

OFFICE OF ENVIRONMENT & HERITAGE

Annual Report 2017-18



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Contents

Letter of submission	1
Message from the Chief Executive	2
About OEH	4
Purpose	4
Vision	4
Charter	4
Organisation structure	5
Park Operations Division	5
Park Programs Division	5
Regional Operations Division	6
Heritage Division	6
Policy Division	6
Science Division	6
Strategy and Performance Division	6
Portfolio partners	7
Our achievements in 2017–18	8
Conservation	8
Culture	11
Communities	12
Connection	16
People	18
Performance	19
Partners	21
Targets for 2018–19	22
Conservation	22
Culture	22
Communities	23
Connection	23
People	24
Performance	24
Partners	24
OEH financial statements	25
Statement of Comprehensive Income for the year ended 30 June 2018	29
Statement of Financial Position as at 30 June 2018	30
Statement of changes in equity for the year ended 30 June 2018	31
Statement of cash flows for the year ended 30 June 2018	32

Notes to the financial statements for the year ended 30 June 2018	33
1. Summary of significant accounting policies	33
2. Expenses excluding losses	35
3. Revenue	38
5. Conditions on contributions	42
6. Program groups descriptions	42
6. Program statements for the year ended 30 June 2018	43
6. Program statements as at 30 June 2018 (continued)	44
7. Current assets – cash and cash equivalents	45
8. Current assets – receivables	45
9. Current assets – inventories	46
10. Current assets – other financial assets	47
11. Non-current assets – property, plant and equipment	47
12. Intangible assets	53
13. Fair value measurement of non-financial assets	55
14. Restricted assets	61
15. Current liabilities – payables	61
16. Current/non-current liabilities – borrowings	62
17. Current/non-current liabilities – provisions	63
17. Current/non-current liabilities – provisions	66
18. Current liabilities – other	87
19. Equity	87
20. Commitments	88
21. Contingent liabilities and contingent assets	88
22. Budget review	89
23. Reconciliation of cash flows from operating activities to net result	91
24. Financial instruments	92
25. Related party disclosures	96
26. Events after the reporting period	97
Appendices	99
1. Governance	99
2. Legislation and legal changes	103
3. Human resources	117
4. Funding and expenditure	127
Heritage Council of NSW Annual Report 2017–18	139
Heritage Council members	139
Heritage Council meetings and committees	139
State Heritage Register	140
Statutory planning tools	142
Statutory applications	142

Summary of other recommendations, advice and opinions made by the Council	143
NSW maritime heritage	143
NSW heritage grants	143
Corporation Sole 'Minister Administering the <i>Heritage Act 1977</i>	
financial statements	144
CORPORATION SOLE 'MINISTER ADMINISTERING THE <i>HERITAGE ACT 1977</i>	147
Statement of Comprehensive Income for the year ended 30 June 2018	147
CORPORATION SOLE 'MINISTER ADMINISTERING THE <i>HERITAGE ACT 1977</i>	148
Statement of Financial Position as at 30 June 2018	148
CORPORATION SOLE 'MINISTER ADMINISTERING THE <i>HERITAGE ACT 1977</i>	149
Statement of changes in equity for the year ended 30 June 2018	149
CORPORATION SOLE 'MINISTER ADMINISTERING THE <i>HERITAGE ACT 1977</i>	150
Statement of cash flows for the year ended 30 June 2018	150
CORPORATION SOLE 'MINISTER ADMINISTERING THE <i>HERITAGE ACT 1977</i> Notes to and forming part of the financial statements for the year ended 30 June 2018	151
1. Summary of significant accounting policies	151
2. Expenses excluding losses	153
3. Revenue	154
4. Current assets – cash and cash equivalents	155
5. Current assets – receivables	155
6. Current assets – financial assets at fair value	156
7. Non-current assets – property, plant and equipment	157
8. Fair value measurement of non-financial assets	160
9. Restricted assets	162
10. Current liabilities – payables	163
11. Current liabilities – other	163
12. Commitments for expenditure	163
13. Contingent liabilities and contingent assets	163
14. Reconciliation of cash flows from operating activities to net result	163
15. Financial instruments	164
16. Related party disclosures	169
17. Events after the reporting period	169
Index	171

Letter of submission

The Hon Gabrielle Upton MP
Minister for the Environment
Minister for Heritage
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 1 July 2017 to 30 June 2018. In addition, the report contains the audited financial statements and appendices as required by legislation.

The report also incorporates the Annual Report of the Heritage Council of NSW for the year ended 30 June 2018.

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 TC15-19.

Yours sincerely



Anthony Lean
Chief Executive

Message from the Chief Executive

2017–18 was another successful year for the Office of Environment and Heritage (OEH) as we worked to connect communities to conservation and culture. I am particularly proud that we were able to deliver several government priorities alongside our existing programs to achieve great outcomes for New South Wales.

A new strategic direction

My top priority during the year was to develop a new Corporate Strategy for OEH to set the direction for our future. The Strategy, which was released in July 2018, was developed collaboratively with OEH staff and other key government stakeholders, and identifies four key outcome areas (Conservation, Culture, Communities and Connection) supported by three enablers (People, Performance and Partners).

This was an important milestone for the organisation. It marks a new strategic direction and outlines a clear role for OEH as a catalyst for change. This means working with communities, government agencies, non-government agencies, industries and other stakeholders to achieve the best possible environmental, heritage, social and economic outcomes for the State.

With the new Corporate Strategy in place, work is already underway to respond to the key opportunities and challenges we identified during the process.

Major reforms and announcements

OEH continued to be at the forefront of delivering major government reforms to improve the way New South Wales manages our environment and heritage, including:

- commencing the *Biodiversity Conservation Act 2016* and *Local Land Services Act 2013* and establishing the NSW Biodiversity Conservation Trust on 25 August 2017. The BCT is an independent statutory authority responsible for facilitating strategic biodiversity conservation on private land
- releasing the *Draft Aboriginal Cultural Heritage Bill 2018* for consultation. The draft Bill proposes a new system which will transform the way we manage and conserve Aboriginal cultural heritage in New South Wales
- commencing the new *Coastal Management Act 2016* and supporting councils to deliver improved coastal management through grant funding and expert technical advice for planning and operational management
- the Premier announcing the \$112.5 million Energy Affordability Package. OEH will deliver key components of the package to assist NSW households and small business reduce their energy use and make substantial savings on their energy bills
- the Premier and Minister for the Environment and Heritage announcing an unprecedented commitment of \$44.7 million to fund the NSW Koala Strategy. The centrepiece of the Strategy is protecting large areas of land where koalas can thrive.

Program and project delivery

In 2017–18 OEH delivered several significant programs and projects in partnership with stakeholders. Some key achievements include:

- continuing the NSW flagship *Saving our Species* program, which delivered on-ground conservation projects for around 350 of NSW's threatened plants, animals and ecosystems
- the Traditional Custodians of the Willandra Lakes Region hosting a welcome home ceremony to celebrate the historic return of 42,000-year-old Mungo Man for reburial, along with another 105 Willandra ancestors. This event was an important milestone in

recognising Aboriginal culture and connection to Country, and a significant step towards cultural healing for the Barkindji-Paakantyi, Mutthi Mutthi and the Ngiyampaa people

- making 1000 datasets available online via the Sharing and Enabling Environmental Data (SEED) portal, launched in 2016. This was a significant milestone because SEED makes government, community and industry data more accessible to the public and is now the go-to place for environmental information in New South Wales.

Thank you to staff

As always, I wish to thank the staff of OEH for their commitment to delivering the best possible outcomes for the people of New South Wales. It is their dedication, enthusiasm and drive which makes OEH such a unique and inspiring organisation to be a part of.

The year ahead

Work is underway to deliver programs and projects for 2018–19. With a new Corporate Strategy to guide us, I am confident in OEH's ability to achieve even greater outcomes for New South Wales in the future. As catalysts for change, we will continue to work with others and balance social, economic, environmental and cultural needs and interests. In doing so, we will build off the success we have had to date, while working towards a better future that connects communities to conservation and culture.



Anthony Lean
Chief Executive

About OEH

Purpose

The Office of Environment and Heritage (OEH) is a separate agency within the Planning and Environment cluster. OEH works with the NSW community to care for and protect our environment and heritage.

Vision

OEH works to connect communities to conservation and culture to deliver great outcomes for the environment and heritage.

Charter

OEH implements significant statutory responsibilities regarding the environment and heritage portfolio across New South Wales (Appendix 4). These responsibilities have been grouped into four management portfolios. These four portfolios are listed below.

Conservation

We strengthen and enhance the natural environment by:

- managing the national parks of New South Wales, and supporting others who manage land
- providing expert policy advice on environmental issues in their social and economic contexts, based on rigorous science and the best available information
- designing and delivering programs that promote the wellbeing of our natural habitats, biodiversity across landscapes, air and water.

Culture

We celebrate, protect and respect the diversity of cultures and heritage that make Australia what it is today by:

- partnering with communities to understand and respect all of our cultures, from ancient to modern
- conserving and caring for built heritage, cultural practices and places
- celebrating the stories and cultures that create contemporary Australia.

Communities

We work with local communities to drive a better quality of life and protect people from environmental harm by:

- partnering for sustainable practices with business, industry, agriculture, and rural and urban communities
- collaborating to develop places and spaces, both rural and urban, which support habitats, cultures and people
- preventing, mitigating and adapting to risks, including climate change risks, to the environment, landscapes, heritage and communities, through education, compliance and regulation.

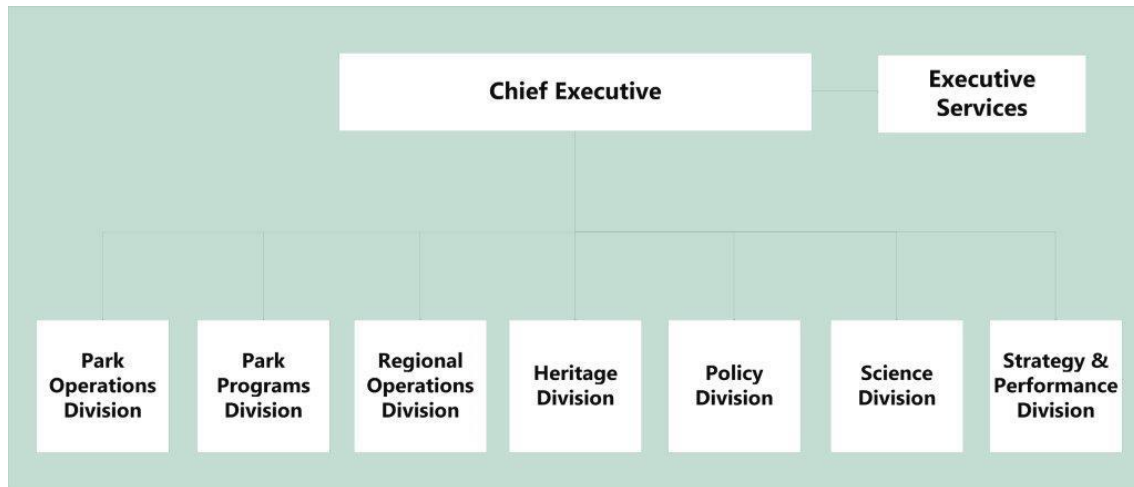
Connection

We connect people with unique and treasured places and spaces by:

- inviting people to have amazing experiences in our natural and heritage places
- providing opportunities for tourism and recreation
- empowering communities to achieve great environmental and heritage outcomes through education, volunteering and citizen participation.

Organisation structure

As at 30 June 2018, OEH consisted of seven functional areas, supported by corporate services. Corporate services are delivered through the Department of Planning and Environment (DPE) Cluster Corporate Services.



Park Operations Division

National Parks and Wildlife Service (NPWS) Park Operations leads the operational management of the New South Wales parks and reserves system, delivering a range of conservation and land management activities on park, including fire and incident management; pest and weed management; Aboriginal and historic heritage; threatened species; soils and water; infrastructure and asset maintenance; and visitor experience services. Park Operations develops and maintains partnerships and working relationships with park neighbours, local communities, local stakeholders including MPs, state and local authorities, and emergency response agencies, and jointly manages parks and reserves with Aboriginal owners and communities.

Park Programs Division

NPWS Park Programs leads statewide strategy, priorities and standards for the management of natural and cultural heritage on park. The Division develops and maintains overarching frameworks for all park activities, including policy and strategy, monitoring and evaluation, stakeholder liaison, park data analysis and program integration including procurement, activation and appropriate utilisation of park assets. Specifically, these frameworks cover the negotiation and regulation of commercial activities on park; management of major campgrounds and accommodation; marketing, events, education, experience development, and volunteering. Park Programs also manage reserve acquisition, Aboriginal joint management and lead policy and planning for fire, incidents, pests, weeds and landscape management.

Regional Operations Division

Regional Operations delivers integrated and customer-focused services at regional and local level to strengthen communities and partnerships across New South Wales. 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.

During the development of the new Corporate Strategy, some structural changes were identified that would better support the delivery of the agency's key outcome areas. As a result, on 16 July 2018, staff and functions in the Regional Operations Division transferred to two new divisions: the Conservation and Regional Delivery Division (CRD) and the Communities and Greater Sydney Division (CaGS). Creating these two new divisions is helping OEH to improve the management of its overall portfolio responsibilities, with CRD continuing to deliver conservation programs and services across the State, while CaGS has a renewed focus on helping communities become more thriving, resilient and sustainable.

Heritage Division

Heritage provides an integrated approach to conserving Aboriginal and non-Aboriginal heritage and reviews applications to list items on the State Heritage Register, declare Aboriginal Places and register state shipwrecks. It works with the community to repatriate Aboriginal ancestral remains; administers grants for heritage conservation and provides secretariat services to the Heritage Council of New South Wales and the Aboriginal Cultural Heritage Advisory Committee.

Policy Division

Policy supports the Minister and the OEH Executive by providing policy advice and leading the development of strategic policy. This division leads OEH's engagement in whole-of-government policy and projects, Cabinet processes, legislative reforms and inter-governmental affairs.

Science Division

Science undertakes scientific research, investigation, monitoring, analysis, evaluation and reporting on a range of natural resource and environmental issues to support OEH, the Environment Protection Authority (EPA) and broader government, industry and the community.

Strategy and Performance Division

In 2017–18, OEH established the new Strategy and Performance Division to provide strategic leadership in improving the performance of OEH. These activities include: corporate planning, program delivery, monitoring and reporting; strategic corporate communications; customer experience, digital and innovation strategies; economic analysis and advice; and Ministerial services. The Division, through its Grants Branch, delivers funding for diverse environmental projects that support community groups, state and local government and industry, and provides the grant administration function for the NSW Environmental Trust.

Portfolio partners

As well as its internal functional areas, OEH provides services and other support to its statutory body partners in the Environment and Heritage portfolio:

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

The Biodiversity Conservation Trust commenced operations on 25 August 2017, under the terms of the *Biodiversity Conservation Act 2016*, and is included within the Environment and Heritage Portfolio Agencies.

The entities listed above that are required to produce annual reports do so separately.

The annual report of the Heritage Council of NSW is included in this OEH Annual Report.

Our achievements in 2017–18

OEH achievements for 2017–18 are in line with delivering our Corporate Strategy and presented below.

Conservation

Success looks like: Natural capital in New South Wales is rich and healthy, supporting our quality of life and standard of living.

Significant additions to consolidate the NSW Reserve System

To further consolidate the state's protected area network, 2877 hectares of land were reserved, and 4869 hectares of high conservation value land were purchased for addition to the national parks system. Two properties were purchased through the Koala Land Acquisition Program, under the NSW Koala Strategy, to protect 480 hectares of important koala habitat.

Critical pest and weed management on the NPWS estate

Over 1,000 programs were implemented and reported on during 2017–18. More than 75% of effort was recorded against critical programs, primarily for threatened species conservation and protection of neighbouring agricultural enterprises. In 2017–18, more than 39,000 pest animals were removed, and more than 118,000 dog and fox baits were laid.

Environmental Water

Facilitated the delivery of more than 848,000 megalitres of environmental water to the Border Rivers, Gwydir, Namoi, Macquarie, Lachlan, Murrumbidgee and Murray river valleys in collaboration with the Commonwealth Environmental Water Holder. Environmental water ensured strong hydrological and biological connectivity between the major tributaries of the northern Murray-Darling Basin. In May 2018 environmental water connected the Border Rivers and Gwydir catchments in the northern basin with the Barwon–Darling River system, extending across more than 2,000 kilometres of river. In the southern Murray–Darling River Basin, environmental water connected the nationally significant mid-Murrumbidgee wetlands, as well as the large Lowbidgee lakes, with the Murrumbidgee River. Both northern and southern deliveries resulted in strong wetland vegetation responses supporting resilient native fish, frogs and waterbird communities.

Floodplain health

Completed the Upper Namoi Floodplain Management Plan, prepared jointly with the Department of Industry as part of the implementation of the *Water Management Act 2000*. The plan provides the strategic framework for licensing flood works, rules determining allowable works and criteria for assessing impacts to protect the floodplain environment.

Marine estate

OEH is one of four Marine Estate Management Authority (MEMA) agencies, along with Department of Primary Industries, Department of Planning and Environment and Transport for New South Wales. In collaboration with MEMA agencies, OEH supported the development and finalisation of the NSW Marine Estate Management Strategy.

The strategy identifies management priorities based on the findings of the NSW *Marine Estate Threat and Risk Assessment Final Report*. It sets the policy directions for managing the marine estate as a single continuous system, enabling the delivery of a coordinated package of actions over the next decade to reduce priority threats, such as poor water

quality, while balancing economic growth, use and conservation. Stage One, for implementation over the first two years of the Strategy, is supported by an investment of \$45.7 million, including a \$7 million contribution by OEH. Key priorities for Stage One are improving water quality and increasing the health of coastal habitats.

Land management and biodiversity conservation reforms

Commenced the *Biodiversity Conservation Act 2016* and the associated reforms in August 2017. The reforms include creation of the Biodiversity Conservation Trust to facilitate strategic biodiversity conservation on private land and establishment of the Biodiversity Offset Scheme.

Developed the new, scientifically robust and transparent Biodiversity Assessment Method (BAM) and accompanying Accreditation Scheme to assess and conserve biodiversity values. Over 200 people are accredited to carry out all BAM assessments. The BAM provides a direct, clear mechanism for measuring biodiversity and ecological integrity under the definitions of *the Biodiversity Conservation Act 2016*. This is a major step towards measuring the status and trends of biodiversity and ecological integrity in New South Wales, setting the foundation for future comparison and reporting.

BioNet biodiversity data is now delivered to BAM (and other planning and regulation tools) via open data web services. New data services are supported by data standards promoting a common language for use across biodiversity programs.

OEH helped build the capacity of local government as land use planners and public land managers, by providing additional resources and technical guidance. Over 70% of NSW councils have at least one staff member trained to implement the reforms in 2017–18 and the project continues in 2018–19.

The Biodiversity Conservation Investment Strategy was released to guide the Biodiversity Conservation Trust to deliver the government's investment in private land conservation.

Saving our Species

2017–18 was the second year of the expanded Saving our Species (SoS) funding model and included an increase in the number of projects undertaken compared with the previous financial year. On-ground conservation projects were implemented for around 350 of NSW's threatened plants, animals and ecosystems. SoS is strategically investing in managing nine key threatening processes. These key processes if not managed will lead to further decline in the resilience of plants and animals.

These SoS projects continue to demonstrate positive environmental outcomes. For example, the population of a critically endangered Hunter region plant, North Rothbury *Persoonia*, has grown by 400 individuals after two successful planting campaigns by SoS staff and local volunteers. In March 2018, hatchlings of the critically endangered Yellow-spotted Tree Frog were returned to the wild after a successful captive breeding program, in partnership with Taronga Zoo. Thought to be extinct in the wild for over thirty years, the successful breeding and hatchling release for this frog species is a remarkable achievement hopefully bringing a species back from the brink of extinction.

NSW Koala Strategy

In May 2018 the NSW Government released the NSW Koala Strategy committing \$44.7 million towards securing the future of koala in the wild. The strategy will support a range of conservation actions over three years. It also sets the foundation for the government's longer-term vision to stabilise and increase koala populations across New South Wales.

The NSW Koala Strategy responds to the NSW Chief Scientist and Engineer's 2016 *Independent Review into the Decline of Koala Populations in Key Areas of NSW*, which recommended a whole-of-government koala strategy for New South Wales. An expert advisory committee chaired by the NSW Chief Scientist and Engineer guided the strategy's development along with extensive community and stakeholder consultation.

Koala conservation

Delivered over \$800,000 in koala conservation projects through SoS. Nineteen koala conservation projects were undertaken in 2017–18, including habitat creation, GPS tracking, koala disease research and mitigation of key threats such as vehicle strike. Habitat mapping and radio-tracking of koalas in the Wollondilly and Wingecarribee shires have confirmed that the region is home to a large and important population of koalas.

Kangaroo management

Completed an economic analysis to obtain a better understanding of the economic and environmental impact of the kangaroo licensing framework. This resulted in lifting the cap on wholesaler licences that allowed for more kangaroo wholesalers to enter the market. Collaboration continues with the Department of Primary Industries to review and implement new Kangaroo Population Survey Methods. The revised method will increase the precision and accuracy of population estimates for the annual kangaroo survey including new survey design implemented in June 2018.

Flying-foxes

Supported the conservation and management of flying-foxes including mapping potential flying-fox roost sites across New South Wales within 300 metres of sensitive sites, ongoing implementation of a \$1 million program to assist local government with flying fox camp management, and coordination of the National Flying-fox Monitoring Program in New South Wales. The Environmental Trust also announced \$5 million for flying-fox habitat restoration grants.

Reintroduction of locally extinct mammals

Demonstrating new models of conservation through effective partnerships, OEH, Australian Wildlife Conservancy and the University of NSW are working to reintroduce locally extinct mammal species into NPWS reserves. The reintroduction of locally extinct mammals is a significant component of the SoS program.

For example, for the reintroduction Bilbies into the Pilliga State Conservation Area and Sturt National Park has included securing all environmental approvals and the commencement of fence construction. The project is on-track to reintroduce Bilbies into the Pilliga State Conservation Area in November 2018.

Biobanking agreements

Thirty-four biobanking agreements covering 4308 hectares were approved this year. Ninety-six biobanking agreements are now in place across New South Wales with the total area under agreements totalling 11,127 hectares.

Culture

Success looks like: New South Wales has a rich and diverse tapestry of culture and heritage.

Aboriginal Joint Management Agreements

Two new Aboriginal joint management agreements were signed. The first was with the Western Bundjalung people and covers parks between Grafton and Tenterfield. The second was with the Gumbaynggirr (Boney) people and covers part of Jagun Nature Reserve, near Nambucca Heads. Under an Aboriginal joint management arrangement, the NPWS and local Aboriginal people share responsibility for a park's management, helping to ensure the continuing practice of traditional contemporary culture and self-determination. These two new agreements mean 31 agreements have commenced in New South Wales.

Aboriginal Places

Eight new Aboriginal Places were declared under the *National Parks and Wildlife Act 1974* including Dennawan (Culgoa National Park), Old Gerara Springs (Ledknapper Nature Reserve), Barunguba (Montague Island Nature Reserve), Mystery Bay Fish Traps (Narooma), Pooncarie Mission (Pooncarie), Baryulgil Cemetery (Baryulgil), Redouberry Hill Fringe Camp (Singleton), Mill Post Axe Quarry (Bungendore).

Repatriations of Aboriginal remains

In November 2017, Traditional Custodians hosted a welcome home ceremony that was attended by hundreds to celebrate the historic return of the 42,000-year-old Mungo Man to his original resting place. In addition to Mungo Man, 105 Willandra ancestors were returned to their traditional homelands on the margins of Lake Mungo in the Willandra Lakes Region World Heritage Area.

The event was a significant milestone in the recognition of Aboriginal culture and connection to country. It followed several years of consultation with the Aboriginal community and key stakeholders, who contributed to the format and timing of the event. Following return to the Mungo Keeping Place, in Mungo National Park, discussions will continue with the community about the long-term resting place of the ancestors. The return of the ancestors to their country is an important step in ensuring the local Aboriginal communities have the authority to decide how they are dealt with in the future.

Aboriginal cultural heritage reforms

Released the *Draft Aboriginal Cultural Heritage Bill 2018* in February, which proposed a new system for managing and conserving Aboriginal cultural heritage in New South Wales. A series of public information sessions, 20 workshops and two online webinars were held from September 2017 to April 2018 to obtain input to the reforms. More than 1000 people attended the information sessions, workshops and webinars.

New heritage listings

Nineteen new items were listed on the State Heritage Register under the *Heritage Act 1977*, including: Roxy Theatre and Peters Greek Café (Bingara), Prince Alfred Park and potential archaeological site (Parramatta), South Head General Cemetery (Vaucluse), Bull Cave (Kenthlyn), Nielsen Park (Vaucluse), Old Pymont Cottages (Pymont), Lucas Watermills (Voyager Point and Engadine), Australian Agricultural Company Mine Manager's House (Hamilton), Carrington Hydraulic Engine House and Crane Bases Nos 7, 8, 9 and 10 (Carrington), Uiver Collection (Albury), Cleifden Cave Natural and Cultural Landscape

(Mandurama, Panuara and Lyndhurst), Bidura House Group (Glebe), Windy Station Woolshed (Liverpool Plains Shire), NSW Aboriginal Education Consultative Group office and Archive (Stanmore), Liverpool Courthouse and Archaeology Site (Liverpool), Brett Whiteley House and Visual Curtilage (Lavender Bay), Hadley Park (Penrith), Newcastle Reservoirs (Newcastle), and Picnic Train Attack Sites (Silverton).

Heritage Near Me

Heritage Near Me is an innovative program that empowers NSW communities to protect, share and celebrate their local heritage. In September 2017 a Heritage Near Me Roadshow was held on the far south Coast to celebrate the Bega Valley's unique cultural, natural and built heritage. Events included tours of culturally significant sites and a Heritage Information Kiosk offered an opportunity for owners and managers of heritage items to ask questions about their property, seek clarification around planning matters, and discuss opportunities for support and funding.

Heritage Near Me successfully launched Heritage Heroes, a video project which celebrates individuals and groups who are protecting and sharing their local heritage. The videos are available on the [OEH website](#).

The Heritage Near Me incentives program provides funding opportunities and support directly to owners and managers of local heritage items. During 2017–18:

- \$2.8 million was awarded to 39 successful applicants for the second round of the Heritage Activation grants
- \$465,000 was awarded to six projects through Green Energy grants, representing an annual reduction of 850 tonnes of greenhouse gas emissions
- \$1 million was awarded to applicants and their communities across New South Wales through the Local Heritage Strategic Projects program.

NSW Heritage Grants program

The NSW Heritage Grants Program is an ongoing program governed by the *Heritage Act 1977*. The program is one of the government's key strategies to ensure that heritage in New South Wales is valued, protected and enjoyed. During 2017–18, \$762,877 was awarded to 23 successful applicants.

State Heritage Register Framework

The NSW Heritage Council adopted the State Heritage Register Framework to provide clear priorities for adding places to the NSW State Heritage Register.

Communities

Success looks like: NSW communities are thriving, sustainable and resilient.

Improved development assessment times

Provided expert advice on many and varied planning matters during the 2017–18 financial year. This included over 700 items of advice for state significant development/state significant infrastructure (SSD/SSI), over 500 for Part 4 development, over 80 for Part 5 development and over 300 for planning proposals and strategic planning.

84% of OEH advice on SSD/SSI was provided within the benchmark timeframes that have been set in response to the Premier's commitment to reduce assessment timeframes for these projects.

Growth Centres Biodiversity Offset Program

Protected an additional 93 hectares of threatened vegetation in Western Sydney through the purchase of biodiversity credits from biobank sites, bringing the total area protected through the program to 661 hectares of native vegetation at 19 locations.

Air quality

OEH monitored and shared air quality information through the NSW Air Quality Monitoring Network. New air quality monitoring stations were established in Parramatta North, Armidale, Gunnedah and Narrabri, expanding NSW's nation-leading Air Quality Monitoring Network.

The DustWatch monitoring network was expanded into a rural air quality network to provide information on particle pollution across the whole of New South Wales.

OEH delivered daily forecasts on air quality in the Sydney region for the following day which takes into account dust storms, bushfires and hazard reduction burns.

Energy Savings Scheme

The NSW Government's premier Energy Efficiency program has supported projects that will deliver more than 24,000 gigawatt hours of energy savings, and has locked in over \$5.6 billion in savings for NSW households and businesses between 2009 and 2028. During 2018, OEH expanded eligible activities in the scheme and improved access for households and businesses.

Home Energy Action

Over 2000 social housing properties had energy efficiency upgrades under OEH's existing agreements with community housing partners. In 2017–18, OEH delivered more than 14,800 energy efficient fridges and televisions to vulnerable households across New South Wales to help these households reduce their energy bills and household cost of living. OEH also completed the Enova Solar Housing Project, installing rooftop solar photovoltaic system on 27 North Coast Community Housing properties, saving 70,000 Kilowatt hours of grid-sourced electricity and almost \$16,000 in energy bills a year.

Household and Small Business Upgrade program

OEH signed contracts with seven approved suppliers to deliver over \$9 million of incentives through the discount lighting offer. This will save 8000 households and 3000 small businesses over \$85 million off their energy bills.

