



Office of
Environment
& Heritage

Office of Environment and Heritage

Annual Report 2013–14

24 February to 30 June 2014



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The Office of Environment and Heritage Annual Report 2013–14 covers the period 24 February to 30 June 2014. The period 1 July 2013 to 23 February 2014 is included in the Department of Premier and Cabinet Annual Report 2013–14, reflecting the inclusion of OEH within the Department of Premier and Cabinet for that period.

Published by:

Office of Environment and Heritage
59 Goulburn Street, Sydney NSW 2000
PO Box A290, Sydney South NSW 1232
Phone: +61 2 9995 5000 (switchboard)
Phone: 131 555 (environment information and publications requests)
Phone: 1300 361 967 (national parks, general environmental enquiries, and publications requests)
Fax: +61 2 9995 5999
TTY users: phone 133 677, then ask for 131 555
Speak and listen users: phone 1300 555 727, then ask for 131 555
Email: info@environment.nsw.gov.au
Website: www.environment.nsw.gov.au

Report pollution and environmental incidents

Environment Line: 131 555 (NSW only) or info@environment.nsw.gov.au
See also www.environment.nsw.gov.au

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Letter of submission

The Hon. Rob Stokes, MP
Minister for the Environment
Minister for Heritage
Level 15, 52 Martin Place
SYDNEY NSW 2000

Dear Minister

I am pleased to submit to you the Annual Report of the Office of Environment and Heritage for your presentation to the New South Wales Parliament. This report provides a summary of our services and achievements and covers our performance for the period 24 February to 30 June 2014. The period 1 July 2013 to 23 February 2014 is included within the Department of Premier and Cabinet Annual Report 2013–14, reflecting the inclusion of the agency within the Department of Premier and Cabinet for that period.

In addition, the report contains the audited financial statements from 24 February to 30 June 2014 and appendices as required by legislation.

The report also incorporates the Annual Report of the Heritage Council of NSW for the year ending 30 June 2014.

The report was prepared in accordance with the provisions of the *Annual Reports (Departments) Act 1985*, the *Public Finance and Audit Act 1983*, regulations under those Acts and NSW Treasury Circular (TC10/09).

Yours sincerely



TERRY BAILEY
Chief Executive

Message from the Chief Executive

This has been a year of progress at the Office of Environment and Heritage (OEH) in strategy, structure and outcomes for the environment and heritage of NSW.

In December 2013, we launched our new Corporate Plan 2014 to 2017. Incorporating extensive feedback from our key external stakeholders and recommendations from customer research, the plan sets out a long-term direction for OEH that is in line with government priorities. It responds to the challenges of our operating environment and expresses a vision that *'our environment and heritage is valued, protected, enjoyed and supports a prosperous and healthy NSW'*.

The Corporate Plan explicitly links our longstanding role in advancing the protection and enjoyment of the environment and heritage with our responsibility to contribute to the health and economy of the state. To achieve this, our approach focusses on partnerships, customer service and open collaboration with communities, industry and all levels of government as partners in the care of our environment and heritage.

The OEH envisioned in the Corporate Plan is focussed on the customer and provides services that are timely, consistent and accessible. It is our responsibility to be easy to work with, and to do what we say we are going to do. The record of achievements set out in this report show that we are already putting this commitment into practice in our daily work, with further improvements to come.

The direction set out in our Corporate Plan is also being delivered through new structural arrangements within government. Over the course of 2013–14, OEH moved from being part of the Department of Premier and Cabinet (DPC) to a public service executive agency. This means that from 24 February 2014 OEH has been directly responsible for its budget, employment and services, as detailed in this Annual Report. This report should be read with the DPC Annual Report 2013–14, which includes our achievements and financial information for the year prior to 23 February 2014.

In April 2014, OEH joined the newly formed Planning and Environment cluster, together with the Department of Planning and Environment and the Office of Local Government. Our shared vision is *Planning for a growing NSW – inspiring strong communities, protecting our environment*. The formation of the department provides new opportunities to collaborate more effectively to improve planning, local government and environment decisions in NSW.

The success of OEH is built on the professionalism and skills of our dedicated staff across NSW. Since starting as Chief Executive in early 2014 I have had the opportunity to personally meet many staff working in regional offices, parks and reserves, and in essential program, policy or support roles in our metropolitan offices.

With pride in our achievements over the year, I look forward to continuing the direction in 2014–15 set by our Corporate Plan.

Yours sincerely



Terry Bailey
Chief Executive

About OEH

Purpose

The Office of Environment and Heritage (OEH) is a separate agency within the Planning and Environment cluster. OEH works to enrich life in NSW by helping the community to conserve and enjoy our environment and heritage.

Vision

Our environment and heritage is valued, protected, enjoyed and supports a prosperous and healthy NSW.

Role

The role of OEH is to:

- conserve and care for national parks and reserves, biodiversity and threatened species
- encourage communities to experience and enjoy national parks and value their local environment
- promote, protect and share Aboriginal culture and heritage in partnership with Aboriginal people and local communities
- conserve, revitalise, care for and enjoy our historic heritage
- support economic development by promoting sustainable industries, tourism in protected areas, jobs and access to natural resources without devaluing the environment
- advise, support and educate communities, regions, industry and landholders on the environment and heritage
- help communities and businesses build resilience to climate change, environmental hazards and risks
- develop and lead reforms in biodiversity, native vegetation, Aboriginal, non-Aboriginal and shared heritage, energy efficiency, air and water quality, coastal protection and sustainability
- inform and provide assurance to governments, businesses, households and individuals that their activities are consistent with environmental and heritage protections
- provide expertise in partnership with local, state and federal government agencies to inform and support community and government decision making.

Organisation structure

As at 30 June 2014, the Office of Environment and Heritage (OEH) consists of eight functional areas:

- Customer Experience
- Heritage
- Legal Services
- National Parks and Wildlife Service (NPWS)
- Policy
- Regional Operations
- Science
- Strategy, Performance and Services

Policy

Supports the Minister and OEH Executive by providing policy advice and leading the development of strategic policy. This division leads OEH's engagement in whole-of-government policy formation, Cabinet processes, legislative reforms and intergovernmental affairs.

National Parks and Wildlife Service

Manages, conserves and cares for more than seven million hectares of land in national parks and reserves. NPWS links customer, conservation and cultural outcomes in a sustainable way by building participation in the management and use of parks.

Customer Experience

Focusses on delivering a seamless experience for our customers, whether they choose to phone, write an email, visit our websites or engage through social media.

The division is responsible for meeting customer-oriented targets across all our channels and for implementing a strategy to overhaul and improve the ways we engage with our customers.

Regional Operations

Delivers integrated and customer focussed services at the regional and local level to strengthen communities and partnerships across NSW. This includes: services, programs and grants to support: land use planning; threatened species and biodiversity; Aboriginal cultural heritage assessment; native vegetation; education; community engagement; energy efficiency; volunteering; environmental water management; coast and flood protection; compliance and enforcement; adapting to a changing climate; and private land conservation.

Heritage

Provides an integrated approach to identifying, protecting and managing Aboriginal and non-Aboriginal heritage, works with the community to list items on the State Heritage Register, declare Aboriginal places and register state shipwrecks. This division assesses applications to change listed heritage items, repatriates Aboriginal ancestral remains, administers grants for heritage conservation and provides secretariat services to the Heritage Council and the Aboriginal Cultural Heritage Advisory Committee, and develops policy to support all these functions.

Strategy, Performance and Services

Drives OEH's strategic approach and provides internal support services. Service branches include: Business Information and Services; Finance; Corporate Communications; People and Culture; Strategy, Program Management and Reporting; and Group Coordination and Governance.

Science

Provides scientific evidence and knowledge to underpin environmental decision making, regulation and service delivery.

Legal Services

Provides advice on legislation administered by OEH and the Environment Protection Authority (EPA) relating to environment conservation and protection and matters that also affect the operations of OEH and the EPA. This division conducts litigation on behalf of both OEH and the EPA.

Portfolio partners

As well as supporting eight internal functional areas, OEH also provides services and other support to partners in the Environment and Heritage Portfolio:

- Environment Protection Authority, a statutory body
- Centennial Park and Moore Park Trust, a statutory body
- NSW Environmental Trust, a statutory body
- Historic Houses Trust, a statutory body
- Parramatta Park Trust, a statutory body
- Royal Botanic Gardens and Domain Trust, a statutory body
- Taronga Conservation Society Australia, a statutory authority
- Western Sydney Parklands Trust, a statutory body
- Heritage Council of NSW, a statutory body
- Jenolan Caves Reserve Trust, a statutory body.

Those entities above that are required to produce annual reports do so separately. The annual report of the Heritage Council of NSW is included within this OEH Annual Report.

Customer focus

A customer focus is central to the way OEH works and delivers services. OEH connects with customers, monitors their views and satisfaction levels and builds these perspectives into the development and delivery of services.

The diversity of OEH's customer base is reflected in the broad range of services on offer. On a daily basis, OEH interacts with individuals, households, businesses, landholders, farmers, local government and state and federal government agencies to deliver environment and heritage outcomes across NSW.

Operating environment

Managing the state's natural environment and heritage is a challenging task for NSW and its people. OEH sets priorities and works with the community, industry and government to effectively meet the following challenges:

Responding to increasing and competing demand for natural resources

The population and economy of NSW continues to grow, increasing the demand for, and pressure on, natural resources. OEH provides informed expert advice on environmental and heritage matters and effectively considers economic, social and environmental issues and outcomes in the design of its policies and programs. OEH strategically supports government, communities and industry in considering, developing and providing solutions.

Meeting increasing community and industry expectations from government services

Communities and industry are well informed on environmental and heritage issues and increasingly expect more from government services and public assets. OEH continues to monitor and understand community and industry needs and incorporates them into its services and programs. OEH identifies areas where these expectations can be met most effectively and provides customer-focussed information, services and support.

Building community and cross-sector collaboration

Effective environmental and heritage management depends on collaboration between government, industry and communities. OEH's new open approach promotes collaboration, volunteering and an awareness of the importance of environmental health and sustainability,

as well as how this contributes to a prosperous economy. The agency's work is to ensure that our Aboriginal and historic heritage is protected, celebrated and shared, based both on our respect for Aboriginal communities as the traditional owners and first custodians of our land and our collaboration with all those with a stake in our heritage.

Ensuring best use of information, knowledge and technology

Government, industry and the community need to make well-informed decisions to effectively manage the increasing and competing demands on our natural environment, heritage and resources. OEH makes the best use of scientific research, knowledge and technologies to ensure a strong evidence base for our policy and advice. The agency's work incorporates local and traditional knowledge, where relevant, and strongly advances Open Government principles.

Developing a modern, agile and customer-focussed organisation

OEH faces complex public policy challenges shared by multiple government agencies at local, state and federal levels. The agency continually reviews its priorities and ways of working to ensure that the services we deliver across NSW are timely, consistent and accessible and proactively support NSW Government outcomes. OEH's success will depend on the skills, flexibility and ability of its people to operate as a collaborative, accountable and customer-focussed organisation.

Strategic direction 2014 to 2017

The Executive launched the 2014 to 2017 OEH Corporate Plan in December 2013, setting out OEH's key directions for the next four years. The Corporate Plan includes seven strategic goals that support the work of government and ensures that the agency is in the best position to do so.

Ensure vibrant natural assets for the health and prosperity of NSW

Healthy ecosystems provide essential services and functions supporting environmental, social and economic outcomes. To maintain this OEH will:

- actively manage and protect valued ecosystems, landscapes and places, such as national parks and floodplain wetlands
- support agricultural production and healthy communities by maintaining our natural assets
- promote integrated (cross-tenure) landscape management
- encourage and create economic incentives for private land conservation
- secure priority threatened species and endangered ecological communities and prioritise conservation investment.

Protect, celebrate and share our heritage

OEH will work in partnership and in consultation with Aboriginal people and local communities to:

- promote, protect and share Aboriginal culture and heritage
- conserve, revitalise, care for and enjoy our historic heritage
- increase active participation and volunteering in local heritage projects
- identify, protect and conserve Aboriginal and historic places, objects and values in landscapes.

Support economic development without devaluing the environment

To sustain current and future economic development by maintaining a resource base OEH will:

- facilitate access to natural resources (land, timber, minerals, gas) in balance with conservation, and encourage competition by minimising regulatory barriers to entry
- support development by finding long-term solutions to land-use conflicts
- contribute environmental information to support regional planning outcomes
- boost economic growth, regional employment and innovative, sustainable industries through eco-tourism, conservation partnerships and sustainable agriculture
- partner with industry in monitoring environmental standards and addressing adverse environmental impacts.

Help save the environment and money through efficient use of resources

To ensure we get the most value from our limited resources OEH will:

- inform and support landowners, businesses and individuals to use energy, water and resources more efficiently
- provide tools for people to choose better-designed buildings and public spaces.

Encourage communities to enjoy their national parks and value their local environment

Local communities take pride in their surroundings and care for them best. To support this OEH will:

- work with communities to protect the local environment and provide opportunities for everyone to enjoy it
- foster volunteering and community-based stewardship programs
- promote recreation, tourism and regional economic development through managing national parks and reserves
- maximise return on investment and public asset use for the benefit of local and regional economies
- build thriving local economies by encouraging regional business development partnerships based on natural assets and experiences
- investigate models for local community management and new categories of public reserves
- explore new technologies and social media in conservation and recreation activities.

Build resilience to climate change and environmental hazards and risks

To minimise risks and costs to people and property, and enable our economy and environment to adapt as the climate changes, OEH will:

- build knowledge of regional and local-scale climate change impacts
- help business and the community prepare for and manage coastal erosion, floods and storm surges and work with emergency services and landholders to manage fire risk and fight bush fires
- partner across tenures to take cost-effective action on threats such as pests and weeds
- collaborate with federal government and landholders to deliver environmental water to rivers and wetlands.

Become a more agile, effective, innovative and customer-focussed organisation

To better support our goals and strategic intent OEH will:

- develop and implement open, collaborative, transparent and accessible ways of working
- provide rigorous science and best-available advice to support evidence-based decision making
- support portfolio agencies by providing corporate and other essential services
- ensure OEH is fiscally responsible and efficient
- empower staff to perform and innovate in a safe, ethical and healthy work environment
- foster a culture of high performance, customer focus, innovation and accountability
- ensure assets are fit-for-purpose and balance current and future service needs
- develop and implement information technology and communication strategies and tools to support service delivery and collaboration.

Achievements

The following are some highlights of OEH's performance for the period 24 February to 30 June 2014. Prior to this period, OEH was a part of the Department of Premier and Cabinet (DPC) and the performance summary for 1 July 2013 to 23 February 2014 is included in the DPC Annual Report 2013–14.

Ensure vibrant natural assets for the health and prosperity of NSW

Water for the environment

During 2013–14, OEH delivered approximately 625,000 megalitres of environmental water to support the health of NSW rivers and wetlands, as well as plants, birds and other animals. Water was delivered to the Macquarie Marshes, the Murrumbidgee, Lachlan and Gwydir rivers, and to support a colonial bird breeding event in Millewa Forest.

The value of this work was reinforced by the release of the *Environmental Water Use in NSW: Outcomes for 2012–13* report, which demonstrated continued recovery of key water-dependent ecosystems in NSW. This recovery is supported by strong partnerships with landholders, local environmental water advisory groups, catchment management authorities, Commonwealth Environmental Water Office and other State agencies.

Saving our Species

The NSW Government made a commitment in *NSW 2021: A plan to make NSW number one* to better protect threatened and iconic species and review the Threatened Species Priorities Action Statement. The *Saving our Species* program, launched in December 2013, was developed in response to the Priorities Action Statement review and is the framework for threatened species conservation, including recovery planning.

The program aims to maximise the number of threatened species secured in the wild in NSW for 100 years. Under *Saving our Species*, \$1.83 million was spent in 2013–14 on management activities to secure over 70 threatened species, such as building quarantined breeding enclosures for the endangered corroboree frog in Kosciuszko National Park and securing key parcels of habitat on private land for the critically endangered regent honeyeater. In April 2014, the NSW Government announced another innovative *Saving our Species* project to reintroduce mammal species that are currently extinct in NSW to the state's national parks. Under the project, locally extinct mammal species could once again call NSW home, including the bilby, numbat and golden bandicoot. Contracts for delivery will be finalised in 2014–15.

Pest control

Pests represent a major environmental issue in NSW, with more than 350 species, populations and communities considered to be threatened by the impacts of pest animals. OEH is partnering with experienced and skilled volunteer shooters to help reduce pests in selected national parks and reserves. By tackling pests such as feral goats, pigs, foxes and rabbits, volunteer shooters are part of a state-wide effort to protect the environment, including many of our most threatened plants and animals.

A total of 12 reserves were included in a three-year scientific trial to be evaluated by the Natural Resources Commission. During the period March to June 2014, the operational phase of the trial continued, including an operation conducted in Murrumbidgee Valley National Park and State Conservation Area (also known as Yanga), near Balranald, in which a total of 184 pest animals were shot and humanely killed over two days. This operation primarily targeted feral pigs and rabbits for the protection of threatened migratory wetland birds, the endangered southern bell frog and the sand hill pine woodland endangered ecological community.

Protect, celebrate and share our heritage

Aboriginal heritage legislation reforms

In 2013–14 OEH brought together responsibilities for historic and Aboriginal cultural heritage into a single division based on a regional delivery model. Significant areas of work during this period included furthering the NSW Government's commitment to reforming Aboriginal heritage legislation. This reform is designed to create a new system that respects and protects Aboriginal cultural heritage for future generations, while providing clear and consistent processes for economic and social development in NSW. The Government also committed to broad and extensive public consultation on this legislation in 2011. Public workshops were held in 2011 and 2012, a third phase was held between 29 September 2013 and 28 March 2014.

All submissions received in the Phase 3 consultation have been considered in the redevelopment of the reform. The process to modernise our Aboriginal cultural heritage legislation is well advanced. OEH will continue to work closely with Aboriginal Affairs and other agencies on refining the final model.

Protecting Aboriginal places and objects

Identifying and listing items of heritage significance are the first steps in protecting and managing those places and objects that we as a community want to keep. Listing our special places on statutory heritage registers provides a legal framework for protecting an item and ensuring heritage significance is retained and not diminished during any proposed development or changes made to an item. During 2013–14 OEH assessed over 120 places and items for heritage significance. This resulted in the Minister for Heritage listing 20 new items on the State Heritage Register, including Kamay Botany Bay National Park, the Maitland Jewish Cemetery, the Glebe Island Bridge and the King George V Avenue of Memorial Oaks in Tamworth, and declaring seven new Aboriginal Places.

Support economic development without devaluing the environment

BioBanking

OEH facilitates access to natural resources in balance with conservation through innovative mechanisms. BioBanking is a market-based scheme that provides a streamlined biodiversity assessment process for development, a rigorous and credible offsetting scheme as well as an opportunity for rural landowners to generate income by managing land for conservation.

During 2013–14 progress was made under the BioBanking Scheme towards further addressing the loss of biodiversity values. Over 500 hectares of important biodiversity values were permanently protected by BioBanking Agreements. Two sites were established on the Fernhill Estate at Mulgoa in Western Sydney, which will permanently protect 276 hectares of high conservation value bushland, including remnants of Cumberland Plain Woodland. Fernhill is a 648-hectare property which adjoins the Blue Mountains National Park. BioBanking is being used by the landholder as part of a Working Heritage Masterplan to secure the financial viability of the Estate. By protecting bushland that is adjacent to the Blue Mountains National Park, the Fernhill biobank sites will help to create an effective connection from the Blue Mountains to the Cumberland Plain.

Encourage communities to enjoy their national parks and value their local environment

Increase in visitor numbers to national parks and reserves

NSW has more than 865 national parks and reserves that protect landscapes from rainforests and rugged bush to outback deserts. OEH promotes recreation, tourism and regional economic development, including through increased visitation to NSW national parks. Information on visitation to NSW national parks is collected through a user survey every two years, as well as tracked using internal measures, both of which indicate an ongoing increase in the number of visitors to our national parks and reserves.

Accommodation and tours

One of the reasons for growing interest in visiting national parks is our award-winning accommodation and tours. Taking out the silver award for Unique Accommodation in the 2013 NSW Tourism Awards was the Byron Bay Cottages located in Cape Byron State Conservation Area and managed jointly by NPWS and the Cape Byron Trust.

Improved NPWS website

Finding out about things to do and places to stay in national parks is also getting easier. Since the launch of the new NPWS website in 2012, the visual appeal, content quality and usability of the site has continued to improve. Online bookings for more than 60 campground and accommodation venues are now available, with this number constantly increasing. Improvements to mapping functionality were implemented in April 2014 and work continues towards the launch of a new suite of technical and content enhancements in 2014–15.

Nature Nomads Program

As part of OEH's work, partnering with communities to enjoy and protect their local environment, a new national parks volunteer program, known as Nature Nomads, was successfully trialled in northern NSW between May and June 2014. This program aims to encourage self-sufficient travellers to combine camping in national parks with volunteering on important conservation projects like bush regeneration, tree planting, nature photography, ecological surveys and clean-up activities.

Involving citizen scientists

OEH's support for the community-based stewardship program includes partnering with the Earthwatch Institute and the Group on Earth Biodiversity Observation Network (GEOBON) as part of the Global Freshwater Watch initiative (<http://freshwaterwatch.thewaterhub.org>). OEH is trialling a method for citizen scientists to record the extent of freshwater wetlands such as the field trip undertaken by HSBC bank employees in May 2014. Information gathered from this trial will be used to develop a smart phone app to enable the community to help us to ground-truth wetland maps developed from aerial photos and satellite images.

Sustainable mountain biking

OEH is committed to boosting economic growth and regional employment by promoting sustainable industries such as tourism in protected areas. Mountain biking is a popular recreational activity and can be a healthy way for visitors to enjoy national parks and to appreciate their natural heritage. OEH is committed to providing quality, sustainable mountain biking experiences in selected NSW parks and reserves.

A priority project in the *OEH Sustainable Mountain Biking Strategy* is the provision of a quality and sustainable mountain bike track in a northern Sydney reserve. Following public consultation, amendments to the *Garigal National Park Plan of Management* and the *Review*

of *Environmental Factors (REF)* relating to the proposal were made in December 2013, allowing construction of a new track in Bantry Bay, Garigal National Park that began in March 2014.

Trialling horse riding in wilderness areas

Horse riding is another recreational activity which can raise awareness, appreciation and understanding of the natural and cultural values of national parks. In recognition of the history of horse riding in a number of areas prior to their declaration as wilderness, OEH is trialling the introduction of horse riding in selected wilderness areas. Beginning in April 2014, the two-year trial is taking place in four national parks to assess whether horse riding can occur in a sustainable way, without causing irreversible damage to key natural, cultural and social values associated with the wilderness areas.

