3,046)</u>
Total Payments		<u>(2,789)</u>	<u>(3,046)</u>
Receipts			
Other – Personal Services Related		<u>2,785</u>	<u>3,059</u>
Total Receipts		<u>2,785</u>	<u>3,059</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	9	<u>(4)</u>	<u>13</u>
NET INCREASE /(DECREASE) IN CASH		(4)	13
Opening cash and cash equivalents		<u>23</u>	<u>10</u>
CLOSING CASH AND CASH EQUIVALENTS	4	<u>19</u>	<u>23</u>

The accompanying notes form part of these financial statements.

1 Summary of Significant Accounting Policies

(a) Reporting entity

The Natural Resources Commission Staff Agency (Staff Agency) is a public service agency established under the Administrative Arrangements Order 2014 and is pursuant to Part 2 of Schedule 1 of the *Government Sector Employment Act 2013* (formerly the Natural Resources Commission Division established under the former *Public Sector Employment and Management Act 2002*).

It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at Level 6, 52 Martin Place, Sydney 2000.

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

The financial statements for the year ended 30 June 2017 have been authorised for issue by the Commissioner on 28 September 2017.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015 and*
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

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

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

(c) Statement of compliance

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

(d) Income recognition

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

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

(e) Assets

(i) Receivables

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

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

(f) Liabilities

(i) Payables

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

1 Summary of Significant Accounting Policies (cont'd)

(ii) Provisions

Provisions are recognised when: the Staff Agency has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the Staff Agency expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

(g) Employee benefits

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

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

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

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

(ii) Long service leave and superannuation:

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

Long service leave is measured at present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to the certain factors based on actuarial review, including future wage and salary levels, experience of employee departures, and periods of service. The expected future payments are discounted using Commonwealth government bond rate at the reporting date.

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.

(iii) Consequential on-costs:

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

1 Summary of Significant Accounting Policies (cont'd)

(h) Personnel Services:

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

(i) 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.

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

(i) Effective for the first time in 2016-17

The accounting policies applied in 2016 17 are consistent with those of the previous financial year except as result of the AASB 124- Extended Related Party Disclosure to Not-for-Profit Entity that has been applied for the first time in year ending 30 June 2017.

The accounting policies applied in 2016-17 are consistent with those of the previous financial year. The impact of all the new Standards in the period of initial application is not material.

(ii) Issued but not yet effective.

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective (NSW TC 17/04).

- AASB 9 Financial Instruments
- AASB 16 Leases
- AASB 1058 Income of Not-for-profit Entities
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts
- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle.

The Commission anticipates that adoption of these standards in the period of initial application will have no material impact on the financial statements.

Natural Resources Commission Staff Agency
Notes to the financial statements
for the year ended 30 June 2017

2 Expenses Excluding Losses

	2017	2016
	\$'000	\$'000
(a) Employee related expenses		
Salaries and wages (including annual leave)	2,523	2,651
Superannuation - defined contribution plans	125	202
Long service leave	(34)	63
Workers compensation insurance	8	8
Payroll tax and fringe benefit tax	106	121
On-costs - annual leave and long service leave	(11)	3
	2,717	3,048

3 Revenue

	2017	2016
	\$'000	\$'000
(a) Personnel services		
Personnel services	2,751	2,985
	2,751	2,985
(b) Acceptance by the Crown Entity of employee benefits and other liabilities		
Long service leave	(34)	63
	(34)	63

4 Current Assets – Cash and Cash Equivalents

	2017	2016
	\$'000	\$'000
Cash at bank and on hand	19	23
	19	23

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

	2017	2016
	\$'000	\$'000
Cash (per statement of financial position)	19	23
Closing cash (per statement of cash flows)	19	23

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

Natural Resources Commission Staff Agency
Notes to the financial statements
for the year ended 30 June 2017

5 Current Assets – Receivables

	2017 \$'000	2016 \$'000
Personnel services	<u>252</u>	<u>286</u>
	<u>252</u>	<u>286</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 10.

