



# Natural Resources Commission

## Annual Report 2019-2020



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## Acknowledgement of Country

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

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Ref: D20/3780

20 November 2020

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

Dear Minister

**Letter of transmittal - Natural Resources Commission - Annual Report 2019-2020**

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 2020.

The Annual Report has been prepared in accordance with the provisions of the *Annual Reports (Statutory Bodies) Act 1984* and the *Government Sector Finance Act 2018*.

Yours sincerely

Professor Hugh Durrant-Whyte  
Commissioner

# Commissioner's message

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I am honoured to present my first Annual Report as Natural Resources Commissioner.

I am excited to lead an organisation that provides independent advice based on the most up-to-date science and broad stakeholder engagement for the benefit of NSW citizens. The Commission's advice, solutions and monitoring services help the NSW Government continuously improve the health and sustainability of the state's land, rivers, forests and ecosystems. This ensures healthy and resilient communities, environments and industries both now and into the future.

2019-2020 was an extraordinary year, marked by record drought, dust storms, fish kills, a disastrous bushfire season, and the global pandemic of COVID-19. Our regional communities, industries and natural environment have done it tough, but have shown tremendous resilience.

There is much to learn from these challenges. The Commission is well placed to help communities, industry and government learn from these shocks through our services of research, monitoring, evaluation, audit and review. Robust evidence and analysis is essential for sound long term government decision making.

Much of our work in 2019-2020 was focused on two key areas – rivers and forests.

In rivers, we completed a major review into the Barwon Darling Water Sharing Plan. This work was brought forward at the request of the then Minister for Primary Industries in response to the fish kills. We found that the Barwon Darling ecosystem was in crisis and laid out a series of recommendations to improve the health of the river and its dependent species. The review also highlighted issues of downstream social inequity. In response, the NSW Government initiated a series of actions, including the protection of low flows.

The Commission also completed major reviews into the Peel, Hunter, Central Coast, Lower North Coast and Coffs Harbour water sharing plans. Recurring themes in these reviews include the need to improve water security for all water users through better risk management, stronger evidence base and smarter objectives.

2019-2020 also saw us begin our new audit function under the *Water Management Act 2003*. We have been busy building capacity to objectively deliver these audits to drive greater performance and accountability in water management. The first audits are of floodplain management plans and these will be completed in early 2020-2021.

With up to 20 percent of NSW forests burnt during the last fire season, the need for credible evidence on the current state and possible future of our forests has never been greater. Among other roles, the Commission is responsible for overseeing a collaborative approach to forest monitoring and improvement across national parks, state forests, Crown land and private forested land. This work involves us partnering with leading universities, private sector, public land managers, agency scientists, Aboriginal groups and citizen scientists. With much of the project design and planning complete, I am looking forward to seeing the data roll in next year so we can provide ways forward for government decision makers.

I am grateful to my predecessors, Dr John Keniry and Dr Neil Byron, for their strong leadership of the Commission. I also applaud the commitment and capability of our team, who have quickly adjusted to remote working without losing productivity or motivation to serve the people of NSW. It is heartening to hear that 95 percent of staff felt they were inspired to do their best while working at the Commission.

In my short time as Commissioner so far, I have learnt a lot about how our natural resources are managed and look forward to learning much more. I also look forward to helping the Commission further increase its impact and position as a trusted source of independent solutions.

Professor Hugh Durrant-Whyte  
**Commissioner**

# About the Commission

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## Purpose

Managing our natural resources well benefits all of NSW and ensures healthy and robust communities, environments and industries now and into the future.

Managing finite resources is challenging, with complex and ever-evolving issues.

The Natural Resources Commission is an independent body that provides robust, evidence-based advice to help the NSW Government address these issues using the latest science, research and best practice.

## How we work

To provide independent, evidence-based advice in a contested environment, the Commission uses a comprehensive process that includes:

- engaging in transparent collaborative approaches, consulting widely with all stakeholders using a no-surprises approach
- accessing the best-available knowledge, including the use of expert panels
- retaining the highest quality people
- encouraging continuous improvement and thought leadership.

## Strategic priorities

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

- oversight of forest-based issues
- oversight of water planning and implementation
- reviews, audit and other evaluations
- corporate services and management excellence.

## Values

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

## What we do

The Commission has specific legislative functions relating to improving management of water, soil, native vegetation and biodiversity including:

- advising on strategic or investment priorities
- undertaking audits and reviews
- advising on program design
- undertaking significant inquiries and assessments, for instance, into forestry or emergency management
- reviewing the triple bottom line outcomes achieved by water sharing plans
- auditing implementation of water management plans
- assisting in the reconciliation of particularly complex issues
- conducting audits of Local Land Services' state and local strategic plans
- recommending state-wide standards and targets
- advising on priorities for research and arranging for information to be gathered and disseminated.

## Decision-making structure

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

The Commissioner is appointed by the Governor of NSW for up to five years, and is responsible to the Minister for Planning and Public Spaces for exercising functions under the NRC Act. Assistant Commissioners are appointed to support the Commissioner.

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

## New administrative arrangements for 2019-2020

The *Administrative Arrangements Order 2019* (commenced on 1 July 2019) confirmed the Commission as an independent executive agency in the newly formed cluster of Planning, Industry and Environment. (DPIE)

Image: Nature based tourism (courtesy DPIE)



# Commissioners and Assistant Commissioners

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## Commissioner

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

(Until 9 December 2019)

John served as the Commissioner from December 2011 to 2016 and again from December 2017 to 2019.

He chaired the Sydney Institute of Marine Science, and has been a Commissioner of the Greyhound Welfare and Integrity Commission.

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 also a landholder who owns a wool and lamb enterprise in central west NSW.

## Acting Commissioner

Dr Neil Byron

(10 December 2019 to 16 June 2020)

See details later in this section.



## Commissioner

Professor Hugh Durrant-Whyte  
HonFIEAus, FIEEE, FAA, FREng,  
FRS

(From 17 June 2020)

Hugh was appointed as the Commissioner in June 2020. He is an internationally recognised scientist and a world authority on artificial intelligence and robotics.

He is also the current NSW Chief Scientist and Engineer. Before this, he was the Chief Scientific Advisor, UK Ministry of Defence.

Hugh is a Fellow of the Royal Society of London, the Royal Academy of Engineering and the Australian Academy of Sciences and recipient of numerous awards including MA Sargent Medal and the NSW Scientist of the Year.

He has been Chair of the NSW Government's Innovation and Productivity Council and head of National IT Australia.



## Assistant Commissioner

Dr Neil Byron

BSc (Hons), MA (Econ), PhD, FRSN,  
FAICD

Neil has over 35 years of experience in advising governments in Australia and overseas on natural resource management.

As Productivity Commissioner, he conducted over 25 national inquiries. Neil chaired an independent review of Biodiversity Legislation in NSW in 2015 that led to the creation of the Biodiversity Conservation Trust.

Neil is a Fellow of the Royal Society of NSW, an Adjunct Professor at the Institute of Applied Sciences, University of Canberra, and at the Crawford School of Economics and Government, Australian National University.



## Assistant Commissioner

Mr Ken Baxter

FAIM, FAICD, FAPS (N.Y.)

Ken has over 30 years direct involvement in the Commonwealth, Victorian and NSW governments.

He is Chairman of the PNG Sustainable Infrastructure Ltd, Policy Advisor to the Chief Secretary of Papua New Guinea Government, Director of Hydro Electric Corporation of Tasmania, and Chairman of the Computronics Holdings Ltd.

Since 2015, Ken is Commissioner of the Productivity Commission, where he was involved in the review of the Murray Darling Basin Authority.



## Assistant Commissioner

Mr Peter Cochrane

BSc, MPP, FAICD

Peter is also a Commissioner of the Independent Planning Commission of NSW since 2017.

He was appointed Co-chair of the Commonwealth Marine Reserves Review that re-examined zoning of 40 marine reserves. Peter also chairs the Sydney Institute of Marine Science, the National Environmental Science Program's Marine Biodiversity Hub Steering Committee, and the Australian Tropical Herbarium Board.

Peter has been a Council Member of the International Union for Conservation of Nature since 2016. Peter was formerly Director of National Parks, CEO of Parks Australia and a member of the Commonwealth Environmental Water Holder Review Panel.

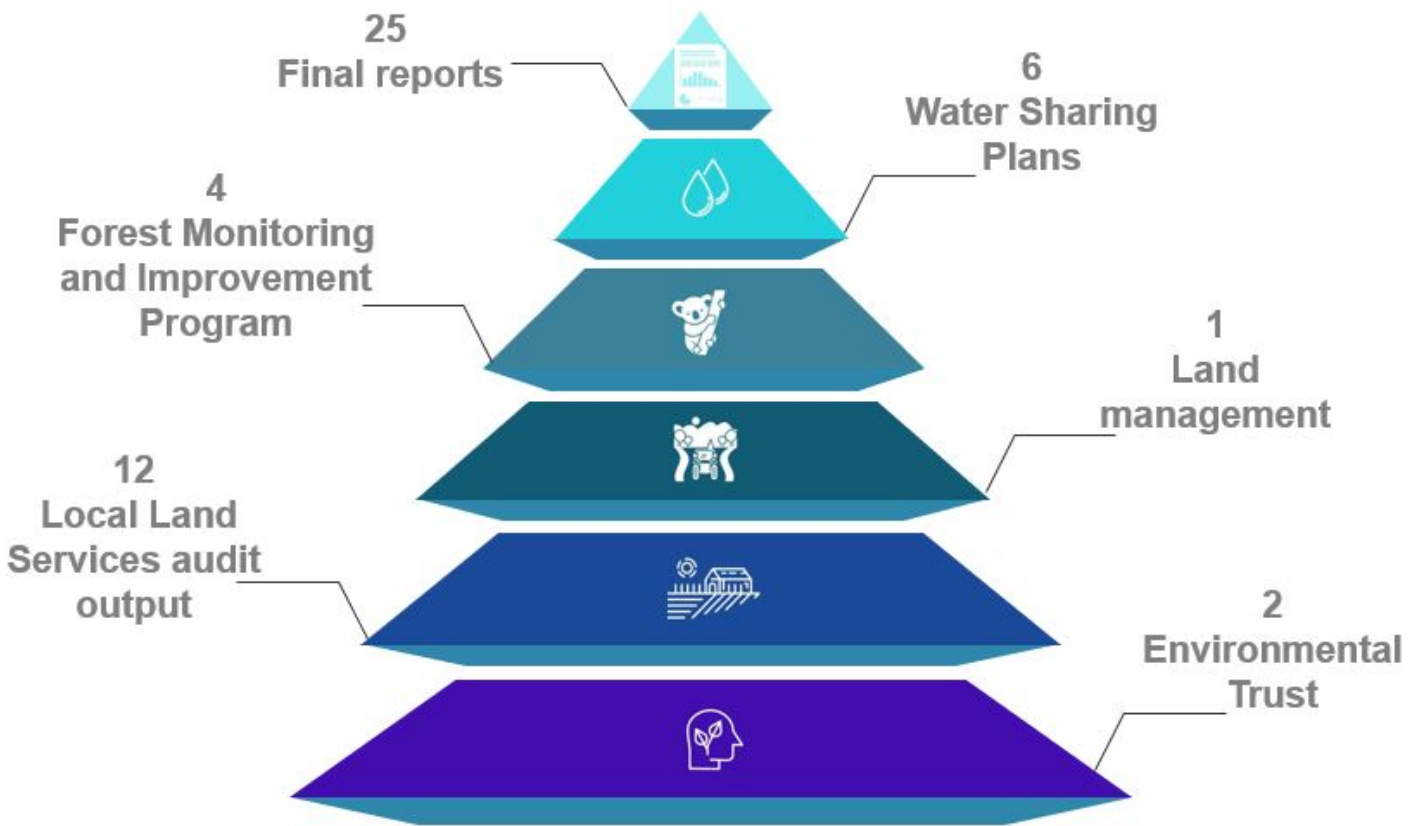
# Strategic plan key performance outcomes

The Commission assesses its performance against three criteria associated with its impact and delivery. In 2019-2020, the Commission performed consistent with these criteria.



The performance criteria are:

- providing a valuable source of independent, robust evidence based advice
- having inclusive and transparent processes
- team wellbeing and engagement.