Support for business

Sustainability Advantage, the NSW Government's flagship business program, is working with 112 financial members including businesses, not-for-profit organisations and local government, to support them to embed sustainability best practice. It also facilitates sharing these achievements to inspire action throughout the value chain. The program is delivering resource savings to members of \$123 million each year.

Gas efficiency

Funding of \$1.24 million was offered to businesses for 63 gas efficiency and maintenance projects, worth a combined total of \$5.9 million.

National Australian Built Environment Rating System

The National Australian Built Environment Rating System (NABERS) program launched three new tools to understand and manage the environmental performance of buildings. The NABERS Waste Manager Platform improved the waste rating method and allows office buildings to track waste and recycling data throughout the year. The Co-Assess tool enables buildings owners and tenants to be rated for their energy efficiency simultaneously, saving time and money for all parties. The new NABERS for Apartments tool puts NABERS into a whole new sector, helping all parties involved in residential property better understand and improve energy use in common property areas. NABERS has also worked with the Commonwealth Department of Environment and Energy and the Green Building Council of Australia to release Australia's first carbon neutral certification for buildings.

OEH sustainability

OEH continues to drive implementation of sustainability in its own operations through the NSW Government Resource Efficiency Policy. The policy aims to reduce the operating costs of NSW Government agencies.

Fire hazard reduction

The Enhanced Bushfire Management Program has had dramatic success in increasing the area treated for bushfire hazard reduction since the inception of the program.

In 2017–18, NPWS treated 95,830 hectares, being 1171 hectares of mechanical works and 94,659 hectares of prescribed burning. This represents 71% of the NPWS annual target of 135,000 hectares, which is calculated on a rolling five-year average to take account of variability from season to season. In 2017-18 unseasonal weather conditions meant that it was not safe to burn in many locations across the state.

Wildfires

In 2017–18, there were 482 wildfires on park estate, affecting an area of 121,537 hectares. NPWS has also assisted with 107 off-park fires. Over the last five years, NPWS contained around 90% of wildfires that started on park within the park boundaries.

Firefighting capability

NPWS firefighting staff have access to five aircraft, 355 firefighting vehicles and 180 heavy plant machines (30 of which are specifically for fire management purposes), which are used in fire management operations both on and off park and in remote areas as required.

Bushfire Risk Management Research Hub

A \$4 million Bushfire Risk Management Research Hub was launched in partnership with University of Wollongong to provide research to reduce bushfire risk to communities, property and the environment.

The Hub is a unique, state-focused collaboration between OEH, leading research institutions, fire management agencies and bushfire experts. The structure of the Hub has been set up for staff from policy, planning and management to work alongside academics so that findings can be shared on a day-to-day basis and significant outcomes can be applied without delay.

Coastal Management Framework

OEH worked in partnership with Department of Planning and Environment to establish a new coastal management framework to manage the coastal environment in an ecologically

sustainable way, for the social, cultural and economic well-being of the people of New South Wales.

Implementation of the coastal management framework commenced on 3 April 2018 and comprises: a new *Coastal Management Act 2016*, *State Environmental Planning Policy (Coastal Management) 2018*, NSW Coastal Management Manual, Coastal Management Programs, NSW Coastal Council and the Coastal and Estuary Grants Program.

Coast and estuary management

OEH provided local government with technical support and guidance and awarded grant funding of \$2,443,714 to deliver 33 projects under the NSW Coastal and Estuary Grants Program.

Flood risk management

OEH provided local government with technical support and guidance and awarded 60 grants of \$8,054,987 through the NSW Floodplain Management Program.

NSW Flood Data Portal

The NSW Flood Data Portal is a partnership between OEH and the NSW State Emergency Service. The portal aims to improve the sharing of key flood data within government and to other stakeholders. This primarily includes data from flood projects under the current NSW Floodplain Management Program. Data from government projects can also be uploaded by registered users for secure storage and sharing.

Hunter Valley Flood Mitigation Scheme

Significant progress was made on a strategic review of the scheme culminating with the award of a contract to UNSW's Water Research Laboratory to undertake a hydraulic and cost benefit analysis. OEH with the support of program partners, Hunter Local Land Services and NSW Soil Conservation Service, delivered over \$7 million worth of maintenance works on the scheme. Outcomes included drain clearing works in the Williamstown area addressing community concern over polyfluoroalkyl substances PFAS contamination, structural and concrete testing of the 80-year-old Wallis Creek Floodgates, CCTV inspections of pipes associated with 180 of the scheme's 258 flood gates, working with the community to resolve remediation of the Wallalong Levee and progressing the necessary investigations and design for the remediation of the Aberdeen Levee.

Building resilience to climate change

Co-funded 21 local government projects that address local climate risks and vulnerabilities for priority council infrastructure or services. OEH is currently assessing climate vulnerabilities across 90% of New South Wales and co-designing endorsed adaptation pathways and projects to improve government service planning and delivery.

Climate Change Fund Research and Evaluation Initiative

The Climate Change Fund supported the establishment of the Energy Efficiency Decision Making Node. The node is hosted by the Cooperative Research Centre for Low Carbon Living and the University of Wollongong, and is delivered in partnership with OEH. The node will deliver new research into the decision making of consumers and suppliers in New South Wales including:

- assessing methods for reducing greenhouse gas emissions in the transportation sector
- reviewing energy efficiency decision making in the NSW social housing sector

- mapping the decision-making process to meet or exceed Building Sustainability Index requirements of new builds in New South Wales.

The Climate Change Fund also supported the establishment of the Human Health and Social Impact Node as part of the NSW Adaptation Research Hub. This node is hosted by the University of Sydney's Planetary Health Initiative and delivered in partnership with OEH, NSW Health and Edge Environment. Research is focused on the relationship between climate change and health. Research to date includes:

- the assessment of health impacts from exposure to heat in vulnerable housing stock
- impacts on mental health from experiencing natural disasters
- surveillance methods for detecting disease vector mosquitoes
- climate change impacts on aeroallergens.

In partnership with the Australian Research Council Centre of Excellence for Climate Extremes, OEH is continuing working towards a better understanding of the impacts of extreme climate events and how they may evolve in the future. The Climate Change Fund supported the delivery of a baseline assessment of available databases, data tools, and the identification of priority research areas and knowledge gaps of extremes in New South Wales. This baseline assessment will guide planning of OEH research projects that evaluate multiple extreme event types via an integrative approach.

Connection

Success looks like: People who live in and visit New South Wales feel a strong and continuing connection to our environment and heritage.

Increased visitation

The 2016 biennial park visitor survey* estimated that there were 51.77 million domestic and 1.8 million international visitors to NSW national parks. Overall, the 2016 National Parks and Wildlife Service (NPWS) park visitation estimate is 31.3% higher than the 2014 estimate of 39.43 million visits. This growth is attributed to increasing interest in nature-based recreation, as well as adventure tourism, weather and the delivery of a wider range of NPWS products and experiences. The diverse range of accommodation facilities available and ability to utilise online booking services have contributed to a 12.1% increase in camping and accommodation revenue.

** Note: the visitation survey is a biennial survey that was last conducted 2016. The 2018 figures will be available for publication in 2018/19.*

Park visitor facilities

Works completed on improving visitor facilities, including upgrade works associated with the iconic Coast Track, Royal National Park. Sydney's newest coastal bush track, funded by Randwick Council, was opened in the western section of Malabar Headland National Park.

Significant commercial lease arrangements were finalised, including an agreement for lease for Charlotte Pass Village in Kosciuszko National Park, and a lease for Athol Hall in Sydney Harbour National Park. Under these leases, tenants will invest in visitor infrastructure.

Construction of a new Warrumbungle National Park Visitor Centre commenced in 2017 and was substantially completed in early 2018. The former visitor centre was destroyed in the Wambelong fire in January 2013.

Digital engagement with parks

Increasing the use and enjoyment of national parks has been a continuing focus for NPWS. Posts to the NPWS Facebook page achieved a reach of over seven million and 3.3 million video views in the last year with 230,000 visits to the NPWS blog.

Interactive NSW national parks interactive park app

Released the [New South Wales national parks app](#), which enables people to download information on selected parks, including park maps, guides and other important information about visiting the park.

The free Avenza Maps app uses the built-in GPS in smartphones or tablet devices to plot real-time location within the park onto a park map. The app can be used without a network connection and without roaming charges, giving visitors all the information they need when exploring a park and have no mobile reception.

Wild About Whales campaign

The Wild About Whales national parks coastal tourism campaign continues to drive coastal park visitation during the cooler months. The last year's campaign performed well, with a 10% increase in accommodation bookings made in coastal national park properties, and more than 450,540 unique visits to the campaign website. Over 8,000 whale sightings were submitted through the app.

National Park winners in the NSW Tourism Awards

Seven NPWS tourism experiences were commended with a host of awards across a variety of categories in the NSW Tourism Awards. The NSW Tourism Awards celebrate and acknowledge the state's best tourism operators and experiences across 27 categories. NPWS had exceptional finalists in seven categories in the awards, with the Sea Acres Rainforest Centre at Port Macquarie, Royal National Park cottages, Cape Byron State Conservation Area, Sydney Harbour Tours program, Wild About Whales program, Cape Byron cottages and Blue Mountains National Park taking out a variety of awards in their respective categories.

Beachwatch

Released the *State of the Beaches 2016–17* report, summarising water quality at 250 swimming locations along the New South Wales coast. In addition, OEH provided daily beach pollution forecasts for 161 swimming sites in the Hunter, Central Coast, Sydney and Illawarra regions, helping the community make informed decisions about where and when to swim.

Making environmental data available

Public access to environmental data has been greatly enhanced with over 1000 datasets made available through the NSW Government's Sharing and Enabling Environmental Data (SEED) portal.

The Environmental Mapping for Miners and Explorers tool was launched to provide community and industry access to important environmental data to improve environmental outcomes during the planning stages for mineral resources projects. The tool checks projects against more than 70 different environmental data sets within the SEED portal.

State vegetation type mapping available on SEED has delivered new regional scale mapping for several regions across New South Wales.

SEED received honours at the 2018 National iNews Benchmark Awards on 20 February 2018.

People

Success looks like: Enable our people to do great work.

People Matters Employment Survey

In 2017–18, OEH's participation rate in the People Matters Employment Survey (survey) was 85%, up from 84% in 2017 and 77% in 2016.

Greater participation in the survey means OEH has representative data to inform decision-making aimed at improving the ways we work together and therefore the services we deliver to the people of New South Wales.

The highest scoring questions from the survey were as follows:

- My workgroup strives to achieve customer/client satisfaction, 86%
- I know how to address a health and safety issue I have identified, 86%
- I understand what is expected of me to do well in my role, 85%.

Following the release of the 2017 results, OEH identified key focus areas to improve, and there was a significant increase in the score for all the key focus areas over the past 12 months:

- I feel that senior managers keep employees informed of what's going on, up 8%
- I believe action will be taken on the results from this survey by my organisation, up 7%
- I believe senior managers provide clear direction for the future of the organisation, up 6%.

Work, Health and Safety

OEH remains committed to Work, Health and Safety with several initiatives already underway, including Zero in Parks.

During the year, the Chief Executive announced that Work, Health and Safety would be the organisation's top priority for the year ahead. This was followed by the establishment of a Work, Health and Safety Board and project team, and the development of a new Work, Health and Safety Strategy. The new Strategy will set clear goals and help drive Work, Health and Safety practices, culture and work programs.

Aboriginal Employment Plan

Aboriginal employment is an important part of workplace diversity and improving the services we deliver in OEH. The OEH *Aboriginal Employment Plan 2018–2023* was launched on 29 May 18 during Reconciliation Week. It includes targeted strategies and actions to ensure we measure outcomes and deliver meaningful results against the plan, while further embedding a culture of respect and inclusiveness across OEH.

The plan is based on five key elements:

- attracting Aboriginal staff
- retaining Aboriginal staff
- supporting career development and progression
- improving Aboriginal cultural competency in the workplace
- knowing our Aboriginal workforce and planning for results.

Performance

Success looks like: Be recognised as a high performing agency that delivers results.

New OEH Corporate Strategy

In 2017–18, work commenced on a new Corporate Strategy, to establish a new strategic vision and direction for OEH.

The process for developing the draft OEH Corporate Strategy was highly successful, with approximately one in every four staff members from OEH (555 persons) attending one of 12 all-staff forums (four in metropolitan Sydney and eight in regional New South Wales). OEH also engaged key stakeholders across government to help shape the organisation's strategic focus aligned to whole-of-government trends, drivers and objectives.

The Corporate Strategy was finalised in July 2018. It identifies four key outcome areas (Conservation, Culture, Communities and Connection) supported by three key enablers (People, Performance and Partners). These outcomes and enablers were developed after considering emerging challenges and opportunities OEH needs to address now and into the future.

Key to the new OEH Corporate Strategy is the concept of 'System Stewardship', which means the organisation will aim to be the catalyst for achieving the best possible environmental, heritage, social and economic outcomes for New South Wales by:

- taking a whole-of-system approach
- recognising that OEH, and NSW Government, do not deliver outcomes alone
- supporting others across government, business and the community to deliver on outcomes in the environment and heritage.

Establishment of the Strategy and Performance Division

In 2017–18, OEH established the new Strategy and Performance Division to:

- support and monitor OEH priority programs and projects to deliver on strategic goals set out in the [OEH Corporate Strategy](#)
- develop and communicate corporate strategy and direction to our staff, customers and stakeholders so they understand how OEH is delivering against the Government's agreed priorities
- develop and maintain planning, budgeting and reporting frameworks, tools and policies to ensure transparency and accountability across OEH
- provide oversight of grants programs and funding to ensure alignment with strategic priorities
- provide economic analysis and advice to the Chief Executive, Minister and OEH
- lead effective corporate communication and stakeholder engagement strategies, policies and plans to respond to a broad range of issues and ensure that the environment and heritage initiatives of OEH and the NSW Government are promoted and understood by the community and stakeholders.

During 2017–18 a primary focus for the new Division was establishment of a new OEH Delivery Office (DO) (see below) to ensure we have the systems, processes and capabilities in place to drive and monitor key programs.

Establishment of the OEH Delivery Office

OEH established a dedicated DO to lead corporate strategy and portfolio management, run a Centre of Excellence for programs and projects, and provide independent monitoring, evaluation and reporting support to OEH through three newly formed teams:

- Corporate Strategy and Portfolio Management, provides an enterprise view of OEH to support the Executive, and is responsible for corporate strategy and portfolio management.
- Program Delivery, supports OEH directors, program managers and project managers, and is responsible for providing program management methodology, tools, advice and support to staff.
- Monitoring, Evaluation and Reporting, provides enterprise business intelligence, and is responsible for providing monitoring, evaluation and reporting methodology, tools, advice and support to staff.

Standardising program and project management

During the year, OEH developed and released a new Delivery Method, which is a standard and simple approach for managing OEH's portfolios, programs and projects. The Delivery Method will support the effective delivery of projects and programs on-time and on-budget.

The DO commenced implementation of the method to a pilot group of priority programs and projects. The roll out of the method across the wider business is already underway.

Customer satisfaction

OEH is committed to becoming a more customer-focused organisation. Over the past year, OEH customer groups currently being measured experienced an increase in customer satisfaction from 66% to 76%.

A Customer Centric Toolkit was piloted across the organisation to help to improve experiences and outcomes for our customers. The toolkit was recognised by the Department of Financial Services and Innovation as one of the leading 'customer focused' toolkits across NSW Government agencies.

OEH has extended the use of customer technology applications such as Salesforce (Customer Relationship Management) and Qualtrics (Customer Experience Measurement), to help OEH have more relevant, proactive and timely interactions with customers and stakeholders. Over 300 OEH staff are now using the Salesforce CRM system.

Becoming a data driven organisation

It is a priority for OEH to improve the measurement of outcomes and the delivery of results for government, the environment and heritage sectors, and the community. To support this priority, a business-led Data Strategy commenced development in the reporting year. The strategy will make it easier for OEH to use data driven insights in our decision making across all areas of OEH.

Staff have been engaged in the development of the strategy with broad involvement from all divisions and across all levels of the organisation; with over 340 staff participating in the survey, 48 one-on-one interviews conducted, and over 380 people actively engaged through internal discussion groups.

The next step will be the co-design of the data strategy for finalisation in the next reporting year.

Partners

Success looks like: Develop strategic partnerships with stakeholders and the broader community to increase our impact.

Establishing the Australian Climate Knowledge and Innovation Community

OEH joined Climate-KIC Australia, a Knowledge Innovation Community (KIC), as a founding partner focusing on net-zero carbon energy, sustainable resilient cities and regions in transition. Core partners are private sector corporations, universities, not-for-profits and state government agencies.

Science Partnership Agreement

OEH provides science that underpins the role of the NSW EPA through a Science Partnership Agreement. During 2017–18, an OEH/EPA partnership governance group was established to oversight the agreement and a program framework co-developed. The range of science provided covers water and air quality, waste regulation, contaminated land management (including PFAS contamination), chemical and industry regulation, planning, and emergency and incident response. A 2018 survey of nearly 200 EPA officers showed that 97% of respondents were satisfied or very satisfied with the OEH input received.

Research Partnerships Strategy

The *Research Partnerships Strategy 2017–2020* provides a framework and direction for OEH research partnerships. It will help to deliver quality research to base our decisions on and deliver better outcomes for the NSW Government, partners and the community.

Citizen science

Implementation of the *OEH Citizen Science Strategy 2016–18* was ongoing during the year with OEH managing over 26 citizen science projects, working to develop a further six projects and building partnerships with key stakeholders. OEH developed and launched a citizen science toolkit to provide support in the design, delivery and running of citizen science projects.

Citizen Science to support *Saving our Species*

The *Quollidor* SoS project aims to improve the resilience and size of the Barren Grounds-Budderoo spotted-tailed quoll population. Over 300 citizen scientists helped with the Quollidor camera monitoring program through the SoS on DigiVol project. Citizen scientists undertook initial identification of species interacting with quoll monitoring stations. More than 85,000 images were processed by the volunteers through the DigiVol crowdsourcing platform, confirming at least 20 individual quolls call the region home. DigiVol is managed by the Australian Museum.

Glossies in the Mist project is based in the Southern Highlands, linking the last remaining vegetated habitat between the Blue Mountains and Morton National Parks. Over 100 landholders have indicated their willingness to participate by reporting sightings of Glossy Black Cockatoos and hollow bearing trees and planting *Allocasuarina* tube-stock to augment feeding habitat on their properties.

Targets for 2018–19

Following are the OEH targets for 2018–19 in line with our Corporate Strategy:

Conservation

- Implement OEH actions under the NSW Marine Estate Management Strategy.
- Manage held environmental water in New South Wales in cooperation with the Commonwealth Environmental Water Holder, NSW agencies and the community.
- Implement koala conservation actions under the NSW Koala Strategy, including publishing the Strategy's first annual report.
- Continue to deliver the Saving Our Species program, including expanding investment to threatened ecological communities and key threatening processes:
 - Implement local koala conservation actions under the NSW Koala Strategy, including acquisition of priority lands for addition to the NPWS estate through a focus on the koala habitat acquisition program.
 - Provide knowledge, information and data to support the conservation of threatened species and ecosystems, with an emphasis on research to support implementation of the NSW Koala Strategy and SoS program
 - Successfully reintroduce Bilbies into Pilliga State Conservation Area as part of the program of reintroducing locally extinct mammals into national parks.
- Explore improved public land management through participation of Aboriginal people and cross tenure initiatives with other land agencies, especially for management of pests, weeds, fire, recreation and tourism.
- Implement the biodiversity offset scheme and other key elements of the Biodiversity Conservation and Land Management framework, including compliance with the *Biodiversity Conservation Act 2016* and *Local Land Services Act 2013*.
- Contribute to finalisation of Commonwealth accreditation of the NSW Biodiversity Offsets Scheme.
- Deliver the Areas of Outstanding Biodiversity Value mechanism.
- Establish the Biodiversity Conservation Advisory Panel.
- Deliver high quality native vegetation and biodiversity knowledge, information and data to support the implementation of the Biodiversity Conservation and Land Management framework:
 - Deliver native vegetation regulatory maps and publish a method to measure biodiversity status in New South Wales which will inform the first NSW Biodiversity Outlook Report.
- Support councils and other stakeholders to restore coastal habitats and improve estuary health.

Culture

- Continue consultation on draft Aboriginal cultural heritage reforms.
- Continue to negotiate new Aboriginal joint management agreements including Indigenous Land Use Agreements.
- Continue to deliver Heritage Near Me program including the Heritage Management System.
- Continue to manage the Heritage Grants program and Heritage Near Me incentives.

Communities

- Support improved times for assessment of significant developments.
- Help households and businesses save energy and money by delivering energy efficiency initiatives
- Deliver the Sustainability Programs Package to business, community and government sectors, including recognition of sustainability leaders through the Green Globe Awards.
- Drive the national uptake of National Australian Built Environment Rating System (NABERS) rating tools across industry and government.
- Support Department of Planning and Environment in the development and implementation of strategic biocertifications across New South Wales.
- Lead air quality research and provide evidence required to inform the Clean Air for NSW Strategy.
- Lead scientific research and analysis to identify the causes and impacts of environmental pollution including soil health, air and water quality research and monitoring.
- Deliver energy efficiency programs to households, business, government and the community to move towards net zero carbon emissions in line with the NSW Climate Change Policy Framework.
- Update the Government Resource Efficiency Policy.
- Deliver climate change adaptation programs across New South Wales to build the resilience of government, business, communities and the environment to climate change.
- Support councils and other stakeholders to manage flood risk and implement projects to alleviate flood impacts under the Floodplain Management Program.
- Support councils and other stakeholders to prepare and implement coastal management programs that set the long-term strategy to mitigate risks and improve the resilience of areas subject to coastal hazards and the effects of climate change.
- Continue to implement the annual fire hazard reduction program to meet the five-year rolling average target for fuel management of 135,000 hectares and 800 individual hazard reduction activities per year.

Connection

- Deliver final development phase and commence first year construction stages for nine iconic walking track projects within key national parks.
- Undertake a traffic management study at Kosciuszko National Park to better understand park visitation.
- Continue to improve the visitor experience and optimise assets in high priority precincts through adaptive re-use of buildings and places of heritage significance, upgrade of existing visitor facilities, development of new facilities and planning for future works through master and precinct planning.
- Monitor recreational water quality at ocean and estuarine swimming locations in the Sydney region and along the NSW coast and deliver daily forecasts that allow the community to make informed decisions about where and when to swim.
- Lead the strategic delivery of science programs and foster public engagement in science through citizen science and science communication initiatives.

People

- Implement priority actions in the *Aboriginal Employment Plan 2018–2023*.
- Establish the Diversity Council in the Office of the Chief Executive.
- Meet improvement targets in the OEH PMES and deliver the OEH PMES Action Plan 2018–19.
- Develop an OEH Internal Communications Strategy and Social Media Capability Plan.
- Prepare OEH for the move of Sydney metro-based staff to Parramatta.
- Support the roll out of talent development strategies to ensure effective succession planning and mobility across OEH.
- Continue to implement the Zero in Parks safety initiative to reduce workplace risks and injuries

Performance

- Implement the new Corporate Strategy and develop Portfolio Plans, aligned to Outcomes and Enablers outlined in the Corporate Strategy.
- Implement the OEH Delivery Methodology (ODM).
- Finalise and deliver the OEH Data Strategy to measure outcomes and metrics in the OEH Corporate Strategy.
- Foster improved management, sharing and use of environmental data via portals such as SEED, BioNet and SALIS
 - Utilisation of SEED increases (measured by data views and duration on site)
 - New products and applications are developed using data discoverable through SEED.
- Deliver the NSW contribution to a national System of Environmental and Economic Accounts (SEEA) for Australia and development of specific Environmental and Economic accounts that contribute to NSW environmental policy and programs.
- Launch a new Grant Management System.
- Design and deliver an enterprise portfolio, program and project management and reporting system, for improved business intelligence and insights to drive decision making and performance.

Partners

- Develop strategic partnerships with stakeholders and the broader community.
- Work with NGOs to identify opportunities to engage with the community.
- Align grant programs to engage community and business on priority areas.

OEH financial statements



INDEPENDENT AUDITOR'S REPORT

Office of Environment and Heritage

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Office of Environment and Heritage (OEH), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of OEH as at 30 June 2018, 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 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

Other information comprises the information included in the OEH's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Chief Executive of OEH is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement signed by the Chief Executive of OEH pursuant to Section 45F of the PF&A Act.

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

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

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

I have nothing to report in this regard.

The Chief Executive's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Chief Executive is responsible for assessing OEH's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where OEH's operations will cease as a result of an administrative restructure.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

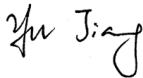
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

My opinion does *not* provide assurance:

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



Reiky Jiang
Director, Financial Audit Services

18 September 2018
SYDNEY

OFFICE OF ENVIRONMENT AND HERITAGE

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

For the year ended 30 June 2018

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 2015, 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 of Environment and Heritage; and
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Anthony Lean

Chief Executive

17 September 2018

Beginning of Audited Financial Statements

Statement of Comprehensive Income for the year ended
30 June 2018

	Note	Actual 2018 \$'000	Budget* 2018 \$'000	Actual 2017 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2(a)	454,815	514,109	443,682
Other operating expenses	2(b)	321,689	346,798	293,621
Depreciation and amortisation	2(c)	96,870	107,903	113,916
Grants and subsidies	2(d)	118,653	261,011	197,976
Finance costs	2(e)	2,301	2,297	8,554
Total Expenses excluding losses		994,328	1,232,118	1,057,749
Revenue				
Sales of goods and services	3(a)	58,746	216,291	54,781
Investment revenue	3(b)	22,264	419	20,932
Retained fees and fines	3(c)	19,878	–	43,642
Grants and other contributions	3(d)	849,348	896,436	838,866
Acceptance by the Crown Entity of employee benefits and other liabilities	3(e)	13,548	23,419	11,722
Personnel services	3(f)	115,190	–	101,760
Other income	3(g)	41,847	47,324	36,814
Total Revenue		1,120,821	1,183,889	1,108,517
Gain / (loss) on disposal	4(a)	(3,556)	560	(8,386)
Other gains / (losses)	4(b),12	529	(100)	(4,029)
Net result		123,466	(47,769)	38,353
Other comprehensive income				
Net increase / (decrease) in property, plant and equipment revaluation surplus	11	29,845	–	112,704
Total other comprehensive income		29,845	–	112,704
TOTAL COMPREHENSIVE INCOME		153,311	(47,769)	151,057

* In compliance with AASB 1055 Budgetary Reporting, budgeted amounts shown are drawn from original budget in the 2017–18 Budget Papers as presented to Parliament. In some cases, actual amounts are disclosed in different line items as per the applicable Financial Reporting Directions.

Differences are:

- Sales of goods and services budget includes \$115.3 million for personnel services revenue, where actual is disclosed separately under the 'Personnel services' category
- Sales of goods and services budget includes \$17.8 million for rental revenue, where actual is included in 'investment revenue'
- Sales of goods and services budget includes \$26.9 million for corporate and specialist support revenue, where actual is included in 'retained fees and fines'
- Other income budget includes \$3.7 million for retained fees and fines, where actual is included in 'retained fees and fines'.