6 Current Liabilities – Payables

	2017 \$'000	2016 \$'000
Accrued salaries, wages and on-costs	8	4
Creditors	<u>20</u>	<u>20</u>
	<u>28</u>	<u>24</u>

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

7 Current / Non-Current Liabilities – Provisions

	2017 \$'000	2016 \$'000
Current		
Employee benefits and related on-costs		
Annual leave	181	216
Long service leave	30	33
Payroll tax	<u>28</u>	<u>31</u>
Total provisions	<u>239</u>	<u>280</u>

	2017 \$'000	2016 \$'000
Non-current		
Employee benefits and related on-costs		
Long service leave	2	3
Payroll tax	<u>2</u>	<u>2</u>
Total provisions	<u>4</u>	<u>5</u>

Aggregate employee benefits and related on-costs

Provisions - current	259	280
Provisions - non-current	4	5
Accrued salaries, wages and on-costs (Note 6)	<u>8</u>	<u>4</u>
	<u>271</u>	<u>289</u>

8 Contingent Liabilities and Contingent Assets

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

**Natural Resources Commission Staff Agency
Notes to the financial statements
for the year ended 30 June 2017**

9 Reconciliation of Cash Flows from Operating Activities to Net Result

Reconciliation of cash flow from operating activities to the net result as reported in the statement of comprehensive income as follows;

	2017	2016
	\$'000	\$'000
Net cash used on operating activities	(4)	13
Decrease / (increase) in provisions	38	67
Increase / (decrease) in receivables	(34)	(74)
Decrease / (increase) in creditors	-	(6)
Net result	-	-

10 Financial Instruments

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

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

The Commissioner has overall responsibility for the establishment and oversight of risk management and reviews and approves policies for managing risks. The risk policy and framework are established to identify and analyse the risks faced by the Commission, to set risk appetite, controls and monitor risks. Supporting the Commissioner with this governance responsibility and compliance with the policy is the Audit and Risk Committee, internal auditors and Executive Director on a continuous basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2017 \$'000	Carrying Amount 2016 \$'000
Class:				
Cash and cash equivalents	4	N/A	19	23
Receivables ¹	5	Receivables (at amortised cost)	252	286
Financial Liabilities				
Class:				
Payables ²	6	Financial liabilities measured at amortised cost	28	24

Notes:

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

(b) Credit Risk

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System.

10 Financial Instruments (cont'd)

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 within agreed terms.

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

(c) Liquidity risk

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payment to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. No interest for the late payment was paid during the year (2016 -2017 nil).

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹	Interest Rate Exposure Non-interest bearing	\$'000		
			Maturity Dates		
			< 1 yr	1-5 yrs	> 5 yrs
2017					
<i>Payables:</i>					
Accrued salaries, wages and on-costs	8	8	8	-	-
Creditors	<u>20</u>	<u>20</u>	<u>20</u>	<u>-</u>	<u>-</u>
	<u>28</u>	<u>28</u>	<u>28</u>	<u>-</u>	<u>-</u>
2016					
<i>Payables:</i>					
Accrued salaries, wages and on-costs	4	4	4	-	-
Creditors	<u>20</u>	<u>20</u>	<u>20</u>	<u>-</u>	<u>-</u>
	<u>24</u>	<u>24</u>	<u>24</u>	<u>-</u>	<u>-</u>

Note:

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

**Natural Resources Commission Staff Agency
Notes to the financial statements
for the year ended 30 June 2017**

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

Interest rate risk

The Agency 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 (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Agency's exposure to interest rate risk is set out below.

	Carrying Amount	Impact of 1% Increase Profit \$'000	Impact of 1% Decrease Equity \$'000	Impact of 1% Increase Profit \$'000	Impact of 1% Decrease Equity \$'000
2017					
<i>Financial assets</i>					
Cash and cash equivalents	19	-	-	-	-
Total	19	-	-	-	-
2016					
<i>Financial assets</i>					
Cash and cash equivalents	23	-	-	-	-
Total	23	-	-	-	-

(e) Fair value measurement

Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments. There are no financial instruments where the fair value differs from the carrying amount.