## *Providing a valuable source of independent, robust evidence based advice*



### *Inclusive transparent processes*

-  **12**  
Draft reports
-  **43**  
Presentations by Commission staff
-  **1395**  
Submissions received
-  **24**  
Expert and Peer review panels

### *Team wellbeing and engagement*

-  **88%**  
Engagement
-  **95%**  
Felt inspired
-  **100%**  
Productivity
-  **77%**  
Work / Family balance
-  **73%**  
Able to keep stress at an acceptable level

# 2019-2020 Highlights

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## Pulse survey of Commission staff

We conducted an employee survey with outstanding results, including:

- Overall, staff engagement increased from 2019 Public Matter Employee Survey (PMES) result of 67% to 88%.
- 100% felt that the team are delivering on outcomes as outlined in performance agreements.
- 100% said their team is just as or more efficient during COVID-19.
- Overwhelming number reported experiencing benefits as a result of changing work conditions in response to COVID-19, such as not commuting, working flexible hours, fewer distractions and increased efficiency.
- 100% indicated that they would like to continue working remotely once the COVID-19 restrictions are lifted.

## Oversight of water planning and implementation

- In response to the Commission's final report on the review of Barwon-Darling water sharing plan, the NSW Government proposed changes to protect low flows in the Barwon-Darling system amid other proposed actions to protect water for towns and the environment.
- Commenced independent reviews of 12 water sharing plans and provided advice for five of those plans to identify if a plan's environmental, social, cultural and economic outcomes have been achieved, and what improvements can be made.
- Commenced audits of implementation of 12 water sharing plans and 10 floodplain management plans to ascertain whether plan provisions are being given effect to.

## Oversight of forest-based issues

- Independently overseeing and advising on a state-wide monitoring, evaluation and improvement program for NSW forested landscapes by investing over \$3 million in 15 social, economic and ecological projects in partnership with leading scientists from universities, private sector, Aboriginal groups, NSW agencies and citizen scientists.
- Developed an approved Coastal Integrated Forestry Operations Approval (IFOA) monitoring program that will monitor forestry activities to ensure environmental protection and sustainable wood supply.
- Overseeing an independent research program on how koalas respond to harvesting and identified opportunities to investigate impacts from recent wildfire.
- The old growth reassessment program was suspended by the NSW Government in June 2020 following spatial analysis of the extent of 2019-2020 fires on mapped old growth forest.

## Reviews, audit and other evaluations

- Provided an independent, evidence-based advice on a response to the policy review trigger for the Land Management and Biodiversity Conservation reforms.
- Completed independent audits of implementation of local strategic plans of 11 Local Land Services regions to deliver accountability of service delivery, drive improved performance, and engender community and investor confidence in Local Land Services' activities.
- Submitted an evaluation of the Environmental Trust's Major Projects program.
- The Environmental Trust accepted the Commission's advice on research priorities on tree dieback.
- Provided the Environmental Trust with benchmarked standards for coastal rivers rehabilitation and a research paper on coastal rivers and estuaries.
- Commenced evaluation of the Environmental Trust's Community Bush Regeneration Program.

Image: Chaffey Dam on Peel River near Tamworth







# Oversight of water planning and implementation

Water sharing plans prescribe how water is managed in NSW. They must first provide for the environment while also supporting social and economic outcomes.

These plans typically apply for a period of ten years. At the end of this period, the Minister responsible for the *Water Management Act 2000* may decide to replace or extend a plan.

In making this decision, the Minister must consider a report from the Commission in accordance with s.43A of the Act.

Further, under s.44 of the Act, the Commission is required to audit the implementation of water management plans and floodplain management plans, within five years from commencement.

## NSW Government responds to Commission's review of Barwon-Darling water sharing plan

The Commission provided its final report on the review of the *Water Sharing Plan for the Barwon-Darling Unregulated and Alluvial Water Sources 2012* to the Minister for Water in September 2019.

In response to the Commission's report, the NSW Government proposed changes to protect low flows in the Barwon-Darling system as well as other actions to protect water for towns and the environment.

### The Commission's report

As a result of significant events and community concerns, the former Minister for Regional Water requested that the Commission bring forward its statutory review of the Plan.

This review considered the extent to which the Plan has contributed to environmental, social and economic outcomes, and provided advice on whether changes to some provisions of the Plan are warranted.

The significant public interest in the Plan and the Commission's draft report resulted in the Commission receiving 1,231 submissions, including 121 unique submissions. These submissions were considered in the final report.

An intense drought, significant upstream water extraction, an apparent climate shift and the rules in the Plan have all contributed to poor ecological, social and cultural outcomes.

The Commission's review found that the riverine ecosystems in the Barwon-Darling are under great pressure as indicated by mass fish deaths immediately downstream of the Barwon-Darling Plan area. Key findings include:

- the current cease to flow period of over a year at Bourke is the longest in recorded history
- site visits in 2019 identified large numbers of dead river mussels ranging from a few to thousands, representing a greater impact on riverine biota than the fish deaths
- tributary inflows have been significantly reduced over the life of the Plan with actual flows 40 percent of the long term modelled average. This is likely due to drought and upstream extraction.

The review recommended that in amending and then remaking the Plan, first ensure that environmental flow needs and basic landholder rights are met, by delivering water when and where it is needed to protect dependent threatened species and support towns and communities that also depend upon the river.

Image: Dead river mussels in Darling River, Tilpa





The review also found that:

- positive progress is being made by Government through significant reforms, including setting up a Water Renewal Taskforce
- additional protections are needed to improve environmental and social outcomes
- changed flow regimes, combined with Plan rules, are resulting in poor outcomes
- the Plan implementation has resulted in environmental, social and cultural impacts
- a new approach is required, such as putting the environment first in line with the legislation, considering the risks from climate change, supporting integrated catchment management, managing the riverine ecosystem for its resilience and allocating water to First Nations.

The Commission made 17 recommendations related to:

- amending and remaking the Plan
- strengthening water metering, monitoring and compliance arrangements
- improving modelling of the Barwon-Darling flows
- enhancing the protection of low flows to improve environmental and social outcomes
- improving Aboriginal engagement and outcomes
- engaging to improve community outcomes
- enhancing consideration of climate change
- improving groundwater consideration in the Plan.

In addition, the Commission suggested 14 complementary actions related to:

- improved outcomes for the environment, Aboriginal people and river-dependent communities
- better consideration of climate change and groundwater in planning and management
- reviewing compensation arrangements.

### Leveraging external expertise

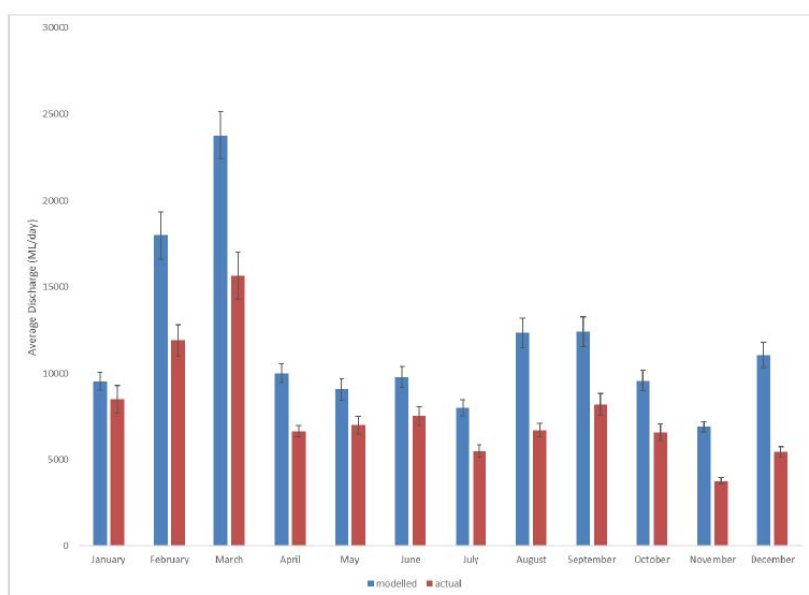
The Commission engaged a range of external consultants to ensure the Barwon-Darling water sharing plan review was underpinned by the latest available evidence and that recommendations considered a broad range of views.

#### Advisory Panel / Peer review:

The Commission engaged an expert panel consisting of John Madden, Dr Martin Mallen-Cooper and Paul Simpson to provide advice throughout the review. These panel members were chosen for their extensive experience in water management, including socio-economic, environmental and operational expertise. The panel provided guidance on the Commission's approach to the evaluation and detailed feedback on the draft and final reports. In addition, the Commission had a leading scientific expert in riverine ecosystems, Prof Martin Thoms, peer review the report prior to finalisation. The panel and peer reviews were in addition to the Commission's usual review by the Assistant Commissioners and the Commissioner.

#### Scientific experts:

The Commission worked collaboratively with scientists, including Prof Fran Sheldon, Martin Mallen-Cooper and members of the NSW Department of Primary Industries - Fisheries to access and review the latest available research on river health, modelling and environmental flow requirements. For example, emerging field research indicated that lack of flow in the Barwon-Darling system was having a devastating impact on river mussel and river snail populations. Through this collaboration, the Commission was able to recommend specific minimum environmental flow requirements, based on best available evidence. This evidence was critical to demonstrate the need to raise the cease to pump levels to protect low flows.



**Figure:** Mean monthly discharge (ML/day) for Bourke (gauge 425003) for modelled (1895-2009) and actual (1972-2019) flows



## Review of water sharing plans due to expire in 2020 and 2021

The Commission completed reviews of five water sharing plans in 2019-2020. Reviews of another seven water sharing plans commenced in 2019-2020 and will be completed prior to the expiry of those plans in June 2021.

### Completed reviews

The Commission provided review reports to the Minister for Water for the following five water sharing plans.

#### **Peel Valley water sharing plan**

Given that the Plan's water sources will be split across four water sharing plans to align them with water resource plan areas, the Commission recommended a staged approach to address issues in the new plans:

- By 1 July 2020, address priority issues carried over from the current Plan to the draft *Water Sharing Plan for the Peel Regulated River 2020*
- By July 2022, address other issues identified in the Commission's review that are carried across from the current Plan to the four replacement plans. This will provide time for additional studies and consultation, alignment with the Namoi Regional Water Strategy due to be released in 2021, and replacement of the *Water Sharing Plan for the Namoi and Peel Unregulated Water Sources 2012* in 2023.

The Commission received 29 public submissions for this review.

#### **Central Coast water sharing plan**

The Commission recommended that the Plan is:

- extended until June 2022 to allow for information exchange between the Plan replacement process, and Central Coast Council's Integrated Water Resource Plan and the revised Lower Hunter Water Plan (both due for completion in 2021)

- replaced by June 2022 to address the Commission's recommendations and to incorporate (as appropriate) considerations in the Central Coast Council's Integrated Water Resource Plan and the revised Lower Hunter Water Plan.

The Commission received 10 public submissions for this review.

#### **Coffs Harbour water sharing plan**

The Commission recommended that the Plan is:

- extended until June 2022 to allow enough time and resources to make required Plan improvements
- replaced by June 2022 to address the Commission's recommendations.

Due to risks to the unique environmental, social and economic values of the Coffs Harbour Plan area, the Commission encouraged appropriate funding and resourcing to address its recommendations.

The Commission received 10 public submissions for this review.

#### **Hunter water sharing plan**

The Commission recommended that the Plan is:

- extended until June 2022 to allow time for the completion of studies, with priority amendments and actions for extraction limits, available water determinations, environmental flow rules and licence conversions
- replaced by 1 July 2022 to address the Commission's recommendations and to ensure appropriate alignment and integration with other Greater Hunter plans.

The replacement Plan should be developed following a more coordinated approach with the seven other water sharing plans in the Greater Hunter region to manage the significant connectivity between these plans.

The Commission received 48 public submissions for this review.





### **Lower North Coast water sharing plan**

The Commission recommended that the Plan is:

- extended until June 2022 to allow time for the completion of studies, with priority amendments and actions for extraction limits, available water determinations, licensee notifications, ecological flow studies and socioeconomic impact assessments progressed during this period
- replaced by June 2022 to strengthen rules protecting environmental outcomes and increase the appropriateness of other provisions governing water extraction.

The Commission received 8 public submissions for this review.

### **Review of water sharing plans due to expire in 2021**

The Commission commenced reviews the following seven water sharing plans, which are due to expire in June 2021.

#### **Greater metropolitan region water sharing plans**

- Greater Metropolitan Region Unregulated River Water Sources 2011
- Greater Metropolitan Region Groundwater Sources 2011.

#### **Coastal water sharing plans**

- Tweed River Area Unregulated and Alluvial Water Sources 2010
- Richmond River Area Unregulated, Regulated and Alluvial Water Sources 2010
- Bega and Brogo Rivers Area Regulated, Unregulated and Alluvial Water Sources 2011
- Murrumbidgee River Area Unregulated and Alluvial Water Sources 2010
- Towamba River Unregulated and Alluvial Water Sources 2010.

The Commission invited submissions for all seven plans in the first half of 2020.

The Commission will provide review reports for these plans to the Minister after considering stakeholder feedback and other evidence.