The accompanying notes form part of these financial statements

Statement of Financial Position as at 30 June 2018

	Note	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	7	298,158	110,344	152,208
Receivables	8	84,910	65,490	70,345
Inventories	9	741	708	743
Other financial assets	10	18	18	18
Total current assets		383,827	176,560	223,314
Non-current assets				
Property, plant and equipment				
Land and buildings	11	2,410,739	2,626,567	2,490,041
Plant and equipment	11	60,216	68,719	57,366
Infrastructure systems	11	1,409,710	1,343,330	1,339,525
Total property, plant and equipment		3,880,665	4,038,616	3,886,932
Intangible assets	12	206,324	198,472	203,880
Total non-current assets		4,086,989	4,237,088	4,090,812
Total assets		4,470,816	4,413,648	4,314,126
LIABILITIES				
Current liabilities				
Payables	15	44,118	16,483	45,123
Borrowings	16	2,300	–	–
Provisions	17	60,072	71,531	55,616
Other	18	110	78	107
Total current liabilities		106,600	88,092	100,846
Non-current liabilities				
Borrowings	16	38,391	41,691	40,691
Provisions	17	11,606	6,956	12,176
Total non-current liabilities		49,997	48,647	52,867
Total liabilities		156,597	136,739	153,713
Net assets		4,314,219	4,276,909	4,160,413
EQUITY				
Reserves		397,198	539,467	367,353
Accumulated funds		3,917,021	3,737,442	3,793,060
Total equity		4,314,219	4,276,909	4,160,413

The accompanying notes form part of these financial statements

Statement of changes in equity for the year ended 30 June 2018

	Note	Accumulated funds \$'000	Asset revaluation surplus \$'000	Total \$'000
Balance as at 1 July 2017		3,793,060	367,353	4,160,413
Net result for the year		123,466	–	123,466
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment and intangibles	11,12	–	29,845	29,845
Total other comprehensive income		–	29,845	29,845
Total comprehensive income for the year		123,466	29,845	153,311
Transactions with owners in their capacity as owners				
Increase/(decrease) in net assets from equity transfers	19	495	–	495
Balance at 30 June 2018		3,917,021	397,198	4,314,219
Balance as at 1 July 2016		3,751,320	254,649	4,005,969
Net result for the year		38,353	–	38,353
Other comprehensive income:				
Increase/(decrease) in property, plant and equipment and intangibles	11,12	–	112,704	112,704
Total other comprehensive income		–	112,704	112,704
Total comprehensive income for the year		38,353	112,704	151,057
Transactions with owners in their capacity as owners				
Increase/(decrease) in net assets from equity transfers	19	3,387	–	3,387
Balance at 30 June 2017		3,793,060	367,353	4,160,413

The accompanying notes form part of these financial statements

Statement of cash flows for the year ended 30 June 2018

	Note	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
Cash flows from operating activities				
Payments				
Employee related		(449,938)	(483,623)	(445,313)
Grants and subsidies		(119,342)	(261,011)	(261,180)
Finance costs		(2,243)	(2,297)	(2,712)
Operating expenses		(362,922)	(376,348)	(332,452)
Total payments		(934,445)	(1,123,279)	(1,041,657)
Receipts				
Reimbursements from the Crown Entity / (transfers to the Crown Entity)		8,654	–	10,378
Sale of goods and services		59,190	216,067	55,461
Investment revenue (Interest and rent)		26,712	419	27,045
Retained fees and fines		19,878	–	36,396
Grants and other contributions		842,372	895,736	824,043
Personnel services		112,159	–	104,553
Other		70,276	52,588	75,462
Total receipts		1,139,241	1,164,810	1,133,337
Net cash flows from operating activities	23	204,796	41,531	91,680
Cash flows from investing activities				
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		2,724	2,395	358
Purchases of land and buildings, plant and equipment and infrastructure systems		(44,186)	(62,227)	(29,225)
Purchases of intangible assets		(17,384)	(18,982)	(24,133)
Net cash flows from investing activities		(58,846)	(78,814)	(53,000)
Cash flows from financing activities				
Repayment of borrowings and advances		–	–	(157,251)
Net cash flows from financing activities		–	–	(157,251)
Net increase / (decrease) in cash and cash equivalents		145,950	(37,283)	(118,571)
Opening cash and cash equivalents	7	152,208	147,627	270,779
Closing cash and cash equivalents	7	298,158	110,344	152,208

The accompanying notes form part of these financial statements

Notes to the financial statements for the year ended 30 June 2018

1. Summary of significant accounting policies

(a) Reporting entity

The Office of Environment and Heritage (OEH) is a New South Wales (NSW) government entity and is controlled by the State of NSW, which is the ultimate parent. While OEH has certain revenue generating units, it is a not-for-profit entity as profit is not its principal objective.

OEH cares for and protects NSW's environment and heritage, which includes the natural environment, Aboriginal country, culture and heritage, and built heritage. OEH supports the community, business and government in protecting, strengthening and making the most of a healthy environment and economy in NSW.

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, Biodiversity Conservation Trust, Taronga Conservation Society Australia and Jenolan Caves Reserve Trust. These employee related expenses and provisions are offset by income and receivables. These entities are independent statutory authorities and are reporting entities under the *Public Finance and Audit Act 1983*. Their operations are not consolidated with OEH's financial statements.

The establishment of cluster corporate services within the Planning and Environment cluster was completed in the 2017–18 year and as part of this implementation, corporate services staff were transferred from OEH to the Department of Planning and Environment (DPE) during the year. Effective from 1 July 2017, OEH receives corporate services from DPE under a Service Partnership Agreement. As a result of this, employee and operating costs relating to corporate services staff are not included in the financial statements of OEH. Instead they are replaced by a 'corporate service fee' paid by OEH under the Service Partnership Agreement. This arrangement does not impact the overall expenditure and budget position relating to the activities of OEH. Refer note 2(b).

The financial statements for the year ended 30 June 2018 have been authorised for issue on 17 September 2018.

(b) Basis of preparation

OEH is a going concern and its financial statements are general purpose financial statements, which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Public Finance and Audit Regulation 2015, and
- Financial Reporting Directions mandated by the Treasurer.

Property, plant and equipment are measured at fair value. Intangible assets are measured at cost. Other financial statement items are prepared in accordance with the historical cost convention, except where specified otherwise.

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, which is OEH's presentation and functional currency.

Notes to the financial statements for the year ended 30 June 2018

(c) Statement of compliance

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

(d) Accounting for the goods and services tax (GST)

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

- 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; and
- 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. The GST component 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.

(e) 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.

In the 2016–17 financial year, operations of OEH were disclosed against four service groups – *national parks and wildlife services; policy and science; regional operations and heritage, and; personnel services*. Commencing from 2017–18, service groups have been replaced by program groups in the Budget Papers. The total operations of OEH contribute to four program groups – *ensuring vibrant natural assets; encouraging communities to enjoy their environment and heritage; supporting economic development and efficient use of resources, and; building resilience to environmental hazards and risks*. The 2016–17 actual numbers have been restated against four program groups in these statements. Refer note 6.

Based on the actuarial assessment of the maturity profile of superannuation defined benefit obligations, the provision for those employees whose liability is not accepted by the Crown has been classified into current and non-current. The 2016–17 provision of \$7.6 million, previously recognised as current has also been reclassified as current provision of \$1.0 million and non-current provision of \$6.6 million. Refer note 17.

(f) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders or approved budget proposals) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in note 22.

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

Issued but not yet effective:

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

The following new Australian Accounting Standards have not been applied and are not yet effective (NSW Treasury mandate TC 18/01):

Notes to the financial statements for the year ended 30 June 2018

- AASB 9 financial instruments
- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding revenue from contracts with customers
- AASB 16 leases
- AASB 1058 income of not-for-profit entities
- AASB 1059 service concession arrangements: grantors
- AASB 2016-7 amendments to Australian Accounting Standards – deferral of AASB 15 for not-for-profit entities
- AASB 2016-8 amendments to Australian Accounting Standards – Australian implementation guidance for not-for-profit entities
- AASB 2017-6 amendments to Australian Accounting Standards – prepayment features with negative compensation

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 AASB 16 *leases*, AASB 15 *revenue from contracts with customers* and AASB 1058 *income of not-for-profit entities*, effective from the 2019-20 financial year may have some financial impact though not likely to be significant. In addition, new disclosures may be required under AASB 9 *financial instruments*. Apart from this, the other new standards are not likely to have any material impact.

2. Expenses excluding losses

Recognition and measurement of key expense items are disclosed separately below.

(a) Employee related expenses

	2018 \$'000	2017 \$'000
Salaries and wages (including annual leave)**	365,541	373,171
Redundancy payments	17,038	1,105
Superannuation – defined benefit plans	5,119	6,355
Superannuation – defined contribution plans	29,396	28,619
Long service leave	9,256	5,135
Workers' compensation insurance	5,927	6,263
Payroll tax and fringe benefits tax	22,516	22,988
Other	22	46
	454,815	443,682

**The employee related expenses include \$116.2 million (2017: \$103.7 million) for the Centennial Park and Moore Park Trust, Historic Houses Trust, Jenolan Caves Reserve Trust, Parramatta Park Trust, Royal Botanic Gardens and Domain Trust, Western Sydney Parklands Trust, Taronga Conservation Society Australia and Biodiversity Trust. Refer also to notes 1(a) and 3(f).

In the Taronga Conservation Society Australia, salaries and wages amounting to \$1.5 million (2017: \$1.2 million) were capitalised.

For recognition and measurement of salaries and wages including related provisions, refer to note 17.

Notes to the financial statements for the year ended 30 June 2018

(b) Other operating expenses

	2018 \$'000	2017 \$'000
Contractors – projects	60,163	73,842
Consultants	160	306
Maintenance*	26,815	37,032
Fees and services	41,318	33,260
Payments to NSW Government agencies	13,503	13,890
Stores and minor assets	11,308	14,417
Fleet costs	30,737	23,982
Water use and licence fees	8,496	8,662
Operating lease rental expenses (minimum lease payments)	4,702	13,647
Insurance	32,760	36,164
Advertising, publications and printing	2,536	4,271
Travel costs	7,899	7,667
Other occupancy costs	10,163	10,823
Training	3,357	5,005
Communication costs	698	6,133
Legal costs	847	1,063
Cost of sales	1,768	1,449
Energy costs	341	365
Auditor's remuneration (audit of the financial statements)	462	446
Impairment of assets and bad debts	18	129
Other	733	532
Corporate services**	63,214	–
Personnel services**	–	1,511
Expenses capitalised	(309)	(977)
	321,689	293,621
* Reconciliation – Total maintenance		
Maintenance expense – contracted labour and other (non-employee related), as above	26,815	37,032
Employee related maintenance expense included in note 2(a)	44,796	43,873
Total maintenance expenses included in note 2(a) + 2(b)	71,611	80,905

**From 1 July 2017, OEH receives corporate services from the Department of Planning and Environment and pays fee in accordance with the Service Partnership Agreement. This fee includes cost of corporate senior executives, disclosed in 2016–17 under personnel services from Department of Planning and Environment. Refer notes 1(a) and 3(c). Under the Service Partnership Agreement, OEH does not incur operating expenses relating to corporate services, instead they are included in the corporate services fee paid to the Department of Planning and Environment.

Notes to the financial statements for the year ended 30 June 2018

Recognition and measurement – key ‘other operating expenses’**i. Maintenance expense**

Day-to-day servicing or maintenance costs are expensed as incurred, except where they relate to the replacement of a material part or component of an asset, in which case the costs are capitalised and depreciated. Refer note 11.

ii. Insurance

OEH’s insurance activities are conducted through the NSW Treasury Managed Fund Scheme for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

iii. Operating leases

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term. In accordance with AASB 117 *leases* OEH holds no finance leases.

(c) Depreciation and amortisation expenses

	2018 \$'000	2017 \$'000
Depreciation:		
Buildings and improvements	16,758	16,618
Roads and other access	38,812	41,328
Utilities and other infrastructure	15,133	29,504
Plant and equipment	10,044	11,948
Furniture and fittings	1,228	1,580
	81,975	100,978
Amortisation	14,895	12,938
	14,895	12,938
	96,870	113,916

For recognition and measurement policies on depreciation and amortisation refer to notes 11 and 12.

(d) Grants and subsidies

	2018 \$'000	2017 \$'000
Federal government	10,316	9,366
NSW Government*	76,355	158,412
Local government	19,184	14,697
Non-government organisations	12,678	15,381
Other – grants & subsidies	120	120
	118,653	197,976

* In 2017–18 decrease in grants to the NSW Government relate primarily to the Solar Bonus Scheme and transfer of grants payments to Taronga Conservation Society Australia and Parramatta Park Trust. The Solar Bonus Scheme concluded in December 2016 and from 1 July 2017 the transfer of Government funding to all cluster agencies is made through the Department of Planning and Environment. In 2016–17 OEH paid \$94.3 million for Solar Bonus Scheme and transferred \$22.1 million of Government funding to Taronga Conservation Society Australia and Parramatta Park Trust.

Notes to the financial statements for the year ended 30 June 2018**Recognition and measurement – grants and subsidies**

Grants are generally recognised as expense when OEH transfers control of the contribution. OEH is deemed to have transferred control when the grant is paid or payable.

(e) Finance costs

	2018 \$'000	2017 \$'000
Interest expense from financial liabilities not at fair value through profit or loss	2,301	8,554
	2,301	8,554

Recognition and measurement – finance costs

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Finance costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate for not-for-profit NSW General Government Sector entities.

3. Revenue

Income is measured at the fair value of the consideration or contribution received or receivable. Accounting policies for key income items are disclosed separately below.

(a) Sale of goods and services

	2018 \$'000	2017 \$'000
Sale of goods:		
Annual and day entry	22,644	21,008
Camping fees	15,865	14,554
Sale of assets under \$5,000	38	45
Sale of publications and stock	3,287	2,420
	41,834	38,027
Rendering of services:		
Community service	4,494	4,326
Hire of facilities	1,694	2,027
Miscellaneous park service	3,885	4,158
Minor user charges	6,839	6,243
	16,912	16,754
	58,746	54,781

Recognition and measurement – sale of goods and services**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 goods, usually on delivery of the goods.

ii. Rendering of services

Revenue from rendering of services is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date or percentage of work completed).

Notes to the financial statements for the year ended 30 June 2018**(b) Investment revenue**

	2018 \$'000	2017 \$'000
Interest income from financial assets not at fair value through profit or loss	2,534	3,258
Rental income*	19,730	17,674
	22,264	20,932

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

Recognition and measurement – investment revenue**i. Interest income**

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

ii. Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

(c) Retained fees and fines

	2018 \$'000	2017 \$'000
Fees:		
Licences and permits	1,051	1,076
Kangaroo and other royalties	1,320	1,002
Water use management	6,585	7,211
Corporate and specialist support*	9,634	32,781
	18,590	42,070
Fines:		
Parking, court and other	1,288	1,572
	1,288	1,572
	19,878	43,642

*OEH receives fees from the Environment Protection Authority and Environmental Trust within the Planning and Environment cluster for the provision of specialist support under separate Service Agreements.

From 1 July 2017, corporate services to agencies in the cluster are provided by the Department of Planning and Environment, following the transfer of corporate staff from OEH which explains reduced revenue in 2018. Refer notes 1(a) and 2(b).

Recognition and measurement – retained fees and fines

Revenue from retained fees and fines, with the exception of corporate and specialised support revenue, is recognised when cash is received by OEH. Revenue for corporate and specialist support is recognised in the period in which services are delivered.

Notes to the financial statements for the year ended 30 June 2018

(d) Grants and other contributions

	2018 \$'000	2017 \$'000
Federal Government	2,719	3,064
NSW Government*	835,971	820,543
Other State Governments	228	453
Local Government	1,324	1,103
Non-government organisations	2,130	2,825
Assets recognised first time and transferred free of cost – notes 11 and 12	6,976	10,878
	849,348	838,866

* Includes government funding of \$499 million (2017: \$474 million) received through the Department of Planning and Environment and \$290 million (2017: \$285 million) received under the Climate Change Fund.

Recognition and measurement – grants and other contributions

Grants received from the Department of Planning and Environment, which is the principal department in the cluster and contributions from other bodies (including grants and donations) are generally recognised as income when OEH obtains control over the contribution. OEH is deemed to have assumed control when the grant is received or receivable.

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

	2018 \$'000	2017 \$'000
The following liabilities and/or expenses have been assumed by the Crown Entity:		
Superannuation – defined benefit	5,119	6,354
Long service leave	8,162	5,040
Payroll tax on superannuation	267	328
	13,548	11,722

For recognition and measurement of liabilities assumed by the Crown, refer to note 17.

(f) Personnel services

	2018 \$'000	2017 \$'000
Personnel services income	115,190	101,760
	115,190	101,760

Personnel services income includes \$6.8 million (2017: \$6.4 million) for Centennial Park and Moore Park Trust, \$17.8 million (2017: \$17.7 million) Historic Houses Trust, \$6.7 million (2017: \$6 million) Jenolan Caves Reserve Trust, \$1.2 million (2017: \$1.2 million) Parramatta Park Trust, \$24.9 million (2017: \$22.1 million) Royal Botanic Gardens and Domain Trust, \$49.2 million (2017: \$46 million) Taronga Conservation Society Australia, \$2.6 million (2017: \$2.5 million) Western Sydney Parklands Trust and \$5.9 million (2017: nil) from Biodiversity Conservation Trust. Refer also to notes 1(a) and 2(a).

Recognition and measurement – personnel services

Personnel services income is recognised as employee related expenses are incurred (refer notes 1(a) and 2(a)).

Notes to the financial statements for the year ended 30 June 2018

(g) Other income

	2018 \$'000	2017 \$'000
Insurance recoveries	36,732	25,005
Treasury Managed Fund hindsight adjustment	–	5,619
Miscellaneous revenue	5,115	6,190
	41,847	36,814

Recognition and measurement – insurance recoveries

Insurance recoveries are recognised as revenue upon incurring of recoverable expenses, as defined in the agreement under the Treasury Managed Fund and with the NSW Rural Fire Service.

4.(a) Gain/(loss) on disposal

	2018 \$'000	2017 \$'000
Proceeds from disposal of current/non-current assets:		
Land and buildings	1,658	–
Plant and equipment	1,068	358
Written down value of current/non-current assets disposed of:		
Land and buildings	(1,461)	(1,297)
Plant and equipment	(2,257)	(299)
Infrastructure	(1,990)	(7,148)
Intangibles – software	(574)	–
Net (loss) on disposal	(3,556)	(8,386)

4.(b) Other gains/(losses)

	2018 \$'000	2017 \$'000
Impairment – water licences*	529	(4,029)
	529	(4,029)

* In the 2017–18 financial year, there was a part reversal of 2016–17 impairment loss.

Recognition and measurement – other gains/(losses)**i. Impairment losses**

Impairment losses may arise on assets held by OEH from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Receivables – note 8 (impairment loss on receivables is recognised in operating expenses under note 2(b))
- Property, plant and equipment – note 11
- Intangible assets – note 12

Notes to the financial statements for the year ended 30 June 2018**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 \$345 million (2017: \$356 million). Contributions received during the period include climate change funds of \$292 million (2017: \$289 million).

These contributions generally impose conditions upon OEH whereby funds must be spent on specific projects for which they were provided for, and that unused funds be returned to the donor body.

The contributions which were unexpended as at 30 June 2018 were \$225 million (2017: \$141 million). Refer note 14.

6. Program groups descriptions

Program Group 1:	Ensuring vibrant natural assets
Objective(s):	This program group includes initiatives that conserve, protect and enrich our natural environment, improve the environmental, economic and social value of the NSW public reserve system, and support the management of privately owned land protected for conservation.
Program Group 2:	Encouraging communities to enjoy their environment and heritage
Objective(s):	This program group includes initiatives that promote and manage visitor experiences to national parks and conserves Aboriginal and non-Aboriginal heritage.
Program Group 3:	Supporting economic development and efficient use of resources
Objective(s):	The objectives of this program group are to protect environmental and heritage assets through the land use planning system to support ecologically sustainable development throughout New South Wales, and provide support to improve resource efficiency and reduce environmental impacts.
Program Group 4:	Building resilience to environmental hazards and risks
Objective(s):	This program group promotes effective management and mitigation of environmental hazards and risks. This includes business and community preparation for and management of hazards. Other initiatives include minimising the impact of climate change and reducing the threat to biodiversity from pest animals, weeds and pathogens.

Notes to the financial statements for the year ended 30 June 2018

6. Program statements for the year ended 30 June 2018

EXPENSES AND REVENUE	Ensuring vibrant natural assets		Encouraging communities to enjoy their environment and heritage		Supporting economic development and efficient use of resources		Building resilience to environmental hazards and risks		Not attributable		Total	
	30-Jun-18 \$'000	30-Jun-17 \$'000	30-Jun-18 \$'000	30-Jun-17 \$'000	30-Jun-18 \$'000	30-Jun-17 \$'000	30-Jun-18 \$'000	30-Jun-17 \$'000	30-Jun-18 \$'000	30-Jun-17 \$'000	30-Jun-18 \$'000	30-Jun-17 \$'000
Expenses excluding losses												
Operating expenses												
Employee related	137,227	125,980	190,284	215,189	44,013	40,168	83,291	62,345	–	–	454,815	443,682
Other operating expenses	97,060	96,070	134,588	59,071	31,130	29,978	58,911	108,502	–	–	321,689	293,621
Depreciation and amortisation	34,097	42,673	36,286	42,331	3,253	2,438	23,234	26,474	–	–	96,870	113,916
Grants and subsidies	6,294	37,825	8,596	26,789	25,689	95,387	78,074	37,975	–	–	118,653	197,976
Finance costs	–	–	2,261	2,653	40	5,901	–	–	–	–	2,301	8,554
Total expenses excluding losses	274,678	302,548	372,015	346,033	104,125	173,872	243,510	235,296	–	–	994,328	1,057,749
Revenue												
Sale of goods and services	3,564	3,033	51,912	45,639	1,175	1,703	2,095	4,406	–	–	58,746	54,781
Investment revenue	1,204	979	17,569	17,554	2,910	943	581	1,456	–	–	22,264	20,932
Retained fees and fines	1,502	4,814	14,853	33,718	341	1,383	3,182	3,727	–	–	19,878	43,642
Grants and other contributions	40,874	25,569	5,424	13,610	291,591	136,736	12,194	188,825	499,265	474,126	849,348	838,866
Acceptance by the Crown Entity of employee benefits & other liabilities	–	–	–	–	–	–	–	–	13,548	11,722	13,548	11,722
Personnel services	–	–	115,190	101,760	–	–	–	–	–	–	115,190	101,760
Other income	6,045	26,075	4,892	4,201	167	1,404	30,743	5,134	–	–	41,847	36,814
Total revenue	53,189	60,470	209,840	216,482	296,184	142,169	48,795	203,548	512,813	485,848	1,120,821	1,108,517
Gain/(loss) on disposal	193	(8,386)	(1,030)	–	(311)	–	(2,408)	–	–	–	(3,556)	(8,386)
Other gains/(losses)	–	–	–	–	–	–	529	(4,029)	–	–	529	(4,029)
Net result	(221,296)	(250,464)	(163,205)	(129,551)	191,748	(31,703)	(196,594)	(35,777)	512,813	485,848	123,466	38,353
Other comprehensive income												
Net increase/(decrease) in property, plant & equipment revaluation surplus	10,209	42,219	11,397	41,881	493	2,412	7,746	26,192	–	–	29,845	112,704
Total other comprehensive income	10,209	42,219	11,397	41,881	493	2,412	7,746	26,192	–	–	29,845	112,704
TOTAL COMPREHENSIVE INCOME	(211,087)	(208,245)	(151,808)	(87,670)	192,241	(29,291)	(188,848)	(9,585)	–	–	153,311	151,057

Notes to the financial statements for the year ended 30 June 2018

6. Program statements as at 30 June 2018 (continued)

ASSETS AND LIABILITIES	Ensuring vibrant natural assets		Encouraging communities to enjoy their environment and heritage		Supporting economic development and efficient use of resources		Building resilience to environmental hazards and risks		Total	
	30-Jun-18 \$'000	30-Jun-17 \$'000	30-Jun-18 \$'000	30-Jun-17 \$'000	30-Jun-18 \$'000	30-Jun-17 \$'000	30-Jun-18 \$'000	30-Jun-17 \$'000	30-Jun-18 \$'000	30-Jun-17 \$'000
Current assets										
Cash and cash equivalents	25,416	24,590	3,702	15,120	80,713	47,249	188,327	65,249	298,158	152,208
Receivables	4,714	5,768	65,028	59,264	1,120	1,530	14,048	3,783	84,910	70,345
Inventories	34	41	668	619	17	23	22	60	741	743
Other financial assets	1	16	–	–	17	2	–	–	18	18
Total current assets	30,165	30,415	69,398	75,003	81,867	48,804	202,397	69,092	383,827	223,314
Non-current assets										
Property, plant & equipment										
Land and buildings	2,260,186	2,307,343	150,553	182,698	–	–	–	–	2,410,739	2,490,041
Plant and equipment	19,242	21,487	21,011	21,317	3,338	1,230	16,625	13,332	60,216	57,366
Infrastructure systems	854,928	841,761	554,782	497,764	–	–	–	–	1,409,710	1,339,525
Total property, plant and equipment	3,134,356	3,170,591	726,346	701,779	3,338	1,230	16,625	13,332	3,880,665	3,886,932
Intangible assets	18,231	15,722	14,588	15,596	3,847	895	169,658	171,667	206,324	203,880
Total non-current assets	3,152,587	3,186,313	740,934	717,375	7,185	2,125	186,283	184,999	4,086,989	4,090,812
TOTAL ASSETS	3,182,752	3,216,728	810,332	792,378	89,052	50,929	388,680	254,091	4,470,816	4,314,126
LIABILITIES										
Current liabilities										
Payables	17,015	9,953	15,667	25,397	2,253	4,772	9,183	5,001	44,118	45,123
Borrowings	–	–	2,300	–	–	–	–	–	2,300	–
Provisions	14,276	11,487	32,732	34,781	4,614	3,663	8,450	5,685	60,072	55,616
Other	16	76	13	12	–	4	81	15	110	107
Total current liabilities	31,307	21,516	50,712	60,190	6,867	8,439	17,714	10,701	106,600	100,846
Non-current liabilities										
Borrowings	–	–	38,391	40,691	–	–	–	–	38,391	40,691
Provisions	2,225	1,598	8,004	8,474	526	501	851	1,603	11,606	12,176
Total non-current liabilities	2,225	1,598	46,395	49,165	526	501	851	1,603	49,997	52,867
TOTAL LIABILITIES	33,532	23,114	97,107	109,355	7,393	8,940	18,565	12,304	156,597	153,713
NET ASSETS	3,149,220	3,193,614	713,225	683,023	81,659	41,989	370,115	241,788	4,314,219	4,160,413

Notes to the financial statements for the year ended 30 June 2018

7. Current assets – cash and cash equivalents

	2018 \$'000	2017 \$'000
Cash at bank	298,105	152,155
Cash on hand	53	53
	298,158	152,208

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

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

	2018 \$'000	2017 \$'000
Cash and cash equivalents (per statement of financial position)	298,158	152,208
Cash and cash equivalents (per statement of cash flows)	298,158	152,208

Refer note 14 for details on restricted cash balances.

Refer note 24 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. Current assets – receivables

	2018 \$'000	2017 \$'000
Sale of goods and services	34,188	35,241
Less: allowance for impairment	(391)	(592)
Accrued income	43,834	25,272
Prepayments	155	3,743
GST receivable	7,124	6,681
	84,910	70,345

	2018 \$'000	2017 \$'000
Movement in the allowance for impairment		
Balance at 1 July	592	1,087
Amounts written off during the year	(5)	(95)
Amounts recovered during the year	(218)	(529)
Increase/(decrease) in allowance recognised in net result	22	129
Balance at 30 June	391	592

Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in note 24.

Notes to the financial statements for the year ended 30 June 2018**Recognition and measurement – receivables**

All purchases or sales of financial assets are recognised and derecognised on a trade date basis. Purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables, including trade receivables and prepayments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

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

Allowance for impairment

Receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

OEH first assesses whether impairment exists individually for receivables that are individually significant, or collectively for those that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

The amount allowed for impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

9. Current assets – inventories

	2018 \$'000	2017 \$'000
Held for resale		
Finished goods – shop stocks at cost	741	743
	741	743

Recognition and measurement- 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.

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. The cost of inventories acquired for nil cost or for nominal consideration is the current replacement cost at the date of acquisition. Current replacement cost is the cost OEH would incur to acquire the asset.

Notes to the financial statements for the year ended 30 June 2018

Shop stocks held for 12 months or more and considered unsaleable are treated as obsolete and expensed in the net result for the year.

Generally, the amount of inventory held is small. OEH relies on annual stock taking to identify shop stocks and inventory held for distribution.

10. Current assets – other financial assets

	2018 \$'000	2017 \$'000
Other loans and deposits	18	18
	18	18

Refer note 24 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

11. Non-current assets – property, plant and equipment**2017–18**

	Land and buildings* \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Total \$'000
At 1 July 2017 – fair value				
Gross carrying amount	2,849,858	180,845	2,189,325	5,220,028
Accumulated depreciation and impairment	(359,817)	(123,479)	(849,800)	(1,333,096)
Net carrying amount	2,490,041	57,366	1,339,525	3,886,932
At 30 June 2018 – fair value				
Gross carrying amount	2,679,554	173,268	2,421,702	5,274,524
Accumulated depreciation and impairment	(268,815)	(113,052)	(1,011,992)	(1,393,859)
Net carrying amount	2,410,739	60,216	1,409,710	3,880,665

*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
Year ended 30 June 2018				
Net carrying amount at start of year	2,490,041	57,366	1,339,525	3,886,932
Additions	15,795	16,086	12,646	44,527
Disposals	(1,461)	(2,257)	(1,990)	(5,708)
Acquisitions/transfers through administrative restructures	495	–	–	495
Net revaluation increment less revaluation decrements	(20,517)	–	50,362	29,845
Assets recognised first time	341	4	5,393	5,738
Depreciation expense	(16,758)	(11,272)	(53,945)	(81,975)
Transfers between asset categories	(58,030)	289	57,719	(22)
Assets transferred free of cost	833	–	–	833
Net carrying amount at end of year	2,410,739	60,216	1,409,710	3,880,665

Notes to the financial statements for the year ended 30 June 2018

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

Further details regarding the fair value measurements of property, plant and equipment are disclosed in Note 13.

2016-17

2016–17	Land and buildings* \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Total \$'000
At 1 July 2016 – fair value				
Gross carrying amount	2,719,395	188,866	2,325,726	5,233,987
Accumulated depreciation and impairment	(336,767)	(124,209)	(934,356)	(1,395,332)
Net carrying amount	2,382,628	64,657	1,391,370	3,838,655
At 30 June 2017 – fair value				
Gross carrying amount	2,849,858	180,845	2,189,325	5,220,028
Accumulated depreciation and impairment	(359,817)	(123,479)	(849,800)	(1,333,096)
Net carrying amount	2,490,041	57,366	1,339,525	3,886,932

*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 prior reporting period is set out below.