11 Related Party Disclosures

The entity's key management personnel compensation details for the period ending June 2017 are as follows:

	2017 \$'000
Short term employee benefits:	
Salaries	552
Other monetary allowances	-
Non-monetary benefits	17
Other long-term employee benefits	13
Post-employment benefits	-
Termination benefits	-
Total remuneration	582

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

During the year no key management personnel services were provided by a separate management entity.

12 Events after the Reporting Period

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

End of audited financial statements.

Appendix 1: Operation and performance

Commission meetings

The Commission held 10 meetings. Dr John Keniry (Commissioner) and Mr Brian Gilligan (Acting Commissioner) attended five meetings each. Mr Bryce Wilde (Executive Director) and Ms Maree Leonard (Secretary) attended all 10 meetings.

Community and stakeholder engagement

The Commission completed a major review of pest animal management in NSW.

Table A1.1: Stakeholder engagement

Review area	Event / Activity	Number
Pest animal management	Submissions received	589
	Regional tours	5
	Public forums	7
	Focus group meetings	6
	Workshops	1
Water sharing plan	Submissions received	15

External committees

The Commission staff and executives observed the:

- Department of Premier and Cabinet led Audit and Risk Committee meetings
- Local Land Services Audit, Risk and Governance Committee meetings.

External presentations

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

Table A1.2: External presentations

Date	Event and venue	Topic
May 2017	17th Australasian Vertebrate Pest Conference, Canberra ACT	Review of pest animal management in NSW
October 2016	2016 Vertebrate Pest Management Symposium, Orange NSW	Review of pest animal management in NSW

Consumer response

The Commission did not receive any complaints.

Publications

Table A1.3: List of publications

Date	Publication
Independent advice	
August 2016	Pest animal review – Final report
May 2017	Pest animal review – Final report – Fact sheet – Feral cat management
May 2017	Pest animal review – Final report – Fact sheet – Wild deer management
May 2017	Pest animal review – Final report – Fact sheet – Wild horse management
May 2017	Pest animal review – Final report – Fact sheet – Recreational hunting
Brokering and mediation	
July 2016	Bait pricing strategy – Discussion paper
Accountability and assurance	
August 2016	Coastal protection – Advice on coastal subdivision at Evans Head
September 2016	Coastal protection – Advice on coastal subdivision at Kiama
November 2016	Coastal protection – Advice on coastal subdivision at Maryville
November 2016	Coastal protection – Advice on coastal subdivision at Warners Bay
December 2016	Coastal protection – Advice on coastal subdivision at Broulee
February 2017	Coastal protection – Advice on coastal subdivision at Forster (Cape Hawke St)
February 2017	Coastal protection – Advice on coastal subdivision at Wyee Point
February 2017	Coastal protection – Advice on coastal subdivision at Diamond Beach
February 2017	Supplementary pest control trial – Final report
February 2017	Landcare baseline study – Final report
April 2017	Coastal protection – Advice on coastal subdivision at Blueys Beach
May 2017	Environmental Trust's Contaminated Land Management – Program evaluation
June 2017	Coastal protection – Advice on coastal subdivision at Boolaroo
June 2017	Coastal protection – Advice on coastal subdivision at Forster (Boundary St)
June 2017	Environment Trust's Contestable Grants Program - Evaluation framework
June 2017	Environment Trust's Restoration and Rehabilitation Program – Program evaluation
Corporate	
October 2016	Annual Report 2015-16
December 2016	Strategic Plan 2016-17

Appendix 2: Funding and expenditure

Annual report production

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

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

Consultants

The Commission engaged the following consultancies in the reporting period. Work on some of these consultancies was still progressing as at 30 June 2017.