### **Audits of water management plans**

The Commission has a role under Section 44 of the *Water Management Act 2000* to audit water management plans within the first five years of each plan to ascertain whether their provisions are being given effect to.

This role began on 1 December 2018 under amendments to the Act which enhanced the oversight role of the Commission.

This is in support of achieving the Government's vision as stated in the Second Reading of the *Water Management Act Amendment Bill 2018*. This vision is for a more robust, transparent and accountable system that promotes confidence that our precious water resource is being managed efficiently, effectively and in accordance with the law and above all fairly.

The Commission has commenced its first round of Section 44 audits.

The first audit report will be delivered to the Minister in August 2020 and will examine the implementation of 10 historical floodplain management plans. The Commission also plans to deliver audit reports covering 12 coastal water sharing plans and one floodplain management plan over the coming 12 months. The audit scopes are published on the Commission website.

The Commission is committed to working with key auditees (DPIE-Water, Natural Resources Access Regulator and Water NSW) to identify the most material risks which may adversely impact the achievement of outcomes if not addressed. This effort will be supported by engaging with auditees through an Audit Process Stakeholder Group to share information between audited agencies and the Commission to enable improved audit planning and processes.

The Commission will conduct audits in line with the Australian audit standards. The audit approach is detailed in the audit framework which is available on the Commission website.

The Commission is committed to delivering useful audits that are embraced by auditees as an opportunity for improvement, contribute to a positive change and lead to the achievement of intended outcomes.

#### **2020-2021 activities**

- Complete reviews of two Greater Metropolitan and five coastal water sharing plans.
- Complete audits of 10 floodplain management plans.
- Continue audits of 12 water sharing plans.



# Oversight of forestry-based issues

## Forest Monitoring and Improvement Program

The NSW Government has established a cross tenure Forest Monitoring and Improvement Program (the program) to support ecologically sustainable management of all NSW forested landscapes.

In February 2019, the Premier asked the Commission to independently oversee and advise on the program. This program delivers cost effective, joined up science across government, academia, industry and the community.

This was in response to community concerns about the evidence base to support better management of national parks, state forests, Crown land and private native forests in NSW. The community has called for reliable, independent and transparent information. This demand has heightened after last summer's bushfires.

To design and implement the program, the Commission independently chairs a cross-agency Steering Committee, and has appointed four independent experts to advise the Steering Committee.

By providing robust, open and trusted evidence, the program intends on delivering:

- better risk management and making NSW forests resilient to fires and climate change
- healthy forests to support industries and regional community well-being
- improved conservation of biodiversity
- renewed community trust and partnerships.

### Progress to-date

The program has invested over \$3 million in a range of projects in partnership with NSW agencies, leading universities, private sector, Aboriginal community groups, and citizen scientists including:

- **Wildfire severity mapping** – scientists in the NSW Department of Planning, Industry and Environment will deliver tools and methods to rapidly assess the immediate effects

of wildfires across tenures and identify mitigation and recovery actions.

- **Post-fire Aboriginal cultural renewal** – Firesticks, Coffs Harbour Local Aboriginal Land Council and other Aboriginal groups will assess cultural values and renewal in post-fire impacted forests.
- **Forest-dependent jobs** – Synergies Economics and Verterra Ecological Engineering will assemble and synthesise available economic data to develop and pilot a method to objectively estimate forest-dependent jobs, for example, employment related to nature-based tourism, beekeeping, timber harvest and haulage and timber mills.
- **Fauna monitoring on North Coast forests** – NSW agencies will monitor, analyse and report trends in the North Coast reserves. This will assess the changing koala population as measured by occupancy, including changes in koala density after recent wildfires. The program will develop software to identify the presence of different fauna from forest sound recordings.
- **Drivers of change** – a range of projects will analyse historical data to examine drivers and impacts, including wildfire, drought and climate change on current and predicted trajectories for forests, soil, water and species. This work is in partnership with the University of New England, University of Sydney, University of NSW, RMIT University, Spatial Vision and NSW agencies.
- **Carbon balance** – this will quantify the carbon balance of NSW forests to provide a baseline to forecast changes under different policy, management and climate scenarios.
- **Forest roads** – Alluvium Consulting and the NSW Soil Conservation Service will assess the effectiveness of forest road networks to protect in-stream water quality and minimise soil erosion.
- **Citizen science** - see case study on next page.

## Forest futures are about our past and present

The Forest Monitoring and Improvement Program will use scenarios to explore future policy and management options for forest health, species distribution and water catchment health. Scenarios are a narrative about the future. Plausible scenarios emerge from past and current conditions.

The program has established major projects with NSW agencies and universities – for example, University of Sydney, University of Melbourne, RMIT, University of New England – to identify how climate change, including associated changes in fire regimes and rainfall, drives changes in NSW forests using historical data.

For example, researchers are drawing on NSW and national past datasets since 1988 to establish baselines and trends for a range of indicators for forest health and condition. However, data may be 'patchy' and available for certain areas or time periods. Ongoing long-term monitoring will be important to address data gaps and inputs for modelling future landscape change.

Where possible, the program will use models to simulate what forests could look like over time and space under a range of possible futures. These outputs can help illustrate future end points that can be otherwise difficult to visualise and may be a useful tool for engaging communities and decision makers on forest management outcomes.



## Citizen science - Public participation in forest management

The Commission has partnered with the Australian Citizen Science Association to develop a strategy to connect the citizen science community to evidence-based decision making for forest management. Practical steps will include integrating existing citizen science data, new and scaled-up projects to meet the needs of the Forest Monitoring and Improvement Program.

- **compliance monitoring** – are non-compliances compromising the outcomes or the ability to monitor the effectiveness of the Coastal IFOA Conditions?
- **adaptive management** – can Coastal IFOA Conditions, forestry operations, forestry management or monitoring be improved to better meet objectives and outcomes?

## Coastal IFOA monitoring

The Coastal IFOA sets out rules for native timber harvesting in NSW coastal state forests and establishes environmental outcomes that must be achieved under the approval.

The Coastal IFOA requires that a monitoring program is developed and applied at multiple landscape scales to ensure its ongoing effectiveness in achieving its objectives and outcomes.

The Commission led the development of and consultation on a proposed monitoring program, in collaboration with independent scientific experts and a technical working group of agency representatives, established by the Forest Monitoring Steering Committee.

The Commission also held nine regional workshops with environmental and industry stakeholders to inform the design of

the draft monitoring program. The Commission received 14 written submissions on the draft monitoring program from a range of community, environment, industry and government agency stakeholders.

The Environment Protection Authority and the Department of Primary Industries jointly approved the Coastal IFOA Monitoring Program 2019-2024 in March 2020.

The monitoring program will answer four overarching questions, related to:

- **effectiveness monitoring** – are the Coastal IFOA Conditions effectively meeting its objectives and outcomes?
- **trend monitoring** – is the Coastal IFOA having a neutral, positive or negative impact on landscape-scale environmental values or wood supply?

The monitoring program will evaluate the effectiveness of priority conditions in meeting the Coastal IFOA objectives and outcomes. It will also assess landscape-scale trends to understand if the conditions are affecting environmental values or leading to changes in native forest wood supply over time.

The Commission is now working with agency representatives and independent scientific experts on the detailed design of the nine monitoring strategies.

The Coastal IFOA Monitoring Program forms part of the wider NSW Forest Monitoring and Improvement Program.

Image: New England Blackbutt forest burnt by wildfire, Werrikimbe National Park





## Applying decision science to get the best bang for buck for outcomes

Generating new information is not free. Monitoring forests is expensive and these expenses accrue over the long term. Consequently, the decision to invest in new information should be made with the knowledge of the associated opportunity cost. The opportunity cost might be other actions that could have resulted in greater improvement in management performance rather than investing in new information.

The Commission adopted a 'value of information' approach to ensure the Coastal IFOA monitoring program was cost-effective and focused on priorities. To help achieve this, the Commission sought the best in decision science and engaged the Commonwealth Scientific and Industrial Research Organisation's (CSIRO) Conservation Decision team, led by Dr. Iadine Chades. The team are members of the National Science Foundation, Machine Learning and Artificial Intelligence Future Science Platform.

Working with experts, the CSIRO team used an approach that considered risk, cost and monitoring effectiveness to identify the key areas for the program design. As a result, the community and decision makers can be confident that the program is focused on the most important things to monitor, track and ensure outcomes.

## Independent research on koalas

Since 2018, the Commission has been overseeing an independent research program to better understand how koalas respond to intensive harvesting in state forests on the NSW North Coast.

The research was recommended by the NSW Chief Scientist and Engineer's report on koalas in 2016.

The research findings will be used to inform Forestry Corporation of NSW practices and better protect koalas in state forests.

This research program is being funded by the NSW Department of Planning, Industry and Environment, and delivered under the NSW Government's Koala Strategy.

The Commission selected research projects, led by researchers from the Australian National University, Western Sydney University and NSW Department of Primary Industries. The research investigates koala diet, the nutritional value of koala feed trees and how koalas occupy harvested areas.

Recent wildfires have impacted significant areas of the North Coast, including state forests. As a result, Forestry Corporation of NSW has postponed planned intensive harvesting operations at two research treatment sites. This will impact meeting the research question within agreed timing.

The Commission advised the NSW Koala Strategy Board, who oversee the NSW Koala Strategy, on a number of future options, including opportunities to expand the research program to investigate the impacts on koalas and their habitat. The Commission advised that any options should continue to address the NSW Chief Scientist and Engineer's original recommendations to investigate intensive harvesting.

The Koala Strategy Board is considering the Commission's advice.

Image: Researchers inspecting a koala trap wall in a North Coast state forest





## Old growth reassessment

In November 2018, the Premier asked the Commission to independently oversee a four-year program to reassess old growth forest mapping on coastal state forests.

The Commission and the Environment, Energy and Science Group of the Department of Planning, Industry and Environment developed a draft old growth reassessment framework in collaboration with a panel of independent scientific experts. The draft framework was delivered to the NSW Government for their review prior to community consultation.

The NSW Government review and subsequent public exhibition and community consultation on the draft framework was placed on hold to allow the Forestry Corporation of NSW to conduct further modelling of total hardwood wood supply, including hardwood plantations.

Subsequently, the 2019-2020 fire season further impacted this work. Working with 2Rog Consulting, the Commission looked at the impact of fires on mapped old growth forest. This spatial analysis was used by the Commission to consider the implications for applying the proposed methods in the draft old growth reassessment framework.

The NSW Government suspended the program in June 2020 and approved the remaining funds to support the Forest Monitoring and Improvement Program.

### 2020-2021 activities

- Forest Monitoring and Improvement Program (FMIP) - piloting a remote sensing and forest monitoring plot network.
- FMIP - developing a coordinated monitoring and evaluation plan for Regional Forest Agreements.
- FMIP - further engaging the community through forums and citizen science.
- FMIP - simulating and forecasting future scenarios and outcomes for sustainable forest management.
- Initiating data collection and analysis for the Coastal IFOA.
- Koala research - ensuring the research program builds on existing data to deliver timely and priority information for decision making and forest management.

Image: Harvested area in a North Coast state forest







# Reviews, audits and other evaluations

The Commission undertakes a variety of other work commissioned by Ministers, government agencies or to fulfil legislative functions.

## Advice on land management and biodiversity conservation reforms

In March 2020, the NSW Government responded to the Commission's land management and biodiversity conservation reform trigger review. The Government accepted 10 of the Commission's recommendations either fully or in principle, noted three and did not support one.

In July 2019, the Commission submitted its final advice on land management and biodiversity conservation reforms. In summary, the Commission found that the reforms are contested, complex and significant. There is also need for a timely, fit-for-purpose response to emerging risks, coupled with a coordinated long-term monitoring approach. The Commission found that the trigger thresholds for policy implementation, state-wide biodiversity, regional biodiversity and compliance had been exceeded and represent major risks to reform success.

In 2017, the NSW Government implemented the Land Management and Biodiversity Conservation reform package (the reforms), which included the new *Biodiversity Conservation Act 2016* and amendments to the *Local Land Services Act 2013*.

These reforms were to implement the recommendations of a 2014 review by the Independent Biodiversity Legislation Review Panel. The review outlined 43 recommendations to improve biodiversity conservation on private land, strike the right balance between production and conservation, increase certainty for landholders and reduce regulatory burden.

Prior to the legislation coming into effect, a policy review trigger was agreed upon between the then Minister for the Environment and the then Minister for Primary Industries to "initiate a review of the policy framework (including legislative, regulatory and financial settings)" if notified clearing and applications for certification for clearing reached an annualised threshold of 20,000 hectares, measured in any six-month period.

The Premier requested that the Commission provide independent, evidence-based advice on a response to the policy review trigger.