	Land and buildings \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Total \$'000
Year ended 30 June 2017				
Net carrying amount at start of year	2,382,628	64,657	1,391,370	3,838,655
Additions	12,179	6,690	13,383	32,252
Disposals	(1,297)	(299)	(7,148)	(8,744)
Acquisitions/transfers through administrative restructures	(132)	–	–	(132)
Net revaluation increment less revaluation decrements	114,423	2,275	3,757	120,455
Impairment loss	(4,283)	–	(1,240)	(5,523)
Assets recognised first time	845	19	8,258	9,122
Depreciation expense	(16,618)	(13,528)	(70,832)	(100,978)
Transfers between asset categories	540	(2,448)	1,977	69
Assets transferred free of cost	1,756	–	–	1,756
Net carrying amount at end of year	2,490,041	57,366	1,339,525	3,886,932

Recognition and measurement – property, plant and equipment**i. Acquisition of property, plant and equipment**

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

Notes to the financial statements for the year ended 30 June 2018

asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Also refer to note 19 for details on assets transferred as a result of equity transfer.

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. Major inspection costs

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

iv. Restoration costs

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

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, due to absence of a reliable and comparable market. These assets include natural cultural artefacts with unlimited life.

vi. Depreciation of property, plant and equipment

Except for certain non-depreciable heritage assets, depreciation is provided for on a straight-line basis so as to write-off the depreciable amount of each asset as it is consumed over its useful life.

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

Land is not a depreciable asset.

Certain heritage assets including original artworks and collections are subject to appropriate curatorial and preservation policies and therefore may not have a limited useful life. These assets are revalued every five years and are not depreciated. 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. The following depreciation rates apply:

Historic buildings –	1.67 – 5% (2017: 1.67 – 5%)
Visitors centres and staff residences –	0.67 – 5% (2017: 0.67 – 5%)
Visitor amenities –	4% (2017: 4%)

Notes to the financial statements for the year ended 30 June 2018

Roads and other access; utilities and other infrastructure:

The following depreciation rates apply:

Roads; car parks, fire trails, management trails and walking tracks:

Earthworks –	0% (2017:0%)
Pavements –	5% (2017:5%)
Bridges –	2% (2017:2%)
Boat ramps and wharves –	5% (2017:5%)
Utilities –	0 – 10% (2017: 0 – 10%)

An assessment of the useful life of each asset was carried out and the depreciation rate was derived accordingly.

Plant and equipment; furniture and fittings:

Depreciation rates for plant and equipment, including furniture and fittings, range from 6.67% to 25% (2017: 6.67 – 25%)

Amortisation of intangible assets:

The following depreciation rates apply:

Software –	25% (2017: 25%)
Water licences –	0% (2017: 0%)
Easements –	0% (2017: n/a)

vii. Leased assets

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.

Property assets, infrastructure and other improvements are brought to account 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 at its fair value. 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 rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards.

Currently OEH does not have any finance leases in accordance with AASB 117 *leases*.

viii. Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with Treasury Policy and Guidelines Paper TPP 14-01 valuation of physical non-current assets at fair value. 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

Notes to the financial statements for the year ended 30 June 2018

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 the perspective of market participants', using valuation techniques (market approach and cost approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer note 13 for further information regarding fair value.

Revaluations are conducted 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. OEH conducts a comprehensive revaluation for each class of property, plant and equipment at least every five years. Land and buildings are revalued every three years.

Asset category	Last comprehensive valuation	Valuation performed by
Land – dedicated	30-Jun-18	Opteon Solutions Pty Ltd
Land – non-dedicated	30-Jun-18	Opteon Solutions Pty Ltd
Buildings	30-Jun-18	Colliers International Valuation & Advisory Services Pty Ltd
Infrastructure systems:		
Visitor amenities and facilities	30-Jun-15	Sheldon Consulting Pty Ltd
Roads and other access	30-Jun-14	Sheldon Consulting Pty Ltd
Utilities	30-Jun-17	Sheldon Consulting Pty Ltd
Plant and equipment:		
Aircraft	30-Jun-17	Rodney Hyman Asset Services Pty Ltd
Historical furniture and fittings	30-Jun-17	Jonathan Alford Pty Ltd

Interim independent revaluations are conducted between comprehensive revaluations. An interim formal revaluation of infrastructure systems was performed by Sheldon Consulting Pty Ltd at 30 June 2018.

Valuation techniques:**Land**

Land is valued using the market approach to determine market value for open space, unimproved or green timbered land. This approach uses comparable property sales or sales that can be analysed and adjusted to reflect specific property attributes including location, zoning, land area, access, topography, proportion of cleared to uncleared land and market/saleability.

Buildings

Buildings are generally valued on the basis of written down replacement value or 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 cost of a modern equivalent building.

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

Notes to the financial statements for the year ended 30 June 2018

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 proxy for fair value. OEH has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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

Revaluation increments are recognised in 'other comprehensive income' and credited to the 'revaluation surplus' in equity. However where 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 a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, with an exception where a credit balance exists in the revaluation surplus in respect of the same class of asset. In this event they are debited directly to the revaluation surplus under 'other comprehensive income' and do not form part of the net result.

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, any balance remaining in the revaluation surplus for that asset is transferred to accumulated funds.

The useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

ix. 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. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

OEH assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, OEH estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

Notes to the financial statements for the year ended 30 June 2018

12. Intangible assets**2017–18**

	Easements* \$'000	Software \$'000	Water licences \$'000	Total \$'000
As at 1 July 2017				
Cost (gross carrying amount)	–	124,934	161,914	286,848
Accumulated amortisation and impairment	–	(82,968)	–	(82,968)
Net carrying amount	–	41,966	161,914	203,880
At 30 June 2018				
Cost (gross carrying amount)	405	118,821	162,443	281,669
Accumulated amortisation and impairment	–	(75,345)	–	(75,345)
Net carrying amount	405	43,476	162,443	206,324

	Easements* \$'000	Software \$'000	Water licences \$'000	Total \$'000
Year ended 30 June 2018				
Net carrying amount at start of year	–	41,966	161,914	203,880
Additions	–	16,957	–	16,957
Disposals	–	(574)	–	(574)
Net revaluation increment less revaluation decrements/reversal of impairment loss	–	–	529	529
Assets recognised first time	405	–	–	405
Amortisation expense	–	(14,895)	–	(14,895)
Transfers between asset categories	–	22	–	22
Net carrying amount at end of year	405	43,476	162,443	206,324

2016–17

	Easements* \$'000	Software \$'000	Water licences \$'000	Total \$'000
At 1 July 2016				
Cost (gross carrying amount)	–	107,112	168,171	275,283
Accumulated amortisation and impairment	–	(76,340)	–	(76,340)
Net carrying amount	–	30,772	168,171	198,943
At 30 June 2017				
Cost (gross carrying amount)	–	124,934	161,914	286,848
Accumulated amortisation and impairment	–	(82,968)	–	(82,968)
Net carrying amount	–	41,966	161,914	203,880

Notes to the financial statements for the year ended 30 June 2018

	Easements* \$'000	Software \$'000	Water licences \$'000	Total \$'000
Year ended 30 June 2017				
Net carrying amount at start of year	–	30,772	168,171	198,943
Additions	–	20,683	–	20,683
Acquisitions/transfers through administrative restructures	–	3,518	–	3,518
Net revaluation increment less revaluation decrements	–	–	(2,228)	(2,228)
Impairment loss	–	–	(4,029)	(4,029)
Amortisation expense	–	(12,938)	–	(12,938)
Transfers between asset categories	–	(69)	–	(69)
Net carrying amount at end of year	–	41,966	161,914	203,880

* In the 2017–18 year, easements were recognised in the financial statements for the first time as intangible assets. Currently there are 138 registered easements and 76 deeds of agreements, which provide OEH the right of access to national parks across the State.

Recognition and measurement – 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 at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria, such as probable future economic benefits, are met.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Software

Software is measured at cost less amortisation, as a substitute for fair value in accordance with AASB 138 *intangible assets*. Intangible assets are consequently 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 and impairment losses.

OEH's software assets are amortised using the straight line method over a period of four years. The amortisation period and amortisation method for intangibles with a finite useful life are reviewed at least annually at the end of the reporting period.

Water licences

OEH recognises water licences issued under the *Water Management Act 2000*. Water licences are measured at cost and tested for impairment. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

Notes to the financial statements for the year ended 30 June 2018**Easements**

Easements are measured at cost and tested for impairment. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

OEH has acquired easements in the past at 'nil' or 'nominal' cost. In accordance with AASB 138, the cost of these easements is their fair value, which was assessed for OEH in 2017–18 by an independent valuer. The fair value is based on their highest and best use, which is the economic value easements add to the national parks.

OEH's water licence and easement assets have indefinite useful lives and are not amortised, but are tested for impairment annually.

13. Fair value measurement of non-financial assets**Fair value measurement and hierarchy**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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 *fair value measurement*, OEH categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets / liabilities that OEH can access at the measurement date.
- Level 2 – inputs other than quoted prices included within level 1 that are observable, either directly or indirectly.
- 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 24 for further disclosures regarding fair value measurements of non-financial and financial assets.

(a) Fair value hierarchy

2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (note 11)				
Land and buildings	–	–	2,410,739	2,410,739
Infrastructure systems	–	–	1,409,710	1,409,710
Intangibles (note 12)	–	–	–	–
Easements			405	405
	–	–	3,820,854	3,820,854

Notes to the financial statements for the year ended 30 June 2018

2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (note 11)				
Land and buildings	–	–	2,490,041	2,490,041
Infrastructure systems	–	–	1,339,525	1,339,525
	–	–	3,829,566	3,829,566

There were no transfers between Level 1 or 2 during the current year and the previous year.

(b) Valuation techniques, inputs and processes

Asset class	Valuation technique	Comments
Land	Market	Based on market evidence for open space or unimproved 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
Easements	Market	Based on market evidence

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

Full external valuations are conducted at least every five years. Land and buildings are valued every three years. The last comprehensive valuation for land and buildings, and easements was conducted in 2017–18. The fair value of level 3 assets are adjusted annually for movement in relevant publicly available indices. OEH engages independent, qualified valuers with appropriate experience in the relevant level 3 category to conduct valuations.

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

Notes to the financial statements for the year ended 30 June 2018

(c) Valuation techniques, inputs and relationship of unobservable inputs to fair value

Type	Valuation technique	Inputs	Valuation process
Level 3– Land	In 2017–18 OEH engaged the services of Opteon Solutions Pty Ltd to provide a comprehensive valuation of land using the market approach to determine fair value.	<ul style="list-style-type: none"> • Comparable property sales; • Analysed property sales adjusted to reflect OEH property attributes such as location, zoning, land area, topography, access, amount of cleared versus uncleared land and market/saleability; • Discount factors for the restrictions on the use of OEH land by virtue of the <i>National Parks and Wildlife Act 1974</i>. 	All OEH land, including national parks and reserves, is valued using market evidence with consideration made for physical and regulatory property attributes. Land values are derived from the analysis of sales of comparable lands and analysed sales adjusted to reflect location, zoning, land area, topography, access, amount of cleared versus uncleared land and market/saleability. Discount factors are applied to market evidence to reflect the restricted use. These factors have been derived by the valuer based on the analysis of market evidence, experience and court precedent. All land values are on a rate per hectare, except relating to non-dedicated land, such as workshops and depots, which have a total site value on a market basis, incorporating highest and best use considerations.
Level 3– Buildings	In 2017–18 OEH engaged the services of Colliers International Valuation & Advisory Services Pty Ltd (CIVAS) to provide a comprehensive valuation of buildings using the depreciated replacement cost (DRC) approach to determine fair value.	<ul style="list-style-type: none"> • Current construction cost estimates as published in Rawlinson's Handbook 2018 • Actual construction costs of similar building types as those included in OEH's portfolio • Capital improvements made by OEH over the last three years • Total useful life and remaining useful life • Gross floor area. 	The valuer has determined the fair value of buildings by assessing the replacement cost and making appropriate adjustments for age, condition and functional and technical obsolescence. The replacement cost has been determined by reference to actual construction costs of similar building types as those included in OEH's portfolio, capital improvements made by OEH over the last three years and construction cost estimates as published in Rawlinson's Handbook 2018. The valuer has assessed the total economic life and remaining useful life of each building to apply the straight-line method of depreciation. The valuer physically inspected a total of 231 assets out of 2,399 (this represents 37% of fair value). To minimise risk of error, high value and specialised assets were included in the sample inspected. Assets were divided into groups based on

Notes to the financial statements for the year ended 30 June 2018

			<p>similar nature such as residences, commercial, amenities, depots, historic, and lighthouses.</p> <p>For heritage buildings, the replacement cost is determined by considering modern day equivalent materials and assets with the same size, design and function as the existing buildings, after taking into consideration any obsolescence.</p> <p>The fair value of the asset will increase if the cost of construction increases or if the total useful life increases. The fair value will decrease upon obsolescence or deterioration in condition of the asset.</p>
<p>Level 3– Infrastructure systems – visitor amenities and facilities</p>	<p>In 2014–15 OEH engaged Sheldon Consulting Pty Ltd to provide a comprehensive valuation of visitor amenities and facilities. Fair value was determined using the DRC approach.</p>	<ul style="list-style-type: none"> • Current construction cost estimates as published in Rawlinson's Handbook • Condition of asset • Obsolescence of asset • '3020 Non-residential building construction NSW' index, published by Australian Bureau of Statistics (ABS). • For interim revaluation performed in 2017–18, the ABS index '3020 Non-residential building construction NSW' was used. Management assessed these indices appropriately reflected the movement in the fair value of these assets. 	<p>Rawlinson rates were used to develop amenity asset unit rates, indexed to 30 June 2015 using the producer price index for non-residential building construction, published by the Australian Bureau of Statistics. These rates were adjusted for regional indices (documented by Rawlinson) and for site factor. Rawlinson's rates are for normal building sites with good road access. These therefore required further adjustment to reflect site difficulties within national parks, where they may be at a significant distance from towns. The fair value of the asset will increase if the construction cost increases. Fair value will decrease upon obsolescence or deterioration in condition of the asset.</p>

Notes to the financial statements for the year ended 30 June 2018

Level 3– Infrastructure systems – utilities	In 2016–17 OEH engaged Sheldon Consulting Pty Ltd to provide a comprehensive valuation of utilities. Fair value was determined using the DRC approach.	<ul style="list-style-type: none"> • Current construction cost estimates as published in Rawlinson's Handbook; • Condition of asset • Obsolescence of asset • '30 Building construction NSW' index, published by ABS. • For interim revaluation performed in 2017–18, the ABS indices '3101 Road and bridge construction NSW' and '3020 Non-residential building construction NSW' were used. Management assessed these indices appropriately reflected the movement in the fair value of these assets. 	Rawlinson rates and NSW reference rates manual were used to develop utilities asset unit rates, indexed to 30 June 2017. These rates were then adjusted for regional indices (documented by Rawlinson) and for site factor. The fair value of the asset will increase if the construction cost increases. Fair value will decrease upon obsolescence or deterioration in condition of the asset.
Level 3– Infrastructure systems – roads and other access assets	In 2013–14 OEH engaged Sheldon Consulting Pty Ltd to provide a comprehensive valuation of roads and other access assets. Fair value was determined using the DRC approach.	<ul style="list-style-type: none"> • Current construction cost estimates as published in Rawlinson's Handbook; • Condition of asset; • Obsolescence of asset; • '3101 Road and bridge construction NSW' index, published by ABS. • For interim revaluation performed in 2017–18, the ABS index '3101 Road and bridge construction NSW' was used. Management assessed these indices appropriately reflected the movement in the fair value of these assets. 	Rawlinson rates and NSW reference rates manual were used to develop utilities asset unit rates, indexed to 30 June 2014. These rates were then adjusted for regional indices (documented by Rawlinson) and for site factor. The fair value of the asset will increase if the construction cost increases. Fair value will decrease upon obsolescence or deterioration in condition of the asset.
Level 3– Easements	In 2017–18 OEH engaged the services of Opteon Solutions Pty Ltd to provide a comprehensive valuation of easements using the market approach to determine fair value.	<ul style="list-style-type: none"> • Comparable property sales; • Analysed property sales adjusted to reflect relevant property attributes. 	The valuer has assessed the added value of easements, expressed as a percentage of the underlying land value over which the easement is situated. Land values are derived from the analysis of sales of comparable lands and analysed sales adjusted to reflect relevant property attributes. Applying the information from sales analysis, general economic and market conditions, an underlying dollar rate per hectare was adopted for each servient tenement parcel. A percentage factor was then applied to reflect the added value of the easement.

Notes to the financial statements for the year ended 30 June 2018

(d) Reconciliation of recurring Level 3 fair value measurements

	Land and buildings \$'000	Infrastructure systems \$'000	Easements \$'000	Total recurring Level 3 fair value \$'000
Fair value as at 1 July 2017	2,490,041	1,339,525	–	3,829,566
Additions	15,795	12,646	–	28,441
Revaluation increments/decrements recognised in net result – included in the line item 'other gains/ (losses)'	–	–	–	–
Revaluation increments/ decrements recognised in other comprehensive income – included in line item /net increase / (decrease) in property, plant and equipment revaluation surplus'	(20,517)	50,362	–	29,845
Disposals	(1,461)	(1,990)	–	(3,451)
Transfers and reclassifications	(57,535)	57,719	–	184
Depreciation	(16,758)	(53,945)	–	(70,703)
Asset recognised first time and free of cost	1,174	5,393	405	6,972
Fair value as at 30 June 2018	2,410,739	1,409,710	405	3,820,854

	Land and buildings \$'000	Infrastructure systems \$'000	Easements \$'000	Total recurring Level 3 fair value \$'000
Fair value as at 1 July 2016	2,382,628	1,391,370	–	3,773,998
Additions	12,179	13,383	–	25,562
Revaluation increments/decrements recognised in net result – included in the line item 'other gains/ (losses)'	–	–	–	–
Revaluation increments/ decrements recognised in other comprehensive income – included in line item /net increase / (decrease) in property, plant and equipment revaluation surplus'	110,140	2,517	–	112,657
Disposals	(1,297)	(7,148)	–	(8,445)
Others	408	1,977	–	2,385
Depreciation	(16,618)	(70,832)	–	(87,450)
Asset recognised first time and free of cost	2,601	8,258	–	10,859
Fair value as at 30 June 2017	2,490,041	1,339,525	–	3,829,566

Notes to the financial statements for the year ended 30 June 2018

14. Restricted assets

	2018 \$'000	2017 \$'000
Current		
Climate Change Fund	195,828	77,054
Other contributions	29,626	63,824
Restricted cash	225,454	140,878

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

Other assets:

Besides cash, 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 imposed by stakeholders as well as other legislation governing the use of historic sites, sites of cultural significance and buildings.

15. Current liabilities – payables

	2018 \$'000	2017 \$'000
Accrued salaries, wages and on-costs	4,148	4,880
Creditors	29,432	32,157
Unearned revenue	8,236	7,540
Redundancies	2,302	216
Personnel services to the Department of Planning and Environment for Cluster Corporate Services	–	330
	44,118	45,123

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in note 24.

Recognition and measurement – payables

Payables 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. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Notes to the financial statements for the year ended 30 June 2018

16. Current/non-current liabilities – borrowings

	2018 \$'000	2017 \$'000
Current		
Treasury advances repayable – interest bearing	2,300	–
	2,300	–
Non-current		
Treasury advances repayable – interest bearing	38,391	40,691
	38,391	40,691
	40,691	40,691

Treasury advances were drawn down by OEH from 2004 to 2011 to maintain and operate essential infrastructure at Perisher Range Resorts in the early years of the project. 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 in December 2002.

In June 2018 OEH obtained the Treasurer's approval to consolidate all advances to a single interest free debt, effective from 1 July 2018. Accounting entries to reflect this change will be made in the 2018–19 year. Refer note 26.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings, are disclosed in note 24.

Recognition and measurement – borrowings

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Notes to the financial statements for the year ended 30 June 2018

17. Current/non-current liabilities – provisions

	2018 \$'000	2017 \$'000
(a) Current¹		
Employee benefits and related on-costs¹		
Annual leave ²	29,739	30,566
Annual leave on-costs ²	3,578	3,525
Superannuation-defined benefits ⁴	962	969
Long service leave on-costs ³	21,087	20,556
Other current provisions		
Provision for restructuring ⁵	4,706	–
Total current	60,072	55,616
Non-current		
Employee benefits and related on-costs¹		
Long service leave on-costs ³	1,709	1,671
Superannuation-defined benefits ⁴	6,016	6,594
	7,725	8,265
Other non-current provisions		
Restoration costs ⁶	3,881	3,911
	3,881	3,911
Total non-current	11,606	12,176
Total provisions	71,678	67,792
Aggregate employee benefits and related on-costs		
Provisions – current	60,072	55,616
Provisions – non-current	7,725	8,265
Accrued salaries, wages and on-costs (note 15)	4,148	4,880
	71,945	68,761

¹ Includes employee benefits and related on-costs for Royal Botanic Gardens and Domain Trust, Western Sydney Parklands Trust, Historic Houses Trust, Centennial Park and Moore Park Trust, Parramatta Park, Taronga Conservation Society Australia, Biodiversity Conservation Trust and Jenolan Caves Reserve Trust (refer note 1(a)).

² The value of annual leave and related on-costs expected to be paid after 12 months is \$2 million (2017: \$.8 million).

³ Liabilities for long service leave are assumed by the Crown Entity. However, OEH has an obligation to meet certain long service leave related on-costs in accordance with the NSW Treasury Circular TC 15-09 *Accounting for long service leave and annual leave*.

⁴ Based on the actuarial assessment of the maturity profile of superannuation obligations, the superannuation-defined benefit provision has been classified into current and non-current. The 2016–17 provision of \$7.6 million, previously recognised as current has also been reclassified as current provision of \$1.0 million and non-current provision of \$6.6 million. Refer note 1(e).

⁵ Restructuring provision is an estimate of direct cost associated with the implementation of Future Parks program. Management structure under this Program will support future needs with flexible, efficient workforce and sustainable operational and business model.

⁶ Restoration costs are costs associated with leased properties to place the property back to its original state at some time in the future, depending on the terms of the lease.

Notes to the financial statements for the year ended 30 June 2018**Movements in restoration, restructuring and general provisions (other than employee leave benefits)**

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

	2018 \$'000	2017 \$'000
Carrying amount at 1 July 2017	3,911	8,264
Restructuring – additional provisions recognised	4,706	–
Restoration costs – additional provisions recognised	51	–
Restoration costs – write back of provision	(120)	(431)
Restoration costs – unused amounts reversed	(19)	(611)
Restoration costs – unwinding/change in the discount rate	58	59
Amounts used	–	(3,370)
Carrying amount at 30 June 2018	8,587	3,911
Current	4,706	–
Non-current	3,881	3,911
Total	8,587	3,911

Recognition and measurement – provisions**i. Employee benefits and related on-costs*****Salaries and wages, annual leave and sick leave***

Salaries and wages (including non-monetary benefits) and paid sick leave, expected to be settled wholly within 12 months after the period employees render the service, are recognised and measured at the undiscounted amounts of the benefits. Annual leave not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, is to be measured at present value in accordance with AASB 119 employee benefits.

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

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated 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 the circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where OEH does not expect to settle the liability within 12 months as OEH does not have an unconditional right to defer settlement.

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 materially greater than the benefits accrued in the future.

Long service leave and superannuation

Apart from the staff assigned to the Taronga Conservation Society Australia 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-

Notes to the financial statements for the year ended 30 June 2018

monetary revenue item described as ‘acceptance by the Crown Entity of employee benefits and other liabilities’.

For employees where superannuation liability is not accepted by the Crown, the expenses relating to defined benefits are reflected by the movement in estimated liability. These employees support the Taronga Conservation Society Australia and Jenolan Caves Reserve Trust and OEH recognises a receivable from these entities equivalent to the amount of estimated liability.

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

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

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.

ii. 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.

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

Notes to the financial statements for the year ended 30 June 2018

17. Current/non-current liabilities – provisions**(b) Accounting for superannuation****Reconciliation of the net defined benefit liability/(asset) – Taronga Conservation Society Australia and Jenolan Caves Reserve Trust – paragraph 140(a)**

Financial year to 30 June	SASS		SANCS		SSS		Total	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Net defined benefit liability/(asset) at start of year	38,846	389,128	247,405	318,946	7,277,174	9,639,817	7,563,424	10,347,891
Current service cost	125,287	159,453	22,463	28,934	–	–	147,750	188,387
Net interest on the net defined benefit liability/(asset)	(167)	6,786	6,246	6,161	190,662	191,832	196,742	204,779
Past service cost	–	–	–	–	–	–	–	–
(Gains)/losses arising from settlements	–	–	–	–	–	–	–	–
Actual return on fund assets less interest income	(224,664)	(282,079)	(19,964)	(27,509)	(549,399)	(658,094)	(794,026)	(967,682)
Actuarial (gains)/losses arising from changes in demographic assumptions	(1,873)	5,241	(3,802)	344	101,277	1	95,602	5,586
Actuarial (gains)/losses arising from changes in financial assumptions	(6,423)	(159,695)	(1,405)	(38,707)	(63,088)	(1,605,757)	(70,915)	(1,804,159)
Actuarial (gains)/losses arising from liability experience	70,242	16,278	554	(22,036)	(123,214)	(290,624)	(52,417)	(296,380)
Adjustment for effect of asset ceiling	–	–	–	–	–	–	–	–
Employer contributions	(90,334)	(96,270)	(18,015)	(18,730)	–	–	(108,349)	(115,000)
Effects of transfers in/out due to business combinations and disposals	–	–	–	–	–	–	–	–
Net defined benefit liability/(asset) at end of year (refer note 17a)	(89,086)	38,843	233,482	247,403	6,833,414	7,277,174	6,977,810	7,563,423

Details of underlying assumptions are included below.

Notes to the financial statements for the year ended 30 June 2018

Nature of the benefits provided by the fund – paragraph 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.

All the schemes are closed to new members.

Description of the regulatory framework – paragraph 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 NSW 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 NSW 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 most recent investigation was performed as at 30 June 2015. The actuary has commenced work on the 30 June 2018 investigation. Once completed, the report will be available on the fund's website.

Notes to the financial statements for the year ended 30 June 2018

Description of other entities' responsibilities for the governance of the fund – paragraph 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; and
- Compliance with other applicable regulations.

Description of risks – paragraph 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 – paragraph 139(c)

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

Notes to the financial statements for the year ended 30 June 2018

i. Taronga Conservation Society Australia

Reconciliation of the net defined benefit liability/(asset) – paragraph 140(a)

Financial year to 30 June	SASS		SANCS		SSS		Total	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Net defined benefit liability/(asset) at start of year	279,234	588,411	325,005	382,587	5,986,654	7,886,077	6,590,893	8,857,075
Current service cost	125,287	151,292	22,463	26,572	–	–	147,750	177,864
Net interest on the net defined benefit liability/(asset)	6,133	10,751	8,279	7,427	156,850	156,933	171,262	175,112
Past service cost	–	–	–	–	–	–	–	–
(Gains)/losses arising from settlements	–	–	–	–	–	–	–	–
Actual return on fund assets less interest income	(212,640)	(253,962)	(16,073)	(20,416)	(424,620)	(507,660)	(653,333)	(782,038)
Actuarial (gains)/losses arising from changes in demographic assumptions	(1,873)	5,242	(3,802)	344	82,022	–	76,347	5,586
Actuarial (gains)/losses arising from changes in financial assumptions	(6,423)	(159,694)	(1,405)	(38,707)	(51,808)	(1,309,102)	(59,636)	(1,507,502)
Actuarial (gains)/losses arising from liability experience	72,560	33,463	1,416	(14,072)	(104,886)	(239,595)	(30,911)	(220,203)
Adjustment for effect of asset ceiling	–	–	–	–	–	–	–	–
Employer contributions	(90,334)	(96,270)	(18,015)	(18,730)	–	–	(108,349)	(115,000)
Effects of transfers in/out due to business combinations and disposals	–	–	–	–	–	–	–	–
Net defined benefit liability/(asset) at end of year	171,942	279,234	317,869	325,005	5,644,212	5,986,654	6,134,023	6,590,893

Notes to the financial statements for the year ended 30 June 2018

Reconciliation of the fair value of fund assets – paragraph 140(a)(i)

Financial year to 30 June	SASS		SANCS		SSS		Total	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Fair value of fund assets at beginning of the year	3,742,414	3,707,106	307,231	332,313	7,309,799	7,094,134	11,359,444	11,133,553
Interest income	97,048	73,566	7,844	6,520	184,180	135,688	289,072	215,774
Actual return on fund assets less interest income	212,640	253,962	16,073	20,416	424,620	507,660	653,333	782,038
Employer contributions	90,334	96,270	18,015	18,730	–	–	108,349	115,000
Contributions by participants	49,998	58,337	–	–	–	–	49,998	58,337
Benefits paid	(304,379)	(427,286)	(58,240)	(69,819)	(525,706)	(515,952)	(888,325)	(1,013,056)
Taxes, premiums & expenses paid	(17,710)	(19,540)	(3,185)	(929)	82,802	88,268	61,908	67,799
Transfers in	–	–	–	–	–	–	–	–
Contributions to accumulation section	–	–	–	–	–	–	–	–
Settlements	–	–	–	–	–	–	–	–
Exchange rate changes	–	–	–	–	–	–	–	–
Fair value of fund assets at end of the year	3,870,345	3,742,414	287,738	307,231	7,475,695	7,309,799	11,633,778	11,359,444

Notes to the financial statements for the year ended 30 June 2018

Reconciliation of the defined benefit obligation – paragraph 140(a)(ii)

Financial year to 30 June	SASS		SANCS		SSS		Total	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Present value of defined benefit obligations at beginning of the year	4,021,648	4,295,517	632,237	714,900	13,296,453	14,980,211	17,950,337	19,990,628
Current service cost	125,287	151,292	22,463	26,572	0.20	–	147,750	177,864
Interest cost	103,180	84,317	16,123	13,948	341,030	292,621	460,334	390,885
Contributions by participants	49,998	58,337	–	–	–	–	49,998	58,337
Actuarial (gains)/losses arising from changes in demographic assumptions	(1,873)	5,242	(3,802)	344	82,022	–	76,347	5,586
Actuarial (gains)/losses arising from changes in financial assumptions	(6,423)	(159,694)	(1,405)	(38,707)	(51,808)	(1,309,102)	(59,636)	(1,507,502)
Actuarial (gains)/losses arising from liability experience	72,560	33,463	1,416	(14,072)	(104,886)	(239,595)	(30,911)	(220,203)
Benefits paid	(304,379)	(427,286)	(58,240)	(69,819)	(525,706)	(515,952)	(888,325)	(1,013,056)
Taxes, premiums & expenses paid	(17,710)	(19,540)	(3,185)	(929)	82,802	88,268	61,908	67,799
Transfers in	–	–	–	–	–	–	–	–
Contributions to accumulation section	–	–	–	–	–	–	–	–
Past service cost	–	–	–	–	–	–	–	–
Settlements	–	–	–	–	–	–	–	–
Exchange rate changes	–	–	–	–	–	–	–	–
Present value of defined benefit obligations at end of the year	4,042,287	4,021,648	605,606	632,237	13,119,907	13,296,453	17,767,800	17,950,337

Reconciliation of the effect of the asset ceiling – paragraph 140(a)(iii) – no adjustment was required for the effect of asset ceiling based on the maximum economic benefit available to OEH in the form of reductions in future employer contributions.