Table A2.1: Consultancies

Consultant	Title / Nature	Cost (incl. GST)
A. Consultancies equal to or more than \$50,000		
Deloitte Australia	Assist with economic advice on an ongoing review	\$175,578
Indufor Asia Pacific Pty Ltd	Assist with forestry expertise for the review of Coastal Integrated Forestry Operations Approval	\$94,705
Aither Pty Ltd	Assist with investment and funding models for an ongoing review	\$73,549
Charlie Zammit	Assist with expert advice on an ongoing review	\$63,800
First Person Consulting Pty Ltd	Assist with evaluation frameworks for an ongoing review	\$62,172
Eco Logical Australia Pty Ltd	Assist with expert advice on an ongoing review	\$53,769
Dianne Bentley	Assist with expert advice on program evaluations and an ongoing review	\$52,481
	<i>Subtotal (A)</i>	\$576,084
B. Consultancies less than \$50,000		
Various		\$355,916
	<i>Subtotal (B)</i>	\$355,916
	Total (A+B)	\$932,000

Credit card certification

The Commission's credit card policy and procedure outline conditions for eligibility, usage and management of corporate cards. These are consistent with the NSW Government policy, as outlined in relevant Treasury Circulars. The Commissioner certifies that credit card use in the Commission has been in accordance with government requirements.

Funds granted to non-community organisations

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

Insurance

The NSW Treasury Managed Fund provided insurance for workers compensation, property and public liability. There was one workers compensation claim in the reporting period.

Payment of accounts

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

Table A2.2: Aged analysis of account payment in 2016-17

Quarter ending	Current (within due date)	Less than 30 days overdue	30-60 days overdue	61-90 days overdue	More than 90 days overdue
Sep 2016	\$269,727	\$98,629	\$68,328	\$5,500	\$-
Dec 2016	\$221,414	\$183,023	\$-	\$-	\$6,182
Mar 2017	\$69,959	\$83,750	\$2,008	\$9,460	\$-
Jun 2017	\$311,994	\$100,615	\$17,768	\$-	\$6,578

Table A2.3: Report on account payment performance in 2016-17

Measure	Sep 2016	Dec 2016	Mar 2017	Jun 2017
Number of accounts due for payment	64	62	39	69
Number of accounts paid on time	33	28	14	35
Actual percentage of accounts paid on time (based on number of accounts)	51.56%	45.16%	35.90%	50.72%
Dollar amount of accounts due for payment	\$442,184	\$410,618	\$165,177	\$436,954
Dollar amount of accounts paid on time	\$269,727	\$221,414	\$69,959	\$311,994
Actual percentage of accounts paid on time (based on dollar amount)	61.00%	53.92%	42.35%	71.40%

Resource efficiency

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

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

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

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

Statement of business ethics

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

Appendix 3: Human resources and plans

Workforce diversity

The Commission values diversity and inclusiveness in the workplace, and recognises diversity contributes to achieving sustainable long term performance improvements.

Table A3.1: Trend in workforce diversity

Workforce diversity group	Benchmark/Target	2015	2016	2017
Women	50.0%	57.9%	52.6%	47.0%
Aboriginal and Torres Strait Islanders	3.3%	0.0%	0.0%	0.0%
Language other than English	23.2%	5.3%	5.3%	5.9%
People with a disability	NA	5.3%	5.3%	5.9%
People with a disability requiring work-related adjustment	1.5%	0.0%	0.0%	0.0%

Table A3.2: Trend in gender distribution

Gender	June 2015	% Change June 2015 to June 2016	June 2016	% Change June 2016 to June 2017	June 2017
Male	8	12.5%	9	0.0%	9
Female	11	-9.1%	10	-20.0%	8
Indeterminate/Intersex	0	0.0%	0	0.0%	0
Total	19	0.0%	19	-10.5%	17

Table A3.3: Trend in disability inclusion

Disability	June 2015	% Change June 2015 to June 2016	June 2016	% Change June 2016 to June 2017	June 2017
Disability requiring adjustment at work	0	0.0%	0	0.0%	0
Disability requiring no adjustment at work	1	0.0%	1	0.0%	1
Disability where adjustment is not recorded	0	0.0%	0	0.0%	0
No disability	18	0.0%	18	-11.1%	16
Total	19	0.0%	19	-10.5%	17