The Commission's review found that:

- the current trigger is not appropriate for its intended use
- a new trigger framework is needed to monitor and respond to key risks
- the new trigger framework has identified three key risks to the reforms – policy implementation, biodiversity impacts and compliance – that should be addressed immediately

## Regional risk-based policy review trigger

The NSW Premier asked the Commission to provide advice on the appropriateness of the current policy review trigger and, where appropriate to do so, recommend new key performance indicators needed to replace the 20,000-hectare policy review point.

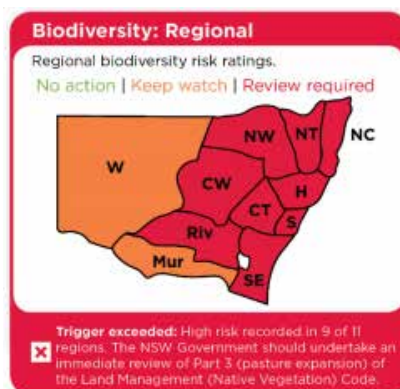
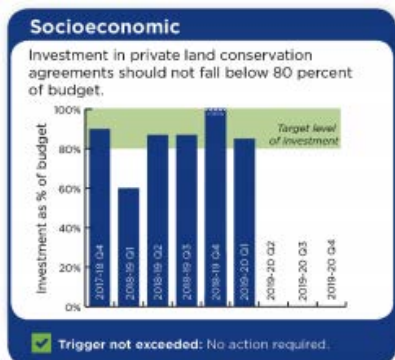
The Commission advised that the current trigger was not appropriate for its intended use and provided a framework of alternative triggers, including a regional biodiversity trigger to replace the 20,000-hectare trigger.

The Commission found that a regional biodiversity risk assessment was a more appropriate scale – Local Land Services (LLS) region – for a policy review trigger. The biodiversity risk rating for a LLS region was assessed against:

- the set aside requirements from the Second Reading Speech of a minimum of 2:1 ratio of area of vegetation set aside against that approved to clear
- no net loss of vegetation in that LLS region.

A high-risk rating was set for when the total set aside area established still results in a net loss of vegetation in that region.

Through analysis of area of vegetation set aside against that approved to clear in each LLS region, the Commission found that under the new trigger a high risk was recorded in 9 of the 11 regions of NSW.





- a Native Vegetation Regulatory Map showing all map categories is not and should be publicly available
- compliance frameworks are inadequate and high rates of unexplained clearing pose a major risk
- widespread use of Part 3 of the Code – which relates to thinning – poses a risk to biodiversity throughout the state
- a coordinated, reform-specific monitoring, evaluation and reporting program is needed to report on reform outcomes
- there are further opportunities to improve the reforms' service delivery and mitigate risks.

The Commission's recommendations related to:

- addressing critical risks to reform outcomes
- continuing to monitor key risks associated with the Land Management and Biodiversity Conservation Reforms
- reporting on key outcomes associated with the Land Management and Biodiversity Conservation reforms
- implementing the proposed trigger and monitoring, evaluation and reporting frameworks and improve service delivery more broadly.

## Audits of Local Land Services' strategic plan implementation

The Commission's audits of Local Land Services deliver accountability of service delivery, drive improved performance, and engender community and investor confidence.

The Commission completed independent audits of implementation of local strategic plans of each of the 11 Local Land Services regions. The Commission's audit was a requirement of the Act, which states that each plan is to be audited within three years of its approval.

The audits focused on:

- the extent to which the outcomes of each plan were achieved in the set timeframes
- whether systems and processes are in place to support the implementation of the plans
- how outcomes were reported and whether this was in line with requirements and effective.

The Commission found that:

- regions are delivering in line with their local strategic plans, although the assessment of local strategic plan outcomes is currently very limited
- all regions have progressed most of the deliverables under their plans
- outcomes are being delivered despite funding constraints, with funding pressures in the areas of natural resource management, biosecurity and travelling stock reserves
- limited funding has impacted the extent of achievement of local strategic plan outcomes and is likely to impact achievement of outcomes into the future.

The Commission also identified the following opportunities to improve the systems supporting the implementation of plans:

- Regions should consider whether their local strategic plans adequately represent and articulate current regional needs.
- Regions should ensure that local strategic plans are driving day-to-day planning, supported by robust operational plans.
- While governance systems generally support local strategic plan implementation, the effectiveness of current community advisory groups to inform decision-making and meet legislative requirements should be reviewed in some regions.
- Monitoring, evaluation, reporting and improvement frameworks should be developed as a priority so that progress towards outcomes can be measured and reported, and continuous improvement processes can be integrated into business operations.
- Reporting should be streamlined to focus on outcomes.
- Regional collaboration should be expanded to share lessons, leverage funding and streamline resources for cross-regional issues.

Image: Thirsty lambs





## Review of Environmental Trust's Major Projects Program

The Commission delivered advice to the Environmental Trust on the Major Projects program – one of the NSW Government's largest environmental funding programs.

The Commission's evaluation focused on the governance processes to assess whether the program's decision-making processes are sound, fit for purpose and maximise public value from the Trust's investment.

The Commission found the program's governing processes are sound, including the selection of priority issues, evaluation of priority issues against the Trust's objectives, co-design of project business cases by grantees and the Trust, and engagement of Trust's staff with stakeholders.

The Commission recommended that the program's governance can be further improved to better achieve the Trust's objectives by:

- clearly identifying objectives that will inform future design of the prioritisation and selection processes for each funding stream
- improving the prospectus process by broadening stakeholder engagement through workshops and improved communication
- improving the program oversight by allocating more staff to manage the program.

During the evaluation, the Commission reviewed 54 project documents, conducted 18 face-to-face interviews with the Trust staff and stakeholders, conducted eight interviews with successful and unsuccessful grantees, and received 36 responses to the online survey of workshop participants and successful participants.

## Environmental Trust accepts Commission's advice on research priorities on tree dieback

The Environmental Trust accepted the Commission's advice on research priorities on tree dieback.

Dieback is a natural response of eucalyptus trees to changing environmental conditions and forms part of the compositional and structural dynamics of eucalypt forests.

The Trust engaged the Commission to oversee the delivery of a research program to better understand the causes of eucalyptus dieback in NSW. The research program will help address knowledge gaps, provide evidence to support policy and practice change for ecosystem management, and inform the effective management of risks to community values.

As a first step, the Commission established and independently chaired a project steering group and provided advice on research priorities.

The Commission recommended research priorities and focus around four themes:

- Research theme 1: Investigating management interventions
- Research theme 2: Investigating historical relationships
- Research theme 3: Investigating species resilience and vulnerability
- Research theme 4: Investigating soil factors.

In addition, the Commission identified research design criteria that the Trust could consider when selecting research proposals.

Image: Bell miner associated dieback (Courtesy NSW DPIE)





## Setting priorities for Environmental Trust's coastal rivers and estuaries project

The Environmental Trust engaged the Commission to set priorities for the coastal rivers and estuaries project which aims to:

- improve the knowledge and understanding of past and present health, threats, stressors, management and funding for coastal rivers and wetlands
- evaluate lessons learned, the barriers and enablers for success, governance models and innovative approaches
- improve riparian rehabilitation through benchmarking good practice guidelines for riparian and bank restoration management
- provide strategic recommendations to guide prioritisation of investment in coastal river and estuary health.

The investment in coastal rivers project is part of the Trust's Major Projects program, which identifies and designs projects through consultation with key stakeholders. The Trust has established an Advisory Group for the program.

The Commission delivered a key findings paper outlining the current health of coastal rivers and estuaries, existing investment programs, and the barriers and enablers for successful projects. The Commission also developed an investment options paper and discussed these further with the Advisory Group.

Concurrently, the Commission has conducted a focused investigation into riparian rehabilitation to benchmark good practices and held a workshop with the Trust, Advisory Group and key stakeholders on the findings. The Commission prepared a publication ready guide, which will assist grantees in preparing applications and guide the Trust's investment in riparian rehabilitation activities.

The Commission will consult with the Trust and their Advisory Group and aims to provide advice on investment in the health of coastal rivers and estuaries by September 2020.

## Evaluation of Environmental Trust's Community Bush Regeneration Program

The Environmental Trust asked the Commission to evaluate the Trust's Community Bush Regeneration Program. This \$8 million program funded 34 projects over six-years, commencing in 2011-2012, and aims to:

- regenerate degraded natural areas, including bushland, riverbanks, degraded waterways and rare and endangered ecosystems
- improve the ongoing health and resilience of important ecosystems and habitats of rare and endangered flora and fauna
- improve ecological connectivity within and between natural areas
- improve the capacity of, and resource local community groups to protect, restore and enhance the environment by strengthening community organisations whose primary purpose is to undertake environmental works in their local area.

The evaluation of the program will:

- assess whether program outcomes have been achieved
- test the assumptions underpinning the program
- identify lessons for future Trust projects.

The Commission conducted online survey of all grant recipients. However, face-to-face interviews and field investigations are currently on hold due to COVID-19 travel restrictions.

### 2020-2021 activities

- Complete the coastal rivers project.
- Continue to oversee tree dieback research.
- Complete the evaluation of community bush regeneration project.
- Commence evaluation of the linear reserves program.
- Commence evaluation of the Murrumbidgee Nature Flora Reserves.



## Pulse survey

The Commission conducted an anonymous pulse survey of its staff to capture their thoughts, comments and suggestions on engagement, productivity and wellbeing.

### Engagement

- Overall, engagement increased from 2019 Public Matter Employee Survey (PMES) result of 67% to 88%.

### Productivity

- 100% of respondents felt that the team are delivering on outcomes as outlined in performance agreements, and 95% were confident that they are contributing their best at work.
- 95% said they felt inspired.
- 32% reported their workload remained the same, 45% said it increased during COVID-19.
- 77% reported they were able to meet their family responsibilities and work commitments while working remotely.
- 100% said their team is just as or more efficient during COVID-19.

### Wellbeing

- 73% of respondents said they were able to keep stress at an acceptable level, up from 60% in the 2019 PMES.
- Overwhelming number of respondents reported benefits as a result of changing work conditions in response to COVID-19. The most common were reported as not commuting, working flexible hours, fewer distractions and increased efficiency.
- 100% said they would like to continue working remotely once the COVID-19 restrictions are lifted.

## Learning and development

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

- attending relevant conferences and seminars
- professional development support through customised coaching, feedback training and study assistance scheme
- using Microsoft Teams to assist in efficiency and team cohesiveness when remote working
- providing all staff members access to online training and courses across a range of development areas through the LinkedIn Learning Library
- career development opportunities, including four temporary assignments to senior roles
- training and refresher modules for audit and evaluation
- a face-to-face induction program for all incoming staff members
- targeted project management tools that provide interactive approach to planning and guiding project processes.

## Work health and safety

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

This was achieved by:

- completing an internal audit on workplace wellbeing for staff. The audit determined that the workplace wellbeing risks appear to be identified and managed in a proactive manner. Management's response to COVID-19 was commended in terms of equipment and support provided to staff while working from remote locations
- facilitating remote working for all staff members to ensure their safety during the COVID-19 pandemic
- continuing numerous health and wellbeing initiatives, including the corporate fitness program and influenza vaccinations
- facilitating a wellbeing seminar
- developing and implementing wellbeing policy and initiatives for all staff members
- auditing first aid kits
- providing first aid training and mental health first aid training
- participating in the Work Health and Safety Committee activities.

There were no work health and safety incidents in the reporting period.



## COVID-19

With the COVID-19 pandemic occurring during the second half of the year, the Commission team responded with resilience and courage, embracing new technologies, the restrictions of being locked down and juggling family responsibilities. Whilst all of this was occurring, the team maintained the highest quality work, no loss in productivity and galvanised their reputation as a high performing team.

## Policies and guidelines

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

The Commission reviewed its policies and procedures to provide current information that is easy to understand and is aligned to the public sector provisions and best practice.

## Technology

During the reporting year, the Commission:

- completed a Microsoft upgrade to Windows 10 operating system
- rolled out Office 365 suite of products to provide applications as a service to all staff members
- migrated current website software - Adobe Business Catalyst Content Management System to a new platform to meet the changing business needs for managing digital assets
- commenced upgrade of its document management system to the latest version that provides improved performance and stability, and allows for clipping-on future modules to address changing needs, such as web interfaces.

## Multicultural policies and services

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

The Commission's Multicultural Policies and Services Plan details actions to be taken by the Commission to support the NSW Government's commitment to the principles of multiculturalism.

These actions relate to:

- planning and evaluating multicultural policy goals
- capacity building and resourcing for implementing the multicultural policy goals
- implementing program and services to address barriers to access services for people from culturally, linguistically and religiously diverse backgrounds.

Image: Natural Resources Commission team members





## Complaints handling

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

The Commission did not receive any complaints in the reporting period.