Help save the environment and money through efficient use of resources

Home Power Savings Program

OEH has a range of programs to support landowners, businesses and individuals to use energy, water and resources more efficiently. The Home Power Savings Program has helped low income households reduce power consumption and costs by offering a free home energy assessment from a trained energy expert, a Power Savings Kit and a personalised Power Action Plan. Since it began in 2010, more than 220,000 participating households have reduced their energy use and collectively saved more than \$35.7 million a year off their power bills.

NSW Energy Savings Scheme

Energy efficiency is a great way for households and businesses to save on their power bills, while protecting the environment. In May 2014, OEH worked with NSW Trade and Investment to introduce the most comprehensive range of reforms to the NSW Energy Savings Scheme (ESS) in five years. These reforms deliver on a number of actions in the NSW Energy Efficiency Action Plan to provide households and businesses with access to financial incentives for a range of new energy efficiency activities, while removing red-tape for service providers participating in the scheme. Over 300 stakeholders attended public consultation sessions, generating 97 submissions, which were generally supportive of these changes. OEH is further supporting access to the ESS by completing measurement and verification studies, and building tools and calculators to make accreditation easier. The service provision sector, which includes environmental consultancies and product manufacturers, is being encouraged to participate in the Scheme through partnerships with OEH. In addition, a transparent registry of Accredited Certificate Providers, who deliver the Scheme to NSW businesses and households, is being developed.

National Australian Built Environment Rating System

The National Australian Built Environment Rating System (NABERS) provides tools for people to choose better-designed buildings and public spaces. Evidence from the sector has shown that there is a relationship between a building's indoor environmental quality and occupant satisfaction and well-being. The NABERS indoor environment rating tools were developed to help building owners understand this relationship and measure how well their building is performing against the marketplace. In 2013–14 OEH has been working with industry experts and consulting with the public to make the NABERS Indoor Environment rating easier to understand and more valuable to customers.

Solar photovoltaic power plants

Renewable energy provides a pathway to lasting economic prosperity that does not take resources away from future generations and reduces the impact of our activities on the natural environment. The NSW Government has committed \$64.9 million to support the construction of two large-scale solar photovoltaic power plants at Nyngan and Broken Hill. These solar plants will produce approximately 360,000 megawatt hours of electricity per year, which will be sufficient to meet the needs of over 50,000 average NSW homes. Construction of both solar plants is due to finish in 2015. Construction work at Nyngan began in January 2014 and at Broken Hill in July 2014.

Build resilience to climate change and environmental hazards and risks

Assessing climate change vulnerability

To build resilience to future extreme events and hazards, local government, business and the community need to understand the regional impacts of climate change and identify risks. During 2013–14 OEH delivered a series of sector-based workshops with state and local government to assess sectoral and cross-sectoral climate change vulnerability in Sydney and the Mid and North Coast regions. These workshops form part of Integrated Regional Vulnerability Assessments to better understand climate risks and identify responses that improve resilience and minimise impacts.

Managing coastal erosion

OEH helps business and the community to prepare for, and manage, coastal erosion and storm surges. Under the Coastal Management Program more than \$1.8 million in grants was offered to local government for 26 projects across 20 local government areas for managing the risks from coastal hazards and restoring degraded coastal habitats.

Preparing and protecting flood prone areas

OEH assists in protecting against the severe emotional and economic losses individuals and communities can suffer as the result of floods. To help improve the way flooding is predicted and to prepare areas prone to flooding, more than \$20.8 million in grants was offered to local government under the Floodplain Management Program in 2013–14. The grants fund 60 projects across 50 local government areas to assess and address flood risks.

Improving air quality

OEH supports industry and communities in understanding air pollution and their role in making our air cleaner, recognising that air quality is a key environmental issue for NSW residents. During 2013–14 public access to air quality information was further improved with the release of a range of studies and reports, including a NSW Annual Air Quality Statement summarising how the weather and bushfires affected air quality across NSW.

OEH has made it easier for the community to access air quality information through the Air Quality Index air quality forecasts and alerts on the OEH and EPA websites, and provided continuous information to the community on air quality levels during the 2013 bushfire emergency.

Become a more agile, effective, innovative and customer focussed organisation

Launch of eSPADE

OEH aims to encourage and enable citizens to enjoy and understand their environment through open access, open information and communications and open collaboration and participation. An example of putting this into practice during 2013–14 was the launch of eSPADE, a Google Maps-based information system that allows easy, no-cost, map-based access to a wealth of soil and land information from across NSW. The eSPADE web application features thousands of individual soil profiles, mapping of soil and landscape characteristics at a range of scales, and information about soil capability and fertility.

Investing in our people

During 2013–14, OEH ran a leadership program, *Leading the Way*, to guide the agency towards becoming even more effective and innovative. OEH also launched a new Learning Management System, designed to give staff enhanced access to targeted, appropriate learning options that align with their roles. The system improves access to online training options and enhances the agency's capacity to organise and track the effectiveness of its training offerings.

Fire management is an important part of OEH's work. OEH is continually developing its fire training to incorporate the latest standards and practices. This is in line with the agency's commitment to ensuring staff have the highest possible skill level to carry out this essential function.

With the commencement of the *Government Sector Employment Act 2013*, OEH's training options are being assessed against the NSW Public Sector Capability Framework to ensure OEH staff are assisted in building their longer term public service careers.

Targets for 2014–15

OEH targets for 2014–15 in line with our strategic goals:

Ensure vibrant natural assets for the health and prosperity of NSW

- Develop a five-year Private Land Conservation Strategic Plan
- Implement *Saving our Species* by delivering over 70 funded state-wide projects
- Deliver research and tools for better decisions leading to healthy estuaries
- Manage environmental water to benefit rivers and wetlands in accordance with annual environmental watering plans

Protect, celebrate and share our heritage

- List Aboriginal themed places on the State Heritage Register
- Investigate World Heritage nomination options for Royal National Park
- Complete the Aboriginal Cultural Heritage Reform project
- Implement the NSW Heritage Grants Program

Support economic development without devaluing the environment

- Provide input into Regional Growth Plans by coordinating and supplying biodiversity and Aboriginal cultural heritage content
- Review NPWS precinct management arrangements and develop a program of commercial partnerships

Help save the environment and money through efficient use of resources

- Develop a new support program for low income households to be more financially and environmentally sustainable
- Encourage further uptake of the Environmental Upgrade Agreements (EUA) finance market, by increasing the number of local councils and lenders participating in EUAs and other finance products
- Develop and implement the Growing Community Renewable Energy scheme to provide grants for community groups, capacity building and market development initiatives
- Increase the reach of the Smarter Choice program through the development of an online training platform for retail staff, optimisation of the online calculator, and developing online communications for retail partners and the OEH website

Encourage communities to enjoy their national parks and value their local environment

- Host the 2014 World Parks Congress
- Promote and develop the NPWS Great Walks Program
- Fund projects that rehabilitate or regenerate the environment, or promote environmental education and sustainability through the Environmental Trust
- Launch the 'Nature Near Me' mobile application for nature tourism

Build resilience to climate change and environmental hazards and risks

- Implement the annual bushfire hazard reduction program in national parks and reserves
- Work with councils to ensure all coastal erosion hot spots have coastal zone management plans
- Continue the trial phase of the Supplementary Pest Control program in national parks and reserves
- Assist councils to complete floodplain risk management plans
- Work with government agencies and universities to make climate projections available to local councils and the public

Become a more agile, effective, innovative and customer focussed organisation

- Meet efficiency targets and explore opportunities for internal red-tape reduction
- Modernise our management structures by implementing the *Government Sector Employment Act 2013*

Science supporting the environment

OEH is continuing to research and develop initiatives to ensure the best possible outcomes for the environment and heritage of NSW. Some of the key scientific projects being developed and implemented to support the environment are shown below.

Building resilience to climate change

The NSW Government is committed to helping communities and businesses build resilience to climate change, environmental hazards and risks by providing climate change information for use by governments and the community. Fine-scale climate change projections are being delivered through the *NSW and ACT Regional Climate Modelling (NARClIM) Project*, a research partnership between the NSW and ACT governments and the Climate Change Research Centre at the University of NSW.

These climate projections are being used to assess how NSW may be affected by fire, heatwaves, hydrological and water quality changes, soil property changes, air quality and biodiversity and ecosystem changes. Climate projections and climate change impact information will be published on a NSW Climate Information Portal.

Upper Hunter Particle Characterisation Study

The results of the Upper Hunter Fine Particle Characterisation Study were released at a community forum in Muswellbrook in September 2013. The study provided communities in Muswellbrook and Singleton with scientific information about fine particles in their local environment.

The project was jointly funded by OEH and NSW Health with co-investment from the Commonwealth Scientific and Industrial Research Organisation (CSIRO) as the lead researcher and participation of researchers from the Australian Nuclear Science and Technology Organisation (ANSTO).

The study found that smoke from residential wood fires was the biggest contributor to fine particle pollution during winter in both towns, and that dust, including fugitive coal dust and dust from mining activities, was a secondary contributor. The findings of the study will help governments make more informed decisions about how to reduce particle pollution.

Lower Hunter Particle Characterisation Study

The Lower Hunter Particle Characterisation Study was announced in August 2013. The study will provide communities in the Lower Hunter with scientific information about the composition and likely sources of fine particles in their local environment.

This is a collaborative study by EPA, OEH, NSW Health, CSIRO and ANSTO. A community representative nominated by the Newcastle Community Consultative Committee for the Environment is part of the management team.

The one-year airborne particle sampling program commenced at the beginning of March 2014, sampling fine particles at Newcastle, Beresfield, Mayfield and Stockton. A series of progress reports will be published on the study webpage and final results are due for publication early in 2016.

Climate Change Adaptation Research Hub launched

Launched in 2013–14, the research hub is designed to foster integrated climate impacts and adaptation research to enable effective climate change adaptation in NSW, ensuring the transfer of skills and knowledge between universities, government staff, local stakeholders

and communities. During its first year, the research hub has delivered recommendations on guidelines for the translocation of plants; supported Weed Futures (www.weedfutures.net) mapping of how weeds might spread with climate change, and commenced collecting valuable data on coastal processes, beach erosion and sand movements.

Honorary Scientific Fellows

In 2012, OEH established an Honorary Scientific Fellows program to recognise past employees of the organisation who have contributed significantly to the achievements of OEH. The program allows Fellows to continue to work collaboratively with the organisation, supported by access to our facilities. In 2013–14, OEH appointed seven new Fellows, including four in the area of Ecosystem Management Science, two in Environmental Protection Science and one in Water, Wetlands and Coasts Science.

IUCN criteria for ecosystems

The International Union for Conservation of Nature (IUCN) criteria for assessing the threat status of ecosystems are being examined in a series of case studies.

OEH is collaborating with partners, including the University of NSW, Melbourne University, Deakin University, IUCN and the South Australian Department of Environment, Water and Natural Resources to examine the best ways to identify ecosystems at risk in NSW. The work will test the new global standard across a range of marine, terrestrial and freshwater ecosystems, developing powerful new tools useful for decision making, along with guidelines for the application of these tools.

Monitoring lake levels in Thirlmere Lakes National Park

In January 2014, OEH established a new monitoring program in Thirlmere Lakes National Park in response to the recommendations of an inquiry to investigate fluctuations in lake water levels. The community now has near real-time information on the levels of water in each of the five lakes in Thirlmere Lakes National Park, plus information on local rainfall.



INDEPENDENT AUDITOR'S REPORT

Office of Environment and Heritage

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Office of Environment and Heritage (the Office) which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity, statement of cash flows and service group statements for the period 24 February 2014 to 30 June 2014, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Office as at 30 June 2014, and of its financial performance and its cash flows for the period 24 February 2014 to 30 June 2014 in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

Chief Executive's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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



Caroline Karakatsanis
Director, Financial Audit Services

22 September 2014
SYDNEY

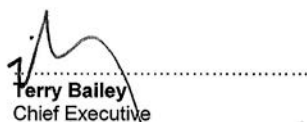
OFFICE OF ENVIRONMENT AND HERITAGE

Statement by the Chief Executive of the Office of Environment and Heritage

For the period ended 30 June 2014

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I state that:

- a) the accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the applicable clauses of the Public Finance and Audit Regulation 2010, Australian Accounting Standards, the Financial Reporting Code for NSW General Government Sector Entities and the Treasurer's Directions;
- b) the statements exhibit a true and fair view of the financial position and transactions of the Office; and
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Terry Bailey
Chief Executive

22 September 2014

Statement of Comprehensive Income

For the Period 24 February to 30 June 2014

	Notes	Actual for the period 24 Feb 2014–30 Jun 2014* \$'000
Expenses excluding losses		
Operating expenses		
Employee related	2(a)	157,671
Other operating expenses	2(b)	114,253
Depreciation and amortisation	2(c)	35,647
Grants and subsidies	2(d)	142,696
Finance costs	2(e)	4,726
Total expenses excluding losses		454,993
Revenue		
Sales of goods and services	3(a)	10,545
Investment revenue	3(b)	5,776
Retained fees and fines	3(c)	7,715
Grants and contributions	3(d)	262,189
Acceptance by the Crown Entity of employee benefits and other liabilities	3(e)	11,883
Personnel services	3(f)	33,595
Other revenue	3(g)	16,798
Total revenue		348,501
Gain/(loss) on disposal	4(a)	(8,641)
Other gains/(losses)	4(b)	(4)
Net result		(115,137)
Other comprehensive income		
Net increase/(decrease) in property, plant and equipment revaluation surplus	11, 12	118,125
TOTAL COMPREHENSIVE INCOME		2,988

*Under the Administrative Arrangements Order 2014, OEH was established as a separate reporting entity, effective from 24 February 2014.

The 30 June 2014 financial statements are for the period 24 February to 30 June 2014 and do not have any comparative balances.

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2014

	Notes	Actual 2014 \$'000
ASSETS		
Current Assets		
Cash and cash equivalents	7	208,405
Receivables	8	79,575
Inventories	9	887
Other financial assets	10	17
Total Current Assets		288,884
Non-Current Assets		
Property, plant and equipment		
Land and buildings	11	2,233,073
Plant and equipment	11	63,488
Infrastructure systems	11	1,473,024
Total property, plant and equipment		3,769,585
Intangible assets	12	197,533
Total Non-Current Assets		3,967,118
Total Assets		4,256,002
LIABILITIES		
Current liabilities		
Payables	15	90,743
Borrowings	16	32,605
Provisions	17	62,121
Other	18	49
Total current liabilities		185,518
Non-current liabilities		
Borrowings	16	239,135
Provisions	17	6,384
Total Non-Current Liabilities		245,519
Total Liabilities		431,037
Net Assets		3,824,965
EQUITY		
Reserves	11,12	118,125
Accumulated funds		3,706,840
Total Equity		3,824,965

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Period 24 February to 30 June 2014

	Notes	Accumulated funds \$'000	Asset revaluation surplus \$'000	Total \$'000
Transfer of equity at 24 February 2014	19	3,821,957	-	3,821,957
Net result for the period		(115,137)	-	(115,137)
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	11,12	-	118,125	118,125
Total other comprehensive income		-	118,125	118,125
Total comprehensive income for the year		(115,137)	118,125	2,988
Other transactions during the period with owners in their capacity as owners				
Increase/(decrease) in net assets from equity transfers other than from DPC	19	20	-	20
Balance at 30 June 2014		3,706,840	118,125	3,824,965

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Period 24 February to 30 June 2014

	Notes	Actual for the period 24 Feb 2014– 30 Jun 2014* \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee related		(140,111)
Grants and subsidies		(182,618)
Operating expenses		(156,094)
Total payments		(478,823)
Receipts		
Reimbursements from the Crown Entity / (Transfers to the Crown Entity)		2,091
Sale of goods and services		12,880
Interest received		3,733
Retained taxes, fees and fines		7,715
Grants and contributions		261,614
Personnel services		27,633
Other		36,618
Total receipts		352,284
NET CASH FLOWS FROM OPERATING ACTIVITIES	22	(126,539)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		196
Purchases of land and buildings, plant and equipment and infrastructure systems		(24,218)
Purchases of intangible assets		(9,761)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(33,783)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings and advances		(39,368)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(39,368)
NET INCREASE / (DECREASE) IN CASH		(199,690)
Cash transferred in as a result of administrative restructuring	19	408,095
CLOSING CASH AND CASH EQUIVALENTS	7	208,405

* Under the Administrative Arrangements Order 2014, OEH was established as a separate reporting entity, effective from 24 February 2014.

The 30 June 2014 financial statements are for the period 24 February to 30 June 2014 and do not have any comparative balances.

The accompanying notes form part of these financial statements.

Service Group Statements – Statement of Comprehensive Income

For the Period 24 February to 30 June 2014

	National Parks and Wildlife	Policy and Science	Regional Operations and Heritage	Non attributable	Total
	For the period 24 February to 30 June 2014	For the period 24 February to 30 June 2014	For the period 24 February to 30 June 2014	For the period 24 February to 30 June 2014	For the period 24 February to 30 June 2014
ENTITY'S EXPENSES AND INCOME					
Expenses excluding losses					
Operating expenses					
Employee related	85,240	14,463	23,370	34,598	157,671
Other operating expenses	74,844	6,632	32,777	-	114,253
Depreciation and amortisation	32,300	2,356	991	-	35,647
Grants and subsidies	-	527	131,674	10,495	142,696
Finance costs	1,200	-	3,526	-	4,726
Total expenses excluding losses	193,584	23,978	192,338	45,093	454,993
Revenue					
Sale of goods and services	9,491	190	864	-	10,545
Investment revenue	3,704	17	2,055	-	5,776
Retained fees and fines	3,245	3,050	1,420	-	7,715
Grants and contributions	24,343	5,157	91,471	141,218	262,189
Acceptance by the Crown Entity of employee benefits and other liabilities	-	-	-	11,883	11,883
Personnel services	-	-	-	33,595	33,595
Other revenue	14,318	506	1,974	-	16,798
Total revenue	55,101	8,920	97,784	186,696	348,501
Gain/(loss) on disposal	(8,574)	(58)	(9)	-	(8,641)
Other gains/(losses)	(3)	-	(1)	-	(4)
Net result (loss)	(147,060)	(15,116)	(94,564)	141,603	(115,137)

The names and purpose of each Service Group are summarised in note 6.

Service Group Statements – Statement of Financial Position

As at 30 June 2014

	National Parks and Wildlife	Policy and Science	Regional Operations and Heritage	Non attributable	Total
ENTITY'S ASSETS AND LIABILITIES					
Current assets					
Cash and cash equivalents	64,959	3,697	139,749	-	208,405
Receivables	42,999	4,519	9,127	22,930	79,575
Inventories	887	-	-	-	887
Other financial assets	17	-	-	-	17
Total current assets	108,862	8,216	148,876	22,930	288,884
Non-current assets					
Property, plant and equipment					
Land and buildings	2,204,935	28,138	-	-	2,233,073
Plant and equipment	42,508	12,862	8,118	-	63,488
Infrastructure systems	1,473,024	-	-	-	1,473,024
Total property, plant and equipment	3,720,467	41,000	8,118	-	3,769,585
Intangible assets	14,859	9,199	173,475	-	197,533
Total non-current assets	3,735,326	50,199	181,593	-	3,967,118
TOTAL ASSETS	3,844,188	58,415	330,469	22,930	4,256,002

OFFICE OF ENVIRONMENT AND HERITAGE

	National Parks and Wildlife	Policy and Science	Regional Operations and Heritage	Non attributable	Total
LIABILITIES					
Current liabilities					
Payables	15,708	2,327	70,981	1,727	90,743
Borrowings	3,360	-	29,245	-	32,605
Provisions	27,912	5,386	8,535	20,288	62,121
Other	49	-	-	-	49
Total current liabilities	47,029	7,713	108,761	22,015	185,518
Non-current liabilities					
Borrowings	55,331	-	183,804	-	239,135
Provisions	3,964	665	1,150	605	6,384
Total non-current liabilities	59,295	665	184,954	605	245,519
TOTAL LIABILITIES	106,324	8,378	293,715	22,620	431,037
NET ASSETS	3,737,864	50,037	36,754	310	3,824,965

The names and purpose of each Service Group are summarised in note 6.

Notes to the financial statements

For the period 24 February to 30 June 2014

1. Summary of significant accounting policies

(a) Reporting entity

The Administrative Arrangements Order 2014 created the Office of Environment and Heritage (OEH) as a separate Public Service agency, effective 24 February 2014.

Staff assigned to OEH, including associated assets and liabilities were transferred from the Department of Premier and Cabinet (DPC) to OEH. In addition, assets and liabilities as at 24 February, relating to the three service groups – National Parks and Wildlife; Policy and Science; Regional Operations and Heritage were transferred from DPC to OEH.

The Administrative Arrangements Order 2014 also abolished Zoological Parks Board Division and Jenolan Caves Reserve Trust Division and transferred staff, including related assets and liabilities, to OEH on 24 February 2014.

OEH is a NSW Government entity. OEH is a not-for-profit entity as profit is not its principal objective and it has no cash generating units.

OEH is consolidated as part of the NSW Total State Sector Accounts.

OEH includes employee related expenses and provisions for the Royal Botanic Gardens and Domain Trust, Western Sydney Parklands Trust, Historic Houses Trust, Centennial Park and Moore Park Trust, Parramatta Park Trust, Zoological Parks Board and Jenolan Caves Reserve Trust. These are offset by income and receivables.

These financial statements for the period 24 February to 30 June 2014 have been authorised for issue by the Chief Executive on 22 September 2014.

(b) Basis of preparation

OEH'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 2010
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment, assets (or disposal groups) held for sale and financial assets at 'fair value through profit or loss', and available for sales are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

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

(c) Statement of compliance

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

(d) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector entities.

(e) Insurance

OEH's insurance activities are conducted through the NSW Treasury Managed Fund scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

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

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

- the amount of GST incurred by OEH 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
- receivables and payables are stated with the amount of GST included.

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

(g) Income recognition

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

(h) Parliamentary appropriations and contributions

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

Appropriations are not recognised as grant income in the following circumstances:

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

(i) Sale of goods

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

(i) Rendering of services

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

(ii) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*. Rental revenue from operating leases is recognised in accordance with AASB 117 *Leases* on a straight-line basis over the lease term.

(j) Assets

(i) Acquisition of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration during the year, are initially recognised as assets and revenues at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer – note 1 (n)).

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 at an asset-specific rate.

(ii) Capitalisation thresholds

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

(iii) Revaluation of property, plant and equipment

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

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer note 11 and note 13 for further information regarding fair value.