Notes to the financial statements for the year ended 30 June 2018

Fair value of fund assets – paragraph 142

All pooled fund assets are invested by SAS Trustee Corporation (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.**

Asset category	As at 30 June 2018				As at 30 June 2017			
	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)	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)
Cash	4,401,164	2,185,469	2,215,695	–	3,087,307	3,077,362	9,945	–
Australian fixed interest	2,234,921	41,854	2,193,068	–	2,500,725	997	2,499,728	–
International fixed interest	1,396,107	8,116	1,387,991	–	480,991	–	480,991	–
Australian equities	9,271,405	8,719,442	548,908	3,055	9,446,079	8,947,483	498,572	24
International equities	10,891,350	8,499,476	2,391,501	373	12,053,503	9,033,497	1,869,112	1,150,894
Property	3,711,287	788,018	608,934	2,314,335	3,453,107	926,105	533,191	1,993,812
Alternatives	9,894,828	420,898	5,332,818	4,141,113	9,066,055	390,899	5,068,137	3,607,020
Total*	41,801,063	20,663,272	14,678,915	6,458,876	40,087,767	22,376,343	10,959,675	6,751,750

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

	As at 30 June 2018	As at 30 June 2017
Cash	10.5%	7.7%
Australian fixed interest	5.3%	6.2%
International fixed interest	3.3%	1.2%
Australian equities	22.2%	23.6%
International equities	26.1%	30.1%
Property	8.9%	8.6%
Alternatives	23.7%	22.6%
Total	100.0%	100.0%

Notes to the financial statements for the year ended 30 June 2018

Level 1 – quoted prices in active markets for identical assets or liabilities. The assets in this level 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 cash flow 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 – paragraph 143

The disclosures below relate to the total assets of the pooled fund.

The fair value of the pooled fund assets as at 30 June 2018 includes \$97.7 million in NSW Government bonds.

Of the direct properties owned by the pooled fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the pooled fund with a fair value of \$280 million (30 June 2017: \$250 million).
- Health Administration Corporation occupies part of a property 50% owned by the pooled fund with a fair value (100% interest) of \$287 million (30 June 2017: \$261 million).

Significant actuarial assumptions at the reporting date – paragraph 144

	As at 30 June 2018	As at 30 June 2017
Discount rate	2.65%	2.62%
Salary increase rate (excluding promotional increases)	2.7% pa for 2018/19; 3.2% pa thereafter.	2.50% 2017/2018 and 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter
Rate of CPI increase	2.25% pa for 2018/19 and 2019/20; 2.5% pa thereafter.	2.00% 2017/2018; 2.25% 2018/2019; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are those to be used for the 2018 actuarial investigation of the Pooled Fund. These assumptions will be disclosed in the actuarial investigation report which will be available on the Trustee's website when the investigation is complete. The report will show the pension mortality rates for each age. Alternatively, the assumptions are available on request from the Trustee.	The pensioner mortality assumptions are as per the 2015 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

Notes to the financial statements for the year ended 30 June 2018**Sensitivity analysis – paragraph 145**

OEH's total defined benefit obligation as at 30 June 2018 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 2018.

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.

	As at 30 June 2018			As at 30 June 2017		
	Base case	Scenario A –1.0% discount rate	Scenario B +1.0% discount rate	Base case	Scenario A –1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	as above	as above –1.0% pa	as above +1.0% pa	as above	as above –1.0% pa	as above +1.0% pa
Rate of CPI increase	as above	as above	as above	as above	as above	as above
Salary inflation rate	as above	as above	as above	as above	as above	as above
Defined benefit obligation (A\$)	17,767,800	20,075,855	15,852,619	17,950,337	20,381,123	15,943,193

	As at 30 June 2018			As at 30 June 2017		
	Base case	Scenario C +0.5% rate of CPI increase	Scenario D –0.5% rate of CPI increase	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	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5% pa	above rates less 0.5% pa	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Salary inflation rate	as above	as above	as above	as above	as above	as above
Defined benefit obligation (A\$)	17,767,800	18,743,617	16,875,346	17,950,337	18,965,623	17,023,971

Notes to the financial statements for the year ended 30 June 2018

	As at 30 June 2018			As at 30 June 2017		
	Base case	Scenario E +0.5% salary increase rate	Scenario F –0.5% salary increase rate	Base case	Scenario E +0.5% salary increase rate	Scenario F –0.5% salary increase rate
Discount rate	as above	as above	as above	as above	as above	as above
Rate of CPI increase	as above	as above	as above	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A\$)	17,767,800	17,902,673	17,639,380	17,950,337	18,102,092	17,806,606

	As at 30 June 2018			As at 30 June 2017		
	Base case	Scenario G Higher mortality*	Scenario H Lower mortality**	Base case	Scenario G +5% pensioner mortality rates	Scenario H –5% pensioner mortality rates
Defined benefit obligation (A\$)	17,767,800	17,981,544	17,593,384	17,950,337	18,233,671	17,760,014

*Assumes the short term pensioner mortality improvement factors for years 2018–2023 also apply for years after 2023.

**Assumes the long term pensioner mortality improvement factors for years post 2023 also apply for the years 2018 to 2023.

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

Asset–liability matching strategies – paragraph 146

The Trustee monitors its asset–liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements. No explicit asset – liability matching strategy is used by the Trustee.

Funding arrangements – paragraph 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 2015. 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.

Notes to the financial statements for the year ended 30 June 2018**Surplus/deficit**

The following is a summary of the 30 June 2018 financial position of the fund calculated in accordance with AASB 1056 'Superannuation Entities':

Financial year to 30 June	SASS		SANCS		SSS		Total	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Accrued benefits*	3,452,229	3,374,083	495,580	437,852	7,160,520	7,175,585	11,108,330	10,987,521
Net market value of fund assets	(3,870,345)	(3,742,414)	(287,738)	(307,231)	(7,475,695)	(7,309,799)	(11,633,778)	(11,359,444)
Net (surplus)/deficit	(418,116)	(368,330)	207,843	130,621	(315,175)	(134,214)	(525,448)	(371,923)

*There is no allowance for a contribution tax provision within the accrued benefits figure for AASB 1056. Allowance for contributions tax is made when setting the contribution rates.

Contribution recommendations

Recommended contribution rates for OEH are:

	SASS		SANCS		SSS	
	2018	2017	2018	2017	2018	2017
Multiple of member contributions	1.9	1.9	N/A	N/A	0.0	1.6
% member salary	N/A	N/A	2.5	2.5	N/A	N/A

Economic assumptions

The economic assumptions adopted for 30 June 2018 AASB 1056 Accounting Standard 'Superannuation Entities' are (these assumptions are consistent with the assumptions to be used for the 2018 actuarial investigation of the pooled fund):

Weighted-average assumptions	2018 %	2017 %
Expected rate of return on fund assets backing current pension liabilities	7.4% pa	7.4% pa
Expected rate of return on fund assets backing other liabilities	6.4% pa	6.4% pa
Expected salary increase rate (excluding promotional salary increases)	2.7% for 2018/19; 3.2% pa thereafter	2.7% to 30 June 2019 then 3.2% pa thereafter
Expected rate of CPI increase	2.2% pa	2.2% pa

Notes to the financial statements for the year ended 30 June 2018

Expected contributions – paragraph 147(b)

	SASS		SANCS		SSS		Total	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Expected employer contributions	88,557	110,840	17,138	20,238	–	–	105,695	131,078

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

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

Additional information 30 June 2018**Profit or loss impact**

	SASS	SANCS	SSS	Total
	Financial year to 30 June 2018 A\$	Financial year to 30 June 2018 A\$	Financial year to 30 June 2018 A\$	Financial year to 30 June 2018 A\$
Current service cost	125,287	22,463	–	147,750
Net interest	6,133	8,279	156,850	171,262
Past service cost	–	–	–	–
(Gains)/loss on settlement	–	–	–	–
Profit or loss component of the defined benefit cost	131,419	30,742	156,851	319,012

Other comprehensive income

	SASS	SANCS	SSS	Total
	Financial year to 30 June 2018 A\$	Financial year to 30 June 2018 A\$	Financial year to 30 June 2018 A\$	Financial year to 30 June 2018 A\$
Actuarial (gains) losses on liabilities	64,263	(3,791)	(74,672)	(14,200)
Actual return on fund assets less interest income	(212,640)	(16,073)	(424,620)	(653,333)
Change in the effect of asset ceiling	–	–	–	–
Total remeasurement in other comprehensive income	(148,377)	(19,864)	(499,292)	(667,534)

Notes to the financial statements for the year ended 30 June 2018

ii. Jenolan Caves Reserve Trust

Reconciliation of the net defined benefit liability/(asset) – paragraph 140(a)

Financial year to 30 June	SASS		SANCS		SSS		Total	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Net defined benefit liability/(asset) at start of year	(240,389)	(199,282)	(77,600)	(63,641)	1,290,520	1,753,740	972,531	1,490,816
Current service cost	–	8,160	–	2,363	–	–	–	10,523
Net Interest on the net defined benefit liability/(asset)	(6,298)	(3,966)	(2,033)	(1,266)	33,812	34,899	25,480	29,667
Past service cost	–	–	–	–	–	–	–	–
(Gains)/losses arising from settlements	–	–	–	–	–	–	–	–
Actual return on fund assets less interest income	(12,023)	(28,117)	(3,890)	(7,093)	(124,779)	(150,434)	(140,693)	(185,644)
Actuarial (gains)/losses arising from changes in demographic assumptions	–	–	–	–	19,255	–	19,255	–
Actuarial (gains)/losses arising from changes in financial assumptions	–	–	–	–	(11,279)	(296,656)	(11,279)	(296,656)
Actuarial (gains)/losses arising from liability experience	(2,317)	(17,184)	(863)	(7,962)	(18,327)	(51,030)	(21,508)	(76,176)
Adjustment for effect of asset ceiling	–	–	–	–	–	–	–	–
Effects of transfers in/out due to business combinations and disposals	–	–	–	–	–	–	–	–
Employer contributions	–	–	–	–	–	–	–	–
Net defined benefit liability/(asset) at end of year	(261,028)	(240,389)	(84,386)	(77,600)	1,189,202	1,290,520	843,788	972,531

Notes to the financial statements for the year ended 30 June 2018

Reconciliation of the fair value of fund assets – paragraph 140(a)(i)

Financial year to 30 June	SASS		SANCS		SSS		Total	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Fair value of fund assets at beginning of the year	204,331	434,539	65,960	113,447	2,156,843	2,109,542	2,427,134	2,657,528
Interest income	5,356	8,500	1,729	2,218	54,177	40,233	61,263	50,951
Actual return on fund assets less interest income	12,023	28,117	3,890	7,093	124,779	150,434	140,693	185,644
Employer contributions	–	–	–	–	–	–	–	–
Contributions by participants	–	3,558	–	–	–	–	–	3,558
Benefits paid	–	(270,328)	–	(57,004)	(172,220)	(169,006)	(172,220)	(496,338)
Taxes, premiums & expenses paid	163	(55)	149	206	22,550	25,640	22,862	25,791
Transfers in	–	–	–	–	–	–	–	–
Contributions to accumulation section	–	–	–	–	–	–	–	–
Settlements	–	–	–	–	–	–	–	–
Exchange rate changes	–	–	–	–	–	–	–	–
Fair value of fund assets at end of the year	221,874	204,331	71,728	65,960	2,186,128	2,156,843	2,479,731	2,427,134

Notes to the financial statements for the year ended 30 June 2018

Reconciliation of the defined benefit obligation – paragraph 140(a)(ii)

Financial year to 30 June	SASS		SANCS		SSS		Total	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Present value of defined benefit obligations at beginning of the year	(36,058)	235,256	(11,640)	49,806	3,447,363	3,863,282	3,399,665	4,148,344
Current service cost	–	8,160	–	2,363	–	–	–	10,523
Interest cost	(942)	4,534	(304)	952	87,989	75,132	86,743	80,618
Contributions by participants	–	3,558	–	–	–	–	–	3,558
Actuarial (gains)/losses arising from changes in demographic assumptions	–	–	–	–	19,255	–	19,255	–
Actuarial (gains)/losses arising from changes in financial assumptions	–	–	–	–	(11,279)	(296,656)	(11,279)	(296,656)
Actuarial (gains)/losses arising from liability experience	(2,317)	(17,184)	(863)	(7,962)	(18,327)	(51,030)	(21,508)	(76,176)
Benefits paid	–	(270,328)	–	(57,004)	(172,220)	(169,006)	(172,220)	(496,338)
Taxes, premiums & expenses paid	163	(55)	149	206	22,550	25,640	22,862	25,791
Transfers in	–	–	–	–	–	–	–	–
Contributions to accumulation section	–	–	–	–	–	–	–	–
Past service cost	–	–	–	–	–	–	–	–
Settlements	–	–	–	–	–	–	–	–
Exchange rate changes	–	–	–	–	–	–	–	–
Present value of defined benefit obligations at end of the year	(39,154)	(36,058)	(12,658)	(11,640)	3,375,330	3,447,363	3,323,518	3,399,665

Reconciliation of the effect of the Asset Ceiling – paragraph 140(a)(iii) – no adjustment was required for the effect of asset ceiling based on the maximum economic benefit available to OEHL in the form of reductions in future employer contributions.

Notes to the financial statements for the year ended 30 June 2018

Fair value of fund assets – paragraph 142

All pooled fund assets are invested by SAS Trustee Corporation (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.**

Asset category	As at 30 June 2018				As at 30 June 2017			
	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)	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)
Cash	4,401,164	2,185,469	2,215,695	–	3,087,307	3,077,362	9,945	–
Australian fixed interest	2,234,921	41,854	2,193,068	–	2,500,725	997	2,499,728	–
International fixed interest	1,396,107	8,116	1,387,991	–	480,991	–	480,991	–
Australian equities	9,271,405	8,719,442	548,908	3,055	9,446,079	8,947,483	498,572	24
International equities	10,891,350	8,499,476	2,391,501	373	12,053,503	9,033,497	1,869,112	1,150,894
Property	3,711,287	788,018	608,934	2,314,335	3,453,107	926,105	533,191	1,993,812
Alternatives	9,894,828	420,898	5,332,818	4,141,113	9,066,055	390,899	5,068,137	3,607,020
Total	41,801,063	20,663,272	14,678,915	6,458,876	40,087,767	22,376,343	10,959,675	6,751,750

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

	As at 30 June 2018	As at 30 June 2017
Cash	10.5%	7.7%
Australian fixed interest	5.3%	6.2%
International fixed interest	3.3%	1.2%
Australian equities	22.2%	23.6%
International equities	26.1%	30.1%
Property	8.9%	8.6%
Alternatives	23.7%	22.6%
Total	100.0%	100.0%

Notes to the financial statements for the year ended 30 June 2018

Level 1 – quoted prices in active markets for identical assets or liabilities. The assets in this 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 cash flow 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 – paragraph 143**The disclosures below relate to total assets of the pooled fund.**

The fair value of the pooled fund assets as at 30 June 2018 includes \$97.7 million in NSW Government bonds.

Of the direct properties owned by the pooled fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the pooled fund with a fair value of \$280 million (30 June 2017: \$250 million).
- Health Administration Corporation occupies part of a property 50% owned by the pooled fund with a fair value (100% interest) of \$287 million (30 June 2017: \$261 million).

Significant actuarial assumptions at the reporting date – paragraph 144

	As at 30 June 2018	As at 30 June 2017
Discount rate	2.65%	2.62%
Salary increase rate (excluding promotional increases)	2.7% pa for 2018/19; 3.2% pa thereafter.	2.50% 2017/2018 and 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter
Rate of CPI increase	2.25% pa for 2018/19 and 2019/20; 2.5% pa thereafter.	2.00% 2017/2018; 2.25% 2018/2019; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are those to be used for the 2018 actuarial investigation of the pooled fund. These assumptions will be disclosed in the actuarial investigation report which will be available on the Trustee's website when the investigation is complete. The report will show the pension mortality rates for each age. Alternatively, the assumptions are available on request from the Trustee.	The pensioner mortality assumptions are as per the 2015 Actuarial Investigation of the pooled fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

Notes to the financial statements for the year ended 30 June 2018**Sensitivity analysis – paragraph 145**

OEH's total defined benefit obligation as at 30 June 2018 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 2018.

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.

	As at 30 June 2018			As at 30 June 2017		
	Base case	Scenario A –1.0% discount rate	Scenario B +1.0% discount rate	Base case	Scenario A –1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	as above	as above –1.0% pa	as above +1.0% pa	as above	as above –1.0% pa	as above +1.0% pa
Rate of CPI increase	as above	as above	as above	as above	as above	as above
Salary inflation rate	as above	as above	as above	as above	as above	as above
Defined benefit obligation (A\$)	3,323,518	3,773,633	2,948,274	3,399,665	3,874,515	3,005,565

	As at 30 June 2018			As at 30 June 2017		
	Base case	Scenario C +0.5% rate of CPI increase	Scenario D –0.5% rate of CPI increase	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	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5% pa	above rates less 0.5% pa	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Salary inflation rate	as above	as above	as above	as above	as above	as above
Defined benefit obligation (A\$)	3,323,518	3,540,458	3,123,460	3,399,665	3,627,850	3,189,676

Notes to the financial statements for the year ended 30 June 2018

	As at 30 June 2018			As at 30 June 2017		
	Base case	Scenario E +0.5% salary increase rate	Scenario F –0.5% salary increase rate	Base case	Scenario E +0.5% salary increase rate	Scenario F –0.5% salary increase rate
Discount rate	as above	as above	as above	as above	as above	as above
Rate of CPI increase	as above	as above	as above	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A\$)	3,323,518	3,323,518	3,323,518	3,399,665	3,399,665	3,399,665

	As at 30 June 2018			As at 30 June 2017		
	Base case	Scenario G Higher mortality*	Scenario H Lower mortality**	Base case	Scenario G Higher mortality*	Scenario H Lower mortality**
Defined benefit obligation (A\$)	3,323,518	3,358,958	3,280,397	3,399,665	3,451,001	3,349,771

* Assumes the short term pensioner mortality improvement factors for years 2018–2023 also apply for years after 2023.

** Assumes the long term pensioner mortality improvement factors for years post 2023 also apply for the years 2018 to 2023.

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

Asset–liability matching strategies – paragraph 146

The Trustee monitors its asset–liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements. No explicit asset–liability matching strategy is used by the Trustee.

Funding arrangements – paragraph 147(a)

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. 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.

Notes to the financial statements for the year ended 30 June 2018**Surplus/deficit**

The following is a summary of the 30 June 2018 financial position of the fund calculated in accordance with AASB 1056 Accounting Standard 'Superannuation Entities':

Financial year to 30 June	SASS		SANCS		SSS		Total	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Accrued benefits	–	–	–	–	2,007,139	2,035,098	2,007,139	2,035,098
Net market value of fund assets	(221,874)	(204,331)	(71,728)	(65,960)	(2,186,128)	(2,156,843)	(2,479,731)	(2,427,134)
Net (surplus)/deficit	(221,874)	(204,331)	(71,728)	(65,960)	(178,989)	(121,744)	(472,591)	(392,035)

*There is no allowance for a contribution tax provision within the accrued benefits figure for AASB 1056. Allowance for contributions tax is made when setting the contribution rates.

Contribution recommendations

Recommended contribution rates for OEH are:

	SASS		SANCS		SSS	
	2018	2017	2018	2017	2018	2017
Multiple of member contributions	N/A	N/A	N/A	N/A	N/A	N/A
% member salary	N/A	N/A	N/A	N/A	N/A	N/A

Economic assumptions

The economic assumptions adopted for 30 June 2018 AASB 1056 Accounting Standard 'Superannuation Entities' are (these assumptions are consistent with the assumptions to be used for the 2018 actuarial investigation of the pooled fund):

Weighted-average assumptions	2018 %	2017 %
Expected rate of return on fund assets backing current pension liabilities	7.4% pa	7.4% pa
Expected rate of return on fund assets backing other liabilities	6.4% pa	6.4% pa
Expected salary increase rate (excluding promotional salary increases)	2.7% for 2018/19; 3.2% pa thereafter	2.7% to 30 June 2019 then 3.2% pa thereafter
Expected rate of CPI increase	2.2% pa	2.2% pa

Notes to the financial statements for the year ended 30 June 2018

Expected contributions – paragraph 147(b)

	SASS		SANCS		SSS		Total	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Expected employer contributions	–	–	–	–	–	–	–	–

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

The weighted average duration of the defined benefit obligation is 11.2 years.

Additional information 30 June 2018**Profit or loss impact**

	SASS	SANCS	SSS	Total
	Financial year to 30 June 2018 A\$	Financial year to 30 June 2018 A\$	Financial year to 30 June 2018 A\$	Financial year to 30 June 2018 A\$
Current service cost	–	–	–	–
Net interest	(6,298)	(2,033)	33,812	25,480
Past service cost	–	–	–	–
(Gains)/ loss on settlement	–	–	–	–
Profit or loss component of the defined benefit cost	(6,298)	(2,033)	33,812	25,480

Other comprehensive income

	SASS	SANCS	SSS	Total
	Financial year to 30 June 2018 A\$	Financial year to 30 June 2018 A\$	Financial year to 30 June 2018 A\$	Financial year to 30 June 2018 A\$
Actuarial (gains) losses on liabilities	(2,317)	(863)	(10,351)	(13,531)
Actual return on fund assets less Interest income	(12,023)	(3,890)	(124,779)	(140,693)
Change in the effect of asset ceiling	–	–	–	–
Total remeasurement in other comprehensive income	(14,340)	(4,753)	(135,130)	(154,224)

Notes to the financial statements for the year ended 30 June 2018

18. Current liabilities – other

	2018 \$'000	2017 \$'000
Current		
Security deposits	110	107
Total other liabilities	110	107

19. Equity**Recognition and measurement – equity****i. Revaluation surplus**

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 11.

ii. Accumulated funds

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

Increase/decrease in net assets from equity transfers

Transfers of land and associated infrastructure to/from other agencies, which are treated as 'administrative restructures' are detailed below.

Department/Agency	2018 \$'000	2017 \$'000
From Department of Finance, Services and Innovation	–	3,518
From Roads and Maritime Services	306	1,148
From Crown Lands	–	111
From Forestry Corporation	86	–
From Waste Assets Management Corporation	103	76
To Government Property NSW	–	(1,366)
To Office of Strategic Lands	–	(100)
	495	3,387

Recognition and measurement – 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 Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'accumulated funds'. This treatment is consistent with AASB 1004 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.

Notes to the financial statements for the year ended 30 June 2018

20. Commitments**(a) Capital commitments***

Commitments	2018 \$'000	2017 \$'000
Aggregate capital expenditure for the acquisition of property, plant and equipment and intangibles contracted for at balance date and not provided for:		
Not later than one year	189	2,484
Total (including GST)	189	2,484

(b) Operating lease commitments* – OEH as lessee**

Commitments	2018 \$'000	2017 \$'000
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	24,146	24,639
Later than one year and not later than five years	22,729	36,316
Later than five years	–	14
Total (including GST)	46,875	60,969

* Commitments above includes input tax credits of \$4.3 million (2017: \$5.8 million) that are expected to be recoverable from the Australian Taxation Office.

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

(c) Operating lease receivables – OEH as lessor

Commitments	2018 \$'000	2017 \$'000
Future minimum rentals receivable under non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	9,880	24,298
Later than one year and not later than five years	36,279	52,942
Later than five years	128,077	156,179
Total (including GST)	174,236	233,419

21. Contingent liabilities and contingent assets

Contingent liability is a potential liability that may occur depending upon the outcome of uncertain future events.

Contingent asset is a possible asset that may arise because of a gain that is contingent on future events, not under OEH's control.

The following are known contingent liabilities and assets at 30 June 2018.

Notes to the financial statements for the year ended 30 June 2018

Contingent liabilities

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 2018 these included:

- Civil law suits claiming damages from OEH and another NSW government agency due to the non-approval of rezoning and development of land.
- 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. OEH's insurable risk should adequately cover all these claims.

Other than the above, OEH is not aware of any significant or material contingent liability, including any financial guarantees in existence at 30 June 2018 or which has emerged subsequent to this date, which may materially impact on the financial position as shown in the financial statements. OEH undertakes periodic review of its contractual obligations to determine whether any material liability exists.

Contingent assets

OEH has the following contingent assets as at 30 June 2018:

- Prosecutions under the National Parks and Wildlife Act, which may result in payment of penalties to OEH.
- Reimbursements from TMF that manages civil claims, which are disclosed as contingent liabilities above.

It is not practical to estimate the financial value of these contingent assets.

22. Budget review

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

Net result

Actual operating surplus was \$123.5 million compared to the budgeted operating loss of (\$47.8 million) – a variance of \$171.3 million.

The above variance was made up of lower than budgeted expenditure by \$237.8 million, partly offset by lower than budgeted revenue by \$63.1 million and higher than budgeted loss on disposal by \$3.5 million. Major variances are explained below:

Notes to the financial statements for the year ended 30 June 2018

	\$million
Expenses:	
• Lower grant payments, operating and employee related expenses under the Climate Change Fund (CCF), which have been reallocated to the following years as part of the 2018–19 State Budget process. This reallocation was due to the delay in the Government approval of the five-year strategic Climate Change Fund program.	135.3
• Reduced grants payments to Taronga Conservation Society Australia (TSCA) and Parramatta Park Trust (PPT). From 1 July 2017 transfer of government funding to all cluster agencies is made through the Department of Planning and Environment under the Cluster model (Government initiative). This compares to the original budget that was based on payments by OEH.	24.6
• Lower externally funded operating, grants and salary related expenses due to lower than budgeted external grants revenue and from restricted cash.	34.5
• Externally funded operating, employee related and grant expenses (other than CCF) reallocated to forward years as part of the 2018–19 State Budget process.	17.8
• Reduced expenses on corporate support services to other cluster entities, which are now incurred by the Department of Planning and Environment under the cluster corporate services delivery model. This reduction is offset by reduced revenue (refer below). Implementation of the cluster corporate services delivery model in the Planning and Environment cluster was finalised after the 2017–18 State Budget.	17.3
• Lower depreciation expense primarily due to increase in the estimate of useful life of utilities assets in June 2017, following comprehensive revaluation of this class of assets in 2016–17.	11.0
• Government funded operating, employee related and grant expenses reallocated to forward years as part of the 2018–19 State Budget process. All reallocations of expenses to forward years are due to a number of factors outside OEH's control. These include delays in obtaining heritage and development application approvals, market conditions, weather conditions and delay in the approval of legislative and regulatory framework.	7.4
• Under expenditure relating to waste and heritage programs, which are likely to be reallocated to forward years.	7.0
• Redundancy expenses in OEH and entities to whom personnel services are provided, which were not included in the original budget.	(17.0)
Loss on disposal:	
• Increase is due to higher than budgeted write down of fair value of infrastructure assets identified as surplus to business requirements.	(3.5)
Revenue:	
• Government funding reallocated from 2017–18 to future years under the State Budget process, consistent with the reallocation of government funded capital and recurrent expenses. There was also reallocation of funding to the Department of Planning and Environment for transfer payments to TSCA and PPT (refer above).	47.9
• Reduced revenue from corporate support services, which are now provided by the Department of Planning and Environment. This reduced revenue is offset by reduced expenses (refer above).	17.3
• Lower than budgeted employee liabilities accepted by the Crown primarily due to the transfer of corporate staff from OEH to the Department of Planning and Environment.	9.9
• Lower than budgeted external grants and other minor variances.	8.0
• Increase in fines and licence fees, rents, vehicle, camping and park entry fees due to increased visitation and a better than expected ski season.	(10.9)
• Increase in revenue relating to the fair value of land acquired free of cost from private land holders and for assets recognised first time. Major additions to the parks system in the 2017–18 financial year were to the Bongil Bongil National Park, Illawarra Escarpment State Conservation Area and Jervis Bay National Park.	(7.0)
• Higher than budgeted interest on CCF funds due to lower expenses in the year.	(2.1)
	171.3

Notes to the financial statements for the year ended 30 June 2018

Assets and liabilities

Actual net assets of \$4.314 billion against the budget of \$4.277 billion-variance of \$37 million

Higher than budgeted net assets is due to:

	\$million
• Higher than budgeted cash, mainly restricted (refer below).	187.8
• Fair value of assets recognised first time, including easements, land and infrastructure transferred for no consideration to OEH from private land holders and through equity transfer.	7.5
• Lower borrowings due to additional repayment in June 2017 relating to Perisher debt, subsequent to the finalisation of the 2017–18 State Budget.	1.0
• Lower than budgeted revaluation increments of infrastructure assets across national parks, net of impairment of intangibles.	(15.2)
• Lower than budgeted opening balances of property, plant and equipment.	(129.1)
• Lower than budgeted depreciation net of lower capital additions, due to reallocation of capital expenditure to future years and to the Department of Planning and Environment as part of the 2018–19 State Budget process.	(8.6)
• Higher provisions, payables, net of higher receivables.	(1.7)
• Higher than budgeted write down of the fair value of assets, primarily due to infrastructure assets identified as surplus to business requirements as OEH progresses implementation of the Asset Stewardship Strategy across national parks.	(3.9)
• Other minor variances	(0.8)
	37.0

Cash flows

Actual cash of \$298.2 million against the budget of \$110.3 million – a variance of \$187.9 million

This variance is due to higher than budgeted opening cash by \$41.9 million, primarily restricted cash and from reduced expenses from the climate change fund and from other external grants, majority of which have been reallocated to future years under the 2018–19 State Budget process.