Table A3.4: Trend in ethnic distribution

Ethnicity	June 2015	% Change June 2015 to June 2016	June 2016	% Change June 2016 to June 2017	June 2017
Person from a racial, ethnic or ethno-religious minority	1	0.0%	1	0.0%	1
Person not from a racial, ethnic or ethno-religious minority	18	0.0%	18	-11.1%	16
Total	19	0.0%	19	-10.5%	17

Table A3.5: Trend in workforce with language other than English

Language	June 2015	% Change June 2015 to June 2016	June 2016	% Change June 2016 to June 2017	June 2017
English	18	0.0%	18	-11.1%	16
Language other than English	1	0.0%	1	0.0%	1
Total	19	0.0%	19	-10.5%	17

Table A3.6: Trend in employment categories

Employment category	June 2015	% Change June 2015 to June 2016	June 2016	% Change June 2016 to June 2017	June 2017
Ongoing	13	7.7%	14	-21.4%	11
Temporary	4	-25.0%	3	-66.7%	1
Casual	0	0.0%	0	0.0%	0
Executive	2	0.0%	2	150.0%	5
Other	0	0.0%	0	0.0%	0
Total	19	0.0%	19	-10.5%	17

Senior executives

The tables show the number of Public Sector Senior Executives employed at the end of the reporting year and their average remuneration.

Table A3.7: Number of roles and gender breakdown

Band	2015-16			2016-17		
	Male	Female	Total	Male	Female	Total
Band 4 (Secretary)	1	0	1	1	0	1
Band 3 (Deputy Secretary)	0	0	0	0	0	0
Band 2 (Executive Director)	1	0	1	1	0	1
Band 1 (Director)	1	2	3	1	2	3
Total	3	2	5	3	2	5

Table A3.8: Average remuneration

Band	2015-16		2016-16	
	Range	Average remuneration	Range	Average remuneration
Band 4 (Secretary)	\$441,201 to \$509,750	\$313,073	\$452,251 to \$522,500	\$134,045
Band 3 (Deputy Secretary)	\$313,051 to \$441,200	NA	\$320,901 to \$452,250	NA
Band 2 (Executive Director)	\$248,851 to \$313,050	\$333,327	\$255,051 to \$320,900	\$318,710
Band 1 (Director)	\$174,500 to \$248,850	NA	\$178,850 to \$255,050	\$204,971

(Note: 44% of the Commission's employee-related expenditure in 2016-17 was related to public sector senior executives.)

Overseas visits

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

Disability inclusion action plans

The Commission's Disability Inclusion Action Plan 2017-19 aligns with the NSW Disability Inclusion Plan, and has four focus areas:

- develop positive community attitudes and behaviours
- establish accessible systems and processes
- create liveable communities
- support access to meaningful employment.

To achieve this, the Commission:

- ensured disability consideration is part of planning and review processes for all policies, in consideration with team members
- ensured evacuation procedures, emergency plans and associated training adequately addressed the needs of people with disability
- selected venues for public consultations, hearings and meetings considering needs of people with disability
- encouraged team members to raise specific individual needs in the workplace and met those needs, such as by making adjustments to work environment, or where possible, by purchasing/adapting equipment to assist team members.

Multicultural policies and services program

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

The Commission's Multicultural Policies and Services Plan outlines focus areas, outcomes, and actions to deliver the outcomes identified in the NSW Multicultural Policies and Services Program Framework.