OEH revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Asset category	Date of valuation	By whom
Land – dedicated	30 June 2010	Land and Information, Valuation Services
Land – non-dedicated	30 June 2010	Land and Information, Valuation Services
Buildings	30 June 2012	Land and Information, Valuation Services
Infrastructure Systems:		
Other amenities and facilities	30 June 2010	Sheldon Consulting Pty Ltd
Roads	30 June 2014	Sheldon Consulting Pty Ltd
Wharves	30 June 2014	Sheldon Consulting Pty Ltd
Utilities and other infrastructure	30 June 2012	Sheldon Consulting Pty Ltd
Plant and Equipment:		
Aircraft	30 June 2012	Rodney Hyman Asset Services Pty Ltd
Historical furniture and fittings	30 June 2012	Jonathan Alford Pty Ltd

Valuations are performed in accordance with the *Valuation of Physical Non-Current Assets at Fair Value* (TPP 14-01), AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Valuation technique

Land

Land is valued using the Valuation Services database of sales information to determine evidence of market value for open space, unimproved or green timbered land. Annual indexation is applied to ensure carrying amounts do not differ materially from fair value at reporting date.

Buildings

Buildings are generally valued on the basis of depreciated replacement cost. Replacement cost is determined using actual building costs in conjunction with industry guides. In valuing heritage buildings, the fair value is based on the written down replacement costs of a modern equivalent building. Annual indexation is applied to ensure carrying amounts do not differ materially from fair value at reporting date.

Infrastructure systems

Infrastructure systems are valued on the basis of depreciated replacement cost. Replacement cost is determined using actual building costs in conjunction with industry guides. Annual indexation is applied to ensure carrying amounts do not differ materially from fair value at reporting date.

Intangibles

Software is measured at amortised historical cost, as a surrogate for fair value.

Water licences are fair valued on market based evidence.

Plant and equipment

Plant and equipment is valued at depreciated replacement cost.

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

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of asset, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(iv) 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 property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value. Selling costs for OEH are regarded as immaterial.

(v) Assets not able to be reliably measured

OEH holds certain assets that have not been recognised in the statement of financial position because the value of these assets cannot be measured reliably. These assets include a range of cultural artefacts and historic infrastructure.

(vi) 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 OEH.

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

Land is not a depreciable asset. Certain heritage assets, including original artworks and collections may not have a limited useful life because appropriate curatorial and preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

Buildings and improvements

The construction type of OEH buildings is used to determine the asset's useful life (from which a depreciation rate is derived). For example, historic buildings in use are deemed to have useful lives of between 40 and 100 years; visitors centres and staff residences 40 to 80 years, etc.

Roads and other access; utilities and other infrastructure

The following depreciation rates have been adopted:

- Roads; car parks, fire trails, management trails and walking tracks:
 - Earthworks 0%
 - Pavement 5%
- Bridges 2%
- Boat ramps and wharves, utilities and other infrastructure 5%

Except where bridges, boat ramps, wharves and utilities have been independently valued, an assessment of the useful life of each asset was carried out and the depreciation rate was derived accordingly.

- Plant and equipment 6.67–25%

Amortisation of intangible assets

The following depreciation rates have been adopted:

- Software 25%
- Water licences 0%

(vii) Major inspection costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(viii) Restoration costs

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

(ix) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(x) Leased assets

Under certain leases granted by OEH, the lessee will maintain or improve the leased property, which, at the expiry of the lease, reverts to the ownership of OEH. Alternatively, where land is leased, property may be built on the land by the lessee and at the expiry of the lease, ownership of the property transfers to OEH.

Assets and improvements are brought to account by OEH upon expiry of the lease, when actual ownership and control reverts to OEH. Upon assumption of ownership, the asset will be included in the OEH asset register. Examples of such prospective assets include commercial buildings and infrastructure such as marinas and ski lifts built by lessees on OEH property.

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

(xi) Intangible assets

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

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

Software

The useful lives of intangible software assets are assessed to be finite.

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

OEH's intangible software assets are amortised using the straight line method over a period of four years for software.

Others

Water Licences: OEH recognises water licences issued under the *Water Management Act 2000* and the *Water Act 1912*. Licences purchased are initially recorded at cost and are fair valued regularly based on market evidence. The movement in fair value is recognised in accordance with note 1j(iii).

OEH's water licence assets are not amortised.

(xii) Loans and receivables

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

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

(xiii) Inventories

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount.

Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost or 'first in first out' method.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost OEH would incur to acquire the asset. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Shop stocks held for 12 months or more and considered to be unsaleable are regarded as obsolete and are expensed.

Generally, the quantum of inventory held is small. OEH relies on end-of-year stock takes to identify shop stocks and inventory held for distribution for reporting purposes.

(xiv) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit and loss, transactions costs. OEH determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Fair Value through profit or loss

OEH subsequently measures investments classified as 'held for trading' or designated upon initial recognition 'at fair value through profit or loss' at fair value. Financial assets are classified as 'held for trading' if they acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the year.

The Hour-Glass Investment Facilities are designated at fair value through profit or loss using the second leg of the fair value option; i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk-management strategy, and information about these assets is provided internally on that basis to OEH's key management personnel.

Designation at fair value through profit or loss is consistent with OEH's *Financial Arrangements and Investment Risk Policy*.

The movement in the fair value of the Hour-Glass Investment Facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

Held-to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity that OEH has the positive intention and ability to hold to maturity are classified as 'held to maturity'. These investments are measured at amortised cost using the effective interest method. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Available-for-sale investments

Any residual investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

Purchases or sales of investments under contract that require delivery of an asset within the timeframe established by convention or regulation are recognised on the trade date; i.e. the date OEH commits to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the statement of financial position date.

(xv) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

When an available-for-sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment previously recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as 'available for sale' must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(xvi) Derecognition of financial assets and financial liabilities

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

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

Where OEH has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of OEH's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(xvii) Non-current assets (or disposal group) held for sale

OEH may identify certain non-current assets (or disposal groups) for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

(xviii) Other assets

Other assets are recognised on a cost basis.

(k) Liabilities

(i) Payables

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

(ii) Borrowings

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest method. Gains or losses are recognised in the net result for the year on derecognition.

(iii) Financial Guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially measured at fair value, where material. After initial recognition, the liability is measured at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less accumulated amortisation, where appropriate.

OEH has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2014. However, refer note 21 regarding disclosures on contingent liabilities.

(iv) 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. OEH has assessed the actuarial advice based on its circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

(b) Long service leave and superannuation

Apart from the staff assigned to Zoological Parks Board and Jenolan Caves Reserve Trust, liabilities for long service leave and defined benefit superannuation for all other employees are assumed by the Crown Entity. OEH accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

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

The superannuation expense for the financial year is determined using the formulas 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 employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme) the expense is calculated as a multiple of the employees' superannuation contributions. For employees where superannuation liability is not assumed by the Crown, the expenses relating to defined benefits is reflected by the movement in estimated liability.

All superannuation funds are administered by the Superannuation Administration Corporation trading as Pillar Administration.

For employees where the liability for superannuation and long service leave is not assumed by the Crown, OEH has a receivable equivalent to the amount of estimated provision, from the agencies to which these staff are assigned i.e. Zoological Parks Board and Jenolan Caves Reserve Trust.

(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.

(v) Other provisions

Other provisions exist when: OEH 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.

Any provisions for restructuring are recognised only when OEH has a detailed formal plan and has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

If the effect of the time value of money is material, provisions are discounted at the current cash rate, which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(l) Fair value hierarchy

A number of OEH's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, OEH categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

(i) Level 1 - quoted prices in active markets for identical assets / liabilities that OEH can access at the measurement date.

(ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

(iii) Level 3 – inputs that are not based on observable market data (unobservable inputs).

OEH recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer note 13 and note 23 for further disclosures regarding fair value measurements of financial and non-financial assets.

(m) Equity and reserves

(i) Asset revaluation reserve

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with OEH's policy on the revaluation of property, plant and equipment as discussed in note 1(j) (iii).

(ii) Accumulated funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

(iii) Reserves

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation reserve).

(n) Equity transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

(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.

Since OEH was established a reporting entity effective from 24 February 2014, the 30 June 2014 statements do not have any comparative information.

(p) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for Section 24 of the Public Finance and Audit Act where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

The 30 June 2014 financial statements do not disclose budgeted amounts for the 2013-14 financial year. Budgeted amounts are shown in DPC's 30 June 2014 financial statements.

(q) New Australian Accounting Standards issued but not effective

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

The following new Accounting Standards have not been applied and are not yet effective (NSW Treasury mandate TC 14/03):

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 127 *Separate Financial Statements*
- AASB 1031 *Materiality*
- AASB 1055 and AASB 2013-1 regarding budgetary reporting
- AASB 2011-7 (NFP) regarding consolidation and joint arrangements
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-6 regarding Reduced Disclosure Requirements
- AASB 2013-8 regarding Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities
- AASB 2013-9 regarding the Conceptual Framework, Materiality and Financial Instruments (Parts B and C).

These standards have been assessed for their possible impact on the financial statements, if any, in the period of their initial application. The assessment concluded that there will be no material impact.

(r) Revision of accounting estimates, changes in accounting policy or revised Australian Accounting Standards

(i) Revision of estimates:

OEH has adjusted the fair value of its asset class 'roads and other access assets' as at 30 June 2014. The asset class is included in the asset category 'infrastructure systems'. Increment in fair value represents change in accounting estimates and is largely attributable to the adoption of commercial industry unit rates, better details and breakdown of assets into components, including their conditions, business relevance and operational status, made available from the newly enhanced data in the Asset Management System. The impact in the 2013/14 financial year from this change in the accounting estimate was an increase of \$107 million in the fair value of assets with a corresponding increase in the asset revaluation reserve. OEH has also adjusted remaining useful life estimates for this class of assets, which along with the fair value increment will have an impact on the depreciation impact in future years. This future impact on depreciation is estimated at \$2.7 million per annum.

(ii) New or revised Australian Accounting Standards:

(a) AASB 119 and AASB 2011-10 regarding employee benefits: This standard has changed recognition and measurement technique for defined benefit superannuation plan expenses and termination benefits. It has also changed the disclosures for employee benefits.

The key changes include:

- Net interest income is determined based on the discount rate applied to liabilities rather than the expected rate of return on assets.
- Enhanced disclosure requirements relating to the characteristics, risks and amounts in the financial statements regarding defined benefits superannuation plans on the amounts, timing and certainty of the entity's future cash flows.

(b) AASB 13 and AASB 2011-8 regarding fair value measurement: AASB 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. No differences were found in the valuation approach and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 13.

Adoption of revised AASB 13 required additional disclosures in the financial statements. This requirement classifies fair value measurement of non-financial assets into 3 levels and explains the valuation techniques and reconciliation for level 3 assets.

Above changes are adopted in these financial statements.

2. Expenses excluding losses

(a) Employee related expenses

	For the period 24 Feb 2014 to 30 Jun 2014*
	\$'000
Salaries and wages (including recreation leave)*	121,189
Redundancy payments	3,505
Superannuation – defined benefit plans	2,518
Superannuation – defined contribution plans	10,379
Long service leave	10,003
Workers' compensation insurance	2,530
Payroll tax and fringe benefits tax	7,405
Other	142
	157,671

The employee related expenses include \$7,865,009 for the Royal Botanic Gardens and the Domain Trust, \$1,001,200 for the Western Sydney Parklands Trust, \$5,879,379 for the Historic Houses Trust, \$2,177,833 for the Centennial Park and Moore Park Trust, \$398,160 for the Parramatta Park Trust, \$2,171,555 for Jenolan Caves Trust and \$15,031,756 for the Zoological Parks Board. Refer also to notes 1(a) and 3(f).

* Salaries and wages amounting to \$611,794 have been capitalised, and therefore excluded from the above. For the Zoological Parks Board, salaries and wages amounting to \$377,552 were capitalised and \$88,812 were disclosed as maintenance expenses and hence excluded from above.

(b) Other operating expenses

	For the period 24 Feb 2014 to 30 Jun 2014*
	\$'000
Contractor – projects	26,648
Consultants	402
Maintenance*	19,574
Fees and services	7,447
Payments to NSW Government agencies	17,496
Stores and minor assets	8,333
Fleet costs	11,706
Purchase of water allocation	204
Operating lease rental expenses (minimum lease payments)	4,047
Insurance	5,874
Information dissemination	1,387
Travel costs	2,316
Other occupancy costs	3,201
Training	2,763
Communication costs	1,722
Legal costs	653
Cost of sales	165
Energy costs	120
Auditor's remuneration (audit of the financial statements)	331
Impairment of assets and bad debts	62
Other	311
Expenses capitalised	(509)
	114,253
<i>* Reconciliation – Total maintenance</i>	
Maintenance expense - contracted labour and other (non-employee related), as above	19,574
Employee related maintenance expense included in note 2(a)	4,451
Total maintenance expenses included in note 2(a) + 2(b)	24,025

(c) Depreciation and amortisation expense

	For the period 24 Feb 2014 to 30 Jun 2014*
	\$'000
Depreciation:	
Buildings and improvements	4,568
Roads and other access	12,571
Utilities and other infrastructure	8,762
Plant and equipment	4,784
Furniture and fittings	1,233
	31,918
Amortisation	3,729
	3,729
	35,647

(d) Grants and subsidies

	For the period 24 Feb 2014 to 30 Jun 2014*
	\$'000
Federal Government	1,823
NSW Government*	97,363
Local Government	15,157
Non-government organisations	28,210
Other – grants and subsidies	143
	142,696

* The above includes expenditure of \$71,359,436 relating to the Solar Bonus Reimbursement Scheme, and \$10,495,255 for transfer of Government funding to the Historic Houses Trust, Zoological Parks Board and Nature Conservation Trust.

(e) Finance costs

	For the period 24 Feb 2014 to 30 Jun 2014*
	\$'000
Interest expense from financial liabilities not at fair value through profit or loss	4,726
	4,726

3. Revenue

(a) Sale of goods and services

	For the period 24 Feb 2014 to 30 Jun 2014*
	\$'000
Sale of goods:	
Annual and day entry	3,943
Camping fees	3,332
Sale of assets under \$5,000	9
Sale of publications and stock	574
	7,858
Rendering of services:	
Community service	63
Hire of facilities	383
Miscellaneous park service	900
Minor user charges	1,341
	2,687
Total	10,545

(b) Investment revenue

	For the period 24 Feb 2014 to 30 Jun 2014*
	\$'000
Interest revenue from financial assets at fair value through profit or loss	2,577
Tcorp Hour-Glass Investment Facilities designated at fair value through profit and loss	379
Rents*	2,820
	5,776

* Lease and rental revenue is derived by OEH from commercial leases and licences with private operators within national parks.

(c) **Retained fees and fines**

**For the period
24 Feb 2014 to
30 Jun 2014***

\$'000

Fees:	
Licences and permits	344
Kangaroo and other royalties	201
Water Use Management	608
Corporate Support	6,029
	7,182
Fines:	
Parking, court and other	533
	533
Total	7,715

(d) **Grants and contributions**

**For the period
24 Feb 2014 to
30 Jun 2014***

\$'000

Funding was provided by the Commonwealth and State Governments together with private and corporate sponsorship as follows (refer note 5):

Federal Government	2,527
NSW Government*	246,084
Other State Governments	280
Local Government	322
Non-government organisations	665
Asset recognised first time – Notes 11 and 12	12,311
Total	262,189

* The above includes NSW Government funding of \$141,217,255 received via DPC and \$77,150,000 received under the Climate Change Fund.

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

**For the period
24 Feb 2014 to
30 Jun 2014***

\$'000

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

Superannuation - defined benefit	2,519
Long service leave	9,224
Payroll tax on superannuation	140
	11,883

(f) Personnel services

**For the period
24 Feb 2014 to
30 Jun 2014***

\$'000

Personnel Services Income	33,595
	33,595

(g) Other revenue

**For the period
24 Feb 2014 to
30 Jun 2014***

\$'000

Insurance recoveries	12,156
Miscellaneous revenue	4,642
	16,798

(h) Revenue forgone

OEH's revenue does not include park-use fees which OEH forgoes through concessions such as free and discounted park-use permits provided to certain groups, including pensioners and volunteer fire-fighters.

4 (a) Gain/(loss) on disposal

	For the period 24 Feb 2014 to 30 Jun 2014*
	\$'000
Proceeds from disposal of current/non-current assets:	
Land and buildings proceeds	15
Plant and equipment proceeds	181
Written down value of current/non-current assets disposed of:	
Land and buildings	(369)
Plant and equipment	(382)
Infrastructure*	(8,086)
Net (loss) on disposal	(8,641)

* Disposal of infrastructure assets represents roads, tracks and visitor amenities that were decommissioned.

4 (b) Other gains/(losses)

	For the period 24 Feb 2014 to 30 Jun 2014*
	\$'000
Intangibles	(4)
	(4)

5. Conditions on contributions

OEH received contributions for specific purposes, e.g. restoration works or scientific research projects. The amount received during the period was \$107m. Contributions received during the period include climate change funds of \$80m.

Usually the conditions imposed upon OEH stipulate that grants provided are required to be spent on the specific project for which the funds were provided. Usually any funds that are not used on the specific project must be refunded to the donor body.

OEH also conducts research projects on behalf of a wide range of donor bodies. The bodies provide funds that are restricted to use on projects specified by the donor body. Strict terms and conditions can apply to the use of these funds. Any unspent funds can be returned to the donor bodies.

No externally imposed financial restrictions are operable in respect of OEH's assets (except cash) as a result of such contributions. In the case of research grants, assets of an intangible nature (e.g. intellectual property) may ensue. Due to the immateriality, all costs incurred are expensed.

The contributions which were unexpended as at 30 June 2014 were \$178m. Contributions which are unexpended at the balance date are considered to be restricted assets (refer note 14).

6. Service groups of OEH

Service Group 1: National Parks and Wildlife

Objective(s): This service group manages, conserves and cares for over 7 million hectares of land within the national park system, conserving native plants, animals, ecosystems and Aboriginal and historic cultural heritage; managing and suppressing pests, weeds and fire; providing tourism, participation and visitation opportunities; and partnering with Aboriginal and broader communities.

Service Group 2: Regional Operations and Heritage

Objective(s): This service group delivers integrated and customer-focussed services (water and energy efficiency, sustainability, native vegetation, biodiversity, environment protection, environmental water management, compliance and enforcement, floodplain management, coastal protection, and private land conservation, and Aboriginal and historic heritage) at the regional and local level to strengthen communities and partnerships across NSW.

Service Group 3: Policy and Science

Objective(s): This service group provides scientific evidence and knowledge underpinning environmental decision making, conservation, regulation and service delivery, including providing research, imagery, laboratory and analytical and decision support systems. It also provides policy advice and leads the review, development and coordination of strategic policy for OEH.

Service Group 4: Non-attributable

Objective(s): This service group covers personnel services to selected agencies. Personnel services are provided to the Centennial Park and Moore Park Trust, Historic Houses Trust of New South Wales, Parramatta Park Trust, Royal Botanic Gardens and Domain Trust, Western Sydney Parklands Trust, Zoological Parks Board and Jenolan Caves Reserve Trust. This service group also covers funding received from the NSW Treasury for recurrent and capital expenditure of OEH.

6 (a) Administrative Restructures – 24 February 2014

As a result of the Administrative Arrangements Order 2014, OEH was created as a separate Public Service Agency, effective 24 February 2014.

Under the new administrative arrangements, the functions of OEH were transferred from DPC. The Administrative Arrangements Order 2014 also abolished the Zoological Parks Board Division and Jenolan Caves Reserve Trust Division and transferred these functions to OEH.

The following summarises the expenses and income, recognised by the transferor entities from 1 July 2013 to 23 February 2014 and OEH from 24 February to 30 June 2014.

Comparative figures for 2012–13 for each of the transferred functions are also included.

Functions transferred from DPC to OEH

	DPC	OEH	Total	
	Actual 1 Jul 2013 to 23 Feb 2014	Actual 24 Feb to 30 Jun 2014	Actual 2013–14	Actual 2012–13
	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses				
Operating expenses				
Employee related	259,861	157,671	417,532	381,054
Other operating expenses	133,074	114,253	247,327	234,508
Depreciation and amortisation	66,357	35,647	102,004	95,985
Grants and subsidies	187,895	142,696	330,591	297,598
Finance costs	8,957	4,726	13,683	10,337
Total expenses excluding losses	656,144	454,993	1,111,137	1,019,482
Revenue				
Recurrent appropriation	310,729	-	310,729	392,514
Capital appropriation	14,000	-	14,000	35,417
Sale of goods and services	32,866	10,545	43,411	41,479
Investment revenue	18,176	5,776	23,952	23,127
Retained fees and fines	16,875	7,715	24,590	29,517
Grants and contributions	275,484	262,189	537,673	345,374
Acceptance by the Crown Entity of employee benefits and other liabilities	13,411	11,883	25,294	12,821
Personnel services	32,185	33,595	65,780	54,351
Other revenue	38,170	16,798	54,968	33,899
Total revenue	751,896	348,501	1,100,397	968,499
Gain/(loss) on disposal	2	(8,641)	(8,639)	(1,722)
Other gains/(losses)	-	(4)	(4)	(6,859)
NET RESULT FOR THE YEAR	95,754	(115,137)	(19,383)	(59,564)
Other Comprehensive Income				
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	(4,492)	118,125	113,633	88,020
Total Other Comprehensive Income	(4,492)	118,125	113,633	88,020
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	91,262	2,988	94,250	28,456

Functions transferred from Zoological Parks Board Division

	Zoological Parks Board Division	OEH	Total	
	Actual 1 Jul 2013 to 23 Feb 2014 \$'000	Actual 24 Feb to 30 Jun 2014 \$'000	Actual 2013–14 \$'000	Actual 2012–13 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	28,330	15,031	43,361	42,359
Total expenses excluding losses	28,330	15,031	43,361	42,359
Revenue				
Sale of goods and services	-	-	-	-
Investment revenue	-	-	-	-
Retained fees and fines	-	-	-	-
Grants and contributions	-	-	-	-
Personnel services	28,330	15,031	43,361	42,359
Other revenue	-	-	-	-
Total revenue	28,330	15,031	43,361	42,359
Gain/(loss) on disposal	-	-	-	-
Other gains/(losses)	-	-	-	-
NET RESULT FOR THE YEAR	-	-	-	-
Other Comprehensive Income				
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	-	-	-
Total Other Comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	-

Functions transferred from Jenolan Caves Reserve Trust Division

	Jenolan Caves Reserve Trust Division		OEH	
			Total	
	Actual	Actual	Actual	Actual
	1 Jul 2013 to 23 Feb 2014	24 Feb to 30 Jun 2014	2013–14	2012–13
	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses				
Operating expenses				
Employee related	3,579	2,172	5,751	6,166
Total expenses excluding losses	3,579	2,172	5,751	6,166
Revenue				
Sale of goods and services	-	-	-	-
Investment revenue	-	-	-	-
Retained fees and fines	-	-	-	-
Grants and contributions	-	-	-	-
Personnel services	3,579	2,172	5,751	6,166
Other revenue	-	-	-	-
Total revenue	3,579	2,172	5,751	6,166
Gain/(loss) on disposal			-	
Other gains/(losses)	-	-	-	-
NET RESULT FOR THE YEAR	-	-	-	-
Other Comprehensive Income				
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	-	-	-
Total Other Comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	-

7. Current assets – Cash and cash equivalents

	2014
	\$'000
For the purposes of the statement of cash flows, cash and cash equivalents include all of the following:	
Cash at bank	170,969
Cash on hand	58
Cash at TCorp	37,378
Closing cash and cash equivalents (per statement of financial position and cash flows)	208,405

Refer note 14 for details on restricted cash balances.