23. Reconciliation of cash flows from operating activities to net result

	2018 \$'000	2017 \$'000
Net cash used on operating activities	204,796	91,680
Depreciation and amortisation	(96,870)	(113,916)
(Increase)/decrease in receivables	14,565	4,472
Decrease/(increase) in inventories	(3)	35
(Decrease)/increase in provisions	(3,906)	7,022
(Decrease)/increase in creditors	1,005	56,469
(Decrease)/increase in other liabilities	(3)	(32)
Net gain/(loss) on sale of plant and equipment	(3,556)	(8,386)
Other gain/(loss)	529	(4,029)
Finance cost	(67)	(5,840)
Assets recognised for the first time and transferred free of cost	6,976	10,878
Net result	123,466	38,353

Notes to the financial statements for the year ended 30 June 2018

24. Financial instruments

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

The 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 of OEH 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.

(a) Financial instrument categories

Financial assets	Note	Category	Carrying amount 2018 \$'000	Carrying amount 2017 \$'000
Class:				
Cash and cash equivalents	7	N/A	298,158	152,208
Receivables ¹	8	Loans and receivables (at amortised cost)	77,631	59,922
Other financial assets	10	Held-to-maturity investment (at amortised cost)	18	18
<hr/>				
Financial liabilities	Note	Category	Carrying amount 2018 \$'000	Carrying amount 2017 \$'000
Class:				
Payables ²	15	Financial liabilities measured at amortised cost	35,882	37,583
Borrowings*	16	Financial liabilities measured at amortised cost	40,691	40,691

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).

* Effective 1 July 2018 borrowings will be interest free.

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

Notes to the financial statements for the year ended 30 June 2018

(b) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset 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 continues to be recognised to the extent of OEH's continuing involvement in the asset. In that case, OEH also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that OEH has retained.

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

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

(c) Financial risks

i. Credit risk

Credit risk arises when there is the possibility of 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 OEH, including cash, receivables, loans and deposits. No collateral is held and OEH has not granted any financial guarantees.

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

Cash

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

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that OEH 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.

Notes to the financial statements for the year ended 30 June 2018

OEH is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Most debtors have a good credit rating.

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.

As at 30 June, the ageing analysis of trade debtors is as follows:

	Total ^{1,2} \$'000	Neither past due nor impaired \$'000	Past due but not impaired ^{1,2} \$'000	Considered impaired ^{1,2} \$'000
2018				
Neither past due nor impaired	5,598	5,598		
<3 months overdue	2,239		2,239	
3 months – 6 months overdue	600		552	48
>6 months overdue	555		212	343
Total	8,992	5,598	3,003	391
2017				
Neither past due nor impaired	7,793	7,793		
<3 months overdue	2,136		2,136	
3 months – 6 months overdue	140		133	7
>6 months overdue	892		307	585
Total	10,961	7,793	2,576	592

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. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position and note 8.

Other financial assets

As at 30 June 2018, OEH held one fixed term interest-bearing deposits to the value of \$18,158 (2017: \$18,158) with the Commonwealth Bank of Australia.

ii. 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. Exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Notes to the financial statements for the year ended 30 June 2018

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 applicable rate of interest for the period to 30 June 2018 was 9.8% (2017: 9.8%).

The table below summarises the maturity profile of 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
2018								
Payables		35,882	–	–	35,882	35,882	–	–
Borrowings:								
Advances repayable*	0.00	40,691	40,691	–	–	–	–	40,691
		76,573	40,691	–	35,882	35,882	–	40,691
2017								
Payables		37,583	–	–	37,583	37,583	–	–
Borrowings:								
Advances repayable	5.36	40,691	40,691	–	–	–	–	40,691
		78,274	40,691	–	37,583	37,583	–	40,691

Notes

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which OEH 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.

* Effective from 1 July 2018, borrowings will be interest free.

iii. 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. Exposures to market risk are primarily through interest rate risk on borrowings. 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 2017. The analysis assumes that all other variables remain constant.

Notes to the financial statements for the year ended 30 June 2018

Interest rate risk

Exposure to interest rate risk arises primarily through interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with the 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. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

	Carrying amount	\$'000			
		-1% Profit	Equity	1% Profit	Equity
2018					
Financial assets					
Cash and cash equivalents	298,158	(2,982)	–	2,982	–
Other financial assets	18	–	–	–	–
Financial liabilities					
Borrowings*	40,691	407	–	(407)	–
2017					
Financial assets					
Cash and cash equivalents	152,208	(1,522)	–	1,522	–
Other financial assets	18	–	–	–	–
Financial liabilities					
Borrowings	40,691	407	–	(407)	–

* Effective from 1 July 2018, borrowings will be interest free.

(d) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the interest free Treasury advance (repayable), which is 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.

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.

25. Related party disclosures

a) Key management personnel (KMP) are those persons who have authority and responsibility for planning, directing and controlling the activities of OEH, directly or indirectly.

OEH's KMP compensation is as follows:

	2018 \$'000	2017 \$'000
Short-term employee benefits:		
Salaries	2,154	2,074
Other monetary allowances	22	32
Termination benefits	–	156
Total remuneration	2,176	2,262

The key management personnel compensation excludes the Minister for the Environment and Minister for Heritage. Ministerial compensation is paid by the NSW Legislature, not

Notes to the financial statements for the year ended 30 June 2018

OEH. Based on advice provided by KMPs and NSW Treasury, and transactional reviews undertaken, OEH did not enter into any transactions with key management personnel, their close family members and any entities controlled or jointly controlled thereof during the year.

b) During the year, OEH entered into transactions with other agencies that are controlled/jointly controlled/significantly influenced by the NSW Government. These transactions support OEH in meeting its objectives as stated in its program groups (refer note 6) and in aggregate are a significant component of OEH's operations. These transactions are primarily in the form of fees for services, general operating expenses, grants paid and received, provision and receipt of personnel and corporate services, and are disclosed in notes 1(a), 2(a), 2(b), 2(d), 3(c), 3(d) and 3(f).

Effective from 1 July 2017, corporate services staff were transferred from OEH to the Department of Planning and Environment, who provide corporate services to OEH under a Service Partnership Agreement. In 2017–18 a total amount of \$63.2 million was paid to the Department for these services.

OEH provides specialist support to the Environment Protection Authority and the Environmental Trust. Revenue relating to these transactions is disclosed in note 3(c). OEH provides personnel services to a number of agencies and also receives corporate services from the Department of Planning and Environment. Details of agencies, personnel services expenses and provisions with offsetting revenue and receivables are disclosed in notes 1(a), 2(a), 2(b) and 3(f).

In 2017–18 OEH received grants of \$25.6 million from the Environmental Trust (included in note 3d). The Chief Executive of OEH is also the Secretary of the Environmental Trust. The Trust members approve the awarding of grants to recipients based on documented processes and procedures. These include evidence-based support such as grant guidelines, application forms, business cases, business plans and independent technical reviews. Where a grant application from OEH is identified, a conflict of interest is disclosed by the Secretary of the Trust at the meeting, which is minuted. The Secretary of the Trust refrains from voting in these instances.

In 2017–18, OEH also paid the Biodiversity Conservation Trust grant of \$43.5 million towards the Private Land Conservation Program.

Further, OEH receives land from NSW government agencies free of cost for additions to its national parks and reserves system. OEH also transfers land and other infrastructure assets surplus to its business and operational requirements. These transactions are reflected as equity adjustments. Refer note 19.

26. Events after the reporting period

Effective from 1 July 2018, the consolidated interest free debt will be recognised at fair value, which will be the present value of future repayments, discounted by using a 10-year government bond rate. The difference between the outstanding principal at 30 June 2018 and the present value on 1 July 2018 will be recognised as grant revenue in the 2018–19 year. Unwinding of discount will be recognised as finance cost annually. Based on the 10-year bond rate of 2.96 percent on 2 July 2018 and the agreed repayment schedule of the debt, the present value of the loan on 2 July 2018 is \$31.5 million.

The ownership and management of a property currently held by Property NSW was transferred to OEH on 29 August 2018. OEH will recognise the transfer as an equity adjustment in the 2018–19 year with a fair value of \$16 million.

There are no other known events that would impact on the state of OEH or have a material impact on the financial statements.

End of Audited Financial Statements

Notes to the financial statements for the year ended 30 June 2018

Appendices

1. Governance
2. Legislation and legal changes
3. Human resources
4. Funding and expenditure

1. Governance

The Chief Executive 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's governance arrangements are overseen by the Executive, who 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 also provides support 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; Parramatta Park Trust; Royal Botanic Gardens and Domain Trust; Taronga Conservation Society Australia; Western Sydney Parklands Trust and the Jenolan Caves Reserve Trust.

The Biodiversity Conservation Trust commenced operations on 25 August 2017, under the terms of the *Biodiversity Conservation Act 2016*, and is included within the Environment and Heritage Portfolio Agencies. For more information please refer to these organisations individual annual reports.

Information on OEH's key services and governance functions also covers the Environmental Trust as the Trust's support staff are employed by OEH.

Policies and procedures

OEH is committed to complying 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 to OEH staff through its intranet.

Boards and committees

OEH is proud to work with many boards and committees. A sample of these is provided below.

National Parks and Wildlife Advisory Council

The National Parks and Wildlife Advisory Council advises the Minister for the Environment on a range of topics, particularly those relating to the operation and management of parks and reserves. It has a role in considering representations received on draft plans of management.

National Parks and Wildlife Regional Advisory Committees

These committees play an important role in the relationship between NPWS and the community. There are eight regional advisory committees across New South Wales. Their roles include:

- providing strategic advice to NPWS Directors, OEH Chief Executive and the NPW Advisory Council on the plans, policies and activities affecting parks in the administrative region for which it is constituted
- recommending improvements to the management of parks
- providing expert advice on relevant technical and specialist matters
- liaising with community and interest groups to seek their views on NPWS issues and giving feedback to the community about NPWS initiatives
- providing input into the development, consultation and implementation of plans of management for parks within their administrative region.

NSW Coastal Council

The NSW Coastal Council was established under the *Coastal Management Act 2016*. The Council commenced on 3 April 2018. The Council advises the Minister on a range of matters including the Minister's functions under the Act, as well as compliance by local councils with management objectives and the coastal management manual in preparing and reviewing coastal management programs. The Council can conduct performance audits of councils' implementation of coastal management programs and can also provide advice to a public authority on coastal management issues.

Aboriginal Cultural Heritage Advisory Committee

The Aboriginal Cultural Heritage Advisory Committee (ACHAC) was established under the NSW *National Parks and Wildlife Act 1974* to advise the Minister for the Environment and the Chief Executive of OEH on any matter relating to the identification, assessment and management of Aboriginal cultural heritage in New South Wales. This includes strategic advice on plans of management and heritage impact permit processes, whether the matter has been referred to the ACHAC by the Minister or the Chief Executive. The committee was established in 2006.

The Act allows for the committee to be comprised of 13 people all of whom must be Aboriginal. Three nominees are to be appointed from the Heritage Council of NSW, the Native Title Services Corporation Limited and the NSW Aboriginal Land Council, with the remaining 10 members to hold skills and experience in a range of cultural areas. To provide diversity and representation of New South Wales, the members are to have as far as practicable a gender balance and represent the different regions of New South Wales. There are currently 10 members on the committee.

NSW Threatened Species Scientific Committee

The NSW Scientific Committee was established under the *Threatened Species Conservation Act 1995* (TSC Act). In August 2017 the TSC Act was repealed and replaced by the *Biodiversity Conservation Act 2016*.

The NSW Threatened Species Scientific Committee continues as the Threatened Species Scientific Committee (TSSC) under the Act with similar functions to the predecessor Committee. The TSSC is an independent committee of scientists appointed by the Minister for the Environment. The principal functions of the Committee include:

- determining which species and ecological communities are to be listed as critically endangered, endangered or vulnerable species and ecological communities
- determining which species are to be listed as extinct species or species extinct in the wild
- determining which ecological communities are to be listed as collapsed ecological communities
- determining which processes are to be listed as key threatening processes
- periodically undertake a review of the lists of threatened species, ecological communities and key threatening processes.

The TSSC does not make decisions about threatened fish and marine plants. This is the responsibility of the Fisheries Scientific Committee.

NPWS Aboriginal Joint Management boards and committees

OEH and NPWS work with Aboriginal peoples from across the state on a range of Aboriginal joint management and partnership agreements. These partnerships promote and support the continuation of the Aboriginal peoples' connections and access to their traditional lands and engage in the management of cultural landscapes known as Country.

The Chairpersons and members of the NPWS Aboriginal Joint Management boards and committees are known as the Aboriginal Joint Management Custodians of New South Wales. The custodians meet regularly to exchange information, counsel and make recommendations to the OEH Chief Executive and the Minister for the Environment and Minister for Heritage on matters relating to the Aboriginal joint management of NSW national parks and reserves. The Aboriginal Joint Management Custodians of New South Wales are informed by and provide information to the broader network of Aboriginal communities involved in Aboriginal Joint Management of parks in New South Wales. NPWS Aboriginal Joint Management boards and committees are established under various formal and informal Aboriginal Joint Management agreements and their processes are outlined below.

Part 4A Aboriginal ownership and lease-back boards of management

The *National Parks and Wildlife Act 1974* (NPW Act) and the *Aboriginal Land Rights Act 1983* set up a process by which some parks can be listed on Schedule 14 of the NPW Act for return to a local Aboriginal land council to hold on behalf of the Aboriginal owners. The park can then be leased back to the NSW Government under mutually agreed conditions, with the lease payments to be spent on the care, control and management of the park. A board of management cares for the park. The Aboriginal owners have a majority representation on the board, but there are also representatives from NPWS, the Local Aboriginal Land Council/s, local government, a conservation group and adjoining landholders. The Part 4A Aboriginal ownership and lease-back boards of management are:

- Biamanga National Park Board of Management
- Gaagal Wanggaan (South Beach) National Park Board of Management
- Gulaga National Park Board of Management
- Mt Grenfell Historic Site Board of Management
- Mutawintji National Park Board of Management
- Worimi Conservation Lands Board of Management.

Indigenous Land Use Agreement Advisory Committees

NSW native title claimants and native title holders can negotiate an Aboriginal joint management partnership in the management of the national parks and reserves covered by a native title claim with the NSW Government through an Indigenous Land Use Agreement

(ILUA). An ILUA is a voluntary agreement between a native title claim group and other key stakeholders on the use and management of land, waters and its resources. NSW native title claimants and holders can use an ILUA to negotiate and establish a joint management arrangement for a park with the NSW Government. ILUAs can establish an advisory committee to oversee Aboriginal joint management.

The Indigenous Land Use Agreement Advisory Committees are:

- Arakwal National Park Joint Management Committee (Arakwal ILUA 1)
- Byron Coast Area Management Committee (Arakwal ILUA 2)
- Bundjalung Women's Committee – Ti Tree Lake (not currently appointed)
- Gundungurra Consultative Committee (Gundungurra ILUA)
- Tubba-gah ILUA
- Githabul Management Committee (not currently appointed)

Memoranda of Understanding (MoU) for Aboriginal Joint Management Committees

These are formal agreements between the NPWS and an Aboriginal community, setting out each group's shared involvement in park planning and management, overseen through Aboriginal Joint Management Advisory Committees.

The Memoranda of Understanding Advisory Committees are:

- Boonalla Aboriginal Area Co Management Committee
- Culgoa National Park and Ledknapper Nature Reserve Joint Management Committee
- Deriah Aboriginal Area Co Management Committee
- Gawambaraay Pilliga Co Management Committee
- Goobang National Park and Snake Rock Aboriginal Area Aboriginal Advisory
- Gundabooka Joint Management Advisory Committee
- Mawambul Co Management Group – Hay Area
- Mt Yarrowyck Nature Reserve (interim MoU)
- Kinchega National Park – Menindee Aboriginal Elders Council
- Narran Lakes Nature Reserve Co Management Committee
- Paroo-Darling National Park Joint Management Advisory Committee
- Saltwater Management Advisory Committee
- Southern Snowy Mountains Aboriginal Community Committee
- Terry Hie Hie Aboriginal Area Co Management Committee
- Toorale Joint Management Advisory Committee
- Tumut Brungle Gundagai Area Aboriginal Committee
- Yarriabini National Park Aboriginal Consultative Group.

2. Legislation and legal changes

Acts administered by OEH

(As at 30 June 2018)

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

- *Biodiversity Conservation Act 2016* No 63
- *Brigalow and Nandewar Community Conservation Area Act 2005* No 56
- *Callan Park (Special Provisions) Act 2002* No 139
- *Coastal Management Act 2016* No 20
- *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) (remainder, the Minister for Energy and Utilities)
- *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 Park 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
- *Local Government Act 1993* No 30, Part 2A of Chapter 6 (remainder, the Minister for Local Government)
- *Lord Howe Island Act 1953* No 39
- *Marine Estate Management Act 2014* No 72, jointly with the Minister for Primary Industries
- *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 Trust of Australia (New South Wales) Act 1990* No 92
- *Parramatta Park (Old Government House) Act 1967* No 33
- *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 and 4, jointly with the Minister for Primary Industries (remainder, the Minister for Primary Industries)
- *Wilderness Act 1987* No 196

Acts administered by other Environment and Heritage Portfolio Agencies

The following acts are administered by other agencies within the Environment and Heritage portfolio:

- *Centennial Park and Moore Park Trust Act 1983* No 145
- *Royal Botanic Gardens and Domain Trust Act 1980* No 19
- *Western Sydney Parklands Act 2006* No 92, jointly with the Minister for Planning
- *Zoological Parks Board Act 1973* No 34
- *Parramatta Park Trust Act 2001* No 17

Repealed Acts*

The following Acts were repealed in 2017–18:

- *Coastal Protection Act 1979* No 13
- *Native Vegetation Act 2003*
- *Nature Conservation Trust Act 2001*
- *Threatened Species Conservation Act 1995*

* Excludes any amendment Acts repealed under section 30C of the *Interpretation Act 1987*.

New and amending Acts

The following Acts were assented to in 2017–18:

- *Kosciuszko Wild Horse Heritage Act 2018*
- *Parramatta Park Trust Amendment (Western Sydney Stadium) Act 2017*

New and amending Regulations

The following regulations were made or re-made in 2017–18:

- *Biodiversity Conservation Regulation 2017*
- *Biodiversity Conservation (Savings and Transitional) Amendment (Previous Biodiversity Offsets) Regulation 2017*
- *Biodiversity Conservation (Savings and Transitional) Amendment Regulation 2017*
- *Biodiversity Conservation (Savings and Transitional) Amendment Regulation 2018*
- *Biodiversity Conservation (Savings and Transitional) Regulation 2017*

Reports required under legislation

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 New South Wales, representing about 2.6% of the state and 30% of all OEH reserves.

Wilderness protection is in a phase of consolidation. An area of 127 hectares was added to Kanagra-Boyd Wilderness in 2017–18.

OEH seeks to expand opportunities for public enjoyment and appreciation of wilderness areas without compromising wilderness values. A two-year trial of horse riding in Deua and Mummel Gulf national parks ended in April 2016.

The monitoring report for the trial found that few horse riders used the trails during the trial, including none in Mummel Gulf National Park. The report also found that the impacts on wilderness values were manageable, and that those values were not irreversibly compromised during the horse riding trial. The trial was not able to predict the potential impact prolonged use of tracks and trails by horse riders or an increase in horse rider numbers might have on wilderness values.

The report and monitoring data from the horse riding in wilderness trial was published on the OEH website in July 2017.

After considering those outcomes and continuing stakeholder interest stemming from the horse riding in wilderness trials, it is now proposed to amend the three plans of management to enable horse riding to continue in the locations that were part of the trial.

On 22 June 2018, NPWS placed proposed amendments to the plans of management on public exhibition for the Kosciuszko, Mummel Gulf, Monga and Deua national parks. Public comments on the proposed amendments were invited until 7 August 2018.

Prosecutions

OEH prosecutes offences under parks, wildlife, threatened species, native vegetation, and Aboriginal and State heritage provisions.

OEH completed nineteen prosecutions in 2017 – resulting in fourteen convictions; five findings of guilt but no conviction recorded; and in three matters the entry into good behaviour bonds of various lengths.

Details of prosecutions completed during 2017–18 are recorded below.

OEH prosecutions completed under parks, wildlife, threatened species, Aboriginal and State heritage and related legislation

Defendant	Charge	Result/penalty	Court
Turnbull, Grant	Clear native vegetation	\$315,000 Plus costs	LEC
Turnbull, Cory	Clear native vegetation	\$393,750 Plus costs	LEC
Merriman, Terrence	Clear native vegetation	Section 10 2-year bond Plus costs	LEC
Clarence Colliery Pty Ltd	Damage reserved land	\$330,000 to the Environmental Trust to restore & enhance the environment Plus costs	LEC
Morrison, Stuart	Drive off trails	Section 10	Gunnedah Local Court
Venier, Marc	Drive off trails	\$850	Ballina Local Court
Armstrong, Jordyn	Harm protected fauna Discharge prohibited weapon in park	\$1000 9-month bond	Maclean Local Court

Defendant	Charge	Result/penalty	Court
Jenkins, Stewart	Drive off trails	\$500 Plus costs	Toronto Local Court
Edwards, Douglas	Failure to comply with Food Standards Code	Section 10	Cooma Local Court
Gallacher, Kim	Set trap in park	Section 10 Plus costs	Cooma Local Court
Woodfireovens Qld Pty Ltd	Failure to comply with Food Standards Code	\$5500 Plus costs	Cooma Local Court
Hayes, Ned	Drive off trails Dog in park with radio tracking equipment Possess knife in park	\$500 \$800 \$250	Ballina Local Court
Targett, Ronald	Failure to pay entry fee	\$300	Hornsby Local Court
McDonald, Guy	Harm protected fauna	Section 10	Bourke Local Court
Willis, Russell	Pick Threatened Species Damage vegetation on reserved land	\$2000 3-year bond Section 10 2-year bond	Moss Vale Local Court
Brien, Tyron	Possessing a dog in park Contravene notice Hunt animal Drive off trails	\$250 \$250 \$250 \$250 Plus costs	Dubbo Local Court
Hall, Jack	Drive off trails Remove vegetation in park Cut vegetation in park	\$500 \$1500 \$1500 Plus costs	Forbes Local Court
Hodge, Michael	Drive off trails Remove vegetation in park Cut vegetation in park	\$500 \$1500 \$1500 Plus costs	Forbes Local Court
Stephenson, Lionel	Drive off trails Remove vegetation in park Cut vegetation in park	\$500 \$1500 \$1500 Plus costs	Forbes Local Court

Notes:

LEC = Land and Environment Court

Section 10 = Under section 10 of the *Crimes (Sentencing Procedure) Act 1999*, the Court, although finding the defendant guilty of the offence charged, did not record a conviction or impose a penalty.

Bond = a good behaviour bond for the period specified in the bond. Bond can be called upon if further offences occur within the period of the bond.

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

Summary of significant cases

A summary of three significant prosecutions are outlined below.

Clarence Colliery Pty Ltd

In July 2017, in the Land and Environment Court, Clarence Colliery Pty Ltd, a subsidiary of Centennial Coal, was convicted of damaging vegetation, rock, sand, soil, stone and similar substances located within the Blue Mountains National Park, in violation of s 156A(1)(b) of the *National Parks and Wildlife Act 1974*. The incident occurred in July 2015, at a mine that Clarence Colliery operated near Newnes Junction in the Blue Mountains, when a contractor pumped coal fines slurry into a storage location. The material overtopped the storage location and many tonnes of coal slurry and coarse coal reject escaped the mine. The escaped material covered a watercourse leading to Blue Mountains National Park and then entered the Park and the Wollangambe River.

Clarence Colliery pleaded guilty to the offence. It was ordered to place notices describing the offence and its environmental consequences in the Australian Financial Review, Sydney Morning Herald and the Lithgow Mercury, as well as to pay \$330,000 for projects for the restoration or enhancement of the environment. Clarence Colliery was also ordered to pay the Office of Environment and Heritage's investigation costs of \$3,010 as well as its legal costs as agreed or assessed.

The NSW Environment Protection Authority (EPA) brought a simultaneous prosecution for violations of the *Protection of the Environment Operations Act 1997* in connection with the same incident. Clarence Colliery also pleaded guilty to and was convicted of that offence. The EPA prosecution resulted in orders requiring Clarence Colliery to pay an additional \$720,000 for projects for the restoration or enhancement of the environment, EPA's investigation costs of \$103,000 and EPA's legal costs as agreed or assessed.

Cory Turnbull

In October 2017, Cory Turnbull was convicted in the Land and Environment Court of illegally clearing native vegetation on a farming property near Moree. Between January and September 2012, Mr Turnbull personally carried out or authorised others to assist him in carrying out unlawful clearing of 316.1 hectares to allow cropping or prepare the areas for broadscale cultivation.

Mr Turnbull pleaded guilty to the offence. He was fined the sum of \$393,750 and was ordered to pay OEH's costs as agreed or assessed.

Terrence Merriman

In June 2018, in the Land and Environment Court, Mr Terrence Merriman was found guilty of illegally clearing 12.6 hectares of native vegetation in 2015 on his property at Goolgowi in south western New South Wales.

The clearing occurred on the property for which an application for clearing had been refused by Local Land Services. The application was refused because of the environmental impacts of the proposed clearing.

Mr Merriman pleaded guilty to the offence and took exemplary steps to mitigate the environment impact of his actions such as agreeing to a remediation order covering 84 hectares of land and registration of the order in a positive covenant on the land.

Upon considering factors such as the steps to mitigate the impact of clearing on the land the Court determined not to record a conviction and released Mr Merriman on a two-year good behaviour bond. Mr Merriman was ordered to pay OEH's legal costs in the agreed sum of \$60,000.

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 about OEH public interest disclosures for the period 1 July 2017 to 30 June 2018 is provided in accordance with Clause 4 of the *Public Interest Disclosures Regulation 2011*.

Public interest disclosures 1 July 2017 to 30 June 2018

Type of public interest disclosure	Number
1. Public interest disclosures made by public officials in performing their day-to-day functions	0
2. Public interest disclosures not covered by (1) that are made under a statutory or other legal obligation	0
3. All other public interest disclosures	7
Number of public interest disclosures relating to possible or alleged:	
corrupt conduct	6
maladministration	1
serious and substantial waste of public money	0
government information contraventions	0
Total number of public interest disclosures received	7
Total number of public interest disclosures finalised	12

OEH has established an internal reporting policy which is consistent with the NSW Ombudsman's model policy. OEH acts to ensure that staff are aware of responsibilities under section 6E(1)(b) of the *Public Interest Disclosures Act 1994*. Actions taken included an OEH Awareness Campaign to increase knowledge and discussion about key governance and ethical issues, NSW Ombudsman Public Interest Disclosure training for new Senior Executives, encouragement of staff to undertake Independent Commission Against Corruption (ICAC) workshops and apply for ICAC scholarship opportunities.

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 reviews conducted by or on behalf of OEH under Part 5 of the PPIP Act.

OEH's Privacy Management Plan 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 the OEH website at:

<http://www.environment.nsw.gov.au/resources/about/oeh-privacy-management-plan-170267.pdf>

In the past 12 months OEH received no requests under section 15 of the PPIP Act to amend personal information, two requests for internal review, no other privacy complaints and no misdirected complaints.