## Disability inclusion

The Commission's Disability Inclusion Action Plan complies with the *Disability Inclusion Act 2014* and aligns with the NSW Disability Inclusion Plan.

The plan has four focus areas:

- developing positive community attitudes and behaviours
- establishing accessible systems and processes
- creating liveable communities
- supporting 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 staff 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 staff members.

## Workforce diversity

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

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

The Commission demonstrates its commitment to workforce diversity by:

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

## Sustainability

As part of the office sustainability initiatives, the Commission engaged a consultancy to develop a baseline carbon footprint for 2019 and suggest a roadmap to carbon neutrality.

The Commission's total estimated operational greenhouse gas emissions were 97.7 tonnes carbon dioxide equivalents. Most of this was from scope three emissions from base building electricity consumption and air travel within NSW.

While COVID-19 has significantly changed the Commission's emission patterns in 2020 making a year-on-year comparison challenging, the Commission intends to become carbon neutral by 2022 through a combination of offsets and emissions reduction activities.

### 2020-2021 activities

- Upgrade technology across back up servers and applications.
- Conduct pulse survey in November 2020.
- Organise internal audit on Commission's data management on projects.
- Drive efficiency across vendors, projects and budgets.

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# Financial statements for the year ended 30 June 2020

## Natural Resources Commission

Independent auditor's report

Statement on behalf of the Commission

Financial statements





## INDEPENDENT AUDITOR'S REPORT

### Natural Resources Commission

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Natural Resources Commission (the Commission), which comprise the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information. The Commission comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the Commission's financial position as at 30 June 2020 and of their performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

#### Basis for Opinion

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

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

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

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## Other Information

The Commission's annual report for the year ended 30 Jun 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Natural Resources Commissioner is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement in Accordance with section 41C of the PF&A Act.

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

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

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

I have nothing to report in this regard.

## The Commissioner's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Commissioner is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

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The scope of my audit does not include, nor provide assurance:

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



Min Lee  
Director, Financial Services  
Delegate of the Auditor-General for New South Wales

25 September 2020  
SYDNEY

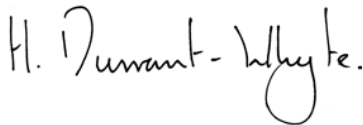
18 September 2020

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

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

- the accompanying financial statements in respect of the year ended 30 June 2020 have been prepared in accordance with applicable Australian Accounting Standards, the provisions of the *Public Finance and Audit Act 1983*, applicable clauses of the *Public Finance and Audit Regulation 2015* and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities, and
- the statements exhibit a true and fair view of the financial position of the Natural Resources Commission as at 30 June 2020, and transactions for the year then ended, and
- there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

Yours sincerely



Prof Hugh Durrant-Whyte  
**Commissioner**

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**Natural Resources Commission  
& its Controlled Entity  
Financial statements  
for the period ended 30 June 2020**

Natural Resources Commission  
Statements of comprehensive income  
for the period ended 30 June 2020

	Notes	Consolidated			Commission		Actual 2019 \$'000
		Budget 2020 \$'000	Actual 2020 \$'000	Actual 2019 \$'000	Budget 2020 \$'000	Actual 2020 \$'000	
<b>Expenses excluding losses</b>							
Operating Expenses							
Employee Related Expenses	2(a)	4,208	<b>4,446</b>	3,748	-	-	-
Other Operating Expenses	2(b)	3,590	<b>3,531</b>	2,705	3,590	<b>3,531</b>	2,705
Depreciation and amortisation	2(c)	468	<b>563</b>	186	468	<b>563</b>	186
Personnel Services	2(d)	-	-	-	4,153	<b>4,297</b>	3,609
Finance Cost	2(e)	264	<b>143</b>	3	264	<b>143</b>	3
<b>Total expenses excluding losses</b>		<b>8,530</b>	<b>8,683</b>	<b>6,642</b>	<b>8,475</b>	<b>8,534</b>	<b>6,503</b>
<b>Revenue</b>							
Cluster Grants and Contributions	3(a)	5,245	<b>5,245</b>	5,066	5,245	<b>5,245</b>	5,066
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	55	<b>149</b>	139	-	-	-
Grants and Contributions	3(c)	2,912	<b>1,754</b>	-	5,912	<b>1,754</b>	-
Other Revenue	3(d)	-	<b>1,185</b>	789	-	<b>1,185</b>	789
<b>Total Revenue</b>		<b>8,212</b>	<b>8,333</b>	<b>5,994</b>	<b>8,157</b>	<b>8,184</b>	<b>5,855</b>
<b>Gain /(loss) on disposal</b>	4	-	<b>(2)</b>	-	-	<b>(2)</b>	-
<b>Other gains/(losses)</b>	5	-	<b>(912)</b>	(5)	-	<b>(912)</b>	(5)
<b>Net Result</b>		<b>(318)</b>	<b>(1,264)</b>	<b>(653)</b>	<b>(318)</b>	<b>(1,264)</b>	<b>(653)</b>
Other comprehensive income		-	-	-	-	-	-
<b>Other comprehensive income</b>							
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(318)</b>	<b>(1,264)</b>	<b>(653)</b>	<b>(318)</b>	<b>(1,264)</b>	<b>(653)</b>

The accompanying notes form part of these financial statements.

Natural Resources Commission  
Statement of financial position  
as at 30 June 2020

	Notes	Consolidated			Commission		
		Budget	Actual	Actual	Budget	Actual	Actual
		2020 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2020 \$'000	2019 \$'000
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	7	444	1,080	459	444	1,071	446
Receivables	8	40	194	157	40	190	157
<b>Total current assets</b>		<b>484</b>	<b>1,274</b>	616	484	<b>1,261</b>	603
Plant and Equipment							
Plant and Equipment	9	250	251	333	250	251	333
Leasehold Improvements	9	507	562	673	507	562	673
<b>Total Plant and Equipment</b>		<b>757</b>	<b>813</b>	1,006	757	<b>813</b>	1,006
Right-of-use Assets	10	7,095	4,856	-	7,095	4,856	-
<b>Total non-current assets</b>		<b>7,852</b>	<b>5,669</b>	1,006	7,852	<b>5,669</b>	1,006
<b>Total assets</b>		<b>8,336</b>	<b>6,943</b>	1,622	8,336	<b>6,930</b>	1,609
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Payables	11	266	1,004	385	266	1,000	385
Borrowings	12	187	313	-	187	313	-
Provisions	13	199	505	375	199	496	362
<b>Total current liabilities</b>		<b>652</b>	<b>1,822</b>	760	652	<b>1,809</b>	747
<b>Non-current liabilities</b>							
Borrowings	12	7,019	5,510	-	7,019	5,510	-
Employee benefits and related on costs	13	7	8	7	7	8	7
Other provisions		121	145	133	121	145	133
<b>Total non-current liabilities</b>		<b>7,147</b>	<b>5,663</b>	140	7,147	<b>5,663</b>	140
<b>Total liabilities</b>		<b>7,799</b>	<b>7,485</b>	900	7,799	<b>7,472</b>	887
<b>Net assets</b>		<b>537</b>	<b>(542)</b>	722	537	<b>(542)</b>	722
<b>EQUITY</b>							
Accumulated funds		537	(542)	722	537	(542)	722
<b>Total Equity</b>		<b>537</b>	<b>(542)</b>	722	537	<b>(542)</b>	722

The accompanying notes form part of these financial statements.

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**Natural Resources Commission**  
**Statements of changes in equity**  
**for the period ended 30 June 2020**

<b>Consolidated and Commission</b>	<b>Accumulated Funds \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2019</b>	722	722
<b>Result for the year</b>	<u>(1,264)</u>	<u>(1,264)</u>
<b>Total comprehensive income for the year</b>	<u>(1,264)</u>	<u>(1,264)</u>
<b>Balance at 30 June 2020</b>	<u>(542)</u>	<u>(542)</u>
<b>Balance at 1 July 2018</b>	1,375	1,375
<b>Net Result for the year</b>	<u>(653)</u>	<u>(653)</u>
<b>Total comprehensive income for the year</b>	<u>(653)</u>	<u>(653)</u>
<b>Balance at 30 June 2019</b>	<u>722</u>	<u>722</u>

The accompanying notes form part of these financial statements.



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**Natural Resources Commission**  
**Statement of cash flows**  
**for the period ended 30 June 2020**

	Consolidated			Commission		
	Budget	Actual	Actual	Budget	Actual	Actual
	2020	2020	2019	2020	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee related	(4,176)	<b>(4,142)</b>	(3,480)	(4,176)	<b>(4,160)</b>	(3,492)
Finance costs	(264)	<b>(142)</b>	-	(264)	<b>(142)</b>	-
Other	(3,590)	<b>(3,332)</b>	(3,237)	(3,590)	<b>(3,313)</b>	(3,230)
<b>Total Payments</b>	<b>(8,030)</b>	<b>(7,616)</b>	(6,717)	<b>(8,030)</b>	<b>(7,615)</b>	(6,722)
<b>Receipts</b>						
Grants and Contributions	8,157	<b>6,999</b>	5,066	8,157	<b>6,999</b>	5,066
Other	-	<b>1,545</b>	1,132	-	<b>1,548</b>	1,132
<b>Total Receipts</b>	<b>8,157</b>	<b>8,544</b>	6,198	<b>8,157</b>	<b>8,547</b>	6,198
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>127</b>	<b>928</b>	(519)	<b>127</b>	<b>932</b>	(524)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems	-	-	1	-	-	1
Purchases of land and buildings, plant and equipment and infrastructure systems	-	-	(31)	-	-	(31)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>	(30)	<b>-</b>	<b>-</b>	(30)
Repayment of borrowings and advances	(176)	<b>(307)</b>	-	(176)	<b>(307)</b>	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(176)</b>	<b>(307)</b>	-	<b>(176)</b>	<b>(307)</b>	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(49)</b>	<b>621</b>	(549)	<b>(49)</b>	<b>625</b>	(554)
Opening cash and cash equivalents	493	<b>459</b>	1,008	493	<b>446</b>	1,000
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>444</b>	<b>1,080</b>	459	<b>444</b>	<b>1,071</b>	446

The accompanying notes form part of these financial statements.

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Reporting entity

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

The Commission, as a reporting entity, comprises all the entities under its control, namely the Natural Resources Commission Staff Agency. The Natural Resources Commission Staff Agency (Staff Agency) is a public service agency established under the Administrative Arrangements Order 2014 and is pursuant to Part 2 of Schedule 1 of the Government Sector Employment Act 2013 (formerly the Natural Resources Commission Division established under the former Public-Sector Employment and Management Act 2002).

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

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

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

These consolidated financial statements for the year ended 30th June 2020 have been signed by the Commissioner on 25 September 2020.

The Commission had a change in Commissioner during the 2020 financial year. The appointment of the current Commissioner was effective on 17 June 2020.

### (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 2020 of \$1,071,000 (2019: \$446k). As at 30 June 2020 it had net working capital deficit of \$548k (2019: 44k). The Commission receives a grant from principal cluster Agency (FY 2020 Department of Planning, Industry and Environment) that is sufficient to fund its ongoing operations.

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

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

(c) *Statement of compliance*

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

(d) *Insurance*

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

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

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

(f) *Income recognition*

Until 30 June 2019, income is recognised in accordance with AASB 118 Revenue and AASB 1004 Contributions. From 1 July 2019, income is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities, dependent on whether there is a contract with a customer defined by AASB 15 Revenue from Contracts with Customers.

Comments regarding the accounting policies for the recognition of income are discussed below.

(i) *Parliamentary appropriations and contributions*

Until 30 June 2019, 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.

<b>Movement of Section 4.7 GSF Act - deemed appropriations:</b>	<b>2020</b>	<b>2019</b>
	\$'000	\$'000
Opening balance	-	-
Adjustment for appropriations deemed on commencement of section 4.7	459	-
Adjusted opening balance	459	-
Add: additions of deemed appropriations	8,544	6,748
Less: expenditure charged against deemed appropriations	(7,923)	(6,748)
Closing Balance	<u>1,080</u>	<u>-</u>

After AASB 15 and AASB 1058 became effective on 1 July 2019, the treatment of appropriations remains the same, because appropriations do not contain an enforceable sufficiently specific performance obligation as defined by AASB 15.

(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*

Until 30 June 2019, revenue is recognised when the service is provided or by reference to the stage of completion and costs incurred are recovered.

From 1 July 2019, Revenue from rendering of services is recognised when the Entity satisfies the performance obligation by transferring the promised services.

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

- (iv) **Grants**  
Until 30 June 2019, 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.

From 1 July 2019 grant funding received to support the functions of the Commission, are recognised as income under AASB 1058 when the Commission obtains control of the granted asset. For all grants, this is usually on receipt.