Refer note 23 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. Current assets – Receivables

	2014
	\$'000
Sale of goods and services	32,258
Less: Allowance for impairment	(677)
Accrued income	38,522
Prepayments	2,797
GST receivable	6,647
Other receivables	28
	79,575
	2014
	\$'000
Movement in the allowance for impairment	
Balance at 24 February 2014	910
Amounts written off during the period	(62)
Increase/(decrease) in allowance recognised in profit or loss	(171)
	677

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in note 23.

9. Current assets – Inventories

	2014
	\$'000
Held for resale	
Finished goods – shop stocks at cost	887
	887

10. Current assets – Other financial assets

	2014
	\$'000
Other loans and deposits	17
	17

Refer note 23 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

11. Non-current assets – Property, plant and equipment

	Land and buildings*	Plant and equipment	Infrastructure systems	Total
	\$'000	\$'000	\$'000	\$'000
At 24 February 2014 – fair value				
Gross carrying amount	2,488,910	185,544	2,178,081	4,852,535
Accumulated depreciation and impairment	(272,978)	(120,594)	(798,190)	(1,191,762)
Net carrying amount	2,215,932	64,950	1,379,891	3,660,773
At 30 June 2014 – fair value				
Gross carrying amount	2,520,046	176,522	2,251,010	4,947,578
Accumulated depreciation and impairment	(286,973)	(113,034)	(777,986)	(1,177,993)
Net carrying amount	2,233,073	63,488	1,473,024	3,769,585

*Includes land managed under Part 4a of the *National Parks and Wildlife Act, 1974*

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.

	Land and buildings \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Total \$'000
Period ended 30 June 2014				
Net carrying amount at 24 February 2014	2,215,932	64,950	1,379,891	3,660,773
Additions	7,440	4,921	9,629	21,990
Disposals	(369)	(382)	(8,086)	(8,837)
Acquisitions/transfers through administrative restructures	20	-	-	20
Net revaluation increment less revaluation decrements	4,196	-	112,540	116,736
Impairment losses*	(1,589)	-	-	(1,589)
Asset recognised first time	12,394	-	-	12,394
Depreciation expense	(4,568)	(6,017)	(21,333)	(31,918)
Transfers between asset categories	(399)	16	383	-
Other movements – free of cost	16	-	-	16
Net carrying amount at end of year	2,233,073	63,488	1,473,024	3,769,585

*For additional details regarding impairment losses-refer AASB 136.126-137

OEH recognises impairment loss on land that it acquires/purchases and writes it down to its fair value that reflects restricted use of land as a national park.

12. Intangible assets

	Software \$'000	Licences \$'000	Total \$'000
At 24 February 2014 - fair value			
Gross carrying amount	90,495	165,184	255,679
Accumulated amortisation and impairment	(67,151)	-	(67,151)
Net carrying amount	23,344	165,184	188,528
At 30 June 2014 - fair value			
Gross carrying amount	90,839	168,161	259,000
Accumulated amortisation and impairment	(61,467)	-	(61,467)
Net carrying amount	29,372	168,161	197,533
Period ended 30 June 2014			
Net carrying amount at 24 February 2014	23,345	165,184	188,529
Additions	9,760	-	9,760
Disposals	(4)	-	(4)
Net revaluation increment less revaluation decrements	-	2,977	2,977
Amortisation expense	(3,729)	-	(3,729)
Net carrying amount at end of year	29,372	168,161	197,533

13. Fair value measurement of non-financial assets

(a) Fair value hierarchy

2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (note 11)				
Land and buildings	-	-	2,233,073	2,233,073
Plant and equipment	-	63,488	-	63,488
Infrastructure systems	-	-	1,473,024	1,473,024
Intangible Assets (note 12)	-	-	197,533	197,533
	-	63,488	3,903,630	3,967,118

There were no transfers between Level 1 or 2 during the period.

(b) Valuation techniques, inputs and processes

(i) Valuation techniques and inputs:

Fair value for non-financial assets are calculated on the following bases:

Asset class	Valuation technique	Comments
Land	Market	Based on market evidence for open space, unimproved or green timbered land
Buildings	Cost	Based on depreciated replacement cost
Plant and equipment	Cost	Based on depreciated historical cost
Infrastructure systems	Cost	Based on depreciated replacement cost
Intangible assets-water licences	Market	Market evidence, normally based on a rolling three-year average
Intangible assets-software	Cost	Based on amortised historical cost

(ii) Highest and best use:

Non-financial assets are valued on a highest and best use basis.

(iii) Level 3 measurements

OEH non-financial assets classed as Level 3 in the fair value hierarchy are valued using a cost approach given that their use is specialised in nature, and they are not actively traded in the marketplace. Cost has been derived using actual costs plus reference to industry costing guides based on the characteristics of the relevant asset.

Full external valuations are conducted at least every 5 years. The last valuation for buildings was conducted in June 2012. The fair value of Level 3 assets are adjusted annually for movement in relevant publicly available indexes. OEH engage independent, qualified valuers with appropriate experience in the relevant Level 3 category to conduct external valuations.

Annual movements in industry costing guides or relevant indexes will result in corresponding changes to the fair value of OEH Level 3 assets.

(c) Reconciliation of recurring Level 3 fair value measurements

2014	Land and buildings \$'000	Infrastructure systems \$'000	Intangible assets \$'000	Total recurring Level 3 fair value \$'000
Fair value as at 24 February 2014	2,215,932	1,379,891	188,529	3,784,352
Additions	7,440	9,629	9,760	26,829
Revaluation increments/ decrements recognised in other comprehensive income – included in line item /net increase / (decrease) in property, plant and equipment revaluation surplus'	2,607	112,540	2,977	118,124
Disposals	(369)	(8,086)	(4)	(8,459)
Others	(363)	383	-	20
Depreciation	(4,568)	(21,333)	(3,729)	(29,630)
Asset recognised first time	12,394	-	-	12,394
Fair value as at 30 June 2014	2,233,073	1,473,024	197,533	3,903,630

14. Restricted assets

	2014 \$'000
Current	
Cash at TCorp	25,202
Climate Change Fund	139,795
Other contributions	38,770
	203,767

The above amounts are recognised as restricted assets as there are specific legislative or contractual conditions associated with the use of these funds.

Cash at TCorp represents unspent funds provided by Snowy Hydro Ltd to assist with the remediation of sites formerly occupied by that organisation.

OEH has under its control a wide range of assets, such as historic buildings, dedicated land and specified sites, which are subject to restrictions on their use by virtue of the *National Parks and Wildlife Act 1974*. These restrictions include disposal of the asset or, under certain circumstances, exploitation for financial or economic gain. Additional restrictions may be brought to bear by OEH's stakeholders as well as other legislation governing the use of historic sites, sites of cultural significance and buildings.

15. Current liabilities – Payables

	2014 \$'000
Accrued salaries, wages and on-costs	9,394
Creditors	75,163
Unearned revenue	4,974
Redundancies	1,212
	90,743

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in note 23.

16. Current/Non-current liabilities – Borrowings

	2014 \$'000
Current	
Treasury advances repayable-interest bearing	3,360
Treasury advances repayable-non-interest bearing-Solar Bonus Reimbursement Scheme	29,245
	32,605
Non-Current	
Treasury advances repayable-interest bearing	55,331
Treasury advances repayable-non-interest bearing – Solar Bonus Reimbursement Scheme	183,804
	239,135
	271,740

Included in the Treasury advances repayable interest bearing is \$23.1 million of cumulative interest. The Solar Bonus Reimbursement Scheme is a scheme to promote small scale renewable energy infrastructure across NSW. The scheme is administered by DTIRIS and delivered by electricity Distribution Network Services Providers (DNSP's) under the *Electricity Supply Act 1995*. The DNSP's (through electricity retailers) are responsible for the metering and payments to the owners of the small scale renewable energy infrastructure. The bulk of this is in the form of small scale (up to 10 kilowatts) solar panel systems on residential dwellings. Government decision during 2011 has seen the Climate Change Fund (CCF), administered by OEH under the *Energy and Utilities Administration Act 1987*, as the mechanism for reimbursing the DNSP's costs incurred under the Solar Bonus Scheme (SBSRP). In order to meet the cost reimbursement requirements, Treasury loan has been provided by the NSW Crown. This was in the form of an interest free advance for funding requirements from 2010–11 to 2013–14. The advance will then be fully repaid from additional CCF contributions levied on utility bills by 30 June 2017.

Treasury advance repayable (non-interest bearing) is recognised at fair value, which is the present value of future repayments, discounted by using 10-year government bond rate. Additional amount borrowed, i.e. difference between the amount borrowed and the present value, is recognised as grant revenue. Unwinding of discount will be recognised as finance cost.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings, are disclosed in note 26.

The repayable schedule of the interest-bearing Treasury repayable advances has been determined in the context of the State Infrastructure Strategy.

While OEH did not have the powers to borrow funds (i.e. loans) under the *Public Authorities (Financial Arrangements) Act 1987*, specific approval was given by the NSW Treasurer for these advances.

17. Current/Non-current liabilities – Provisions

	2014 \$'000
(a) Current	
Employee benefits and related on-costs¹	
Recreation leave ²	34,636
Recreation leave on-costs ²	3,265
Superannuation – Defined benefits	5,856
Long service leave on-costs ³	18,364
Total current	62,121
Non-current	
Employee benefits and related on-costs¹	
Long service leave on-costs ³	1,189
	1,189
Other provisions	
Restoration costs	5,196
	5,196
Total non-current	6,385
Total provisions	68,506
Aggregate employee benefits and related on-costs	
Provisions – Current	62,121
Provisions – Non-Current	1,189
Accrued salaries, wages and on-costs (note 15)	9,394
	72,704

1. Includes employee benefits and related on-costs for The Royal Botanic Gardens and Domain Trust, Western Sydney Parklands Trust, Historic Houses Trust, Centennial Park and Moore Park Trust, Parramatta Park, Zoological Parks Board, Jenolan Caves Reserve Trust (refer to note 1(a)).
2. The value of employee benefits and related on-costs expected to be paid after 12 months is \$554,437.
3. OEH's liabilities for long service leave are assumed by the Crown Entity. However, OEH has an obligation to meet the long service related on-costs.

Movements in provisions (other than employee benefits)

Movements in the restoration costs provision during the financial year are set out below:

	Total \$'000
Carrying amount on 24 February 2014	7,316
Additional provisions recognised	247
Write back of provision	(2,377)
Unwinding/change in the discount rate	10
Carrying amount at the end of the year	5,196

(b) Accounting for superannuation

Nature of the benefits provided by the fund – Para 139(a)(i)

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

Description of the regulatory framework – Para 139(a)(ii)

The schemes in the Pooled Fund are established and governed by the following NSW legislation: *Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Scheme Act 1987*, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2012.

Description of other entities' responsibilities for the governance of the fund – Para 139(a)(iii)

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules
- Management and investment of the fund assets
- Compliance with other applicable regulations.

Description of risks – Para 139(b)

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- **Investment risk** – The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- **Longevity risk** – The risk that pensioners live longer than assumed, increasing future pensions.
- **Pension indexation risk** – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- **Salary growth risk** – The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- **Legislative risk** – The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events – Para 139(c)

There were no fund amendments, curtailments or settlements during the year.

(i) Zoological Parks Board

2014

Reconciliation of the Net Defined Benefit Liability/(Asset) – Para 140(a)

	SASS Financial Year to 30 June 2014 A\$	SANCS Financial Year to 30 June 2014 A\$	SSS Financial Year to 30 June 2014 A\$	Total Financial Year to 30 June 2014 A\$
Net Defined Benefit Liability/(Asset) at start of year	326,129	391,925	4,644,112	5,362,166
Current service cost	204,911	41,684	44,780	291,375
Net Interest on the net defined benefit liability/(asset)	8,945	14,215	175,903	199,063
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(319,078)	(50,262)	(477,584)	(846,924)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	190,757	56,105	413,150	660,012
Actuarial (gains)/losses arising from liability experience	84,924	(113,750)	271,493	242,667
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(181,454)	(35,688)	(30,182)	(247,324)
Net Defined Benefit Liability/(Asset) at end of year	315,134	304,229	5,041,672	5,661,035

Reconciliation of the Fair Value of Fund Assets – Para 140(a)(i)

	SASS	SANCS	SSS	Total
	Financial Year to 30 June 2014	Financial Year to 30 June 2014	Financial Year to 30 June 2014	Financial Year to 30 June 2014
	A\$	A\$	A\$	A\$
<i>Fair value of Fund assets at beginning of the year</i>	4,754,108	599,407	6,812,015	12,165,530
Interest income	173,616	21,514	251,731	446,861
Actual return on Fund assets less Interest income	319,078	50,262	477,584	846,924
Employer contributions	181,454	35,688	30,182	247,324
Contributions by participants	95,314	-	43,381	138,695
Benefits paid	(724,880)	(112,464)	(760,806)	(1,598,150)
Taxes, premiums & expenses paid	(29,051)	(5,767)	27,714	(7,104)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
<i>Fair value of Fund assets at end of the year</i>	4,769,639	588,640	6,881,801	12,240,080

Reconciliation of the Defined Benefit Obligation – Para 140(a)(ii)

	SASS	SANCS	SSS	Total
	Financial Year to 30 June 2014	Financial Year to 30 June 2014	Financial Year to 30 June 2014	Financial Year to 30 June 2014
	A\$	A\$	A\$	A\$
Present value of defined benefit obligations at beginning of the year	5,080,236	991,332	11,456,127	17,527,695
Current service cost	204,911	41,684	44,780	291,375
Interest cost	182,562	35,729	427,634	645,925
Contributions by participants	95,314	-	43,381	138,695
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	190,757	56,105	413,150	660,012
Actuarial (gains)/losses arising from liability experience	84,924	(113,750)	271,493	242,667
Benefits paid	(724,880)	(112,464)	(760,806)	(1,598,150)
Taxes, premiums & expenses paid	(29,051)	(5,767)	27,714	(7,104)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the year	5,084,773	892,869	11,923,473	17,901,115

Reconciliation of the effect of the Asset Ceiling – Para 140(a)(iii)

	SASS	SANCS	SSS	Total
	Financial Year to 30 June 2014	Financial Year to 30 June 2014	Financial Year to 30 June 2014	Financial Year to 30 June 2014
	A\$	A\$	A\$	A\$
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the year	-	-	-	-

Fair value of Fund assets – Para 142

All Pooled Fund assets are invested by STC at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. **As such, the disclosures below relate to total assets of the Pooled Fund.**

As at 30 June 2014

Asset category	Total (A\$'000)	Quoted prices in active markets for identical assets Level 1 (A\$'000)	Significant observable inputs Level 2 (A\$'000)	Unobservable inputs Level 3 (A\$'000)
Short term securities	2,452,755	1,572,615	880,140	-
Australian fixed interest	2,365,014	10,928	2,354,086	-
International fixed interest	880,529	-	880,529	-
Australian equities	11,738,636	11,494,549	241,423	2,664
International equities	10,953,329	8,172,677	2,780,531	121
Property	3,272,986	894,113	692,296	1,686,577
Alternatives	6,329,410	565,401	4,897,152	866,857
Total*	37,992,659	22,710,283	12,726,157	2,556,219

The percentage invested in each asset class at the reporting date is:

As at 30 June 2014

Short term securities	6.5%
Australian fixed interest	6.2%
International fixed interest	2.3%
Australian equities	30.9%
International equities	28.8%
Property	8.6%
Alternatives	16.7%
Total	100.0%

*Additional to the assets disclosed above, at 30 June 2014 Pooled Fund has provisions for receivables/(payables) estimated to be around \$2.2 billion, giving an estimated assets totalling around \$40.2 billion.

Level 1 – quoted prices in active markets for identical assets or liabilities. The assets in these levels are listed shares; listed unit trusts.

Level 2 – inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.

Level 3 – inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

Fair value of entity's own financial instruments – Para 143

The fair value of the Pooled Fund assets include as at 30 June 2014 of \$173.9 million in NSW government bonds.

Significant actuarial assumptions at the reporting date – Para 144

As at 30 June 2014

Discount rate	3.57% pa
Salary increase rate (excluding promotional increases)	2.27% pa to 30 June 2015, then 2.5% pa to 30 June 2018, 3.0% pa from 1 July 2018 to 30 June 2023, and 3.5% pa thereafter
Rate of CPI increase	2.5% pa
Pensioner mortality	as per the 2012 Actuarial Investigation of the Pooled Fund

Sensitivity Analysis – Para 145

The entity's total defined benefit obligation as at 30 June 2014 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2014.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	Base Case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	3.57%	2.57%	4.57%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	17,901,115	20,180,766	16,024,678

	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	17,901,115	18,807,403	17,074,955

	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A\$)	17,901,115	18,088,439	17,723,139

	Base Case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation (A\$)	17,901,115	17,754,585	18,055,817

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies – Para 146

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements.

Funding arrangements – Para 147(a)

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

Surplus/deficit

The following is a summary of the 30 June 2014 financial position of the Fund calculated in accordance with AAS 25 “Financial Reporting by Superannuation Plans”:

	SASS 30-Jun-14 A\$	SANCS 30-Jun-14 A\$	SSS 30-Jun-14 A\$	Total 30-Jun-14 A\$
Accrued benefits*	4,505,185	693,357	6,599,860	11,798,402
Net market value of Fund assets	(4,769,639)	(588,640)	(6,881,801)	(12,240,080)
<i>Net (surplus)/deficit</i>	<i>(264,454)</i>	<i>104,717</i>	<i>(281,941)</i>	<i>(441,678)</i>

*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AAS 25. Allowance for contributions tax is made when setting the contribution rates.

Contribution recommendations

Recommended contribution rates for the entity are:

	SASS multiple of member contributions	SANCS % member salary	SSS multiple of member contributions
	1.9	2.5	1.6

Economic assumptions

The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

Weighted-Average Assumptions

Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate (excluding promotional salary increases)	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018, then 4.0% pa thereafter
Expected rate of CPI increase	2.5% pa

Expected contributions – Para 147(b)

	SASS Financial Year to 30 June 2015 A\$	SANCS Financial Year to 30 June 2015 A\$	SSS Financial Year to 30 June 2015 A\$	Total Financial Year to 30 June 2015 A\$
Expected employer contributions	181,097	39,338	69,410	289,844

Maturity profile of defined benefit obligation – Para 147(c)

The weighted average duration of the defined benefit obligation is 12.1 years.

(ii) Jenolan Caves Reserve Trust

2014

Reconciliation of the Net Defined Benefit Liability/(Asset) – Para 140(a)

	SASS Financial Year to 30 June 2014 A\$	SANCS Financial Year to 30 June 2014 A\$	SSS Financial Year to 30 June 2014 A\$	Total Financial Year to 30 June 2014 A\$
Net Defined Benefit Liability/(Asset) at start of year	240,817	3,691	-	244,508
Current service cost	-	-	-	-
Net Interest on the net defined benefit liability/(asset)	9,250	41	-	9,291
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(10,337)	225	-	(10,112)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	7,010	-	-	7,010
Actuarial (gains)/losses arising from liability experience	(57,097)	946	-	(56,151)
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	5,200	(5,200)	-	-
Net Defined Benefit Liability/(Asset) at end of year	194,843	(297)	-	194,546

Reconciliation of the Fair Value of Fund Assets – Para 140(a)(i)

	SASS Financial Year to 30 June 2014 A\$	SANCS Financial Year to 30 June 2014 A\$	SSS Financial Year to 30 June 2014 A\$	Total Financial Year to 30 June 2014 A\$
<i>Fair value of Fund assets at beginning of the year</i>	100,243	(3,691)	-	96,552
Interest income	3,306	(41)	-	3,265
Actual return on Fund assets less Interest income	10,337	(225)	-	10,112
Employer contributions	(5,200)	5,200	-	-
Contributions by participants	-	-	-	-
Benefits paid	(21,100)	-	-	(21,100)
Taxes, premiums & expenses paid	58,073	(946)	-	57,127
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
<i>Fair value of Fund assets at end of the year</i>	145,659	297	-	145,956

Reconciliation of the Defined Benefit Obligation – Para 140(a)(ii)

	SASS Financial Year to 30 June 2014 A\$	SANCS Financial Year to 30 June 2014 A\$	SSS Financial Year to 30 June 2014 A\$	Total Financial Year to 30 June 2014 A\$
Present value of defined benefit obligations at beginning of the year	341,061	-	-	341,061
Current service cost	-	-	-	-
Interest cost	12,555	-	-	12,555
Contributions by participants	-	-	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	7,010	-	-	7,010
Actuarial (gains)/losses arising from liability experience	(57,097)	946	-	(56,151)
Benefits paid	(21,100)	-	-	(21,100)
Taxes, premiums & expenses paid	58,073	(946)	-	57,127
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the year	340,502	-	-	340,502

Reconciliation of the effect of the Asset Ceiling – Para 140(a)(iii)

	SASS Financial Year to 30 June 2014 A\$	SANCS Financial Year to 30 June 2014 A\$	SSS Financial Year to 30 June 2014 A\$	Total Financial Year to 30 June 2014 A\$
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the year	-	-	-	-

Fair value of Fund assets – Para 142

All Pooled Fund assets are invested by STC at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. **As such, the disclosures below relate to total assets of the Pooled Fund.**

As at 30 June 2014

Asset category	Total (A\$'000)	Quoted prices in active markets for identical assets Level 1 (A\$'000)	Significant observable inputs Level 2 (A\$'000)	Unobservable inputs Level 3 (A\$'000)
Short Term Securities	2,452,755	1,572,615	880,140	-
Australian Fixed Interest	2,365,014	10,928	2,354,086	-
International Fixed Interest	880,529	-	880,529	-
Australian Equities	11,738,636	11,494,549	241,423	2,664
International Equities	10,953,329	8,172,677	2,780,531	121
Property	3,272,986	894,113	692,296	1,686,577
Alternatives	6,329,410	565,401	4,897,152	866,857
Total*	37,992,659	22,710,283	12,726,157	2,556,219

The percentage invested in each asset class at the reporting date is:

As at 30 June 2014

Short Term Securities	6.5%
Australian Fixed Interest	6.2%
International Fixed Interest	2.3%
Australian Equities	30.9%
International Equities	28.8%
Property	8.6%
Alternatives	16.7%
Total	100.0%

*Additional to the assets disclosed above, at 30 June 2014 Pooled Fund has provisions for receivables/(payables) estimated to be around \$2.2 billion, giving an estimated assets totalling around \$40.2 billion.