Table A3.9: Results of plan implementation in 2016-17

Focus Area	Outcome	Result
Service delivery	Mainstream services delivered for everyone	Developed advice to Government by consulting with culturally diverse communities during stakeholder consultations. Ensured that plans, policies and stakeholder consultations are effective for culturally and linguistically diverse communities.
	Targeted programs fill the gaps	
	People from culturally diverse backgrounds are aware of Government funded services, programs and functions	
Planning	Strong plans to deliver services	Ensured our recruitment package contains plain English and culturally appropriate communication.
	Evidence driven planning	
Leadership	Demonstrated leadership in culturally inclusive practices	Completed Employee Engagement Survey, and implemented actions and recommendations in consultation with the team. Actively promoted cultural diversity at team meetings.
	Increased recognition of the value of cultural diversity	Cultural diversity in the team is a reflection of our recruitment process that provides equal opportunities to diverse groups. Identified a separate area in the office that can also be used for religious observation requirements for staff and visitors, if required.
Engagement	Collaboration with diverse communities	Celebrated Harmony Day and multicultural food sharing days, raising awareness and celebrating diversity. Made significant investment in professional development of the team, including enhanced understanding of diverse cultures through an Indigenous Culture Tour.
	Understanding needs of people from diverse backgrounds	

Privacy and personal information

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

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

Public interest disclosures

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

Work health and safety

The Commission is committed to ensure a safe and healthy work environment for all staff, contractors, clients and visitors. This commitment was demonstrated through a range of initiatives, including:

- creating the Health and Safety Committee
- continuing health and wellbeing initiatives including the corporate fitness program and influenza vaccinations
- ensuring all work stations are adjustable
- participating in the Safe Work Month Awareness campaign
- promoting health and safety at team meetings and project meetings
- conducting the internal audit for work health and safety.

One work health and safety related claim was made during the reporting period. No investigations were carried out under Part 10 of the work health and safety legislation.

Appendix 4: Audit and risk management

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

The Commission has continued the shared arrangement with the Department of Premier and Cabinet led Audit and Risk Committee. Under this arrangement, the Department appoints the Chief Audit Executive and the Commission's Audit and Risk Committee ensures compliance with requirements of Treasury Policy Paper TPP 15-03. The Committee met five times and officers from the Audit Office of NSW attended meetings.

Internal Audit and Risk Management Attestation Statement for the 2016-2017 Financial Year for Natural Resources Commission

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

Core Requirements		
Risk Management Framework		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function		
2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee		
3.1	An independent and Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant.

Membership

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

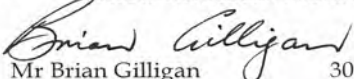
- Department of Premier and Cabinet.

The Chair and Members of the Audit and Risk Committee are:

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

I, Mr Brian Gilligan declare that this Internal Audit and Risk Attestation is made on behalf of the following controlled entities (or subsidiaries):

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


 Mr Brian Gilligan 30 June 2017
 Commissioner



Digital Information Security Annual Attestation Statement for the 2016-2017 Financial Year for Natural Resources Commission

I, Mr Brian Gilligan, Commissioner of Natural Resources Commission, am of the opinion that the Commission had an Information Security Management System (ISMS) in place during the 2016-2017 financial year that is consistent with the Core Requirements set out in the *NSW Government Digital Information Security Policy*.

The controls in place to mitigate identified risks to the digital information and digital information systems of the Commission are adequate. During the year the Commission transitioned ICT services to a new shared services provider. Independent risk assessments performed during the year, as part of this transition, identified some areas requiring remediation. Actions to address these areas have largely been completed with remaining minor issues to be closed by 30 September 2017.

A handwritten signature in black ink that reads 'Brian Gilligan'.

Mr Brian Gilligan
Commissioner
30 June 2017

Appendix 5: GIPA Act

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

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

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

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

In the reporting period, the Commission:

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

Appendix 6: Legislation and legal change

Legislation relevant to Commission functions

(As at 1 July 2016)

- *Natural Resources Commission Act 2003*
- *Environmental Planning and Assessment Act 1979*
- *Fisheries Management Act 2012*
- *Forestry Act 2012*
- *Local Land Services Act 2013*
- *Threatened Species Conservation Act 1995*
- *Water Management Act 2000*

New legislation relevant to Commission functions

(Assented to during 2016-17)

- *Crown Land Management Act 2016*
- *Biodiversity Conservation Act 2016*

Repealed legislation that were relevant to Commission functions

(Repealed during 2016-17)

None

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