The two internal reviews found one breach of section 10 of the PPIP Act (requirements when collecting personal information) and one breach of section 18 of the PPIP Act (disclosure of

personal information). The Privacy Commissioner was provided with the results of the internal reviews under section 54 of the PPIP Act and made no submissions. No further action was taken by the complainants after the findings were made.

Government Information (Public Access) Act 2009 obligations

Under the *Government Information (Public Access) Act 2009* (GIPA Act) there are annual reporting obligations (section 7(3), 21 and 125). There are further requirements under the Government Information (Public Access) Regulation 2009 (GIPA Regulation) in respect of some of the content for inclusion in the annual report.

Review of proactive release program

Under section 7(3) of the GIPA Act and Clause 7(a) of the GIPA Regulation, agencies must review their program 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.

The OEH program for the proactive release of information requires each division to look at information that has been informally released, requested formally under the GIPA Act, as well as information that may be of interest to members of the public that can be proactively released and made available for public use.

During the reporting period, each OEH Division reviewed its information as outlined above and provided details of what information has been proactively released and what has been considered suitable for future publications.

Examples of information proactively released include:

Saving Our Species Program

- Information about endangered frogs in New South Wales: <https://www.environment.nsw.gov.au/threatenedspeciesapp/profile.aspx?id=10483>
- A collaborative research paper on endangered reptiles: <http://www.publish.csiro.au/PC/pdf/PC17027>

Biodiversity

- Assessment methods for biodiversity and ecological integrity: <https://www.environment.nsw.gov.au/resources/bcact/measuring-our-amazing-biodiversity-170570.pdf>
- River Red Gum Ecological thinning trial: <https://www.environment.nsw.gov.au/research-and-publications/publications-search/river-red-gum-ecological-thinning-trial-monitoring-report-2018>

Threatened species

- Strategic fire management and reducing extinctions: <http://www.nespthreatenedspecies.edu.au/news/strategic-fire-management-can-reduce-extinctions>
- Wollemi Pine conservation and growth in the wild: <https://www.rbgsyd.nsw.gov.au/science/our-work-discoveries/germplasm-conservation-horticulture/wollemi-pine-conservation-program/wollemi-pine-research-projects/protecting-the-critically-endangered-wollemi-pine> and <https://www.rbgsyd.nsw.gov.au/science/our-work-discoveries/germplasm-conservation-horticulture/wollemi-pine-conservation-program/wollemi-pine-research-projects/growth-of-wollemi-pine-in-the-wild>

Peer reviewed publications

- Travers S.K., Eldridge D.J., Dorrough J., Val J. & Oliver I. (2017). Introduced and native herbivores have different effects on plant composition in low productivity ecosystems. *Applied Vegetation Science*. <https://doi.org/10.1111/avsc.12334>
- Eldridge, D.J., & Delgado-Baquerizo, M. (2018). Functional groups of soil fungi decline under grazing. *Plant and Soil*, 426(1-2), 51-60. doi:10.1007/s11104-018-3617-6
- Firn J., Ladouceur E., & Dorrough J. (2018). Integrating local knowledge and research to refine the management of an invasive non-native grass in critically endangered grassy woodlands. *Journal of Applied Ecology*, 55, 321–330. <https://doi.org/10.1111/1365-2664.12928>

Statistical information on access applications

Under clause 7 of the GIPA Regulation, statistical information must be provided about the formal access applications received by OEH under section 9 of the GIPA Act, during the last financial year.

Number of access applications received – Clause 7(b)

During the reporting period, OEH received a total of 106 applications (including withdrawn applications, but not invalid applications). Six applications were initially assessed as being invalid. Of those, one application subsequently became valid and is included in the total number of applications received.

Number of refused applications under Schedule 1 – Clause 7(c)

During the reporting period, OEH refused a total of eight applications either wholly or in part, because the information requested was information referred to in Schedule 1 of the GIPA Act. Of those applications, no applications were refused in full and 8 were refused in part.

Number of applications received/refused

Number of access applications received – clause 7(b)	106
Number of refused applications for Schedule 1 information – clause 7(c)	8

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

Table A Number of applications by type of applicant and outcome

Applicant	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	3	1	0	0	1	0	0	1
Members of Parliament	8	5	0	0	1	0	0	1
Private sector business	2	0	0	0	0	0	0	0

Applicant	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
Not for profit organisations or community groups	5	9	0	1	0	0	0	0
Members of the public (application by legal representative)	5	2	0	2	2	1	0	0
Members of the public (other)	12	6	2	5	0	3	0	2

Table B Number of applications by type of application and outcome

Applicant	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	1	2	0	0	0	0	0	0
Access applications (other than personal information applications)	32	20	2	8	4	4	0	5
Access applications that are partly personal information applications and partly other	2	1	0	0	0	0	0	0

Table C Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	6
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	6
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	1
Cabinet information	6
Executive Council information	1
Contempt	1
Legal professional privilege	5
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
Information about complaints to Judicial Commission	0

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	7
Law enforcement and security	0
Individual rights, judicial processes and natural justice	12
Business interests of agencies and other persons	3
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)	63
Decided after 35 days (by agreement with applicant)	11
Not decided within time (deemed refusal)	2
Total	76

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	2	3
Review by Information Commissioner	2	0	2
Internal review following recommendation under section 93 of the Act	1	0	1
Review by NCAT	0	0	0
Total	4	2	6

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

	Number of applications for review
Applications by access applicants	6
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Table I Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

	Number of applications transferred
Agency-initiated transfers	9
Applicant-initiated transfers	2

Consumer response information

OEH continued its commitment to handling public feedback and complaints courteously, efficiently and equitably. OEH released two new policies in April 2018; the Complaint Management Policy and the Unreasonable Complainant Conduct Policy. These policies provide guidance to staff who are required to manage complaints and were modelled on best practice guidance from the NSW Ombudsman.

OEH welcomes its stakeholders to raise concerns with the service or practices of the agency as it provides an opportunity to reflect and improve, where required. This year OEH received 22 complaints in 2017–18. In assessing and resolving complaints the agency looks to identify control weaknesses; address staff conduct issues and provide complainants with information regarding outcomes. More information is available at www.environment.nsw.gov.au.

Overseas travel by employees

Business-related overseas visits between 1 July 2017 and 30 June 2018

Name of staff member	Purpose of visit (summary)	Destination(s) City/country	Dates of travel
Rob Gibbs	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	05/08/2017–09/09/2017
Andrew Pitzen	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	8/08/2017–09/09/2017
Jason Lane	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	8/08/2017–09/09/2017
Mark Crisp	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	08/08/2017–09/09/2017

Name of staff member	Purpose of visit (summary)	Destination(s) City/country	Dates of travel
Callum Woulfe	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	8/08/2017–12/09/2017
Mark Shields	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	8/08/2017–12/09/2017
Ian Gill	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	8/08/2017–12/09/2017
Tim Blackmore	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	8/08/2017–12/09/2017
Tobias Settree	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	8/08/2017–12/09/2017
David Menzies-Jackson	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	8/08/2017–12/09/2017
Mathew Sharwood	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	8/08/2017–12/09/2017
Alex Deura	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	8/08/2017–12/09/2017
Paul Madsen	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	8/08/2017–12/09/2017
Simon Conaty	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	08/08/2017–12/09/2017
Joshua Bennett	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Tom Denman	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Ben Dickson	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Nathan Clarke	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Mark Weber	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Warren Banks	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Elouise Peach	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Tony Stubbs	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Brendon Howard	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Peter Le Breton	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017

Name of staff member	Purpose of visit (summary)	Destination(s) City/country	Dates of travel
Andy McAuliffe	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
David Dykes	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Clayton Anderson	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Stephen Moore	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Joel Hatch	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Skye Ferguson	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Peter Ellem	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Emily Smith	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Adam Burge	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Neil Reckord	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	09/08/2017–13/09/2017
Ian Smith	To provide firefighter services to the wildfires in Canada	British Columbia, Canada	19/08/2017–23/09/2017
Carlos Flores	To attend and speak at GreenBuild Conference	Boston, USA	07/11/2017–10/11/2017
Stuart Schramm	Executive Masters in Public Administration 3 day residential course for their final Work Based Project.	New Zealand	26/11/2017–29/11/2017
Angie Stringer	To present to World Heritage and Sustainable Development Goals Roundtable.	Japan	18/03/2018–24/03/2018
Darryl Pappin	To present the results of project on the Willandra Fossil Trackway at the third International Conference on Best Practices in World Heritage.	Spain	30/04/2018–07/05/2018
Dan Rosendahl	To present the results of their project on the Willandra Fossil Trackway at the third International Conference on Best Practices in World Heritage.	Spain	01/05/2018–08/05/2018
Leanne Mitchell	To present the results of their project on the Willandra Fossil Trackway at the third International Conference on Best Practices in World Heritage.	Spain	02/05/2018–09/05/2018

3. Human resources

OEH Senior Executives

Band	2016–17			2017–18		
	Female	Male	Total	Female	Male	Total
Band 4 Secretary	0	0	0	0	0	0
Band 3 (Deputy Secretary)	0	1	1	0	1	1
Band 2 (Executive Director)	2	4	6	3	2	5
Band 1 Director	19	23	42	17	25	42
Totals	21	28	49	20	28	48

Note: Based on employees who are ongoing or temporary in a role at their substantive level as at 30 June 2018.

Average remuneration of Senior Executives

Band	Range 2016–17 (\$)	Average remuneration 2016–17 (\$)	Range 2017–18 (\$)	Average remuneration 2017–18 (\$)
Band 4 Secretary	441,201–509,750	0	463,551–535,550	0
Band 3 (Deputy Secretary)	320,901–452,250	425,000	328,901–463,550	435,625
Band 2 (Executive Director)	255,051–320,900	302,790	261,451–328,900	301,812
Band 1 Director	178,850–255,050	206,251	183,300–261,450	211,581

5.4% of OEH's employee-related expenditure in 2018 was related to Senior Executives as reported in OEH Annual Workforce Profile.

Executive Officers as at 30 June 2018

Anthony Lean

Chief Executive, BA/LLB

Kate Wilson

Executive Director – Regional Operations, BA(Hons) PhD

Jeremy Black

Acting Executive Director – Science, BNatRes

Mark Peacock

Acting Executive Director – Park Operations, BSc(For) MBA

Robert Quirk

Executive Director – Park Programs, BNatRes

Pauline McKenzie

Executive Director – Heritage Division, BA LLB

Michelle Dumazel

Executive Director – Policy Division, BA MA

Andrew Nicholls

Executive Director – Strategy and Performance, PSM JP BA(Hons) MMgt EMPA

Sandra Harris

Director Executive Services, BCom

Staff profile by employment basis

Level	2017-18		2016-17		2015-16		2014-15	
	Men	Women	Men	Women	Men	Women	Men	Women
Permanent full time	1163	570	1356	744	1312	757	1382	769
Permanent part time	38	225	32	198	34	193	40	204
Temporary full time	262	226	282	282	329	241	270	160
Temporary part time	23	73	27	81	25	73	18	65
Contract – SES	0	0	0	0	23	11	17	9
Contract – non SES	0	0	0	0	0	0	0	0
Training positions	0	0	0	0	33	10	35	11
Retained staff	0	0	0	0	0	0	0	0
Casual	166	275	164	277	165	292	182	302
Total	1652	1369	1861	1582	1921	1577	1944	1520

Note: Does not include EPA, Biodiversity Conservation Trust (BCT), Zoological Parks Board of NSW (Taronga Conservation Society Australia), Jenolan Caves Reserve Trust, Botanic Gardens and Centennial Parklands (BGCP) or Western Sydney Parklands (WSP).

The decrease in total staff between 2016-17 and 2017-18 predominantly related to the transfer of corporate support staff to Cluster Corporate Services in the Department of Planning and Environment.

Personnel Services to statutory bodies

Statutory Body	Head count as at 30 June 2016	Head count as at 30 June 2017	Head count as at 30 June 2018
Botanic Gardens and Centennial Parklands (combined)	328	360	341
Centennial Park and Moore Park Trust	N/A	N/A	N/A
Royal Botanic Gardens and Domain Trust*	N/A	N/A	N/A
Sydney Living Museums (previously known as Historic Houses Trust)	261	251	339
Parramatta Park Trust /Western Sydney Parklands	24	24	22
Zoological Parks Board of NSW (Taronga Conservation Society Australia)	766	478	509
Jenolan Caves Reserve Trust	94	90	103

Exceptional movements in remuneration

A salary increase of 2.5% effective in the first full pay period of July 2017 was paid to clerical officers in accordance with the *Crown Employees (Public Sector - Salaries 2017) Award*. Salaries contained within numerous cluster-specific awards and the OEH Flight Officers Agreement were also increased by 2.5%, consistent with government wages policy. The Statutory and Other Offices Remuneration Tribunal determined an increase of 2.5% for Senior Executives, effective 1 July 2017. No other adjustments to recruitment or retention allowances were made.

Workforce diversity and community engagement

Overall diversity

OEH is committed to creating and supporting a diverse workforce and delivering programs identified in the Aboriginal Employment Plan, Multicultural Plan and Disability Inclusion Action Plan. OEH supports numerous staff networks including the OEH Aboriginal Network, Spokeswomen's Program, Rainbow Connection and the Cluster Disability Employee Network.

OEH representatives attend quarterly Planning and Environment Cluster Steering Committees to discuss progress against each of the plans and share current and planned initiatives. OEH and the Cluster Corporate Services Diversity Team work together to develop and deliver diversity programs, share educational opportunities and resources across the Cluster.

Trends in the representation of workforce diversity groups

Workforce Diversity Group	Benchmark	2016	2017	2018
Women	50.0%	42.3%	43.8%	42.8%
Aboriginal and/or Torres Strait Islander People	3.3%	9.7%	9.6%	9.7%
People whose First Language Spoken as a Child was not English	23.2%	7.7%	9.6%	6.7%
People with a Disability	5.6%	3.2%	3.0%	2.5%
People with a Disability Requiring Work-Related Adjustment	N/A	0.9%	0.9%	0.6%

Note 1: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 2: The NSW Public Sector Aboriginal Employment Strategy 2014–17 introduced an aspirational target of Aboriginal employment of 1.8% by 2021 in each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

Note 3: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

Note 4: In 2017 a new NSW public sector target was announced of 5.6% of all staff with a disability or those requiring work-related adjustment to be reached by 2027.

Trends in the distribution index for workforce diversity groups

Workforce Diversity Group	Benchmark	2016	2017	2018
Women	100	109	109	112
Aboriginal and/or Torres Strait Islander People	100	72	74	74
People whose First Language Spoken as a Child was not English	100	110	111	112
People with a Disability	100	105	105	100
People with a Disability Requiring Work-Related Adjustment	100	114	115	N/A

Note 1: A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

Note 2: The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

Multicultural engagement

OEH values the skills, experiences and perspectives of its culturally diverse workforce and is committed to supporting their needs in the workplace.

In 2017–18 Harmony Day and local multicultural food sharing days were celebrated formally and informally across OEH, raising awareness of culturally and linguistically diverse (CALD) communities and celebrating our diversity.

OEH has engaged with the Refugee Resettlement Program and as of June 2018 had two employees from refugee backgrounds working in the organisation. In line with public sector programs, OEH has used targeted recruitment activities focusing on people from refugee backgrounds as a way of creating an employment pathway into the public sector.

A quiet room was established in the Hurstville office to support culturally and religiously diverse staff to undertake spiritual and meditative practices.

In March 2018, a Cluster Multicultural Plan Employee Reference Group (MPERG) was established to assist with the development of the new Cluster Multicultural Plan 2018–2021 and meet OEH's commitments under the *Multicultural NSW Act 2000*. The MPERG highlighted staff perspectives and generated information that will increase the organisation's understanding of the needs of CALD employees and customers. Staff from diverse backgrounds participated in the MPERG meetings and consulted on the development of the Plan, which will be launched in late 2018.

The Cluster Multicultural Plan 2018-2021 was submitted to Multicultural NSW in August 2018. OEH will commence implementation of relevant programs and initiatives in the coming months. A primary target of the Plan is to meet sector targets reflects to multicultural staff and ensure that OEH reflects the community it serves. The Plan will help to embed multicultural principles into our everyday business through internal and external strategies. The four key areas of focus will be leadership, engagement, planning and service delivery. OEH will also continue its commitment to employing people from refugee backgrounds through a number of targeted recruitment activities including a number of roles in National Parks and Wildlife Services.

OEH engages with CALD communities when delivering programs. In 2018, NPWS updated the online Parks Eco Pass tour operator licensing system to require operators to provide information on their multilingual services to enable participation from CALD people and communities.

When developing the Kosciuszko National Park management plan, OEH liaised with the Polish community regarding renaming the park and telling the story of Pawel Strzelecki's exploration.

In April 2018, NPWS sought nominations from community members for membership of one of eight NSW regional advisory committees. The committees provide independent advice to the OEH Chief Executive, NPWS Directors and the National Parks and Wildlife Advisory Council. NPWS sought applications from Aboriginal and CALD people to help ensure that the management and conservation of the state's natural and cultural heritage is informed by the communities that enjoy them.

NPWS inbound tourism collateral and marketing materials, including printed brochures and product fact sheets, have been translated into simplified Chinese. NPWS has also engaged external expertise to provide cultural awareness training for key staff to ensure Chinese clients, business partners and visitors are welcomed and engaged appropriately.

NPWS Greater Sydney Branch promotes free access to parks when granting consent for use by community groups. Some of the multicultural groups that have applied are Muslim Care Australia, COA Sydney Incorporated (Jewish Seniors), Arab Council of Australia and Greek Community House for the Aged.

The OEH Home Energy Action (HEA) Program codesigns its projects with partners to ensure representation of all target equity groups, including CALD households. The HEA Program consulted Migrant Information Centres and translated program materials to target CALD communities and newly arrived refugee households. The ongoing contract with Translating and Interpreting Service (TIS) ensures that CALD households have access to translation and interpreting services. A Google translate function was added to the website landing page and the team worked with a communications agency to simplify the application process and ensure that it was accessible to culturally diverse communities. Training was provided to staff from community organisations to support low-income and disadvantaged households access the HEA Appliance Replacement Offer. Six per cent of participants who redeemed the offer were from a CALD background.

OEH's Heritage Near Me Roadshow is partnering with multiple Western Sydney local councils to design and deliver an event focussed on migrant heritage. The event will be held during the October 2018 school holidays.

Disability and inclusion

OEH is committed to reducing barriers for people with disability to help them engage, participate and maintain employment within the organisation.

In 2017, a Cluster Disability Employee Network (DEN) was established as a voluntary community open to all employees living with disability, their supervisors and carers.

In December 2017, International Day of People with Disability was celebrated with guest speakers across multiple sites, and staff sharing their personal experiences of living and working with disability.

In June 2018, OEH staff attended a keynote presentation called 'Seeing the advantage in being different.' The event highlighted the unique capabilities of people on the autism spectrum and how they can be appropriately supported in the workplace. The presentation was run in conjunction with an internal workshop for human resource and recruitment professionals on best practice in disability employment.

A 'Working with Disability' online training module was developed in conjunction with external subject matter experts and the DEN. The training is available online for all staff.

OEH is also committed to reducing barriers for people with disability to access its services and facilities.

In creating new visitor experiences, NPWS considers opportunities for full mobility access and works to ensure signage is accessible for all potential park users from culturally diverse backgrounds and those who may be sight or hearing impaired. NPWS also purchased six trail riders to enable people using wheelchairs to access walking tracks in National Parks in selected locations across New South Wales.

The Climate Change Adaptation Team (CCA) has been involved with PREPARE NSW since it commenced in May 2017. PREPARE NSW is a resource to prepare National Disability Insurance Scheme support workers and Community Health providers for person-centred emergency preparedness and planning with people living with disability and chronic health conditions in the community. Through participation in the Advisory Committee, CCA provided advice on climate change impacts, the projected increase in frequency and intensity of extreme weather events. The CCA Team also actively promotes the resources of PREPARE and the Disability Inclusive Disaster Preparedness projects through its extensive networks across New South Wales in the environment, planning, infrastructure and local government sectors.

Aboriginal employment and development

OEH is committed to developing, supporting and retaining its Aboriginal workforce. In 2018 the Chief Executive launched OEH's new *Aboriginal Employment Plan 2018–2023* during Reconciliation Week. The Chair of the OEH Aboriginal Network Executive spoke at the event, highlighting the close alignment between OEH's work programs and reconciliation more broadly.

OEH celebrated NAIDOC week in offices across New South Wales, with Senior Executives leading events in Sydney CBD, Hurstville and Parramatta as well as supporting local celebrations.

OEH supports and promotes Aboriginal people, culture and heritage within the broader community. NPWS coordinated a NAIDOC event on Goat Island in collaboration with Barangaroo Development Authority and the Metropolitan Local Aboriginal Land Council. It was an opportunity to work with and support an Aboriginal commercial tour operator and provide a culturally relevant day for school children. Working with ASPECT Australia, one NAIDOC session was exclusively for children on the autism spectrum.

The OEH Aboriginal Network works with Aboriginal staff, their communities and Senior Executives to ensure Aboriginal cultural knowledge and values become embedded in the organisation's strategic planning and operational processes.

In 2018, the OEH Aboriginal Network hosted four regional meetings in Tumut, Deniliquin, Scotts Head and Baradine. Local Aboriginal communities were engaged in organising and participating in meetings and activities. It was also an opportunity for local Aboriginal communities to showcase their Country.

The Aboriginal Network Executive participated in the consultation process for the proposed Aboriginal Cultural Heritage Framework reforms, the development of an Aboriginal Cultural Safety Framework, the new Aboriginal Employment Plan, an Aboriginal Cultural Competency training course and the OEH Corporate Strategy.

In June 2018, OEH staff participated in the 'Warra Warra – Aboriginal Cultural Competence for Managers' pilot course on Country in Kioloa. The course was developed in conjunction with internal and external Aboriginal subject matter experts.

OEH acknowledges outstanding contribution in Aboriginal culture and heritage through the annual Ray Kelly and Carol Kendall awards.

NPWS continues to engage and collaborate with Aboriginal communities with 31 joint management arrangements currently operating across New South Wales on 25% of national parks' estate.

The Aboriginal Tourism Development Program (ATDP) supports the establishment, growth and sustainability of Aboriginal-owned tourism experiences through a collaborative business development approach with Aboriginal people and communities. In 2017–18 the ATDP delivered a range of strategic projects, including professional business mentoring, networking and partnership opportunities and targeted training workshops.

Aboriginal Cultural Heritage Interpretation Guidelines have been produced to advocate for and educate on best practice in the development and delivery of Aboriginal Cultural Heritage interpretation in commercial tourism experiences delivered on NPWS-managed lands. The guidelines include principles and protocols around the protection of cultural intellectual property and how to maintain the integrity of Aboriginal people, their knowledge and culture while also ensuring an authentic and high-quality visitor experience.

NPWS works with local Aboriginal groups and organisations to ensure appropriate and accurate interpretation for locations of cultural significance and opportunities for the provision of Aboriginal cultural experiences. In June 2018, there were 285 commercial tour operators licensed to operate on NPWS parks. Of those, 12 were Aboriginal-owned and

operated businesses and 27 were licensed to undertake Exploring Cultural and Historic Heritage activities. Overall, this represents 9.5% of all operators undertaking a guided experience that involves Aboriginal Cultural Heritage.

Gender equity

The Spokeswomen's Program provides information and development opportunities and highlights matters affecting women in the workplace, with the aim of improving gender equity.

In 2018 Spokeswomen celebrated its 40th anniversary with the annual International Women's Day and Spokeswomen Recognition Awards, which included a panel discussion on '40 years in review: How working in the public service has changed for women over time'. The event was live-streamed to regional offices and was very well attended in the Sydney CBD office where it was hosted. The panel discussion was followed by morning tea and networking.

The Spokeswomen Program held its annual end of year event in Dubbo with a panel of regional women discussing 'Levering Challenges into Opportunities' with the opportunity to network in the regions and live-streamed to other offices.

Spokeswomen ran two career development courses designed specifically for women. Twenty-one women attended the Springboard career and personal development program and 35 women attended the Women in Leadership training courses. Spokeswomen also awarded two scholarships to enable regionally based women to attend the Women in Environment and Sustainability Leadership Summit.

OEH staff participated in two DPE Cluster seminars promoting gender equity. The first was presented by senior executives and looked at 'What I wish I knew 10 years ago' and the second seminar investigated 'Steps to progress your career'. OEH have 15 women mentees (eight from regional New South Wales), and eight women (three from regional New South Wales) and two men participating as mentors in the Cluster Women in Senior Leadership Mentoring Program.

OEH staff are participating in the DPE Cluster pilot of Lean in Circles for women in Sydney CBD, Parramatta and Hurstville to promote peer-to-peer learning, networking opportunities and professional development.

In March 2018, a Cluster Gender Equality Plan Employee Reference Group was established to encourage active participation of Cluster agencies, including OEH, in the development of a Gender Equality Plan, which is due to be launched in late 2018.

LGBTIQ+ inclusion

The Cluster LGBTIQ+ employee network, the Rainbow Connection, was formed in the last 12 months and has approximately 160 members. Funding from OEH allowed the Rainbow Connection to become Pride in Diversity members, to help form the network and gain support for key initiatives.

The launch event was attended by both the OEH Chief Executive and the EPA Chair.

The network's vision is to create a workplace where all LGBTIQ+ staff enjoy the freedom to be their genuine selves without fear of prejudice or bullying. They promote issues of importance to the LGBTIQ+ community within the Cluster, ensuring an inclusive, safe and diverse workplace.

In 2017–18, the network celebrated many events, including World AIDS Day and the successful marriage equality vote.

The Rainbow Connection has several key goals, including providing networking and mentoring opportunities for LGBTIQ+ staff, increasing awareness of issues affecting the community and creating safe spaces at work, alongside removing homophobia and ensuring organisational policies reflect a safe and inclusive workplace. The network is working towards being listed on the Australian Workplace Equality Index, to benchmark Cluster agencies against other agencies in both the public and private sectors.

Work health and safety

OEH is committed to improving Work Health and Safety (WHS). During the year, several strategic areas were targeted to align with the NSW Government Sector WHS Plan, and ensure health and safety of our people. This included initiatives to improve employee health and well-being, management of lone workers, WHS management systems, and establishing a dedicated WHS resource within a Project Management Office (PMO).

Our health and wellbeing initiatives include the NSW Government sponsored *Get Healthy at Work Program*. Approximately 145 staff participated in confidential health checks across metropolitan Sydney and regional locations. OEH also implements a proactive health program for staff wellbeing by supporting the *Fitness Passport* by providing competitive prices to a selection of fitness centres.

OEH invested in lone worker monitoring equipment and support services to better provide for the safety and welfare of staff in remote and isolated locations.

Improvements in our WHS management system included targeted procedure improvements for high risk activities and for supporting effective recovery from injury/illness. The WHS risk management process was also enhanced by revising our library of model risk assessments to provide contemporary WHS solutions to a range of common in-field tasks.

In November 2017, a rockfall incident at Wentworth Falls resulted in one contractor fatality and serious injuries to two other NPWS contractors. OEH continues to develop rockfall risk solutions to prevent reoccurrence and ensure continuous improvement. Areas of focus included contractor management, plant and equipment and risk management.

Workers compensation claims and reports

Number of incidents, accidents and injuries reported

2014–15	2015–16	2016–17	2017–18	FY 17–18 Variance	
1042	1143	934	1049	115	12%

Number of workers compensation claims

2014–15	2015–16	2016–17	2017–18	FY 17–18 Variance	
176	181	130	144	14	11%

Cost of workers compensation claims (Net incurred)

2014–15	2015–16	2016–17	2017–18	FY 17–18 Variance	
\$ 4,268,261	\$ 2,507,604	\$ 1,447,132	\$ 2,147,729	\$ 700,597	48%

Workers compensation claims incidence rate

2014–15	2015–16	2016–17	2017–18	FY 17–18 Variance	
6%	6%	5%	6%	1%	

During the 12-month periods between FY17- and FY18, claim numbers increased by 11% a 48% increase in claims costs for the same period. The substantial increase in costs is likely to be attributed from several new psychological claims. A targeted health and wellbeing program is being established to address these risks.

Industrial relations

The OEH Joint Consultative Committee (JCC) continued to support consultation between OEH and the stakeholder unions. The JCC supports the discussion of strategic initiatives, structural reforms, and changes to workplaces or process.

OEH continued to enhance and utilise our consultation arrangements to:

- work closely with staff and their representatives to manage the implementation of new classifications and continued award negotiations
- undertake strategic interventions in identified workplaces to improve workplace culture and remove obstacles to effective operations
- continue to manage the human resources policy framework, developing new and/or reviewing existing policies and procedures for managing:
 - Performance Policy
 - Compassionate Transfer Policy
 - Leave Management Policy
- support the development and consultation around the policies for Information Communication Technology (ICT) Acceptable Use Policy, OEH Complaints Management Policy, OEH Unreasonable Complainant Conduct Policy and the OEH Statement of Business Ethics.

Managing misconduct and employment tribunal matters

OEH continues to focus significant resources in the areas of managing misconduct and unsatisfactory performance. OEH has noted an increase in performance levels at many OEH workplaces. It has continued to result in enhanced capabilities in the OEH management cohort and significantly heightened awareness of conduct and performance matters.