Level 1 – quoted prices in active markets for identical assets or liabilities. The assets in these levels are listed shares; listed unit trusts.

Level 2 – inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.

Level 3 – inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

Fair value of entity's own financial instruments – Para 143

The disclosures below relate to total assets of the Pooled Fund.

The fair value of the Pooled Fund assets include as at 30 June 2014 of \$173.9 million in NSW government bonds.

Significant Actuarial Assumptions at the Reporting Date – Para 144

As at 30 June 2014

Discount rate	3.57% pa
Salary increase rate (excluding promotional increases)	2.27% pa to 30 June 2015, then 2.5% pa to 30 June 2018, 3.0% pa from 1 July 2018 to 30 June 2023, and 3.5% pa thereafter
Rate of CPI increase	2.5% pa
Pensioner mortality	as per the 2012 Actuarial Investigation of the Pooled Fund

Sensitivity Analysis – Para 145

The entity's total defined benefit obligation as at 30 June 2014 under several scenarios is presented below.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	Base Case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	3.57%	2.57%	4.57%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	340,502	373,839	311,613

	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	340,502	357,099	324,924

	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A\$)	340,502	340,502	340,502

	Base Case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation (A\$)	340,502	334,265	347,123

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies – Para 146

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements.

Funding arrangements – Para 147(a)

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

Surplus/deficit

The following is a summary of the 30 June 2014 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 30-Jun-14 A\$	SANCS 30-Jun-14 A\$	SSS 30-Jun-14 A\$	Total 30-Jun-14 A\$
Accrued benefits	232,416	-	-	232,416
Net market value of Fund assets	(145,659)	(297)	-	(145,956)
<i>Net (surplus)/deficit</i>	86,757	(297)	-	86,460

Contribution recommendations

Recommended contribution rates for the entity are:

	SASS multiple of member contributions	SANCS % member salary	SSS multiple of member contributions
	-	-	-

Economic assumptions

The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

Weighted-Average Assumptions

Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate (excluding promotional salary increases)	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018, then 4.0% pa thereafter
Expected rate of CPI increase	2.5% pa

Expected contributions – Para 147(b)

	SASS Financial Year to 30 June 2015 A\$	SANCS Financial Year to 30 June 2015 A\$	SSS Financial Year to 30 June 2015 A\$	Total Financial Year to 30 June 2015 A\$
Expected employer contributions	-	-	-	-

Maturity profile of defined benefit obligation – Para 147(c)

The weighted average duration of the defined benefit obligation is 9.4 years.

18. Current/non-current liabilities – Other

	2014 \$'000
Current	
Security deposits	49
	49
Total other liabilities	49

19. Increase/decrease in net assets from equity transfers

The Administrative Arrangements Order 2014 dated 29 January 2014, established OEH as a separate Public Sector Agency. The following assets and liabilities were transferred from DPC at the effective date of 24 February 2014. Assets and liabilities associated with the employees transferred to OEH from the Zoological Parks Board Division and Jenolan Caves Reserve Trust Division as at 24 February 2014 are also summarised below.

	Transfer from DPC \$'000	Transfer from Zoological Parks Board Division \$'000	Transfer from Jenolan Caves Reserve Trust Division \$'000
ASSETS			
Current assets			
Cash and cash equivalents	408,095	-	-
Receivables	76,407	9,305	952
Inventories	707	-	-
Other financial assets	17	-	-
Total current assets	485,226	9,305	952
Non-current assets			
Property, plant and equipment			
Land and buildings	2,215,932	-	-
Plant and equipment	64,950	-	-
– Infrastructure systems	1,379,891	-	-
Total property, plant and equipment	3,660,773	-	-
Intangible assets	188,528	-	-
Total non-current assets	3,849,301	-	-
Total assets	4,334,527	9,305	952
LIABILITIES			
Current liabilities			
Payables	150,282	-	-
Borrowings	34,697	-	-
Provisions	43,999	8,711	919
Other	3,922	-	-
Total current liabilities	232,900	8,711	919
Non-current liabilities			
Borrowings	271,693	-	-
Provisions	7,977	594	33
Other	-	-	-
Total non-current liabilities	279,670	594	33
Total liabilities	512,570	9,305	952
Net assets	3,821,957	-	-

Transfers of land and associated infrastructure (to)/from other agencies, which are treated as 'administrative restructures are detailed below (refer to note 1):

	For the period 24 Feb to 30 Jun 2014* \$'000
Department/Agency	
Newcastle Ports Corporation	20
	20

20. Commitments for expenditure **2014**
\$'000

Commitments for expenditure

(a) Capital commitments*

Aggregate capital expenditure contracted at balance date and not provided for:

Not later than one year	1,258
Total (including GST)	1,258

(b) Operating lease**commitments*

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	24,946
Later than one year and not later than five years	32,616
Later than five years	2,374
Total (including GST)	59,936

* Commitments above includes input tax credits of \$5,079,913 that are expected to be recoverable from the Australian Taxation Office.

** Operating leases are for office accommodation, plant and equipment and motor vehicles.

21. Contingent Liabilities and Contingent Assets

Contingent liabilities

(a) **Claims on the Treasury Managed Fund**

OEH is a member of the NSW Treasury Managed Fund (TMF) self insurance scheme. The Fund manages a number of civil claims against OEH in relation to issues such as negligence and public liability. As at 30 June 2014 these included:

- A civil law suit claiming damages due to non-granting of a water licence.
- Civil law suits claiming damages due to rezoning and development of land not approved.
- Civil law suits arising in relation to the January 2003 bushfires in Canberra.
- Civil law suits by individuals that have sustained injuries and/or damage to their personal property.
- Civil law suits involving claims for incidents that occurred within National Parks.

It is not practical to estimate the financial effect of these claims. OEHs insurable risk should adequately cover all these claims.

(b) Other claims

As at the balance date, OEH has a contingent liability relating to claims against a contract for the delivery of a capital project. The dispute is subject to mediation by a third party.

Other than the above, OEH is not aware of any significant or material contingent liability in existence at 30 June 2014 or which has emerged subsequent to this date, which may materially impact on the financial position of OEH as shown in the financial statements.

Contingent assets

Apart from the reimbursement from TMF that manages civil claims disclosed above, there are no other known contingent assets at balance date.

22. Reconciliation of Cash Flows from Operating Activities to Net Result

	For the period 24 Feb to 30 June 2014*
	\$'000
Net cash used on operating activities	126,539
Depreciation and amortisation	35,647
(Increase)/decrease in receivables	(3,167)
Decrease/(increase) in inventories	(181)
(Decrease)/increase in provisions	14,041
(Decrease)/increase in creditors	(54,644)
(Decrease)/increase in other liabilities	(3,875)
Net (gain)/loss on sale of plant and equipment	8,366
Other (gain)/loss	(4)
Finance cost	4,726
Assets recognised for the first time	(12,311)
Net Result	115,137

23. Financial Instruments

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

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

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by OEH, to set risk limits and controls, and to monitor risks. Compliance with policies is periodically reviewed by the Audit and Risk Committee/Internal auditors.

(a) Financial instrument categories

Financial Assets	Note	Category	Amount
			2014
			\$'000
Class:			
Cash and cash equivalents	7	N/A	208,405
Receivables ¹	8	Loans and receivables (at amortised cost)	70,131
Other financial assets	10	Term deposit	17
Financial Liabilities	Note	Category	Carrying Amount
			2014
			\$'000
Class:			
Payables ²	15	Financial liabilities measured at amortised cost	75,163
Borrowings	16	Financial liabilities measured at amortised cost	271,740

Notes :

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

(b) Credit risk

Credit risk arises when there is the possibility of OEH's debtors defaulting on their contractual obligations, resulting in a financial loss to OEH. 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 OEH, including cash, receivables, loans and OEH deposits. No collateral is held by OEH. OEH has not granted any financial guarantees.

Credit risk associated with the OEH's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. OEH's deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate adjusted for a management fee to NSW Treasury. The TCorp Hour-Glass cash facility is discussed in paragraph (d) below.

Receivables – trade debtors

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

OEH is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2014: \$7.904m) and not less than one month past due (\$0.386m) are not considered impaired and together these represent 89% of the total trade debtors. Most of the OEH's debtors have a good credit rating. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

All lease revenue falls due immediately after the issue of the customer invoice except where the lease rent schedule conditions stipulate otherwise.

The only financial assets that are past/due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position.

	Total ^{1,2}	Past due but not impaired ^{1,2} \$'000	Considered impaired ^{1,2} \$'000
2014			
< 3 months overdue	657	568	89
3 months – 6 months overdue	486	152	334
> 6 months overdue	327	73	254

Notes

1. Each column in the table reports 'gross receivables'.
2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

Authority deposits

OEH has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. The deposits at balance date were earning an interest rate of 2.88% while over the year the weighted average interest rate was 2.92% on a weighted average balance during the year of \$36.889m. None of these assets are past due or impaired.

Other financial assets

As at 30 June 2014, OEH held two fixed term interest-bearing deposits to the value of \$16,864.86 with the Commonwealth Bank of Australia.

The deposits at 30 June 2014 were earning an interest rate of 3.35% while over the year the weighted average interest rate was 3.48%.

(c) Liquidity risk

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

OEH does not have any bank overdraft facility. However it does have a number of operational activities/limits with the bank that have a potential to be a liability. These include cheque cashing authorities, purchase card limits, a payroll agreement and a tape negotiation authority.

During the current and prior years, there were no defaults or breaches on any payables. No assets have been pledged as collateral. OEH'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 not 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 time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, OEH may automatically pay the supplier simple interest. The rate of interest applied during the year was 12.5%.

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

\$'000								
	Weighted average effective int. rate	Nominal amount ¹	Interest rate exposure			Maturity dates		
			Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 year	1-5 years	> 5 years
2014								
Payables		75,163	-	-	75,163	75,163	-	-
<i>Borrowings:</i>								
Advances repayable	0.06							
		75,163	-	-	75,163	75,163	-	-

Note :

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which OEH operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance date. The analysis is performed on the same basis as for 2013. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through OEH's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. OEH 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. OEH's exposure to interest rate risk is set out below.

2014	Carrying Amount	\$'000			
		-1%		1%	
		Profit	Equity	Profit	Equity
Financial assets					
Cash and cash equivalents	208,405	(2,084)	-	2,084	-
Receivables	70,131	(701)	-	701	-
Other financial assets	17	-	-	-	-
Financial liabilities					
Payables	75,163	752	-	(752)	-
Borrowings	271,740	2,717	-	(2,717)	-

Other price risk – TCorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. OEH has no direct equity investments. OEH holds units in the following Hour-Glass investment trusts:

Facility	Investment sectors	Investment horizon	2014 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	37,378

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp, as trustee for the above facility is required to act in the best interest of the unitholders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits OEH's exposure to risk, as it allows diversification across a pool of funds, with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass Investment Facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

	Impact on profit/loss	
	Change in unit price	2014 \$'000
Hour-Glass Investment Cash Facility	+/- 2.92%	1,091

(e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities and interest free Treasury advance (repayable), which are measured at fair value. The fair value of the interest free debt is the present value of estimated future repayments, discounted at 10 year government bond rate. As discussed, the value of the Hour-Glass investments is based on OEH's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

The amortised cost of financial instruments recognised in the statement of financial position approximates fair value because of the short-term nature of the financial instruments.

(f) Fair value recognised in the statement of financial position

OEH uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Derived from quoted prices in active markets for identical assets/liabilities
- Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly
- Level 3 - Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

	2014			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial asset at fair value				
TCorp Hour-Glass Investment Facility	-	37,378	-	37,378
	-	37,378	-	37,378

The table above includes only financial assets, as no financial liabilities were measured at fair value in the statement of financial position. There were no transfers between level 1 and 2 during the period ended 30 June 2014.

24. Events after the reporting period

OEH is not aware of any circumstances that occurred after balance date which would render particulars included in the financial statements to be misleading.

End of audited financial statements

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1. Governance

The Chief Executive of OEH is accountable to the Minister for the effective strategic and operational performance of OEH. A transparent corporate governance framework supports the Chief Executive in discharging his responsibilities.

OEH Executive

OEH's governance arrangements are overseen by the Executive, whom are responsible for ensuring the effective and efficient performance of the agency, providing the Chief Executive with strategic advice and ensuring that decisions are implemented.

OEH provides a variety of corporate, essential and shared services to the Environment and Heritage Portfolio agencies. Agencies in the portfolio are: the Environment Protection Authority; Centennial Park and Moore Park Trust; Heritage Council of NSW; Historic Houses Trust; Parramatta Park Trust; Royal Botanic Gardens and Domain Trust; Taronga Conservation Society Australia; Western Sydney Parklands Trust and the Jenolan Caves Reserve Trust. For more information please refer to the individual annual reports.

Information on OEH's key corporate and essential services and governance functions also cover the Environmental Trust as the trust's support staff is employed within OEH.

Policies and procedures

OEH is committed to comply with legislative requirements and NSW public sector policies and procedures. The organisation regularly reviews, updates and develops new policies to improve its governance and performance. All OEH policies and procedures are available on the OEH intranet.

2. Legislation and legal changes

Legislation and regulations form an important element of the system of governance.

Acts administered by OEH (as at 30 June 2014)

OEH has responsibilities, powers, duties and functions under legislation administered by the Minister for the Environment and the Minister for Heritage.

OEH administered Acts

- *Brigalow and Nandewar Community Conservation Area Act 2005* No 56
- *Coastal Protection Act 1979* No 13
- *Energy and Utilities Administration Act 1987* No 103 Part 6A; section 40 (1A); and section 45 in so far as it relates to Part 6A and to section 40 (1A)
- *Environmental Trust Act 1998* No 82
- *Filming Approval Act 2004* No 38
- *Forestry Restructuring and Nature Conservation Act 1995* No 50
- *Forestry Revocation and National Parks Reservation Act 1996* No 131
- *Forestry Revocation and National Parks Reservation Act 1983* No 37
- *Forestry Revocation and National Parks Reservation Act 1984* No 85
- *Heritage Act 1977* No 136
- *Lane Cove National Park (Sugarloaf Point Additions) Act 1996* No 71
- *Local Government Act 1993* No 30, Part 2A of Chapter 6
- *Marine Parks Act 1997* No 64 jointly with the Minister for Regional Infrastructure and Services, the Minister for Primary Industries and the Minister for Natural Resources, Lands and Water
- *National Park Estate (Land Transfers) Act 1998* No 163
- *National Park Estate (Lower Hunter Region Reservations) Act 2006* No 90
- *National Park Estate (Reservations) Act 2002* No 137
- *National Park Estate (Reservations) Act 2003* No 24
- *National Park Estate (Reservations) Act 2005* No 84
- *National Park Estate (Riverina Red Gum Reservations) Act 2010* No 22
- *National Park Estate (South-Western Cypress Reservations) Act 2010* No 112
- *National Park Estate (Southern Region Reservations) Act 2000* No 103
- *National Parks and Wildlife Act 1974* No 80
- *National Parks and Wildlife (Adjustment of Areas) Act 2005* No 27
- *Native Vegetation Act 2003* No 103
- *Nature Conservation Trust Act 2001*
- *Soil Conservation Act 1938* No 10, *Parts 2A, 3 and 4, and sections 15 and 30A* in so far as they relate to Parts 2A, 3 or 4, jointly with the Minister for Regional Infrastructure and Services, the Minister for Primary Industries and the Minister for Natural Resources, Lands and Water
- *Threatened Species Conservation Act 1995* No 101 (see below)*
- *Wilderness Act 1987* No 196 (see below)**

Further information in relation to the *Threatened Species Conservation Act 1995* and the *Wilderness Act 1987* is detailed below.

***Threatened Species Conservation Act 1995**

OEH administers the *Threatened Species Conservation Act 1995*, which aims to conserve biodiversity in NSW. Individual species and habitats at risk of extinction were assisted through targeted projects:

- The *Saving our Species* program, launched in December 2013, is the framework for threatened species conservation, including recovery planning and the Priorities Action Statement. The program aims to maximise the number of threatened species that can be secured in the wild in NSW for 100 years. Changes to the Priorities Action Statement were publicly exhibited in December 2013 and have now been adopted.
- Within the *Saving our Species* program, \$1.83 million was spent in 2013–14 on management activities to secure over 70 threatened species, such as building quarantined breeding enclosures for the endangered corroboree frog in Kosciuszko National Park and securing key parcels of habitat on private land for the critically endangered regent honeyeater.
- \$77,200 was spent on pest and weed management at four critical sites of the endangered eastern bristlebird.
- \$70,900 was invested in the iconic brush-tailed rock-wallaby in projects including fox-control and \$173,600 on the iconic koala for projects to map habitat and develop comprehensive koala plans of management and to secure and restore habitat.
- The first Great Koala Count was held in November 2013 led by the National Parks Association (NPA) and the Great Eastern Ranges Initiative. Over 800 citizen scientists participated and sighted more than 1000 koalas.
- NSW continues to collaborate with other states, the Australian Government, and CSIRO, to survey all known grey-headed flying fox camps four times per year
- In April 2014, the NSW Government announced an innovative new *Saving our Species* project to reintroduce at least eight mammal species that are currently extinct in NSW to the State's national parks. Under the project, locally extinct mammal species could once again call NSW home, including the bilby, numbat and golden bandicoot. Contracts for delivery will be finalised in 2014–15.

****Wilderness Act 1987**

The *Wilderness Act 1987* provides the legislative framework for the nomination, assessment, identification and declaration of wilderness and its subsequent management. There are over two million hectares of declared wilderness in NSW, representing about 2.6 per cent of the state and 30 per cent of all OEH reserves.

Wilderness protection is in a phase of consolidation. Wilderness is being added in locations where it will improve reserve management or in remote landscapes where incompatible activities will not be affected.

Two wilderness additions were declared by the Minister in 2013–14: the Nattai Wilderness addition (11,400 hectares, mostly within Warragamba Catchment) and the Goobarragandra Wilderness addition (99 hectares near Tumut, to clarify a management boundary).

OEH seeks to expand opportunities for public enjoyment and appreciation of wilderness areas without compromising wilderness values. As a result, OEH continues to monitor commercial tours' potential impacts in these areas. There are 12 commercial tour operators licensed for activities in 10 different wilderness areas. Plans to increase public enjoyment and appreciation of wilderness areas also include a pilot program to trial horse riding in selected areas.

New and amending Acts

No new or amending Acts were assented to in 2013–14.

Prosecutions

OEH prosecutes offences under parks, wildlife, threatened species, native vegetation and Aboriginal heritage provisions. OEH Legal Services Division also supports the EPA in its prosecution function.

OEH commenced 29 prosecutions in 2013–14. The number of completed prosecutions was 26. The 26 completed prosecutions resulted in 25 convictions and one matter being dismissed.

OEH, on behalf of the EPA, commenced 90 prosecutions and completed 59 prosecutions in 2013–14. The 59 completed prosecutions resulted in 54 convictions, two matters where the offence was proved but a conviction was not recorded, and three acquittals.

Details of prosecutions completed during 2013–14 are recorded below. Details of prosecutions completed under EPA legislation can be found in the EPA Annual Report Appendices.

Prosecutions completed under parks, wildlife, threatened species, Aboriginal heritage and related legislation

NON-TIER OFFENCES

Defendant	Charge	Result/penalty	Court
<i>National Parks and Wildlife Act 1974</i>			
Bent, Christopher Lee	Sell threatened species	\$5,000	Downing Centre LC
Bombala Investments Pty Ltd	Damage known habitat of a threatened species	\$10,500 Ordered to retain a consultant to prepare and implement a remediation plan and to publicise details of the offence in the Great Lakes Advocate	LEC
Bombala Investments Pty Ltd	Damage known habitat of a threatened species	\$21,000 Ordered to retain a consultant to prepare and implement a remediation plan and to publicise details of the offence in the Great Lakes Advocate	LEC
Collins, Ben David	Harm protected fauna	\$1,500	Bathurst LC
Collins, Ben David	Breach licence condition	\$500	Bathurst LC
Collins, Ben David	Breach licence condition	\$500	Bathurst LC
Collins, Ben David	Breach licence condition	\$500	Bathurst LC
Collins, Ben David	Breach licence condition	\$500	Bathurst LC
Collins, Ben David	Harm protected fauna	\$1,500	Bathurst LC

Defendant	Charge	Result/penalty	Court
Fish, Anthony	Fail to comply with a court order made in connection with an offence	\$25,000	LEC
Kyluk Pty Ltd	Pick plant that is part of an endangered ecological community	Ordered to carry out rehabilitation works on the affected land and ordered to pay \$80,000 to Campbelltown City Council for restoration works at Noorumba Reserve	LEC
Leda Management Services Pty Limited	Damage reserved land	\$32,500 Ordered to carry out rehabilitation works in Cudgen Nature Reserve and to publicise details of the offence in the Tweed Daily News, the Northern Star and the Tweed Echo	LEC
Simpson, Neil Andrew	Import/export protected fauna	\$5,000	Downing Centre LC
Simpson, Neil Andrew	Possess protected fauna	\$6,000	Downing Centre LC
Simpson, Neil Andrew	Import/export protected fauna	Dismissed	Downing Centre LC
Simpson, Neil Andrew	Import/export protected fauna	\$5,000	Downing Centre LC
Simpson, Neil Andrew	Import/export protected fauna	\$5,000	Downing Centre LC
National Parks and Wildlife Regulation 2009			
Crinnion, Timothy	Carried out activity in a park contrary to notice	\$2,200	Wollongong LC
Field, Justin	Possess animal in park	\$500	Gloucester Court
Field, Justin	Possess dog in park with breast plate and tracking equipment	\$500	Gloucester Court
Gascoigne, Ryan Glenn	Possess dog in park with tracking equipment	\$800 Ordered to deliver tracking equipment to NPWS	Katoomba LC
Gascoigne, Ryan Glenn	Possess animal in park	\$800	Katoomba LC
Gascoigne, Ryan Glenn	Possess animal in park	\$800	Katoomba LC

LEC = Land and Environment Court

LC = Local Court

Note: Unless otherwise stated, the dollar amount referred to in the Result/penalty column is a fine.