The Commission received funding for a series of Terms of Reference that commenced in 2019 and will conclude in 2023 from the Department of Industry. These funds are for use specifically in delivering the project advice to government and is not part of the standard grant funding. Refer note 3(c).

- (g) **Property, Plant and Equipment**

- (i) **Property, Plant and Equipment**

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

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

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

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

- (ii) **Capitalisation thresholds**

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

- (iii) **Restoration costs**

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

- (iv) **Depreciation of property, plant and equipment**

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

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

<b>Depreciation Rates</b>	<b>% Rate 2020</b>	<b>% Rate 2019</b>
<b>Plant &amp; Equipment</b>		
Office furniture and fittings	range from 10 to 33	range from 10 to 33
Computer equipment and software	range from 25 to 33	range from 25 to 33
General plant and equipment	range from 10 to 20	range from 10 to 20
Intangible	33	33
Leasehold improvements	Over the period of the lease	Over the period of the lease
Right-of-use asset – leases	Over the period of the lease	Over the period of the lease

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

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

#### (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.

Nonspecialised 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. However, the right-of-use assets are subject to impairment. The Commission assesses, at each reporting date, whether there is an indication that the asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Commission estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### (h) *Leases*

Up to 30 June 2019, operating lease payments are recognised as an operating expense in statement of comprehensive income on straight line basis over the term. An operating lease is a lease other than finance lease.

The details of application of AASB 16 are disclosed in notes 1 & 10.

### (i) *Receivables*

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

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

### (j) *Employee benefits and other provisions*

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

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

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

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

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

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

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

(j) *Employee benefits and other provisions (cont'd)*

(b) Long service leave and superannuation

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

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

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

(c) Consequential on-costs

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

(k) *Other Provisions*

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

(l) *Fair value hierarchy*

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

(m) *Equity and reserves*

(i) Accumulated Funds

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

(n) *Budgeted amounts*

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 15.

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

(o) *Comparative information*

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

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

(i) Effective for the first time in 2019-20

The accounting policies applied in 2019-20 are consistent with those of the previous financial year except for the following standards adopted for the first time in 2019-20. The impact of these Standards in the period of initial application is not material.

- AASB 15 Revenue from Contracts with Customers  
The adoption of AASB 15 did not have an impact on financial statements of Commission.
- AASB 1058 Income of Not-for-Profit Entities  
The adoption of AASB 1058 did not have an impact on financial statements of Commission.
- AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059
- AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities
- AASB 16 Leases  
AASB 16 supersedes AASB 117 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessee Accounting

AASB 16 requires the entity to account for all the leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the Commission recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right-of-use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

The Commission has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated. In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.42%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2019. The exception is right-of-use assets that are subject to accelerated depreciation. These assets are measured at their fair value at 1 July 2019.

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

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

In applying AASB 16 for the first time, the Commission has used the following practical expedients permitted by the standard:

- not reassess whether a contract is, or contains, a lease at 1 July 2019, for those contracts previously assessed under AASB 117 and "Interpretation 4".
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- relying on its previous assessment on whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review.
- not recognise a lease liability and right-of-use-asset for short-term leases that end within 12 months of the date of initial application.
- excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- using hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The effect of adoption AASB 16 as at 1 July 2019 (increase/ (decrease) is, as follows:

	<b>\$'000</b>
<b>Assets</b>	
Property, plant and equipment	6,130
<b>Total assets</b>	<b>6,130</b>
<b>Liabilities</b>	
Borrowings	6,130
<b>Total liabilities</b>	<b>6,130</b>
<b>Equity</b>	
Accumulated funds	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	<b>\$'000</b>
Operating lease commitments as at 30 June 2019 (GST included)	3,419
(Less): variable lease payments included in the commitments	(208)
Operating lease rent commitment as at 30 June 2019	<b>3,211</b>
(Less): GST included in operating lease commitments	(291)
Operating lease commitments as at 30 June 2019 (GST excluded)	<b>2,920</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.42%
Discounted operating lease commitments as at 1 July 2019	<b>2,707</b>
Add: commitments relating to leases previously classified as finance leases (GST excluded)	-
(Less): commitments relating to short-term leases	-
(Less): commitments relating to leases of low-value assets	-
Add/(less): contracts re-assessed as lease contracts	-
Add: Lease payments relating to renewal periods not included in	
Operating lease commitments as at 30 June 2019	3,423
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	-
<b>Lease liabilities as at 1 July 2019</b>	<b>6,130</b>



## **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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

(ii) Issued but not yet effective

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

The following new Australian Accounting Standards have not been applied and are not yet effective (TC 20-01).

- AASB 17 Insurance Contracts
- AASB 1059 Service Concession Arrangements: Grantors

The Commission does not provide any service concession arrangements, as a result the standard has no implications.

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059
- AASB 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform
- AASB 2019-7 Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations.

Natural Resources Commission  
Notes to the financial statements  
for the period ended 30 June 2020

**2 Expenses Excluding Losses**

	Consolidated		Commission	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>(a) Employee related expenses</b>				
Salaries and wages (including annual leave)	3,821	3,185	-	-
Superannuation: defined contribution plans	240	177	-	-
Long service leave	149	139	-	-
Worker's compensation insurance	9	11	-	-
Payroll tax and fringe benefit tax	157	137	-	-
On-Costs - annual leave and long service leave	32	30	-	-
Temporary employees and short-term staff	38	69	-	-
	<b>4,446</b>	<b>3,748</b>	<b>-</b>	<b>-</b>

	Consolidated		Commission	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>(b) Other operating expenses include the following:</b>				

Auditor's remuneration - audit or review of the financial statements	24	25	24	25
Consultancy costs	2,404	1,423	2,404	1,423
Contractors	252	183	252	183
Insurance	7	4	7	4
Postage and telephone	13	4	13	4
Advertising, Printing and Publication	6	7	6	7
Operating lease rental expense - minimum lease payments	-	500	-	500
Variable lease payments, not included in lease liabilities	75	-	75	-
Training (staff development)	77	68	77	68
Travel	76	150	76	150
Corporate Services	416	254	416	254
Administration Expenses	107	65	107	65
ICT Expenses	74	22	74	22
	<b>3,531</b>	<b>2,705</b>	<b>3,531</b>	<b>2,705</b>

	Consolidated		Commission	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>(c) Depreciation and amortisation expense</b>				

Depreciation				
Plant and Equipment	80	75	80	75
Leasehold Improvements	111	111	111	111
Right-of-use Asset	372	-	372	-
Total depreciation and amortisation	<b>563</b>	<b>186</b>	<b>563</b>	<b>186</b>

Natural Resources Commission  
Notes to the financial statements  
for the period ended 30 June 2020

**2 Expenses Excluding Losses (cont'd)**

	Consolidated		Commission	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>(d) Personnel Services</b>				
Paid to Natural Resources Commission Staff Agency	-	-	4,297	3,609
	<b>-</b>	<b>-</b>	<b>4,297</b>	<b>3,609</b>

	Consolidated		Commission	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>(e) Finance Cost</b>				
Unwinding of discount rate	1	3	1	3
Interest expense from lease liabilities	142	-	142	-
	<b>143</b>	<b>3</b>	<b>143</b>	<b>3</b>

**3 Revenue**

	Consolidated		Commission	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>(a) Cluster Grants and Contributions</b>				
Grant funding from Department of Premier and Cabinet	-	5,066	-	5,066
Grant funding from Department of Planning, Industry and Environment	5,245	-	5,245	-
	<b>5,245</b>	<b>5,066</b>	<b>5,245</b>	<b>5,066</b>

	Consolidated		Commission	
	2020 \$'000	2019 \$'000	2020 \$'000	2020 \$'000
<b>(b) Acceptance by Crown Entity of employee benefits and other liabilities</b>				
Long service leave	149	139	-	-
	<b>149</b>	<b>139</b>	<b>-</b>	<b>-</b>

	Consolidated		Commission	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>(c) Grants and Contributions</b>				
Terms of Reference funding	1,754	-	1,754	-
	<b>1,754</b>	<b>-</b>	<b>1,754</b>	<b>-</b>

	Consolidated		Commission	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>(d) Other revenue</b>				
Cost recoveries other agencies	1,185	789	1,185	789
	<b>1,185</b>	<b>789</b>	<b>1,185</b>	<b>789</b>

**Natural Resources Commission**  
**Notes to the financial statements**  
**for the period ended 30 June 2020**

**4 Gain / (Loss) On Disposal**

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Proceeds from disposal	-	1	-	1
Written down value of assets disposed	<b>(2)</b>	<b>(1)</b>	<b>(2)</b>	<b>(1)</b>
	<b>(2)</b>	-	<b>(2)</b>	-

**5 Other Gains / (Losses)**

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Impairment losses on right-of-use Assets	<b>(902)</b>	-	<b>(902)</b>	-
Gain / (loss) from movement in provision for restoration cost	<b>(10)</b>	<b>(5)</b>	<b>(10)</b>	<b>(5)</b>
	<b>(912)</b>	<b>(5)</b>	<b>(912)</b>	<b>(5)</b>

**6 Budget Program – Independent Advice and Accountability**

The Natural Resources Commission is an independent body within government and is not subject to Ministerial control or direction over the preparation and contents of advice or recommendations. Government looks to the Commission for credible balanced advice in a challenging environment. The Commission provides independent advice on contested issues, and practical solutions to help resolve complex natural resource management issues with triple bottom line focus.

**7 Current Assets - Cash and Cash Equivalents**

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and on hand	<b>1,080</b>	459	<b>1,071</b>	446
	<b>1,080</b>	459	<b>1,071</b>	446

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

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

	<b>Consolidated</b>		<b>Commission</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents (per balance sheet)	<b>1,080</b>	459	<b>1,071</b>	446
Closing cash and cash equivalents (per statements of cash flows)	<b>1,080</b>	459	<b>1,071</b>	446

Refer Note 17 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Natural Resources Commission  
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**8 Current Assets - Receivables**

	Consolidated		Commission	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Current Receivables</b>				
Goods and Service Tax recoverable from ATO	119	132	119	132
Receivable	75	25	71	25
	<b>194</b>	<b>157</b>	<b>190</b>	<b>157</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 17.

**9 Non-Current Assets - Plant and Equipment**

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
<b>Consolidated and Commission</b>			
<b>At 1 July 2019 - fair value</b>			
Gross Carrying Amount	686	1,108	1,794
Accumulated depreciation and impairment	(353)	(435)	(788)
Net carrying amount	333	673	1,006
<b>At 30 June 2020 - fair value</b>			
Gross Carrying Amount	669	1,108	1,777
Accumulated depreciation and impairment	(418)	(546)	(964)
Net carrying amount	251	562	813

**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
<b>Period ended 30 June 2020</b>			
Net carrying amount at start of year	333	673	1,006
Disposals	(2)	-	(2)
Depreciation expense - asset owned	(80)	(111)	(191)
Net carrying amount at end of year	251	562	813

## 9 Non-Current Assets - Plant and Equipment (cont'd)

### Reconciliation

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

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
<b>Year ended 30 June 2019</b>			
Net carrying amount at start of year	378	784	1,162
Additions	31	-	31
Disposals	(1)	-	(1)
Depreciation expense	(75)	(111)	(186)
Write-back on disposals	-	-	-
Net carrying amount at end of year	333	673	1,006

## 10 Leases

From 1 July 2019, the Commission applies AASB 16 for the first time. Upon assessment of the existing contracts the agency has only one operating lease that is for its office premises at Level 6, 56 Martin Place, Sydney. The lease commenced on 1 January 2016 and finishes on 31 December 2025, with an option to extend for another 10 years. The Commission is highly likely to exercise the option to extend. This has been factored in the calculation of the initial right of use asset and the lease liability.

The COVID-19 pandemic that occurred in the final six months of the 2019-20 financial year has had an unprecedented effect on the NSW and global economies, including impacting the market rent for the Commission's leased premises and the value of its right-of-use assets as noted in the Statement of Financial Position.

The Commission has completed an impairment assessment for this right-of-use asset, to determine whether the carrying amount exceeded the recoverable amount. The Commission considered internal and external sources of information to determine the impairment.

As the manager, of all leases held by the Crown, Property NSW has performed a central assessment including market rent index movement and provided the valuation of the impairment. The impairment amount advised has been assessed by the Commission and is considered material.

The Commission therefore recognised impairment losses for right-of-use assets during the 2019-20 financial year of \$902k under AASB 136. Impairment losses for right-of-use assets. These are included in Other Net Gains/(Losses) as part of 'Other Economic Flows Included in the Operating Result' in the Statement of Comprehensive Income.

**(a) Right-of-use assets under leases**

The following table presents right-of-use assets that are shown in statement of financial position:

	Right-of-use Assets \$'000	Total \$'000
<b>Consolidated and Commission</b>		
Balance at 1 July 2019	6,130	6,130
Additions	-	-
Depreciation expense	(372)	(372)
Impairment loss as at 30 June 2020	(902)	(902)
<b>Balance at 30 June 2020</b>	<b>4,856</b>	<b>4,856</b>

**(b) Lease liabilities**

The following table presents liabilities under leases:

	Lease liabilities \$'000
<b>Consolidated and Commission</b>	
Balance at 1 July 2019	6,130
Additions	-
Interest expenses	142
Payments	(449)
<b>Balance at 30 June 2020</b>	<b>5,823</b>

The following amounts were recognised in the statement of comprehensive income for the period ending 30 June 2020 in respect of leases where the Commission is the lessee:

	\$'000
<b>Consolidated and Commission</b>	
Depreciation expense of right-of-use assets	372
Interest expense on lease liabilities	142
Variable lease payments, not included in the measurement of lease liabilities	39
<b>Total amount recognised in the statement of comprehensive income</b>	<b>553</b>

The Commission had total cash outflows for leases of \$488k in FY 2019-20.

Future minimum lease payments under non-cancellable leases as at 30 June 2019 are as follows:

	Operating lease \$'000
<b>Consolidated and Commission</b>	
Within one year	526
Later than one year and not later than five years	2,104
Later than five years	789
<b>Total (including GST)</b>	<b>3,419</b>
Less: GST recoverable from the Australian Tax Office	(310)
<b>Total (excluding GST)</b>	<b>3,109</b>

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**11 Current Liabilities – Payables**

	Consolidated		Commission	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Accrued salaries, wages and on costs	38	16	-	-
Creditors	966	369	959	369
Personnel Services	-	-	41	16
	<b>1,004</b>	<b>385</b>	<b>1,000</b>	<b>385</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 17.

**12 Current / Non-Current Liabilities - Borrowings**

	Consolidated		Commission	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Lease liability - current (see Note 10)	313	-	313	-
Lease liability - non-current (see Note 10)	5,510	-	5,510	-
	<b>5,823</b>	<b>-</b>	<b>5,823</b>	<b>-</b>

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 17.



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**13 Current / Non-Current Liabilities - Provisions**

	Consolidated		Commission	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Current</b>				
<b>Employee benefits and related on-costs</b>				
Annual leave	384	271	-	-
Long service leave on-costs	60	50	-	-
Payroll tax	61	53	-	-
Fringe benefits tax	-	1	-	-
Personnel Services	-	-	496	362
<b>Total current provisions</b>	<b>505</b>	<b>375</b>	<b>496</b>	<b>362</b>

	Consolidated		Commission	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Non-current</b>				
<b>Employee benefits and related on-costs</b>				
Long service leave on-costs	5	5	-	-
Payroll tax	3	2	-	-
Personnel Services	-	-	8	7
	<b>8</b>	<b>7</b>	<b>8</b>	<b>7</b>

<b>Other Provisions</b>				
Restoration Cost (Make good 52 Martin Place Provision)	145	133	145	133
<b>Total non-current provisions</b>	<b>153</b>	<b>140</b>	<b>153</b>	<b>140</b>

	Consolidated		Commission	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Aggregate</b>				
<b>Employee benefits and related on-costs</b>				
Provisions - current	505	375	496	362
Provisions - non-current	8	7	8	7
Accrued salaries, wages and on-costs (Note 11)	38	16	-	-
Personnel Services (Note 11)	-	-	41	16
	<b>551</b>	<b>398</b>	<b>545</b>	<b>385</b>

**Movement in Provisions (other than employee benefits)**

	Restoration Costs \$ '000
Carry forward amount at the beginning of financial year	133
Additional Provisions recognised:	12
	<b>145</b>

## 14 Contingent Liabilities and Contingent Assets

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

## 15 Budget Review

### Net Results

This financial year there were several items that contributed to the over budget Net result of \$946k. The details of these items are as follows:

- The Cluster Principal Department did not pay the total amount of published budget grant funding. There was a shortfall of \$1,200k. This action was taken without the engagement or consent of the Commission. These funds are directly related to a Terms of Reference that have multiple contracts issued to the private sector and to other agencies that will be completed in the first quarter of 2021. The Cluster and Treasury have been involved in discussions to remedy this and ensure that the Commission remains a going concern.
- The other revenue line item at note 3(d) was directly related to other work that the Commission provided advice on and recovered all costs associated with the advice. This income was not related to the Cluster grant funding.
- Due to COVID-19, the market value of right-of-use assets has been impaired by \$902k. This was not considered in the published budget for the State.
- COVID-19 has resulted in the Commission being unable to complete field work, community consultation or regional travel. The Commission has been able to continue to deliver on its legislative functions and Terms of Reference reporting virtually.

### Assets and Liabilities

Current assets are \$790k higher than the budget due to higher cash balance to cover the year end accruals, the subsequent increase in payables will be paid in following months.

Total net assets are lower than the budget by \$1,079k due to less committed grant received during the year.

Current Liabilities are \$1,170k higher than the budget due to increase in payables and provisions.

Total non-current liabilities are \$1,484k lower than the budget due to change in the calculation of right-of-use of assets and its liability.

### Cash flows

Cash flows from Operating Activities are \$801k higher than the budget as actual payments were higher than the forecast due to additional Terms of Reference, additional advice and the associated costs and subsequent recoveries.

## 16 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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Net cash used on operating activities	928	(519)	932	(524)
Allowance for Impairment	(902)	-	(902)	-
Depreciation and amortisation	(563)	(186)	(563)	(186)
Decrease / (increase) in provisions	(142)	(137)	(147)	(125)
Increase / (decrease) in receivables	35	(68)	33	(68)
Decrease / (increase) in creditors	(618)	257	(615)	250
Net gain / (loss) on sale of plant and equipment	(2)	-	(2)	-
Net Result	<b>(1,264)</b>	<b>(653)</b>	<b>1,264</b>	<b>(653)</b>

## 17 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

#### As at 30<sup>th</sup> June 2020

Financial Assets	Note	Category	Carrying Amount 2020 \$'000	Carrying Amount 2019 \$'000
<b>Class:</b>				
<b>Consolidated</b>				
Cash and cash equivalents	7	Amortised cost	1,080	459
Receivables <sup>1</sup>	8	Amortised cost	75	25

Financial Liabilities	Note	Category	Carrying Amount 2020 \$'000	Carrying Amount 2019 \$'000
<b>Class:</b>				
<b>Consolidated</b>				
Payables <sup>2</sup>	11	Financial liabilities measured at amortised cost	1,004	385
Borrowings	12	Financial liabilities measured at amortised cost	5,823	-

Financial Assets	Note	Category	Carrying Amount 2020 \$'000	Carrying Amount 2019 \$'000
<b>Commission</b>				
<b>Class:</b>				
Cash and cash equivalents	7	Amortised cost	1,071	446
Receivables <sup>1</sup>	8	Amortised cost	71	25

Financial Liabilities	Note	Category	Carrying Amount 2020 \$'000	Carrying Amount 2019 \$'000
<b>Class:</b>				
Payables <sup>2</sup>	11	Financial liabilities measured at amortised cost	1,000	385
Borrowings	12	Financial liabilities measured at amortised cost	5,823	-

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)

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.

## 17 Financial Instruments (cont'd)

### (b) Credit Risk

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

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

### Cash

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

### Receivables - trade debtors

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

The Commission applies the AASB-9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

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

The Commission is not exposed to concentrations of credit risk to trade debtors as they are mainly other government departments.

As at 30 June 2020 out of total debtors of \$31k: \$20k were current and \$11k were due past 90 days, the Commission has determined the expected credit loss to be nil.

As at 30 June 2019 there are no debtors that are due past 30, 60 or 90 days, the Commission has determined the expected credit loss to be nil.

### (c) Liquidity risk

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

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 2019-2020 (2018-2019 nil).

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

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

**Maturity Analysis and interest rate exposure of financial liabilities**

	Weighted average effective interest rate %	Interest Rate Exposure			Maturity Dates		
		Nominal Amount	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2020</b>							
<i>Payables:</i>							
Accrued salaries, wages and on-costs		38	-	38	38	-	-
Creditors		966	-	966	966	-	-
Lease liabilities	2.42	6,962	6,962	-	449	1,797	4,716
		<u>7,966</u>	<u>6,962</u>	<u>1,004</u>	<u>1,453</u>	<u>1,797</u>	<u>4,716</u>

**2019**

*Payables:*

Accrued salaries, wages and on-costs  
Creditors

	Weighted average effective interest rate %	Interest Rate Exposure			Maturity Dates		
		Nominal Amount	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		16	-	16	16	-	-
		369	-	369	369	-	-
		<u>385</u>	<u>-</u>	<u>385</u>	<u>385</u>	<u>-</u>	<u>-</u>

**Commission 2020**

*Payables:*

Personnel Services  
Creditors  
Lease liabilities

**2019**

*Payables:*

Personnel Services  
Creditors

**(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 considering 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 2019-20. The analysis assumes that all other variables remain constant.

## 17 Financial Instruments (cont'd)

### (e) Interest rate risk

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

	Carrying Amount	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
<b>Consolidated 2020</b>					
<i>Financial assets</i>					
Cash and cash equivalents	1,080	(11)	(11)	11	11
<b>Total</b>	<b>1,080</b>	<b>(11)</b>	<b>(11)</b>	<b>11</b>	<b>11</b>

<b>2019</b>					
<i>Financial assets</i>					
Cash and cash equivalents	459	(5)	(5)	5	5
<b>Total</b>	<b>459</b>	<b>(5)</b>	<b>(5)</b>	<b>5</b>	<b>5</b>

	Carrying Amount	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
<b>Commission 2020</b>					
<i>Financial assets</i>					
Cash and cash equivalents	1,071	(11)	(11)	11	11
<b>Total</b>	<b>1,071</b>	<b>(11)</b>	<b>(11)</b>	<b>11</b>	<b>11</b>

<b>2019</b>					
<i>Financial assets</i>					
Cash and cash equivalents	446	(4)	(4)	4	4
<b>Total</b>	<b>446</b>	<b>(4)</b>	<b>(4)</b>	<b>4</b>	<b>4</b>

## 17 Financial instruments (cont'd)

### (f) 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.

## 18 Related Party Disclosures

The Commission's key management personnel compensation was paid by the Natural Resources Commission Staff Agency and details for the period ending 30 June 2020 are as follows:

<b>Short Term Employee Benefits:</b>	<b>2020</b>	<b>2019</b>
	<b>\$ '000</b>	<b>\$ '00</b>
Salaries	576	556
Other monetary allowances	-	-
Non-monetary benefits	15	18
Other long-term employee benefits	19	19
Post-employment benefits	-	-
Termination benefits	-	-
<b>Total remuneration</b>	<b>610</b>	<b>593</b>

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

## 19 Events after the Reporting Period

There were no after reporting period events.

## End of audited financial statements

The Commission receives the grant funding from the Department of Planning Industry and Environment, which receives appropriations from the Consolidated Fund. Appropriations for each financial year are set out in the Appropriation Bill that is prepared and tabled for that year. Due to COVID-19, the State Budget and related 2020-21 Appropriation Bill has been delayed until November/December 2020. However, pursuant to section 4.10 of the GSF Act, the Treasurer has authorised Ministers to spend specified amounts from Consolidated Fund. This authorisation is current from 1 July 2020 until the release of the 2020-21 Budget or Appropriation Bill.

# Appendix 1: Operation and performance

## Commission meetings

Number held	Attendees	Title	Number attended
11	Prof Hugh Durrant-Whyte	Commissioner	1
	Dr John Keniry AM	Commissioner	5
	Mr Ken Baxter	Assistant Commissioner	5
	Dr Neil Byron	Assistant Commissioner	9
	Mr Peter Cochrane	Assistant Commissioner	5
	Mr Bryce Wilde	Executive Director	11
	Ms Maree Leonard	Secretary to the Commission	11

## External committees

The Commission remained a member of the Shared Department of Premier and Cabinet Audit and Risk Committee from 1 July 2019 until 30 September 2019 to complete financial reporting for the financial year 2018-2019, as agreed with the Secretaries of the Department of Premier and Cabinet and the Department of Planning Industry and Environment.