Total prosecutions under parks and wildlife, threatened species, Aboriginal heritage and related legislation

Fines	\$126,400
Other financial penalties	\$80,000
Total fines and other financial penalties	\$206,400

Prosecutions completed under native vegetation legislation

NON-TIER OFFENCES

Defendant	Charge	Result/Penalty	Court
<i>Native Vegetation Act 2003</i>			
Humphries, David John	Clear native vegetation	\$67,500	LEC
Newbigging, Murray Wynne	Clear native vegetation	\$112,000	LEC
Total fines under native vegetation legislation: \$179,500			

OEH prosecutions	Number of completed prosecutions	Value of fines and financial penalties
Total prosecutions under parks, wildlife, threatened species, Aboriginal heritage and related legislation (fines)	24	\$206,400
Total prosecutions under native vegetation legislation (fines)	2	\$179,500
Total OEH prosecutions	26	\$385,900

OEH Summary of significant cases

Prosecutions under threatened species, parks, wildlife, Aboriginal heritage and native vegetation legislation are shown below.

Bombala Investments Pty Ltd – damage to known threatened species habitat

In November 2013, Bombala Investments Pty Ltd was convicted of two offences by the Land and Environment Court for damaging the known habitat of the endangered squirrel glider and the known habitat of a plant called the Trailing Woodruff, on a property located near The Lakes Way, Forster. The company was fined a total of \$31,500 and ordered to perform remediation works on the property, publicise the details of the offence in the *Great Lakes Advocate* and to pay the prosecutor's costs as assessed.

Leda Management Services Pty Ltd – damage to Cudgen Nature Reserve

In July 2013, Leda Management Services Pty Ltd was convicted by the Land and Environment Court for damaging vegetation and soil in the Cudgen Nature Reserve near Kingscliff. In March 2011, Leda Management Services Pty Ltd cleared approximately 3,200 square metres of vegetation and damaged the bed and banks of Blacks Creek in Cudgen Nature Reserve, adjacent to the Kings Forest development. The company was fined \$32,500 and ordered to carry out works to restore the area (at a cost estimated to be between about \$100,000 and \$150,000) and to pay the prosecutor's costs of \$38,000.

Mr Murray Wynne Newbigging – clear native vegetation

In September 2013, Mr Murray Wynne Newbigging was convicted by the Land and Environment Court for illegally clearing native vegetation consisting of over 800 trees across 60 hectares on a property he owned between Parkes and Narromine. The vegetation cleared included trees that were part of the Inland Grey Box Woodland endangered ecological community and were of significant conservation status. Mr Newbigging was fined \$112,000 and was ordered to pay the prosecutor's costs of \$45,000.

Privacy Management Plan

Clause 6 of the Annual Reports (Departments) Regulation 2010 requires a statement of the action taken by OEH in complying with the requirements of the *Privacy and Personal Information Protection Act 1998* (the PPIP Act), and statistical details of any review conducted by or on behalf of OEH under Part 5 of that Act.

OEH's Privacy Management Plan, which was reviewed this year, outlines how we comply with the principles of the PPIP Act and the *Health Records and Information Privacy Act 2002*. The plan is published on OEH's website, www.environment.nsw.gov.au.

OEH processed one application under section 15 of the PPIP Act during 2013–14. The request, to amend personal information contained in an email, was refused. No applications for internal review under Part 5 of the PPIP Act were received.

Public interest disclosures

Under section 31 of the *Public Interest Disclosures Act 1994*, each public authority is required to prepare an annual report on their obligations under the Act. Information for OEH on public interest disclosures for the period 24 February 2014 to 30 June 2014 is in accordance with Clause 4 of the Public Interest Disclosures Regulation 2011.

The information below covers the period 24 February to 30 June 2014. Prior to this period, OEH was a part of the Department of Premier and Cabinet. Information for the period 1 July 2013 to 23 February 2014 is included in the Department of Premier and Cabinet Annual Report.

1. Public interest disclosures made by public officials in performing their day-to-day functions	NIL
2. Public interest disclosures not covered by (1) that are made under a statutory or other legal obligation	NIL
All other public interest disclosures	3
Number of public interest disclosures relating to possible or alleged:	
• corrupt conduct	1
• maladministration	2
• serious and substantial waste of public money	NIL
Total number of public interest disclosures received	3
Total number of public interest disclosures finalised	1

OEH has established an internal reporting policy which is consistent with the NSW Ombudsman's model policy. OEH takes action to ensure that the staff awareness responsibilities under section 6E(1)(b) of the Public Interest Disclosures Act are met by providing links on the OEH intranet for staff and including messages in staff circulars.

Government Information (Public Access)

The information below covers the period 24 February to 30 June 2014. Prior to this period, OEH was a part of the Department of Premier and Cabinet. Information for the period 1 July 2013 to 23 February 2014 is included in the Department of Premier and Cabinet Annual Report.

Under section 7 of the *Government Information (Public Access) Act 2009* (GIPA Act), agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

OEH's program for the proactive release of information involves reviewing the information sought and released pursuant to GIPA applications received over the financial year, considering the kinds of government information held by OEH that may be suitable for proactive release and asking OEH Divisions and Groups to provide details of the sort of information that has been released proactively during the year.

1. Review of proactive release program – Clause 7(a)

During the reporting period, OEH undertook a review which identified a large amount of information that has been proactively released on the OEH website, some of which is listed here:

- **Cooperative management of environmental water to improve river and wetland health in NSW:** A document setting out the responsibilities within the NSW Government for the cooperative management of environmental water in NSW. The Land and Water Advisory Panel has requested that OEH publish this document on the OEH website www.environment.nsw.gov.au/environmentalwater/14308envwatmgmt.htm
- **Saving our Species technical report:** A report explaining the consultation processes and scientific rigour in developing the *Saving our Species* program. www.environment.nsw.gov.au/SavingOurSpecies/130699sostecrep.htm
- **Draft recommendations to the NSW Government – Discussion paper:** Developed by the independent Aboriginal Culture and Heritage Reform Working Party. A discussion paper providing recommendations to the NSW Government in 2012, publicly released in September 2013 www.environment.nsw.gov.au/resources/cultureheritage/20130139achrefdiscussion.pdf
- **Energy efficiency program evaluation:** In February 2014, OEH publicly released independent evaluations of its energy efficiency programs from 2012. The 2012 results show that programs were effective at reducing energy use, energy bills and peak demand. The findings helped with continuous improvement of programs and the development of the Energy Efficiency Action Plan. www.environment.nsw.gov.au/energyefficiencyindustry/evaluation.htm
- **Fire management in national parks:** A summary of bushfire hazard reduction statistics in a consumer-friendly 'infographic' to meet public need for easy to understand information www.environment.nsw.gov.au/fire/npwsfirefactsheet.htm
- **Managing fire in NSW national parks:** Three short (2.5min) videos on the bushfire hazard reduction program provides the public with an overview of how we manage national parks and reserves for fire www.environment.nsw.gov.au/fire/mngfireinnswnatpks.htm
- **Fire safety in NSW national parks:** Fire safety information – updated and summarised www.nationalparks.nsw.gov.au/safety/fire
- **Alerts for New South Wales National Parks:** Alerts page (wildfire and planned burns) updated and summarised www.nationalparks.nsw.gov.au/alert/state-alerts

- **Aboriginal sites decision support tool (ASDST):** An integrated suite of spatial GIS layers illustrating the potential distribution of site features recorded in the database www.environment.nsw.gov.au/licences/AboriginalSitesDecisionSupportTool.htm
- **DustWatch information:** www.environment.nsw.gov.au/dustwatch/index.htm
- Various journals, books and book chapters, presentations, technical reports, conference papers and numerous other publications have also been made publicly available on the OEH website: www.environment.nsw.gov.au/
- OEH continues to:
 - review information requested by members of the public
 - assess information it holds or creates that may be of interest to members of the public
 - undertakes to proactively release information that may be of interest to the public.

2. Number of access applications received – Clause 7(b)

During the reporting period, OEH received a total of 43 valid formal access applications, including withdrawn applications. In addition, the agency received 10 applications for review; five for internal review, two for review by the Information Commissioner and three for review by the Administrative and Equal Opportunity Division NSW Civil and Administrative Decisions Tribunal (previously the Administrative Decisions Tribunal). One application was transferred to another agency.

3. Number of refused applications for Schedule 1 information – Clause 7(c)

During the reporting period, OEH refused a total of five formal access applications because the information requested was for information overriding public disclosure as referred to in Schedule 1 of the GIPA Act. Of those applications, all five were refused in part.

4. Statistical information about access applications – Clause 7(d) and Schedule 2

Table A: Number of applications by type of applicant and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	1
Private sector business	0	2	0	0	0	0	0	0
Not for profit organisations or community groups	1	2	0	0	0	0	0	0
Members of the public (application by legal representative)	0	1	0	1	0	1	0	1
Members of the public (other)	9	5	1	0	0	1	0	0

*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	10	10	1	1	0	2	0	2
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

*A **personal information application** is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	1
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	1
Invalid applications that subsequently became valid applications	1

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	1
Executive Council information	0
Contempt	0
Legal professional privilege	4
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of the Act

	Number of occasions when application not successful
Responsible and effective government	3
Law enforcement and security	0
Individual rights, judicial processes and natural justice	7
Business interests of agencies and other persons	1
Environment, culture, economy and general matters	1
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	23
Decided after 35 days (by agreement with applicant)	3
Not decided within time (deemed refusal)	0
Total	26

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	1	0	1
Review by Information Commissioner*	0	1	1
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
Total	1	1	2

*The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	1
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	1

*The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

Consumer response information

OEH continued its commitment to handling public feedback and complaints courteously, efficiently and equitably. More information is available at www.environment.nsw.gov.au.

OEH received 25 significant complaints. These included allegations of unethical conduct, corrupt conduct, and other complaints referred by the NSW Ombudsman's Office. Nineteen of these complaints were finalised during the year. In dealing with probity complaints, changes to some management systems, procedures, and programs were implemented.

Overseas visits by employees

Business related overseas visits by staff between 24 February and 30 June 2014

Date	Officer	Destination	Purpose
7 Mar 2014– 29 Mar 2014	Daniel Bishop, Geoff Duggan and Graeme Errington	Dalat, Vietnam and Luang Prabang, Laos	To consult on Garden infrastructure re thematic design detail of Landscape Masterplan.
15 Mar 2014– 29 Mar 2014	Randy Sing	Singapore	To work at "Gardens by the Bay", Singapore
17 Mar 2014– 2 Apr 2014	Dr Matt Renner	Chicago, USA	To visit the Field Museum of Natural History for collaboration and research into leafy liverworts
23 Mar 2014– 28 Mar 2014	Louise Clifton	Germany and the United Kingdom	To provide Sydney representation at Destination NSW UK/Germany Mission.
25 Mar 2014– 29 Mar 2014	Robert Nicoll	Mexico City, Mexico	To attend IUCN WPC Stream Leaders and Program Working Group
25 Mar 2014– 29 Mar 2014	James Lotherington	Mexico City, Mexico	To attend IUCN WPC Stream Leaders and Program Working Group
30 Mar 2014– 17 Apr 2014	Dr Nathalie Nagalingum	Arizona, USA	To conduct field work, to learn advanced techniques in genomics
13 Jun 2014– 28 Jun 2014	Chris Cole and Mark Viler	Luang Prabang, Laos	Provide specialist training to local Botanic Gardens Staff
14 Jun 2014– 21 Jun 2014	Eren Turak	Germany	Attend the GEOBON Steering Group Meeting in preparation for the World Parks Congress

3. Human resources

Senior officers

Senior Executive by gender

Band	2014	
	Female	Male
Band 4 (Secretary)	0	0
Band 3 (Deputy Secretary/Agency Head)	2	2
Band 2 (Executive Director)	2	5
Band 1 (Director)	25	43
Total	29	50

Senior Executive by remuneration

Band	Range (\$)	Average remuneration for 2014 (\$)
Band 4 (Secretary)	422,501–488,100	0
Band 3 (Deputy Secretary/Agency Head)	299,751–422,500	344,612
Band 2 (Executive Director)	238,301–299,750	267,508
Band 1 (Director)	167,100–238,300	189,430

Notes:

The above tables contain Senior Executive equivalent data:

- All Senior Executives (SES2 and SES3) and Senior Officers (Senior Officers 1 to 3) included in Band 1 (Director).
- All Senior Executives (SES4 and SES5) included in Band 2 (Executive Director).
- All Senior Executives (SES6 and SES7) included in Band 3 (Deputy Secretary/Agency Head).

5.02% of OEH's employee related expenditure in 2014 was related to senior executives.

SES officers as at 30 June 2014

Terry Bailey

Chief Executive

Office of Environment and Heritage

Appointed: 4 January 2014

Remuneration: \$422,500 per annum

Steve Garrett

Acting Deputy Chief Executive Regional Operations and Heritage

Office of Environment and Heritage

Period: 4 January 2014 to 30 June 2014

Remuneration: \$299,751 per annum

Ann King

Deputy Chief Executive, Parks and Wildlife Service
Office of Environment and Heritage
Appointed: 22 October 2012
Remuneration: \$336,850 per annum

Helen Liossis

Deputy Chief Executive – Strategy, Performance & Services
Office of Environment and Heritage
Appointed: 22 October 2012
Remuneration: \$336,850 per annum

Dr Kate Wilson

Executive Director, Science
Office of Environment and Heritage
Appointed: 23 November 2009
Remuneration \$299,750 per annum

Paul Elton

Executive Director Policy
Office of Environment and Heritage
Appointed: 22 October 2012
Remuneration: \$299,750 per annum

Gordon Plath

Acting Executive Director, Legal
Office of Environment and Heritage
Period: 10 April 2014 – 30 June 2014
Remuneration: \$259,851 per annum

Ian French

Executive Director Finance, Procurement, Performance and Services
Office of Environment and Heritage
Period: 20 January 2014 – 30 June 2014
Remuneration: \$275,000 per annum

Staff profile by employment basis

Level	2013–14		2012–13		2011–12		2010–11	
	Men	Women	Men	Women	Men	Women	Men	Women
Permanent full time	1381	736	1429	758	1525	839	1828	1057
Permanent part time	41	215	46	195	46	198	57	245
Temporary full time	271	166	255	184	239	173	255	228
Temporary part time	31	85	22	81	20	71	24	86
Contract – SES	10	7	7	4	11	4	16	5
Contract – non SES	0	0	0	0	0	0	0	0
Training positions	3	2	11	4	29	7	42	12
Retained staff	0	0	0	0	0	0	0	0
Casual	183	270	181	261	179	271	186	287
Total	1920	1481	1951	1487	2049	1563	2408	1920

Notes:

2010–11 – Excludes NSW Office of Water (transferred elsewhere), excludes Marine Parks and NRM & Investment employees transferred to DPI. Does not include Heritage Office who were part of DECCW but not on internal payroll at this point.

2011–12 – Only OEH. Does not include BGT, EPA, CPMP. Includes Heritage Division as part of OEH.

2012–13 – Only OEH. Does not include BGT, EPA, CPMP. Includes Heritage Division as part of OEH.

2013–14 – Only OEH. Does not include BGT, EPA, CPMP. Includes Heritage Division as part of OEH.

Personnel services to statutory bodies

Personnel services are provided to the Centennial Park and Moore Park Trust, Historic Houses Trust, Parramatta Park Trust, Royal Botanic Gardens and Domain Trust, Western Sydney Parklands Trust, and Domain Trust, Western Sydney Parklands Trust, Zoological Parks Board of NSW and the Jenolan Caves Reserve Trust.

Statutory body	Head count as at 30 June 2012	Head count as at 30 June 2013	Head count as at 30 June 2014
Centennial Park and Moore Park Trust	62	61	65
Historic Houses Trust	238	241	231
Lord Howe Island Board	49	48	N/A
Parramatta Park Trust*	7	6	0
Royal Botanic Gardens and Domain Trust	335	326	318
Environment Protection Authority	N/A	440	472
Western Sydney Parklands *	13	13	0

Statutory body	Head count as at 30 June 2012	Head count as at 30 June 2013	Head count as at 30 June 2014
Parramatta Park Trust/Western Sydney Parklands (*combined with effect from 30/6/14)	N/A	N/A	*26
Zoological Parks Board of NSW	N/A	N/A	530
Jenolan Caves Reserve Trust	N/A	N/A	67

Exceptional movements in remuneration

A salary increase of 2.27 per cent effective in the first full pay period of July 2013 was paid to clerical officers and senior officers in accordance with the *Crown Employees (Public Sector – Salaries) Award 2008*. Salaries contained within numerous cluster specific awards and the OEH Flight Officers Agreement were also increased by 2.27 per cent, consistent with government wages policy. The Statutory and Other Offices Remuneration Tribunal determined a performance based increase of 2.5 per cent for SES officers, effective 1 October 2013. These increases were subject to a satisfactory assessment of performance. No other adjustments to recruitment or retention allowances were made.

Workforce diversity

Each year OEH develops strategies for continuous improvement in promoting workforce diversity, including Aboriginal cultural awareness training, employment programs, the Spokeswomen's Program and policies on ethical behaviour and conduct. In 2014–15 OEH will review all workforce diversity policies with a specific focus on the Disability Action Plan and its multicultural policies and services. OEH will conduct Aboriginal cultural awareness training programs and review their Aboriginal Employment Strategy.

OEH is a major employer of Aboriginal and Torres Strait Islander staff, with 10.8 per cent of the OEH workforce in this workforce diversity group as at 30 June 2014. This is more than four times the government target of 2.6 per cent Aboriginal and Torres Strait Islander employment.

The following tables include the Environmental Trust as the Trust's staff are employed within OEH.

Trends in the representation of workforce diversity groups

Workforce diversity group	Benchmark/target	2012	2013	2014
Women	50%	40.8%	41.0%	41.0%
Aboriginal and Torres Strait Islanders	2.6%	11.0%	11.0%	10.8%
People whose first language spoken as a child was not English	19.0%	7.8%	7.7%	7.8%
People with a disability	N/A	4.0%	3.8%	3.5%
People with a disability requiring work-related adjustment	1.5%	1.2%	1.1%	1.1%

Trends in the representation of workforce diversity groups

Benchmark/Target	2012	2013	2014
100	107	106	108
100	71	73	73
100	107	107	107
100	104	106	106
100	114	113	114

Note 1: A Distribution Index of 100 indicates that the centre of the distribution of the Workforce Diversity group across salary levels is equivalent to that of other staff. Values less than 100 mean that the Workforce Diversity group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the workforce diversity group is less concentrated at lower salary levels.

Note 2: The Distribution Index is not calculated where workforce diversity group or non-workforce diversity group numbers are less than 20.

Disability plans

OEH ensures that people with disability, their families and carers have the same opportunities as the rest of the community through its Disability Action Plan. The plan also covers the Royal Botanic Gardens and Domain Trust. The plan outlines actions to improve and make more accessible OEH's services, employment practices, workplace conditions and consultations.

As a result, OEH continued:

- enhancing accessibility in national parks, lookouts, picnic areas, tracks and camping grounds. OEH's website www.environment.nsw.gov.au publishes updated information on accessibility to NSW national parks and reserves across the state.
- improving its approach to planning, customer service and organisational capacity and aims to help achieve positive outcomes for people with a disability.
- striving to increase opportunities for people with a disability by providing support that meets their individual needs, and opportunities to achieve their potential.

Multicultural policies and services

OEH's strategies, programs and actions align with whole-of-government multicultural policies and services programs.

- Trainee Field Officers were recruited to provide young Australians from diverse backgrounds the opportunity to pursue a career with OEH. This included a number of Aboriginal identified positions being filled in national parks.
- The NPWS volunteering programs are promoted across all of NSW communities. The recently introduced Nature Nomads program encourages tourists and retirees to engage in environmental volunteering while traveling.
- OEH continued to provide translated materials for programs and services, and access to translator services on its Environmental Line.

Aboriginal employment

- During 2013–14 five Aboriginal trainees were employed under the NPWS Field Officer Traineeship Program.
- Three cadets employed under the Indigenous Cadetship Support Program graduated from this program and were appointed to ongoing roles with OEH.

Work health and safety

OEH has continued to implement its Health and Safety Strategy, which included the following programs:

- Safety leadership and risk management programs for senior management
- Reviewing key risk management policies
- Development of online work health and safety (WHS) induction programs
- Internal and self-auditing program
- Establishing inter-agency collaboration on WHS management
- Safety incident investigation training
- Expanding the use and refining the functionality of the online WHS information management system

Overall injury rates continued to improve, including lost time injuries decreasing over the period. Incidents continue to be well reported (including near misses and minor incidents), and investigation rates also continued to improve.

OEH claims and reports

Number of incidents, accidents and injuries reported

	2010–11	2011–12	2012–13	*2013–14	**2014
OEH***	931	1107	1218	747	358

* From 1 July 2013 to 23 February 2014

** From 24 February to 30 June 2014

*** Does not include EPA or RBGDT

Number of workers' compensation claims made

	2010–11	2011–12	2012–13	*2013–14	**2014
OEH***	271	215	198	125	59

* From 1 July 2013 to 23 February 2014

** From 24 February to 30 June 2014

*** Does not include EPA or RBGDT

Value of workers' compensation claims

	2010–11	2011–12	2012–13	*2013–14	**2014
OEH***	\$2,044,153	\$1,347,784	\$986,080	\$772,448	\$192,891

* From 1 July 2013 to 23 February 2014

** From 24 February to 30 June 2014

*** Does not include EPA or RGBDT

Industrial relations

The OEH Joint Consultative Committee (JCC) continued to support consultation between OEH and the stakeholder unions. The JCC supports the discussion of structural reforms, changes to workplaces or process. It was also utilised to develop and implement the Government's supplementary pest control policy in national parks.

OEH employee relations continued to support the agency's realignment activity. Significant resources were directed to consultation and negotiations to achieve the objectives of the realignment while minimising the risk of disputation.

OEH has proactively developed the consultative process necessary to implement the Royal Botanic Gardens and Domain Trust amalgamation with the Centennial Park Moore Park Trust. OEH also supported the Jenolan Caves Reserve Trust and the Department of Premier and Cabinet in managing a number of potential and actual reforms of the Trust operations. This included managing staff and stakeholder relationships.