## Publications

Date	Publication
July 2019	Environmental Trust - Major Projects Program review - Final report
July 2019	WSP review - Barwon-Darling – Draft report
July 2019	WSP review - Barwon-Darling – Fact sheet
July 2019	Old growth reassessment - Fact sheet
July 2019	Old growth reassessment - What makes a forest an old growth forest - Video
July 2019	Old growth reassessment - What the Commission will do - Video
July 2019	Forest Monitoring and Improvement Program - Draft program strategy - Summary of submissions
August 2019	WSP review - Barwon-Darling - Technical report (Prof Fran Shelson)
September 2019	WSP review - Barwon-Darling – Final report
October 2019	Coasta IFOA Monitoring Program 2019-2024 - Draft for public review
October 2019	Forest Monitoring and Improvement Program - Stakeholder Engagement Plan 2019-2021
December 2019	Coastal IFOA Monitoring Program 2019-2024 - Proposed
February 2020	Forest Monitoring and Improvement Program - Program evaluation plan
March 2020	Environmental Trust - Untangling the causes of tree dieback - Research priorities
March 2020	Environmental Trust - Causes of large scale eucalyptus tree dieback (Murdoch University)
March 2020	Forest Monitoring and Improvement Program - Statewide evaluation questions
April 2020	Old growth reassessment - 2019-2020 bushfires - Extent of impact on old growth
April 2020	WSP review - Central Coast - Final report
April 2020	WSP review - Coffs Harbour - Final report
April 2020	WSP review - Hunter - Final report
April 2020	WSP review - Lower North Coast - Final report
April 2020	WSP review - Peel Valley - Final report
June 2020	Forest Monitoring and Improvement Program - Citizen Science Strategy
June 2020	Old growth reassessment framework - Program suspended
<b>Corporate</b>	
July 2019	Strategic Plan 2019-2020
October 2019	Annual Report 2018-2019



## Appendix 2: Funding and expenditure

### Annual report production

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

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

### Consultants

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

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

Consultant	Title / Nature	Contract value	Amount paid in 2019-2020
<b>A. Consultancies equal to or more than \$50,000</b>			
Spatial Vision Innovations Pty Ltd	Provide data services for Forest Monitoring and Improvement Program	\$305,195	\$122,078
University of New England	Deliver baselines, drivers and trends for species occupancy for Forest Monitoring and Improvement Program	\$302,830	\$40,152
Spatial Vision Innovations Pty Ltd	Deliver baselines, drivers and trends for forest health for Forest Monitoring and Improvement Program	\$257,873	\$103,149
University of Melbourne	Deliver baselines, drivers and trends for water quality and quantity in NSW forests for Forest Monitoring and Improvement Program	\$215,564	\$86,226
Alluvium Consulting Australia Pty Ltd	Provide technical advice on auditing 11 floodplain management plans	\$196,991	\$140,692
Alluvium Consulting Australia Pty Ltd	Assess the effectiveness of forest road network to protect stream water quality for Forest Monitoring and Improvement Program	\$193,039	\$77,000
Alluvium Consulting Australia Pty Ltd	Provide expert advice on planning, scoping and auditing 12 water sharing plans	\$180,888	\$171,793
ANU Enterprise Pty Ltd	Undertake research on how koalas respond to regenerative harvesting	\$173,754	\$94,800
Synergies Economic Consulting Pty Ltd	Develop methods for forest-dependent jobs for Forest Monitoring and Improvement Program	\$161,700	\$64,680
Forestry Corporation of NSW	Develop fauna call recognisers for forest dependent species for Forest Monitoring and Improvement Program	\$151,250	\$134,750
Mullion Group	Quantify carbon balance of NSW forests for Forest Monitoring and Improvement Program	\$129,800	\$51,920
Eco Logical Australia Pty Ltd	Provide technical advice on water sharing plan audits	\$124,713	\$124,713
Indufor Asia Pacific Pty Ltd	Assist in stakeholder engagement for old growth reassessment project	\$121,220	\$4,862
CSIRO	Provide technical advice on Coastal IFOA monitoring project	\$112,464	\$34,844
University of Sydney	Deliver baselines, drivers and trends for soil stability and health for forest catchments for Forest Monitoring and Improvement Program	\$110,909	\$0

K2 Professional Services Pty Ltd (Harris)	Assist in water sharing plan audits	\$108,998	\$27,249
University of Melbourne (Baker)	Provide expert advice as Member of Forest Monitoring and Improvement Program Steering Committee	\$104,128	\$53,108
K2 Professional Services Pty Ltd (Bentley)	Assist in conducting Local Land Services' strategic plan audits	\$89,351	\$6,326
Western Sydney University	Undertake research on how koalas respond to regenerative harvesting	\$84,950	\$52,039
Firesticks Alliance Indigenous Corporation	Assess Aboriginal culture values for Forest Monitoring and Improvement Program	\$77,000	\$33,880
Alluvium Consulting Australia Pty Ltd	Assist in identification and analysis of key issues, findings and recommendations related to Greater Metropolitan, Hunter and Peel water sharing plan reviews	\$69,960	\$33,143
RM Consulting Group Pty Ltd	Assist in conducting Local Land Services' strategic plan audits	\$61,050	\$1,276
Coffs Harbour and District Local Aboriginal Land Council	Assess cultural values for Forest Monitoring and Improvement Program	\$57,475	\$0
K2 Professional Services Pty Ltd (Maller-Cooper)	Provide expert advice on review of Barwon-Darling water sharing plan	\$53,655	\$5,648
2Rog Consulting Pty Ltd	Provide expert advice on water sharing plan reviews	\$53,515	\$48,164
Dave Miller Facilitator	Provide expert advice on water sharing plan reviews	\$52,250	\$39,710
K2 Professional Services Pty Ltd (Thoms)	Provide expert advice on water sharing plan reviews	\$52,941	\$52,941
	<i>Subtotal (A)</i>		\$1,605,141
<b>B. Consultancies less than \$50,000</b>			
Various consultants	Various nature of consultancies		\$1,050,859
	<i>Subtotal (B)</i>		\$1,050,859
	<b>Total (A+B)</b>		<b>\$2,656,000</b>

## Funds granted to non-community organisations

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

## Insurance

The iCare provided insurance for workers compensation, property and public liability. No workers compensation claim was lodged 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 2019-2020

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 2019	353,213	28,117	-	-	-
Dec 2019	418,742	111,493	64,364	-	-
Mar 2020	256,349	43,918	94,674	2,446	-
Jun 2020	1,739,855	22,519	-	-	-

Table A2.3: Report on account payment performance in 2019-2020

Measure / Quarter ending	Sep 2019	Dec 2019	Mar 2020	Jun 2020
Number of accounts due for payment	56	69	70	124
Number of accounts paid on time	51	58	42	119
Actual percentage of accounts paid on time (based on number of accounts)	91%	84%	60%	96%
Dollar amount of accounts due for payment	\$342,315	\$575,180	\$651,132	1,762,374
Dollar amount of accounts paid on time	\$314,197	\$492,180	\$480,271	1,739,855
Actual percentage of accounts paid on time (based on dollar amount)	92%	86%	74%	99%

## Resource efficiency

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

With an aim to become carbon neutral by 2022, the Commission engaged a consultancy to develop a baseline carbon footprint for 2019 and suggest a roadmap to carbon neutrality.

The Commission also used and shared resources efficiently as its office is housed in the same building as other government agencies. The Commission's office is located at 52 Martin Place – a building whose environmental credentials include:

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

The Premier's Memorandum M2014-08 states that Clusters are required to publish a statement of their performance against the Resource Efficiency Policy on an annual basis. The Commission was part of the Planning, Industry and Environment Cluster in 2019-2020 and thus not required to report separately on its resource efficiency performance.

## Appendix 3: Human resources and plans

### Employees

Table A3.1: Number of employees by category

Band	2016-2017	2017-2018	2018-2019	2019-2020
Commissioner - Part time	1	1	1	1
Assistant Commissioners - Part time	1	0	3	3
Public Service Senior Executives	3	3	4	5
Non-Executive - FTE	9	10	15	15
Non-Executive - Part time	1	0	3.2	3
<b>Total</b>	<b>15</b>	<b>14</b>	<b>26.2</b>	<b>27</b>

### Senior executives

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

Table A3.2: Number of roles and gender breakdown

Band	2018-2019			2019-2020		
	Male	Female	Total	Male	Female	Total
Band 4 (Secretary)	0	0	0	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	2	2	4
<b>Total</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>6</b>

Table A3.3: Average remuneration

Band	2018-2019		2019-2020	
	Range	Average remuneration	Range	Average remuneration
Band 4 (Secretary)	NA	NA	NA	NA
Band 3 (Deputy Secretary)	NA	NA	NA	NA
Band 2 (Executive Director)	\$268,001 to \$337,100	\$335,935	\$274,701 to \$345,550	345,550
Band 1 (Director)	\$187,900 to \$268,000	\$242,170	\$192,600 to \$274,700	210,838

(Note: 30% of the Commission's employee-related expenditure in 2019-2020 was related to public sector senior executives.)

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## Overseas visits

During the reporting year, the Commissioners and staff members did not go overseas on official duty.

## Privacy and personal information

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

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

## Public interest disclosures

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

## Statement of business ethics

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

## Appendix 4: Audit and risk management

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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 remained a member of the Shared Department of Premier and Cabinet Audit and Risk Committee from 1 July 2019 until 30 September 2019 to complete the financial reporting for financial year 2018-2019, as agreed with the Secretaries of the Department of Premier and Cabinet and the Department of Planning Industry and Environment.

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

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

In the reporting period, the following internal audits were conducted:

- Risk management:

In reviewing the current risk management practices and documentation, the audit concluded:

*“Overall, risks appeared to be identified and managed in a proactive manner. Management has a good understanding of the risks facing the Commission and demonstrated good attitude towards risk management in the workshop and the interactions as a part of this review”.*

- Workplace wellbeing:

In reviewing workplace wellbeing for staff, the audit concluded:

*“Overall, risks appeared to be identified and managed in a proactive manner. Management has a good understanding of the workplace wellbeing risks facing the Commission and demonstrated deep understanding of all the wellbeing initiatives in place to support staff during interviews”.*

The Commission applied to the Minister for Planning and Public Spaces for a Ministerial determination exemption from compliance with the TPP15-03 requirement for Public Service Agencies for the 2020 financial year. In addition, the Commission applied for a Small Agency exception endorsement from the Minister on the basis that the Commission adopted the functions of a risk committee.

The Minister endorsed the Commission's request for Small Agency exemption and the endorsement has been sent to NSW Treasury for review and consideration.

The table on the following page addresses the Commission's response to the core requirements of the Treasury Policy Paper TPP15-03.

## Internal Audit and Risk Management Attestation Statement for the 2019-2020 Financial Year for Natural Resources Commission

I, Professor Hugh Durrant-Whyte, 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		
<b>Risk Management Framework</b>		
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
<b>Internal Audit Functions</b>		
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
<b>Audit and Risk Committee</b>		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	Exempted (*)
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	Partially compliant (**)
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

(\*) Ministerial determination received for exemption

(\*\*) Partially compliant as the Commission follows the model charter requirements for management reporting

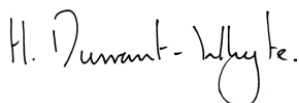
### Membership

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

The following chair and members of the Audit and Risk Committee were in place for the Commission from 1 July 2019 to 30 September 2019:

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

I, Professor Hugh Durrant-Whyte declare that this Internal Audit and Risk Attestation is made on behalf of the following controlled entities (or subsidiaries): Natural Resources Commission (controlled entity).



Professor Hugh Durrant-Whyte  
**Commissioner**



Ref: D20/4195

11 September 2020

**Cyber Security Annual Attestation Statement for the 2019-2020 Financial Year for the  
Natural Resources Commission**

I, Professor Hugh Durrant-Whyte, Commissioner of the Natural Resources Commission (Commissioner), am of the opinion that:

- The Commission has assessed its cyber security risks and is putting in place systems and processes to further strengthen the cyber security risks in a manner consistent with the Mandatory Requirements as set out in the NSW Government Cyber Security Policy.
- Risks to the Commissions' information and systems have been assessed and are being managed.
- Governance is in place to manage Commission's cyber security maturity and initiatives.
- Cyber security incidents are escalated to Cyber Security NSW as required. The Commission has a cyber incident response plan and has participated in formally testing the plan in the reporting period.
- The Commission has an Information Security Management System (ISMS) and is doing the following to continuously improve the management of cyber security governance and resilience.

SIGNED

A handwritten signature in black ink that reads 'H. Durrant-Whyte'.

Prof Hugh Durrant-Whyte  
**Commissioner**





31 August 2020

Letter of Certification  
to the Commissioner of Natural Resources Commission  
copied to NSW Treasury  
for the Financial Year 2019-2020

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

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

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

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

Maree Leonard  
**Chief Financial Officer**

31 August 2020

## Appendix 5: GIPA Act

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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

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## Legislation relevant to Commission

(As at 1 July 2019)

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

## New legislation relevant to Commission

(Assented to during 2019-2020)

- None

## Repealed legislation that were relevant to Commission

(Repealed during 2019-2020)

- None

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