OEH continues to use its *Respectful Workplace Policy* as the primary process for resolving workplace grievances.

Waste and recycling

OEH continued to improve its waste and recycling systems and undertook a number of initiatives during 2013–14, including:

- reduced contamination in recycling through improved infrastructure and signage in national parks
- new arrangements with councils, and tips on recyclables and garbage segregation to increase recovery
- continued improvements in waste management, including comingled recycling bins in national parks and the reduction in the number of rubbish bins to reduce waste to landfill
- grey and black water re-use and recycled vegetation waste, timber and a large percentage of bricks and glass
- targeted use of recycled construction materials in office refurbishments and road works, and the use of virgin natural material to maintain fire trails and some walking tracks in national parks
- paper, cardboard, and toner recycling systems at all large offices and many regional offices
- purchasing office copy paper with minimum 50 per cent recycled content
- publications printed on recycled-content paper.

Agreements with the Community Relations Commission

OEH does not currently have an agreement with the Community Relations Commission. However, the agency is currently undertaking a comparative assessment of its existing policies and practices that promote or impact on the progression of multiculturalism.

4. Funding and expenditure

Audit and risk statement from the Chief Executive

In accordance with Treasury Circular TC 09/08, the Chief Executive is required to provide an annual Statement attesting to compliance with the core requirements of Treasury Policy TPP 09/05 *Internal Audit and Risk Management Policy for the NSW Public Sector*.

Internal Audit and Risk Management Statement for the period of 24 February 2014 to 30 June 2014 for the Office of Environment and Heritage

I, Mr Terry Bailey Chief Executive, am of the opinion that the Office of Environment and Heritage has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

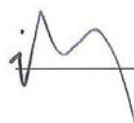
I, Mr Terry Bailey Chief Executive, am of the opinion that the Audit and Risk Committee for the Office of Environment and Heritage is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Mr Bruce Turner, Independent Chair (March 2014 to February 2018)
- Independent Member Ms Elizabeth Crouch (May 2014 to April 2018)
- Independent Member Ms Gerardine Brus (March 2014 to February 2018)
- Non-independent Mr Paul Elton (Ongoing commencing from March 2014)

These processes provide a level of assurance that enables the senior management of the Office of Environment and Heritage to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to Treasury.

TERRY BAILEY
Chief Executive
Office of Environment and Heritage
(Sign and Date)



28 August 2014.

Audit and risk management

OEH's internal audit function provides assurance on the effectiveness of the agency's internal control environment and identifies opportunities for performance improvement. The audit program ensures that programs and processes comply with legislation and management best practice.

The audit function is managed by the Chief Audit Executive (CAE). Internal audit reports are submitted through the CAE to the appropriate audit committee, and report recommendations are monitored to ensure they are fully implemented. The internal audit provision for 2013–14 was outsourced to IAB Services.

OEH has an Audit and Risk Committee (ARC) which complies with the requirements of the NSW Treasury Policy TPP09-05. The ARC oversees OEH's conservation and heritage, environment protection, finance and administration, risk management, fraud and corruption controls.

Conservation compliance is overseen by the Conservation Audit and Compliance Committee (CACC), established under the *National Parks and Wildlife Act 1974*.

The ARC and the CACC meet quarterly and officers from the Audit Office of NSW regularly attend meetings as observers.

From 23 February to 30 June 2014 three audits were completed. These audits found that operation and administrative systems were largely sound and no areas were identified with extreme risk ratings. Areas identified as having a high risk rating are controlled through the implementation of agreed recommendations, which are monitored by the ARC and/or CACC.

Significant matters in audit reports and external reviews

No significant matters were raised in the ongoing audit reports or external reviews for 2013–14 for OEH.

Attestation Statement for 2013–14 OEH Annual Report

Digital Information Security Annual Attestation Statement for the 2013–14 financial year for the Office of Environment and Heritage

Digital Information Security Annual Attestation Statement for the 2013–2014 Financial Year for the Office of Environment and Heritage

I, Terry Bailey, am of the opinion that the Office of Environment and Heritage had an Information Security Management System in place during the financial year being reported on consistent with the Core Requirements set out in the *Digital Information Security Policy for the NSW Public Sector*.

I, Terry Bailey, am of the opinion that the security controls in place to mitigate identified risks to the digital information and digital information systems of the Office of Environment and Heritage are adequate for the foreseeable future.

I, Terry Bailey, am of the opinion that all Public Sector Agencies, or part thereof, under the control of the Office of Environment and Heritage with a risk profile sufficient to warrant an independent Information Security Management System have developed an Information Security Management System in accordance with the Core Requirements of the *Digital Information Security Policy for the NSW Public Sector*.

I, Terry Bailey, am of the opinion that, where necessary in accordance with the *Digital Information Security Policy for the NSW Public Sector*, certified compliance with *AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems - Requirements* had been maintained by all or part of the Office of Environment and Heritage and all or part of any Public Sector Agencies under its control.

This statement also covers the Environment Protection Authority, the Centennial Park and Moore Park Trust, and the Royal Botanic Gardens and Domain Trust, which the Office of Environment and Heritage had Information, Communication and Technology (ICT) service arrangements with during the 2013–14 financial year.

Terry Bailey
Chief Executive
Office of Environment and Heritage


Date 2 October 2014.

Insurance

OEH has insurance cover through the NSW Treasury Managed Fund (TMF), which used QBE for workers' compensation and GIO General Ltd for other risk areas.

Areas of risk and related insurance costs	2012–13 (\$'000)	1 July to 23 Feb 14 (\$'000)	24 Feb to 30 Jun 14 (\$'000)	2013–14 Total (\$'000)
Workers compensation*	5,092	3,578	1,911	5,489
Public liability	4,119	2,825	1,509	4,334
Property	2,810	1,898	1,014	2,912
Motor vehicles	1,451*	921	492	1,413
Miscellaneous (Fire Funding Fund)	6,000	5,214	2,786	8,000
Miscellaneous (Other)	87	76	41	117
Total	19,559	14,512	7,753	22,265

* Includes hindsight adjustments relating to prior year premiums

Consultants

Consultancies of value equal to or more than \$50,000

Consultancy	Title/nature of consultancy	Cost (\$)
Environmental		
Energetics	NSW Energy Efficiency Opportunity Model	72,850
Deloitte Access Economics	Financing options and Investigate the State's interest in contributing to the coastal management in NSW	155,089
KPMG Australia	Review of the Climate Change Fund	105,000
Management services		
Fifth Quadrant Pty Ltd	Customer Centric Program	50,250
Total	4	383,189

Consultancies of value less than \$50,000

Consultancy	Cost (\$)
Environmental	
Twyford Consulting	2,736
Waters Consultancy	25,431
Aptavit Pty Ltd	20,650
Access Archaeology and Heritage	1,818
Organisational review	
Kathy Jones and Associates Pty Ltd	13,500
Management services	
Procure Group Pty Ltd	7,765
Aerowasp Pty Ltd	1,750
Argus Consulting	14,400
Du Pont Australia Ltd	19,681
Sunraysia Environmental	6,390
Arche Consulting Pty Ltd	18,475
Phil Gibbons	1,556
Total	12
	134,151

Asset and significant risk Insurance

OEH has insurance cover for all major assets and significant risks. This insurance is through Treasury Managed Fund (TMF) the NSW Government self-insurance scheme and includes full workers' compensation, motor vehicle accident, property, liability and miscellaneous insurance cover.

Premiums are based on claims history and reflect OEH's risk management approach to managing claims.

Major capital works 2013–14

Project	Cost to date \$'000	Estimated completion
Major new works		
Major works-in-progress		
EDRMS (Electronic Document & Records Management System)	3,512	2013–14
NPWS website upgrade	3,558	2013–14
Acquisition of satellite imagery	19,367	2017–18
Brigalow/Nandewar establishment	23,319	2016–17
New park establishment costs	38,801	2016–17
Land purchases – funded by grants and donations	123,084	2016–17
Bushfire management equipment	27,339	2017–18
Perisher Range redevelopment	32,929	2025–26
Kosciuszko Centenary program	7,480	2025–26
Total	279,389	

There were no significant cost overruns in these projects.

Land disposal

In 2013–14 no land disposals of value greater than \$5,000,000 occurred that would have required disposal by way of public auction or tender.

Purchase card use – Statement of responsibility

OEH's purchase card policies and procedures outline conditions for the eligibility, usage and management of corporate cards. These are consistent with NSW Government policy as outlined in relevant Treasury circulars and Treasurer's directions.

The Chief Executive certifies that purchase card use in OEH has been in accordance with NSW Government requirements.

Payment of accounts

Account payment performance

Aged analysis at the end of each quarter (24 February to 30 June 2014 only)

Period	Current (i.e. within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 61 and 90 days overdue	More than 90 days overdue
All suppliers					
24 Feb– March	10,886	210	10	16	7
Apr–June	33,875	539	44	10	7
Small business vendors					
24 Feb– March	307	-	-	-	-
Apr–June	1,143	-	-	-	-

Accounts due or paid within each quarter

Measure	24 Feb to Mar 2014	Apr to Jun 2014
All suppliers		
Number of accounts due for payment	11,129	34,475
Number of accounts paid on time	10,886	33,875
Actual percentage of accounts paid on time (based on number of accounts)	97.82	98.26
Dollar amount of accounts due for payment	29,607,521	127,233,357
Dollar amount of accounts paid on time	28,343,108	124,742,456
Actual percentage of accounts paid on time (based on \$)	95.73	98.04
Number of payments for interest on overdue accounts	-	-
Interest paid on overdue accounts	-	-
Measure	24 Feb to Mar 2014	June 2014
Small business suppliers		
Number of accounts due for payment to small businesses	307	1,143
Number of accounts due to small businesses paid on time	307	1,143
Actual percentage of small business accounts paid on time (based on number of accounts)	100	100
Dollar amount of accounts due for payment to small businesses	577,771	3,313,901
Dollar amount of accounts due to small businesses paid on time	577,771	3,313,901
Actual percentage of small business accounts paid on time (based on \$)	100	100
Number of payments to small business for interest on overdue accounts	-	-
Interest paid to small businesses on overdue accounts	-	-

Grants

Organisation	Nature and purpose of grant	Amount
3rd space Mob Aboriginal and Torres Strait Islander Corporation	Educational video & film project	37,500
Australian Marine Conservation Society	Education and awareness campaign	5,000
Bahai Temple	Saving species program	2,244
Buranya Aboriginal Corporation	Aboriginal communities project	75,000
Catholic Parish Of St Mary	Conservation works	75,745
FAWNA (NSW)	Contribution to Wildlife Carers group	1,500
Keep Australia Beautiful NSW	Environment and Heritage Awards	20,000
Leeton and District Local Aboriginal	To prepare a Conservation Management Plan for the State Heritage Register listed Warangesda Aboriginal Mission and Station at Darlington Point	36,000
Looking After Our Koscisusko Orphans Incorporated	Donation for wildlife rehabilitation	3,000
Museums and Galleries Foundation	Local history and archive projects across NSW	75,000
National Trust of Australia (NSW)	Undertake conservation works to a number of State Heritage register listed properties under its management	150,000
National Trust of Australia (NSW)	To build support, enjoyment and awareness for heritage conservation across NSW.	55,000
National Trust of Australia (NSW)	To provide advice on cemetery conservation principles, including legal, regulatory and planning matters.	40,000
Native Animal Trust Foundation	Wildlife Carers Group contribution	2,000
Port Kembla Community Project-Green Connect	Environment protection project	29,500
Royal Australian Historical Society	Local history and archive projects	75,000
Saving Our Native Animals Incorporated	Donation to volunteer wildlife group	1,500
Sunrise Guiwan Birpi Elders Corporation	Educational Video & film project	30,154
Surfrider Foundation	Grant for a conference aimed at training and development.	1,000
The Gully Traditional Owners	Logistical support	11,000

Organisation	Nature and purpose of grant	Amount
The Starfish Enterprises Network	Energy Efficiency Project	105,000
Total Environment Centre	Energy Efficiency Project	60,000
Trustees of the Roman Catholic Church for the Diocese of Bathurst	To undertake conservation works to the State Heritage Register-listed Cathedral of Saints Michael and John (1861) at Bathurst	51,222
Uniting Church of Australia – Sydney North Presbytery	Conservation Management Plan Project	28,459
Uniting Church In Australia	To undertake conservation works to the State Heritage Register-listed St. Stephen's Uniting Church at Sydney.	76,761
Wildcare	Contribution to Wildcare Queanbeyan	1,000
Wildlife ARC	Wildlife Carers Group contribution	3,000
Wires	Donation to Volunteer Wildlife Group	1,500
Wires	Wildlife Carers Group contribution	3,000
Wires – Clarence Valley	Contribution to Wildlife Carers group	1,364
Wires – Mid North Coast	Contribution to Wildlife Carers group	3,000
		1,060,449

Heritage Council of NSW

Annual Report 2013–14

The Heritage Council of NSW is a statutory body established to administer the *Heritage Act 1977* and is required by the Act to produce an annual report. The Council comprises nine members with a range of knowledge, qualifications and skills. These members are drawn from the community, the NSW Government, the heritage/conservation profession and includes a nominee of the National Trust (NSW).

The Heritage Council makes decisions about the care and protection of places and items that have been identified as being of heritage significance to the people of NSW. It also advises the Minister for Heritage on heritage matters. The Heritage Council is supported by the Heritage Division of OEH, which provides professional advice and administrative support to help promote the identification, protection, conservation, management and celebration of heritage places across NSW and maintains the NSW State Heritage Inventory.

Heritage Council members

The Heritage Council met 12 times during 2013–14. The members are as follows: Professor Lawrence Nield (Chair), Mr Mark Dunn, Mr Raymond Kelly (representing Aboriginal heritage management), Mr Don Godden (National Trust of Australia (NSW) nominee) and Ms Josephine Wing (for Secretary, Department of Planning and Environment).

Ms Jane Irwin, Mr Stephen Davies and Ms Jennifer Davis joined the Heritage Council during the year. Dr Sharon Sullivan AO (Deputy Chair), Mr David Logan and Mr Colin Rockliff ended their terms on the Heritage Council in December 2013.

State Heritage Register

During 2013–14, 20 items were added to the State Heritage Register. The register lists places and items of particular heritage significance in NSW, and contains 1638 items. The NSW Government owns almost 50 per cent of these items, and the rest are owned by individuals, local councils and industry.

State Heritage Register items listed in 2013–14

Item	Address	LGA	Listing date	SHR No.
Bulli Railway Station group and Movable Objects	Railway Street, Bulli	Wollongong City	30 Aug 2013	01829
Lithgow (James Street) Underbridge	Railway location, Main West Line 156.334km James Street, Lithgow	Lithgow	30 Aug 2013	01831
Lithgow Coal Stage Signal Box	Gas Works Lane, Lithgow	Lithgow	30 Aug 2013	01832
Lithgow Railway Station Group and Residence	Railway Parade, Lithgow	Lithgow	30 Aug 2013	01833
Health Department Building (former)	93-97 Macquarie Street, Sydney	Sydney	09 Oct 2013	01912

Item	Address	LGA	Listing date	SHR No.
Iloura Reserve	10-20 Weston Street, Balmain East	Leichhardt	29 Nov 2013	01923
Kamay Botany Bay National Park (north and south) and Towra Point Nature Reserve	Cape Solander Dve, Kurnell	Sutherland	29 Nov 2013	01918
Penders	Haighs Road (within Mimosa Rocks National Park), Tanja	Bega Valley	29 Nov 2013	01913
Baronda	Nelson Lake Road Nelson Lagoon, Mimosa Rocks National Park, Tanja	Bega Valley	29 Nov 2013	01915
Glebe Island Bridge	Bank Street, Victoria Road, Pyrmont	Sydney	29 Nov 2013	01914
Mount Gibraltar Trachyte Quarries Complex	Oxley Drive, Bowral	Wingecarribee	02 Dec 2013	01917
Maitland Jewish Cemetery	112-114 Louth Park Road, South Maitland	Maitland	07 Mar 2014	01921
Anglican Cathedral Church of St Peter Apostle and Martyr Precinct	122 Rusden Street, Armidale	Armidale Dumaresq	12 Mar 2014	01924
King George V Avenue of Memorial English Oaks	King George V Memorial Avenue, Tamworth (East)	Tamworth Regional	12 Mar 2014	01922
Challoner Cottage, Mittagong Farm Home	82 Bong Bong Road, Renwick	Wingecarribee	28 Mar 2014	01927
Juanita Nielsen's House	202 Victoria Street, Potts Point	Sydney	27 Jun 2014	01929
Windmill Hill Group, including Ruins	Wilton Road, Appin	Wollondilly	27 Jun 2014	01931
Former Great Western Road, Prospect	Reservoir Road, Prospect	Blacktown	27 Jun 2014	01911
Mullumbimby Hydro-electric Power Station Complex	Wilsons Creek Road, Mullumbimby	Byron	27 Jun 2014	01926
Darling Harbour Woodward Water Feature	Harbour Promenade, Darling Harbour	Sydney	27 Jun 2014	01933

In 2013–14 the following items were removed from the register under section 38 of the *Heritage Act 1977*.

Removals from State Heritage Register

Item	LGA	Removal date	SHR No.
Bondi Junction Railway Station	Waverley	30 Aug 2013	01094
Campsie Railway Station Group	Canterbury	30 Aug 2013	01108
Clarendon Railway Station	Hawkesbury	30 Aug 2013	01113
Guildford Railway Station	Holroyd	30 Aug 2013	01157
Kiama (Terralong St) Underbridge	Kiama	30 Aug 2013	01042
Moree Railway Station	Moree Plains	30 Aug 2013	01197
Mortdale Railway Station Group and Car Sheds	Kogarah	30 Aug 2013	01198
Mount Druitt Station Group	Blacktown	30 Aug 2013	01201
Seven Hills Flyover	Blacktown	30 Aug 2013	01243
Seven Hills Railway Station Group	Blacktown	30 Aug 2013	01244
Waverton Railway Underbridges	North Sydney	30 Aug 2013	01066
Bathurst Railway Station and yard group movable*	Bathurst	30 Aug 2013	01079
Berry Railway Station group movable relics*	Berry	30 Aug 2013	01085
Branxton Railway Station group movable relics*	Cessnock	30 Aug 2013	01099
Bulli Railway Station group movable relics*	Wollongong City	30 Aug 2013	01103
Dubbo Railway Station and yard group movable relics	Dubbo	30 Aug 2013	01131
Eveleigh Chief Mechanical Engineer's office movable relics*	Sydney	30 Aug 2013	01230
Goulburn railway group movable relics*	Goulburn Mulwaree	30 Aug 2013	01151
Grafton City railway refreshment room furniture	Clarence Valley	30 Aug 2013	01153
Gunning railway signal box movable relics	Upper Lachlan	30 Aug 2013	01161
Hornsby railway Divisional Engineer's furniture	Hornsby	30 Aug 2013	01069
Orange railway administration building furniture	Orange	30 Aug 2013	01217
Tamworth Railway Station and yard group movable relics*	Tamworth Regional	30 Aug 2013	01261
Transport House movable relics	Sydney	30 Aug 2013	01272
Werris Creek Railway Station movable relics*	Liverpool Plains	30 Aug 2013	01286
Bridge Over Five Day Creek	Kempsey	09 Oct 2013	04168
Villawood Railway Station	Fairfield	08 Nov 2013	01278

*In eight cases where minor collections of moveable relics were located the information has been recorded and added to the main State Heritage Register listing for that station.

State Heritage Register amendments between 1 July 2013 and 30 June 2014

Item	LGA	Action	Amended date	SHR No.
Bathurst Railway Station and Yard Group SHR listing	Bathurst	Movable relics added	30 Aug 2013	01078
Berry Railway Station Group SHR listing	Shoalhaven	Movable relics added	30 Aug 2013	01084
Branxton Railway Station Group SHR listing	Cessnock	Movable relics added	30 Aug 2013	01098
Bulli Railway Station group movable relics	Wollongong City	Movable relics added	30 Aug 2013	01103
Eveleigh Chief Mechanical Engineers Office SHR listing	Sydney	Movable relics added	30 Aug 2013	01139
Goulburn Railway Station, yard and workshop SHR listing	Goulburn Mulwaree	Movable relics added	30 Aug 2013	01152
Tamworth Railway Station and yard group SHR listing	Tamworth Regional	Movable relics added	30 Aug 2013	01260
Werris Creek Railway Station and yard SHR listing	Liverpool Plains	Movable relics added	30 Aug 2013	01285
Macquarie Grove	Camden	Curtilage extension	27 Jun 2014	00493

Statutory planning tools

Planning referrals	2011–12	2012–13	2013–14
Local environment plans*	83	51	78
State environmental planning policies	0	1	0
Developmental control plans	2	7	4
Strategic studies	33	19	9
Total	118	78	91

* Includes comprehensive and site specific local environmental plans.

Statutory applications

Type of application	2011–12	2012–13	2013–14
Applications for changes to State Heritage Register items (s 60s)	144	131	156
Applications for excavation permit (s 140s)	25	24	33
Integrated development applications (IDA)*	90	90	101
Exemptions (s 57(2))	489	507	523
Exceptions (s 139(4))	65	62	50
Variations to s 60 Approvals (s 65A)	32	45	33
Variations to s 140 Excavation Permits (s 144)	10	10	11
Variations to IDA Approvals (s 96)	27	37	31
Development application referrals under Part 3A of the EP&A Act**	90	67	51
State Significant Development application referrals under Part 4.1 of the EP&A Act***	41	82	68
State Significant Infrastructure a Development application referrals under Part 5.1 of the EP&A Act***	10	24	22
Total	1,023	1,079	1,079
Total value of cost of works	\$1,163,751,138	\$2,742,943,906	\$2,827,906,381

* IDAs are referred under section 91-91A of the Environmental Planning and Assessment Act 1979 (EP&A Act).

** The former Part 3A of the EP&A Act was repealed by the NSW Government in 2011. Some Part 3A projects remained as transitional or ongoing projects and therefore the Heritage Council, or OEH Heritage Division as Heritage Council Delegate, continued to provide comment on such projects at relevant stages or for subsequent project Modification applications.

*** The EP&A Act was amended so that projects previously dealt with under Part 3A would subsequently be classified as either State significant development (SSD) or State significant infrastructure (SSI). Those new types of projects are included in the report as referrals for such projects have been received from the Department of Planning and Environment during the reporting period.

Summary of other recommendations, advice and opinions made by the council

The Heritage Council provided advice to the Minister on four Interim Heritage Orders under section 24(2) of the *Heritage Act 1977*. No Interim Heritage Orders were made by the Minister under section 24(1) of the Act.

No Heritage agreements under section 39 of the Act were entered into by the Minister. No advice was provided by the Heritage Council on historic shipwrecks protection orders under section 50 of the Act. No orders restricting harm to buildings etc under section 136 of the Act or stop work orders under section 79c of the Act were issued.

NSW and Hunter Region heritage grants

The NSW Heritage Grants and Hunter Region Grants programs aim to improve the physical condition of NSW heritage items, assist communities to care for their heritage and support local government in its role as manager of the majority of heritage items in NSW. Fifty-eight projects were approved, and \$3,410,371 in funding was expended.

Further details about NSW Heritage grants programs can be found at www.environment.nsw.gov.au/Heritage/funding/index.htm

Corporation Sole 'Minister Administering the Heritage Act 1977' financial statements



INDEPENDENT AUDITOR'S REPORT

Corporation Sole 'Minister Administering the Heritage Act 1977'

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Corporation Sole for the Minister Administering the Heritage Act 1977 (the Corporation), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the *Public Finance and Audit Regulation 2010*.

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

The Minister's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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



Caroline Karakatsanis
Director, Financial Audit Services

20 October 2014
SYDNEY

Corporation Sole "Minister Administering the *Heritage Act 1977*"

STATEMENT BY THE MINISTER

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, and in my capacity as Corporation Sole, titled "Minister Administering the *Heritage Act 1977*", I declare that in my opinion:

- a) the accompanying financial statements exhibit a true and fair view of the financial position of the Corporation Sole, "Minister Administering the *Heritage Act 1977*", as at 30 June 2014 and transactions for the year 1 July 2013 to 30 June 2014; and
- b) the statements have been prepared in accordance with
 - applicable Australian Accounting Standards;
 - the requirements of the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2010 and the Treasurer's Directions.

Further, I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Rob Stokes MP
Minister for Heritage

Beginning of Audited Financial Statements

CORPORATION SOLE 'MINISTER ADMINISTERING THE HERITAGE ACT 1977'

Statement of Comprehensive Income

For the year ended 30 June 2014

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
Expenses excluding losses			
Operating expenses			
Other operating expenses	2(a)	198	540
Depreciation	2(b)	69	69
Grants and subsidies	2(c)	536	275
TOTAL EXPENSES EXCLUDING LOSSES		803	884
Revenue			
Investment revenue	3(a)	251	324
Retained fees	3(b)	564	492
Other revenue	3(c)	7	1
Total Revenue		822	817
Net result	14	19	(67)
Other comprehensive income			
Net increase/(decrease) in property, plant and equipment revaluation surplus	7	36	(7)
Total other comprehensive income		36	(7)
TOTAL COMPREHENSIVE INCOME		55	(74)

The accompanying notes form part of these financial statements.

Statement of Financial Position

For the year ended 30 June 2014

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	3,480	3,512
Receivables	5	73	65
Financial assets at fair value	6	2,335	2,169
Total Current Assets		5,888	5,746
Non-Current Assets			
Property, plant and equipment			
Land and buildings	7	3,881	3,913
Total property, plant and equipment		3,881	3,913
Total Non-Current Assets		3,881	3,913
Total Assets		9,769	9,660
LIABILITIES			
Current Liabilities			
Payables	10	89	35
Other	11	50	50
Total Current Liabilities		139	85
Total Liabilities		139	85
Net Assets		9,630	9,575
EQUITY			
Asset revaluation reserve		3,054	3,018
Accumulated funds		6,576	6,557
Total Equity		9,630	9,575

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2014

	Accumulated funds \$'000	Asset revaluation reserve \$'000	Total \$'000
Balance at 1 July 2013	6,557	3,018	9,575
Net result for the year	19		19
Other comprehensive income:			
Net increases / (decrease) in property, plant and equipment	-	36	36
Total other comprehensive income	-	36	36
Total comprehensive income for the year	19	36	55
Transactions with owners in their capacity as owners	-	-	-
Balance as at 30 June 2014	6,576	3,054	9,630
Balance at 1 July 2012	6,624	3,025	9,649
Net result for the year	(67)		(67)
Other comprehensive income:			
Net increases / (decrease) in property, plant and equipment	-	(7)	(7)
Total other comprehensive income	-	(7)	(7)
Total comprehensive income for the year	(67)	(7)	(74)
Transactions with owners in their capacity as owners	-	-	-
Balance as at 30 June 2013	6,557	3,018	9,575

The accompanying notes form part of these financial statements.

Statement of Cash Flow

For the year ended 30 June 2014

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Grants and subsidies		(536)	(275)
Operating expenses		(256)	(634)
Total Payments		(792)	(909)
Receipts			
Interest received		259	141
Statutory fees and other charges		500	564
Total Receipts		759	705
NET CASH FLOWS FROM OPERATING ACTIVITIES	14	(33)	(204)
NET INCREASE / (DECREASE) IN CASH			
		(33)	(204)
Opening cash and cash equivalents		3,512	3,716
CLOSING CASH AND CASH EQUIVALENTS		3,480	3,512

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the period ended 30 June 2014

1 Summary of significant accounting policies

(a) Reporting Entity

The Corporation Sole 'Minister Administering the *Heritage Act 1977* (the Corporation) was constituted under the *Heritage Act 1977*. The main activity is the administration of finance operations of the *Heritage Act 1977*. The Corporation is a not-for-profit entity with no cash generating units.

The financial statements have been authorised for issue on 20 October 2014.

(b) Basis of Preparation

The 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 2010 and;
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Income Recognition

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

(i) Contributions

Contributions from other bodies (including grants and donations) are generally recognised as revenue when the agency obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

(ii) Investment Revenue

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

(d) Insurance

A full comprehensive range of insurances is carried by the Office of Environment and Heritage with the New South Wales Treasury Managed Fund. This coverage extends to the operations of the Corporation. These insurance covers are reviewed periodically to ensure they are adequate.

(e) Conservation Grants, Loans and Guarantees

Section 106 of the *Heritage Act 1977* allows the payment of Conservation Grants and Loans to private individuals and organisations. The loans are repayable and may be

interest bearing or interest free. The Act also allows the Corporation to guarantee bank loans that have been made for certain conservation purposes. No current guarantees are in place (2013: Nil).

(f) Acquisition of Assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised 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 item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

(g) Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually are capitalised.

(h) 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*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to note 7 and note 8 for further information regarding fair value.

The Corporation revalues each class of land and building at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation of buildings was completed on 30 June 2010 and the last revaluation of land was completed on 30 June 2011. Both revaluations were based on independent assessments.

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

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are

credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result. Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(i) 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 property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value. Selling costs are regarded as immaterial.

(j) 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 Corporation.

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

Depreciation rates for plant and equipment range from 10% to 20%.

The depreciation rate for buildings is 2.5%.

(k) Restoration cost

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

(l) Maintenance

The costs of day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(m) Trust Funds

The Corporation holds monies in a trustee capacity for the Old Government House archaeological site at Port Macquarie as set out in note 15. As the Corporation performs only a custodial role in respect of these monies and because the monies cannot be used for the achievement of the Corporation's own objectives, these funds are not recognised in the financial statements.

(n) Equity transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector agencies is designated as a contribution by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions* and Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure between government departments are recognised at the amount at which the asset was recognised by the transferor government department immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value

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

Income, expenses and assets are recognised net of GST, except where:

- the amount of GST incurred by the Corporation 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.
- receivables and payables are stated with the amount of GST included.

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

(p) Payables

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

(q) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost at face value. Subsequent measurement is at amortised cost using the effective interest rate method, less any allowance for impairment of receivables. Any changes are accounted for in the net result for the year when impaired, derecognised or through the amortisation process. Short-term receivables with no stated interest rate are measured at original invoice amount where the effect of discounting is immaterial.

(r) Financial Instruments

Financial instruments give rise to positions that are both a financial asset of one entity and a financial liability (or equity instrument) of another entity.

In accordance with AASB 132 *Financial Instruments: Disclosure and Presentation*, the Corporation's financial assets include cash, accounts receivable and financial assets at fair value and its financial liabilities include accounts payable.

In accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, the Corporation's financial assets and financial liabilities are disclosed at fair value through profit or loss. Detailed information is disclosed in note 16.

(s) Fair value hierarchy

A number of the Corporation's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, Corporation categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

(i) Level 1 – quoted prices in active markets for identical assets/liabilities that the Corporation can access at the measurement date.

(ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

(iii) Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Corporation recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer note 8 and note 16 for further disclosures regarding fair value measurements of financial and non-financial assets.

(t) New Australian Accounting Standards issued but not effective

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

The following new Accounting Standards have not been applied and are not yet effective (NSW Treasury mandate TC 14/03):

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 1031 *Materiality*
- AASB 1055 and AASB 2013-1 regarding budgetary reporting
- AASB 2011-7 (NFP) regarding consolidation and joint arrangements
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-6 regarding Reduced Disclosure Requirements
- AASB 2013-8 regarding Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities
- AASB 2013-9 regarding the Conceptual Framework, Materiality and Financial Instruments (Parts B and C).

The Corporation does not anticipate any material impact of these accounting standards on the financial statements of the Corporation.

2. Expenses Excluding Losses

(a) Other operating expenses

	2014	2013
	\$'000	\$'000
Contractor - projects	-	272
Board fees	91	93
Consultancy fees	11	-
Motor vehicle hire	4	6
Information dissemination	3	-
Travel costs	24	35
Legal costs	10	-
Auditor's remuneration (audit or review of the financial statements)	17	17
Impairment of assets and bad debts	-	19
General administration	38	98
	198	540

(b) Depreciation expense

	2014	2013
	\$'000	\$'000
Depreciation:		
Buildings and improvements	69	69
	69	69

(c) Grants and subsidies

	2014	2013
	\$'000	\$'000
Local government	273	104
Non-government organisations	263	171
	536	275

3. Revenue

(a) Investment revenue

	2014	2013
	\$'000	\$'000
Interest revenue from financial assets not at fair value through profit or loss	62	85
Tcorp Hour-Glass Investment Facilities designated at fair value through profit or loss	189	239
	251	324

(b) Retained fees

	2014	2013
	\$'000	\$'000
Fees:		
Statutory fees and other charges	564	492
	564	492

(c) Other revenue

	2014	2013
	\$'000	\$'000
Insurance recoveries	-	1
Miscellaneous	7	-
	7	1

4. Current Assets – Cash and Cash Equivalents

	2014	2013
	\$'000	\$'000
Cash at bank	2,660	2,716
Cash at Tcorp	820	796
	3,480	3,512

Refer note 9 for details on restricted cash balances.

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

5. Current Assets – Receivables

	2014	2013
	\$'000	\$'000
Sale of goods and services	7	19
Less: Allowance for impairment	-	(19)
Accrued income	61	59
GST	5	6
	73	65

	2014	2013
	\$'000	\$'000
Debts written off during the period		
Movement in the allowance for impairment	-	-
Balance at 1 July	19	-
Increase/(decrease) in allowance recognised in profit or loss	(19)	19
Balance at 30 June 2014	-	19

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

6. Current Assets – Financial Assets at Fair Value

	2014	2013
	\$'000	\$'000
Treasury Corporation (Hour-Glass) medium term growth investments	2,335	2,169
	2,335	2,169

Treasury Corporation (Hour-Glass) investments are classified at fair value through profit and loss (note 16).

Treasury Corporation (Hour-Glass) investments do not include Trust Funds of \$984,925 invested with Treasury Corporation (note 15). Details regarding credit risk, liquidity risk, and market risk are disclosed in note 16.

7. Non-current assets – property, plant and equipment

	Land and buildings \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Total \$'000
At 30 June 2014 - fair value				
Gross carrying amount	4,229	-	-	4,229
Accumulated depreciation and impairment	(348)	-	-	(348)
Net carrying amount	3,881	-	-	3,881
At 30 June 2013 - fair value				
Gross carrying amount	4,192	-	-	4,192
Accumulated depreciation and impairment	(279)	-	-	(279)
Net carrying amount	3,913	-	-	3,913

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.

	Land and buildings \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Total \$'000
Year ended 30 June 2014				
Net carrying amount at start of year	3,913	-	-	3,913
Net revaluation increment less revaluation decrements	36	-	-	36
Depreciation expense	(69)	-	-	(69)
Net carrying amount at end of year	3,881	-	-	3,881
Year ended 30 June 2013				
Net carrying amount at start of year	3,989	-	-	3,989
Net revaluation increment less revaluation decrements	(7)	-	-	(7)
Depreciation expense	(69)	-	-	(69)
Net carrying amount at end of year	3,913	-	-	3,913

8. Fair value measurement of non-financial assets

(a) Fair value hierarchy

2014

	Level 1	Level 2	Level 3	Total fair value
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment (note 7)				
Land and Buildings	-	-	3,881	3,881
	-	-	3,881	3,881

There were no transfers between Level 1 or 2 during the period.

(b) Valuation techniques, inputs and processes

(i) Valuation Techniques and Inputs:

Fair value for non-financial assets are calculated on the following bases:

Asset class	Valuation technique	Comments
Land	Market	Based on market evidence for unimproved land value
Buildings	Cost	Based on depreciated replacement cost

(ii) Highest and Best Use:

Non financial assets are valued on a highest and best use basis.

(iii) Level 3 Measurements

Corporation Sole non-financial assets classed as Level 3 in the fair value hierarchy are valued using a cost approach. Given that their use is and they specialised in nature, and they are not actively traded in the marketplace. Cost has been derived using actual costs plus reference to industry costing guides (Rawlinson) based on the characteristics of the relevant asset.

Full external valuations are conducted at least every 5 years. The last valuation for buildings was conducted in June 2010. The last valuation for land was conducted in June 2011.

The fair value of Level 3 assets are adjusted annually for movement in relevant publicly available indexes. The Corporation Sole engages independent qualified valuers with appropriate experience in the relevant Level 3 category to conduct external valuations.

Annual movements in industry costing guides or relevant indexes will result in corresponding changes to the fair value of Corporation Sole Level 3 assets.

(c) Reconciliation of recurring Level 3 fair value measurements

2014	Land and buildings	Total recurring Level 3 fair value
	\$'000	\$'000
Fair value as at 1 July 2013	3,913	3,913
Revaluation increments/ decrements recognised in other comprehensive income – included in line item /Net increase / (decrease) in property, plant and equipment revaluation surplus'	36	36
Depreciation	(69)	(69)
Fair value as at 30 June 2014	3,881	3,881

9. Restricted Assets

Parramatta Road Project

The Corporation holds \$16,000 in cash and cash equivalents (note 4) for the payments of grants to Heritage owners to carry out restoration works and improve the look of Parramatta Road.

	2014	2013
	\$'000	\$'000
Cash balance at end of year	16	66

Parramatta Heritage Precinct Project

The Corporation holds \$260,600 in cash and cash equivalents (note 4) for the preparation of a Parramatta Precinct National Heritage List nomination and comprehensive interpretation and tourism plan for the Parramatta precinct.

	2014	2013
	\$'000	\$'000
Cash balance at end of year	261	250

10. Current Liabilities – Payables

	2014	2013
	\$'000	\$'000
Creditors	63	35
GST payable	26	-
	89	35

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

11. Current Liabilities – Other

	2014	2013
	\$'000	\$'000
Security Deposits	50	50
	50	50

12. Commitments for expenditure

There were no commitments as at 30 June 2014 (2013 - nil).

13. Contingent liabilities

The Corporation is not currently involved in any legal cases where costs may be awarded against it.

14. Reconciliation of cash flows from operating activities to net result

	2014	2013
	\$'000	\$'000
Net cash provided by (used on) operating activities	(33)	(204)
Depreciation	(69)	(69)
Increase/(decrease) in receivables	9	(51)
Decrease/(increase) in payables	(54)	45
Decrease/(increase) in other	166	211
Net result	19	(67)

15. Trust Funds

The Corporation holds \$984,925 (2013: \$914,887) in trust for the conservation of the Old Government House archaeological site at Port Macquarie.

	2014	2013
	\$'000	\$'000
Investment balance at the beginning of the year	915	826
Add: Receipts	70	89
Investment balance at the end of the financial year	985	915

Going forward, the Heritage Division within the Office of Environment and Heritage will assess requirements under the original agreement to conserve the site. There is to allow reporting of the trust as restricted cash by the corporation.

16. Financial Instruments

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

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

The Corporation has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Corporation, to set risk limits and controls, and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a periodic basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying amount	Carrying amount
			2014	2013
Class:			\$'000	\$'000
Cash and cash equivalents	4	N/A	3,480	3,512
Receivables ¹	5	Loans and receivables (at amortised cost)	68	59
Financial assets at fair value	6	At fair value through profit or loss- classified as held for trading	2,335	2,169

Financial Liabilities	Note	Category	Carrying amount	Carrying amount
			2014	2013
Class:			\$'000	\$'000
Payables ¹	10	Financial liabilities (at amortised cost)	63	35

Note

1. Excludes statutory receivables of \$5k (2013: \$6k) and statutory payables of \$26k (2013: \$Nil)

(b) Credit risk

Credit risk arises when there is the possibility of the Corporation's debtors defaulting on their contractual obligations, resulting in a financial loss to the Corporation. 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 Corporation, including cash, receivables, and authority deposits. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees.

Credit risk associated with the Corporation's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW Treasury Corporation are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour-Glass cash facility is discussed in paragraph (f) below.

Receivables – trade debtors

All trade and other debtors are recognised as amounts receivable at balance date. Collectability of all debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. An allowance for impairment is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any allowance for impairment). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are generally made on 30 day terms.

The Corporation is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2014: \$6,885; 2013: \$Nil) and less than three months past due (2014: \$Nil; 2013: \$Nil) are not considered impaired.

16. (b) Credit risk (cont.)

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position.

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
		\$'000	\$'000
2014			
< 3 months overdue	-	-	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2013			
< 3 months overdue	-	-	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	19	-	19

Notes

1. Each column in the table reports 'gross receivables'.
2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

Authority deposits

The Corporation has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 2.88% (2013: 2.52%), while over the year the weighted average interest rate was 2.92% (2013: 3.69%) on a weighted average balance during the year of \$807K (2013: \$783K). None of these assets are past due or impaired.

(c) Liquidity risk

Liquidity risk is the risk the Corporation will be unable to meet its payment obligations when they fall due. The Corporation 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 payables. No assets have been pledged as collateral. The Corporation'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 not 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 time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Corporation may automatically pay the supplier simple interest. The rate of interest applied during the year was 12.5% (2013: 12.5%).

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

Maturity analysis and interest rate exposure of financial liabilities

	Interest rate exposure				Maturity dates		
	Nominal amount	\$'000			\$'000		
Fixed interest rate		Variable interest rate	Non-interest bearing	<1 year	1-5 years	>5 years	
2014							
Payables	63	-	-	63	63	-	-
	63	-	-	63	63	-	-
2013							
Payables	35	-	-	35	35	-	-
	35	-	-	35	35	-	-

(d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposures to market risk are primarily through interest rate risks and other price risks associated with the movement in the unit price of the Hour-Glass investment facilities. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Corporation 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 exposure in existence at the balance date. The analysis is performed on the same basis for 2013. The analysis assumes that all other variables remain constant.

(e) Interest Rate Risk

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

		\$'000			
	Carrying amount	-1%		1%	
		Profit	Equity	Profit	Equity
2014					
<i>Financial assets</i>					
Cash and cash equivalents	3,480	(35)	(35)	35	35
Receivables	68	-	-	-	-
Financial assets at fair value	2,335	(23)	(23)	23	23
<i>Financial liabilities</i>					
Payables	63	-	-	-	-
2013					
<i>Financial assets</i>					
Cash and cash equivalents	3,512	(35)	(35)	35	35
Receivables	59	-	-	-	-
Financial assets at fair value	2,169	(22)	(22)	22	22
<i>Financial liabilities</i>					
Payables	35	-	-	-	-

(f) Other price risk – TCorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass investment facilities, which are held for strategic rather than trading purposes. The Corporation has no direct equity investments. The Corporation holds units in the following Hour-Glass investment trusts:

Facility	Investment sectors	Investment horizon	2014	2013
			\$'000	\$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	820	796
Medium term growth facility	Cash, money market instruments, Australian and International bonds, listed property, Australian shares	3 years to 7 years	2,335	2,169

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the Corporation's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

	Change in unit price	Impact on profit/loss	
		2014	2013
		\$'000	\$'000
Hour Glass Investment – Cash facility	+/- 2.92%	24	29
Hour Glass Investment – Medium-term growth facility	+/- 7.65%	179	233

(g) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. The value of the Hour-Glass Investments is based on the Corporation Sole's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

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.

(h) Fair value recognised in the statement of financial position

The Corporation uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

Level 1 – Derived from quoted prices in active markets for identical assets/liabilities.

Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly.

Level 3 – Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	2014
	\$'000	\$'000	\$'000	Total \$'000
Financial Asset at fair value				
TCorp Hour-Glass Investment Facility	-	2,335	-	2,335
	-	2,335	-	2,335
	Level 1	Level 2	Level 3	2013
	\$'000	\$'000	\$'000	Total \$'000
Financial Asset at fair value				
TCorp Hour-Glass Investment Facility	-	2,169	-	2,169
	-	2,169	-	2,169

(The table above only includes financial assets, as no financial liabilities were measured at fair value in the statement of financial position).

There were no transfers between level 1 and 2 during the year ended 30 June 2014.

17. Events after the Reporting Period

The Corporation is not aware of any circumstances that occurred after balance date which would render particulars included in the financial statements to be misleading.

End of audited financial statements

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Contact us

Principal access

Office of Environment and Heritage (OEH) and
National Parks and Wildlife Service (NPWS)

Head office: Sydney CBD
Level 14, 59 Goulburn Street
Sydney, NSW 2000
Australia

Mail:

Head Office
PO Box A290
Sydney South, NSW 1232
Australia

Phone:

Main switchboard: (02) 9995 5000
Environment Line: 131 555
(local call from landlines within NSW)
or (02) 9995 5555 (from outside of NSW)

Website:

www.environment.nsw.gov.au

Email:

info@environment.nsw.gov.au

Please include what you are inquiring about in the subject line.

Visit our offices:

[Information Centre](#)

Head office: Sydney CBD
Level 14, 59 Goulburn Street

Relay calls:

If you are deaf, or have a hearing impairment or speech impairment, contact us through the
[National Relay Service](#).

TTY/voice: 133 677

Speak & listen: 1300 555 727

Fax:

(02) 9995 5999

Business hours:

8.30am to 5.00pm Monday to Friday

Metropolitan and Regional Offices:

Business Hours: 9:00am to 5.00pm Monday to Friday