DPE Cluster Corporate Services, on behalf OEH, managed several Industrial Relations Commission (IRC) matters, including unfair dismissal applications. Applications were also managed in the NSW Civil and Administrative Tribunal (NCAT). No IRC or NCAT Tribunal matters resulted in any adverse findings against OEH

Workplace grievances

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

4. Funding and expenditure

Audit and risk statement from the Chief Executive

Internal Audit and Risk Management Attestation Statement for the 2017-2018 Financial Year for the Office of Environment and Heritage

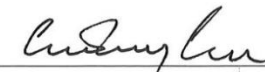
I, the Chief Executive of the Office, am of the opinion that the Office of Environment and Heritage has internal audit and risk management processes in operation that are, excluding the exceptions or transitional arrangements described below, compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

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

Membership

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

- Ms Elizabeth Crouch, appointed 26 May 2014 to 25 May 2018 as Independent Member. Appointment ceased 1 February 2017 to accept appointment as Independent Chair. Terms of appointment 2 February 2017 to 2 February 2021
- Independent Member, Mr Alan Zammit AO, appointed 31 January 2017 to 31 January 2021
- Independent Member, Mr Jim Mitchell, appointed 19 June 2017 to 19 June 2021
- Independent Member, Dr Dale Cooper, appointed 5 August 2017 to 5 August 2021



Anthony Lean
Chief Executive
Office of Environment and Heritage

3.10.2018

Agency Contact Officer
Simonne Daly
Director Audit, Risk and Ethics

Audit and risk management

Internal Audit

Internal audit assists OEH to accomplish its objectives by leveraging a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. The Director Audit, Risk and Ethics acts as Chief Audit Executive (CAE) and oversees the internal audit function, with the role accountable to the Chief Executive and the Chair of the Audit and Risk Committee (ARC). Several internal audits were completed during 2017–18 that, among other things, included review and assessment of:

- Environmental Water Governance and Delivery
- OEH Policy Development Framework
- Native Vegetation Data Management
- Lidcombe Laboratory Pollution Incident
- Public Safety in Geologically Unstable Areas
- *Saving our Species* Program
- Non-Fire Aviation Contractors
- Firearms Management
- Declaration and Management of Aboriginal Places and Sites
- Aboriginal Joint Management Arrangements
- S.170 Heritage and Conservation Registers
- National Parks Work Health and Safety: High Risk Activities

OEH has a *Strategic Internal Audit Plan 2018–2021* which informs the selection of internal audit projects. The strategy and supporting annual internal audit plans are comprehensively reviewed each year to cater for changes in the operating environment and identify appropriate audits. Annual internal audit plans are endorsed by the ARC and approved by the Chief Executive.

Internal audit reports are submitted to the OEH ARC which provides advice and assurance to the Chief Executive by monitoring governance, risk and control issues affecting OEH conservation, heritage, and environmental protection functions, as well financial, workplace safety, and fraud and corruption controls. Requirements for conservation compliance under the *National Parks and Wildlife Act 1974* are also overseen by the ARC. The ARC meets a total of nine times per annum, comprising four quarterly meetings and five meetings dedicated to the financial statements and related assurance processes for OEH, the Environmental Trust and Corporation Sole. Staff from the Audit Office of New South Wales regularly attend meetings.

Risk Management

During the year, OEH enhanced its Enterprise Risk Management (ERM) Framework with efforts to embed a structured and consistent process for managing risks across the agency. Key stakeholders, including the Audit and Risk Committee, the Executive Leadership Group and operational areas were consulted throughout the year to develop the Enterprise Risk Management Policy and the Enterprise Risk Register. OEH established a Governance and Risk Executive Sub-Committee which receives reports and presentations from the Audit and Risk Team and OEH divisions on risk activities.

To help embed the Framework, the Audit and Risk Team provided risk management training, continued the support of the Risk Champions Community of Practice, and collaborated with operational areas to develop divisional risk registers. OEH implemented an Enterprise Governance Risk and Compliance (EGRC) software solution which provides the agency a single source of truth for audit and risk monitoring and reporting. The team will look to further embed risk management through the review of the risk management procedures in 2018–19 and by capturing divisional risks within the EGRC solution.

Consultants

Consultancies of \$50,000 or more – 2017–18

Consultant	Category	Description of project work	Cost (\$)
SGS Economics and Planning Pty Ltd	Management services	Economic services to support Aboriginal cultural heritage reforms	78,604
Total – consultancies of \$50,000 or more		1	78,604

Consultancies of value less than \$50,000 – 2017–18

Consultant	Category	Description of project work	Cost (\$)
Acil Allen Consulting Pty Ltd	Environmental	Independent advice on clean energy	25,215
Applied Economics Pty Ltd	Management services	Analysis on the distribution of the cost of retiring biodiversity offsets relating to housing developments in New South Wales	25,000
Centre for International Economics	Environmental	Regulatory impact statement on the Biodiversity Conservation Regulation and a cost benefit analysis of the biodiversity offsets scheme	7,569
Access Macquarie Ltd	Environmental	Review of the Auditor-General's recommendations into the management of contaminated sites by the NSW Environment Protection Authority	21,313
Total number of individual consultancies with a value less than \$50,000 is:		4	79,097

Sustainability

OEH is delivering the NSW Government Resource Efficiency Policy (GREP) through the Cluster Corporate Services (CCS) Sustainability Program. The GREP contains actions, targets and minimum standards for resource efficiency in NSW government operations. CCS Sustainability delivered its third GREP report for OEH and EPA in 2017. This report includes OEH's resource consumption for 2016–17, tracks progress towards the energy efficiency target and includes the statement of compliance. The full OEH and EPA GREP report is available on the OEH [website](#).

Other significant resource efficiency achievements for 2017–18 include:

- Being on track to meet the GREP E1 energy interim target. OEH has implemented projects at 23 sites since 2012, representing 24% of the total billed energy use across all OEH sites

- With the delivery of an upgrade at the agency's largest energy-consuming site, Lidcombe Laboratory, OEH is on track to satisfy the 2017–18 interim target of implementing energy efficiency projects at sites that represent a total of 40% (\$1.05 million) of its 2012–13 baseline billed energy for electricity and gas
- Exceeding the 4.5 star National Australian Built Environment Rating System (NABERS) minimum rating requirement in GREP at OEH's three largest offices: Sydney CBD achieved 5 stars, Parramatta 5.5 stars and Hurstville 6 stars with GreenPower
- CCS Sustainability commenced a NABERS Energy IT equipment rating. In 2017–18, OEH became the first NSW Government agency to successfully achieve a rating with this specialised rating tool for data centres. The 5-star rating achieved, exceeds the 4.5-star requirement of GREP
- Following successful implementation of Hold Print technology in the Hurstville, Lidcombe and Parramatta offices, in collaboration with CCS Business Information Services, CCS Sustainability implemented the technology in the Sydney CBD office. A survey of Sydney CBD staff was conducted and over 170 responses were received. Overall feedback from survey respondents welcomed this as a great paper saving initiative
- CCS Sustainability worked with CCS Procurement to analyse waste invoicing data from two of the agency's largest waste contractors. The aim was to identify any potential efficiency gains through placing sites onto government contracts. Where this is cost effective, OEH and EPA will continue to explore the efficiencies that could be gained from this process
- The Sydney CBD office participated in the trial of the NABERS Waste Platform. Participation in this pilot has been useful in identifying opportunities for improvement. Based on the outcomes of this initial pilot OEH investigated strategies for increasing recycling rates by providing modular waste and recycling terminals across office floors
- CCS Sustainability initiated a community of practice with other cluster sustainability representatives to help drive more cohesive sustainability initiatives across the cluster. These quarterly meetings are helping the cluster identify common issues, share learnings and experiences in resource efficiency, and ensure the group is empowered to deliver improved sustainability outcomes across the cluster.

Insurance

OEH has insurance cover through the NSW Treasury Managed Fund, which used QBE for workers' compensation and Gallagher Bassett Services Pty Ltd for other risk areas.

Areas of risk and related insurance costs	2016–17 (\$'000)	2017–18 (\$'000)
Workers compensation*	-552	4,883
Public liability	4,178	3,869
Property**	9,800	10,500
Motor vehicles***	589	1,013
Miscellaneous (fire-fighting fund)	20,883	17,164
Miscellaneous (other)	112	74
Total	35,010	37,503

*2017–18 Workers compensation includes premium paid of \$5,111,676 less hindsight adjustments of \$228,790.

** Includes additional insurance coverage obtained under the risk area 'property' for primary and secondary roads across national parks, as well as for the Hunter Valley Flood Mitigation

*** Includes hindsight adjustments for motor vehicle claims relating to prior year premiums

Note the whole of government change in TMF provider from GIO to Gallagher Bassett Services Pty Ltd during the financial year.

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

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

Major capital works 2017–18

Projects	Cost to date (\$'000)	Estimated completion
Major new works		
Adaptive reuse of short stay accommodation	–	2019–20
Great Southern Nature Walk – Wattamolla visitor precinct	1,565	2018–19
Minnamurra Rainforest Centre	1,512	2019–20
National Parks Digital Strategy	2,301	2023–24
National Parks and Wildlife Service light fire fleet upgrade	474	2019–20
Replacement of aviation assets	4,038	2018–19
Major works-in-progress		
Acquisition of satellite imagery	28,554	2027–28
Biodiversity legislation reforms implementation	9,769	2018–19
Bush fire management equipment	38,680	2021–22
Coastal science, capacity building and planning	682	2018–19
Heritage Information Management System	2,745	2018–19
Iconic walks	1,143	2017–18
Land purchases – funded by grants and donations	151,489	2027–28
Royal Coast Track Improvement	5,991	2019–20
Saving Our Species – On park threatened species	1,190	2020–21
Total	250,133	

There were no significant cost overruns in these projects.

Land disposal

In 2017–18, there was no land disposal of value greater than \$5,000,000 that would have required disposal by way of public auction or tender.

Payment of accounts

Quarterly Aged Analysis – Account Values

Quarter	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					
September	80,868,335	6,643,693	450,342	62,807	52,188
December	64,030,757	3,648,142	1,118,784	462,975	282,425
March	62,440,140	7,136,355	836,358	327,378	117,425
June	115,865,769	6,780,540	1,396,163	827,894	535,308
Small business suppliers					
September	561,833	3,416	–	–	–
December	994,613	6,060	7,991	–	592
March	1,218,887	81,694	4,482	–	–
June	1,797,318	108,645	3,768	7,998	201

Accounts due or paid within each quarter

Measure	Sep 2017	Dec 2017	Mar 2017	Jun 2018
All Suppliers				
Number of accounts due for payment	18,921	18,612	22,526	27,615
Number of accounts paid on time	17,265	17,531	20,861	25,601
Actual percentage of accounts paid on time (based on number of accounts)	91.2%	94.2%	92.6%	92.7%
Dollar amount of accounts due for payment	88,077,366	69,543,083	70,857,804	125,405,675
Dollar amount of accounts paid on time	80,868,335	64,030,757	62,440,140	115,865,769
Actual percentage of accounts paid on time (based on \$)	91.8%	92.1%	88.1%	92.4%
Number of payments for interest on overdue accounts	–	–	–	3
Interest paid on overdue accounts	–	–	–	686

Measure	Sep 2017	Dec 2017	Mar 2017	Jun 2018
Small business suppliers				
Number of accounts due for payment to small businesses	371	533	437	615
Number of accounts due to small businesses paid on time	369	523	424	593
Actual percentage of small business accounts paid on time (based on number of accounts)	99.5%	98.1%	97.0%	96.4%
Dollar amount of accounts due for payment to small businesses	565,248	1,009,257	1,305,063	1,917,930
Dollar amount of accounts due to small businesses paid on time	561,833	994,613	1,218,887	1,797,318
Actual percentage of small business accounts paid on time (based on \$)	99.4%	98.5%	93.4%	93.7%
Number of payments to small business for interest on overdue accounts	–	–	–	3
Interest paid to small businesses on overdue accounts	–	–	–	686

Grants

Organisation	Nature and purpose of grant	Amount
Agricultural Scientific Collections Trust	Contribution towards a project to create digital images of the Collections biosecurity, agricultural and local heritage items.	99,500
Australian Institute for the Conservation of Cultural Materials	Contribution to link conservation students and graduates with local communities, building a sustainable skills-based heritage preservation model in rural and regional NSW.	18,750
Australian Seabird Rescue	Contribution towards wildlife carers group.	2,400
Australian Wildlife Rehabilitation Conference Inc.	Contribution toward AWRC Sydney conference.	20,000
Awabakal Local Aboriginal Land Council	Contribution to repairs on the former Newcastle Post Office to stabilise and waterproof the building.	70,500
Baryulgil Square Local Aboriginal Land Council	Contribution towards a project to understand the intangible values associated with the Baryulgil local cemetery and to identify the physical location of burials across the site.	46,634
Bellingen Community Arts Council Incorporated	Contribution towards upgrade of the interior and repair of the exterior of the Old Stables building.	32,643
Broken Hill Historical Society	Contribution to repair hail storm damage to the heritage listed Synagogue Hall.	5,000
Camperdown Cemetery Trust	To support repair and remediation of the cemetery	10,931

Organisation	Nature and purpose of grant	Amount
Carcoar Hospital Museum	Contribution towards conservation and restoration works at the Carcoar Hospital Museum, including training in preventative maintenance and repair for local heritage owners.	15,168
Cathedral Church of Christ the King, Grafton	Contribution towards water damage repairs.	13,545
Celebrate Goulburn Group Incorporated	Contribution towards Our Living History Event, Goulburn 2018.	21,496
Central Tilba School of Arts Trust Incorporated	Contribution towards Central Tilba Hall acoustics upgrade.	34,151
Conservation Volunteers Australia (NSW)	Ministers Conservation Fund: small contribution to volunteer community group for conservation project.	5,000
Cumberland Land Conservancy Inc.	Ministers Conservation Fund: small contribution to volunteer community group for conservation project.	5,000
Fawna (NSW)	Contribution towards wildlife carers group.	5,300
Forbes and District Historical Society Incorporated	Contribution towards a project to build the capacity of the Forbes Museum.	64,215
Foundation for National Parks and Wildlife	Annual conservation contribution.	50,000
Friends of Lane Cove National Park	Contribution towards restoration and adaptive reuse of Jenkins Cottage Kitchen in Lane Cove National Park.	100,000
Friends of the Koala	Contribution towards wildlife carers group.	2,400
Girl Guides Association	Ministers Conservation Fund: small contribution to volunteer community group for conservation project.	2,273
Glen Innes Showground Trust	To support repair and remediation of the Showground.	28,620
Glenreagh Mountain Railway Incorporated	Contribution towards inspection of Little Nymboida River timber bridge.	11,160
Gooloogong Log Cabin Hall Incorporated	Contribution towards the replacement of fire damaged kitchen.	100,000
Harden Murrumburrah Arts Council	Contribution towards upgrading accessibility of the 1880's Arts Council building.	96,096
Holy Trinity Anglican Church, Glen Innes	Contribution towards a project to repair the roof of the Holy Trinity Church, and provide a full-day training workshop on site to provide skills to local heritage item owners/managers and tradespeople.	22,500
Hunter Wetlands Centre	Ministers Conservation Fund: small contribution to volunteer community group for conservation project.	4,750
Junee Community Power Incorporated	Contribution towards collection of data, research, and delivery of energy efficiency retrofits to local (Junee) properties, delivered by a collaboration involving Junee High School, CSIRO and Charles Sturt University.	15,000
Kiama Uniting Church	Contribution to assist in protecting and sharing the historic 1851 lecture hall in Kiama.	20,500
Kinchela Boys Home Aboriginal Corporation	To support Kinchela Boys Home conservation management.	25,000

Organisation	Nature and purpose of grant	Amount
Koalas in Care	Contribution towards wildlife carers group	1,900
Kyogle & District Historical Society	Contribution towards the costs of a strategic plan for new museum building for the Kyogle History Museum.	28,000
La Perouse Local Aboriginal Land Council	Contribution towards La Perouse Church restoration works.	32,500
Lachlan Valley Railway Society	Contribution towards restoration of the Cowra locomotive depot amenities block.	14,533
Lawrence Public Hall Reserve Trust	Contribution towards the renovation of the Hall kitchen.	25,738
Looking After Our Kosciuszko Orphans	Annual contribution towards caring for injured native animals.	2,500
Menindee Local Aboriginal Land Council	Contribution towards conservation works.	19,013
Metropolitan Local Aboriginal Land Council	Contribution towards conservation and maintenance of the Rangers Headquarters building at Waratah Park.	9,055
Mingaan Wiradjuri Aboriginal Corporation	Contribution to protect and provide safe access to Maiyin marragu Aboriginal Place.	35,000
Mogo Local Aboriginal Land Council	Contribution towards installation of perimeter fencing, the development of educational materials and improved visitor facilities.	25,000
Moorebank Heritage Group Incorporated	Contribution towards the installation of interpretative signage and the hosting of a Centenary Commemoration event.	29,690
Moulamein Community Development Incorporated	Contribution to the establishment of Moulamein heritage village hub.	25,000
Mulgoa Valley Landcare Group Inc.	Ministers Conservation Fund: small contribution to volunteer community group for conservation project.	5,000
Museums and Galleries Foundation of NSW	Contribution towards building assessments and conservation works.	130,000
National Trust of Australia	Contribution to Riversdale remedial work.	23,934
National Trust of Australia	To support the 2017–18 National Trust Australian Heritage Festival.	150,000
National Trust of Australia	Contribution towards completion of essential maintenance works to the historic Moyne Farm cemetery.	20,000
National Trust of Australia	Contribution towards cemetery conservation.	40,000
National Trust of Australia	Contribution towards energy efficiency upgrade of the heating, ventilation, and air conditioning (HVAC) system in the National Trust Centre, Observatory Hill.	64,215
National Trust of Australia	Contribution towards Dalwood House conservation and restoration.	116,387
Native Animal Trust Fund	Contribution towards wildlife carers group.	2,000
Newcastle Business Improvement Association	Contribution towards the development of Nobbys Headland and Lighthouse.	39,000
Newcastle Grammar School Limited	Contribution towards the Horbury Hunt Hall Restoration works.	50,000

Organisation	Nature and purpose of grant	Amount
Newcastle Maritime Museum Society Incorporated	Contribution towards the re-animation of the Newcastle Maritime Centre Museum project.	64,820
Oatley Flora and Fauna Conservation Society Incorporated	Ministers Conservation Fund: small contribution to volunteer community group for conservation project.	1,000
Pioneer Museum & Historical Society Inc.	Contribution towards restoration of blacksmith and stables complex of Jindera Pioneer Museum.	49,862
Port Macquarie Historical Society Inc.	Contribution towards conservation management plan review and archaeological management plan.	8,250
Port Stephens Koala & Wildlife Preservation Society Ltd	Contribution towards wildlife carers group.	2,300
Royal Australian Historical Society	To support a small grants program for local history and archive projects across NSW.	60,000
St Johns Anglican Church, Newcastle	Contribution towards repairs to the roof and guttering of the Church.	7,410
St Matthews Anglican Church, Windsor	Contribution to undertake conservation works in the St Matthews Church Precinct	38,325
St Patrick's Primary School Parents & Friends Association, Bega	Ministers Conservation Fund: small contribution to volunteer community group for conservation project.	4,000
St Pauls Burwood Parish	Contribution for roofing and stonework repairs to St Paul's Church, Burwood	14,947
St Stephens Anglican Church, Newtown	Contribution for conservation of rare St Stephens bells and urgent roof repair.	10,585
St Stephens Presbyterian Church, Tenterfield	Contribution to the Tenterfield Presbyterian Church revitalisation and community education project.	50,000
Steam Tram and Railway Preservation Co-op Society Ltd	Contribution to the rebuild of trailer cars.	11,750
Tamworth Manilla Landcare Association	Contribution towards small grants to farmers, through a competitive bidding process, for the restoration of koala habitat in the Gunnedah region.	11,000
Team Koala Inc.	Ministers Conservation Fund: small contribution to volunteer community group for conservation project.	5,000
Tenterfield Isolation Ward Restoration Group Inc.	Contribution to restore and adapt the former isolation ward, designed for victims of the Spanish flu in 1918, into a state of the art museum and education centre.	99,090
The Citadel	Contribution to provide a retaining wall, amenities block and improve access to the Murwillumbah Citadel.	100,000
The Corridor Project	Contribution toward the event "BIG little histories of Canowindra".	60,560
The Gully Traditional Owners Inc.	Contribution to develop a plan of management for The Gully Aboriginal Place.	25,000
The Millthorpe Village Committee Incorporated	Contribution towards conservation and restoration works at the Millthorpe School of Arts, and training in preventative maintenance and repair for local heritage owners.	10,227

Organisation	Nature and purpose of grant	Amount
The Robertson Shed Incorporated	Contribution to the completion of the Community Information Centre (CIC) in the village of Robertson.	12,000
Trundle & District Progress Association	Contribution toward the restoration of the Trundle Hotel balcony.	100,000
Trustee of Church Property for the Diocese of Newcastle	Contribution towards the conservation and reconstruction of St Augustine's Anglican Church, Mereweather.	42,973
Trustee of Church Property for the Diocese of Newcastle	Contribution for repairs to St Peter's East End Stonework and copper guttering.	62,450
Trustees Of The Roman Catholic Church For The Archdiocese Of Canberra And Goulburn As Trustee For The Catholic Parish Of Yass	To support the Hartigan Centre activation.	94,727
Trustees of the Roman Catholic Church for the Diocese of Bathurst	Contribution to restoration of timber flooring at Cathedral of Saint Michael & Saint John, Bathurst	75,000
Uki Public Hall & Recreation Reserve Trust	Contribution towards Uki Hall stage restoration.	13,200
Uniting Church in Australia	Contributions towards urgent roof repairs at St Stephen's Uniting Church.	75,000
Uniting Church in Australia	Contribution towards Camperdown Cemetery headstone restorations.	75,000
Uniting Church in Australia	Contribution towards specialist restoration of eight painted/lead glass and timber frame windows in the St Andrew's Uniting Church, Richmond.	50,000
Wildcare Queanbeyan	Contribution for the care of Australian native wildlife.	1,000
Wildlife Carers Northern Rivers	Contribution towards wildlife carers group.	2,400
Wildlife Carers Tweed Valley	Contribution towards wildlife carers group.	2,000
Wildlife In Need of Care	Contribution towards wildlife carers group.	3,500
Wildlife Rescue Clarence Valley	Contribution towards wildlife carers group.	2,400
Wildlife Rescue Northern Rivers	Contribution towards wildlife carers group.	2,400
Wonnarua Nation Aboriginal Corporation	Contribution towards conservation management plan for St Clair Aboriginal Place.	14,364
		3,099,537

Attestation Statement (Digital Information)


Digital Information Security Annual Attestation & Evidence of Certification Statement for the 2017-2018 Financial Year for the Office of Environment and Heritage

I, Anthony Lean, am of the opinion that the Office of Environment and Heritage had an Information Security Management System in place via Planning and Environment Cluster Corporate Services during the 2017-2018 financial year that is consistent with the core requirements set out in the NSW Government Digital Information Security Policy.

The controls in place to mitigate identified risks to the digital information and digital information systems of the Office of Environment and Heritage are adequate.

There is no agency under the control of the Office of Environment and Heritage which is required to develop and independent ISMS in accordance with the NSW Government Digital Information Security Policy.

Planning and Environment Cluster Corporate Services has maintained certified compliance with ISO 27001 Information technology - Security techniques - Information security management systems - Requirements by an Accredited Third Party (BSI) during the 2017-2018 financial year (Certificate Number IS 645082).


Anthony Lean
Chief Executive
Office of Environment and Heritage
Date: 3. OCTOBER 2018

Heritage Council of NSW

Annual Report 2017–18

The Heritage Council of NSW is a statutory body established under the *Heritage Act 1977* (the Act). The Council is required by the Act to produce an annual report. The Council comprises nine members with a range of knowledge, qualifications and skills. Eight of these members are drawn from the community, government and the heritage/conservation profession and include a nominee of the National Trust (NSW). The other member is the Secretary of the Department of Planning and Environment or her nominee.

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 New South Wales. It also advises the Minister for Heritage on heritage matters. The Heritage Council is supported by the Office of Environment and Heritage (OEH), which provides professional advice and administrative support to help promote the identification, protection, conservation, management and celebration of heritage places across New South Wales and maintains the NSW State Heritage Inventory. Further details on the role and activities of the Heritage Council are available at:

<http://www.environment.nsw.gov.au/heritage/index.htm>

Heritage Council members

The Heritage Council members are as follows:

- Mr Stephen Davies (Chair)
- Dr Mark Dunn (Deputy Chair)
- Ms Jane Irwin
- Dr Raymond Kelly
- Ms Lisa Newell (Nominee of the National Trust)
- Dr Deborah Dearing
- Ms Jennifer Davis
- Prof Gary Sturgess AM
- Mr Gary White (delegate of the Secretary, Department of Planning and Environment).

Mr Peter Poulet is an Observer from the Office of the Government Architect, with Mr Ben Hewett as alternate from May to November 2017 and Mr Dillon Kombumerri as current alternate.

Heritage Council meetings and committees

The Heritage Council typically meets on the first Wednesday of the month between February and December (11 times during 2017–18).

The annual Heritage Council regional visit took place in September 2017. The Heritage Council visited the Far South Coast region, which included the local government area of Bega Valley Shire.

Committees

To ensure that the Heritage Council meets its statutory obligations of listing state heritage items and conservation management of these items, it delegates these functions to the State Heritage Register Committee and the Approvals Committee. Both committees meet monthly

with members from the Heritage Council and additional experts. In 2017–18, Mr Dillon Kombumerri was appointed to serve on the Approvals Committee.

Heritage Council State Heritage Register Committee

During 2017–18, the committee met 11 times. The members of the committee were Ms Louise Cox AO (Chair); Dr Mark Dunn (Deputy Chair); Dr Raymond Kelly; Ms Lisa Newell; Ms Jennifer Davis; Prof Gary Sturgess AM; and Ms Colleen Morris.

The committee, under delegation, is responsible for making recommendations to the Minister for Heritage on the listing of items on the State Heritage Register and providing expert comment on planning documents for major heritage places.

Heritage Council Approvals Committee

During 2017–18, the committee met 10 times. The members of the committee were Dr Deborah Dearing (Chair); Mr Stephen Davies (Deputy Chair); Ms Jane Irwin; Mr Gary White; Ms Kerime Danis; Mr Bruce Pettman; and Mr Peter Romey. Mr Dillon Kombumerri attended as representative from the Office of the Government Architect from November 2017.

The Approvals Committee, under delegation, administers the Heritage Council's approval role. It approves, comments on, or suggests amendments to, proposed changes to listed items.

State Heritage Register

During 2017–18, 19 items were added to the State Heritage Register. The register lists places and items of particular heritage significance in New South Wales. The NSW Government owns almost 50% of these items, with the rest owned by individuals, local councils and industry.

State Heritage Register items listed in 2017–18

Item	Address	LGA	Gazettal date	SHR No.
1915 Picnic Train Attack and White Rocks Reserve	Hynes Street, Broken Hill	Broken Hill	29-Jun-18	02002
Newcastle Reservoirs Site	51 Brown Street, The Hill	Newcastle	27-Apr-18	02001
Hadley Park	14-278 Old Castlereagh Road, Castlereagh	Penrith	20-Apr-18	02009
Brett Whiteley House and Visual Curtilage	1 Walker Street, Lavender Bay	North Sydney	23-Mar-18	01949
Windy Station Woolshed	Windy Road, Pine Ridge	Liverpool Plains	19-Jan-18	01963
NSW Aboriginal Education Consultative Group Office and Records	37 Cavendish Street, Stanmore	Marrickville	19-Jan-18	01964
Liverpool Courthouse (former) and Potential Archaeological Site	251 Bigge Street, Liverpool	Liverpool	03-Nov-17	01999

Item	Address	LGA	Gazettal date	SHR No.
Cliefden Caves Area – Natural and Cultural Landscape	Mandurama	Cowra	30-Aug-17	01996
Lucas Watermills Archaeological Sites	Creekwood Reserve, Voyager Point	Liverpool	30-Aug-17	01989
Prince Alfred Square and potential archaeological site	353 Church Street, Parramatta	Parramatta	28-Aug-17	01997
Bidura House Group	357 Glebe Point Road, Glebe	Sydney	28-Aug-17	01994
The Uiver Collection	553 Kiewa Street, Albury	Albury City	28-Aug-17	01995
Bull Cave	Darling Avenue, Kentlyn	Campbelltown	28-Aug-17	01993
Nielsen Park	Greycliffe Avenue, Vacluse	Woollahra	28-Aug-17	01988
Old Pyrmont Cottages	1, 3, 5 Cross Street, Pyrmont	Sydney	25-Aug-17	01986
Hydraulic Engine House and Crane Bases Nos. 7, 8, 9 and 10	106 Bourke Street, Carrington	Newcastle	25-Aug-17	01987
Roxy Theatre and Peters Greek Café Complex	74 Maitland Street, Bingara	Gwydir	25-Aug-17	01990
Australian Agricultural Company Mine Manager's House	195 Denison Street, Hamilton	Newcastle	25-Aug-17	01992
South Head General Cemetery	793 Old South Head Road, Vacluse	Waverley	25-Aug-17	01991

Removals from State Heritage Register

In August 2016, Clarence River Road Bridge at Tabulam was removed from the register under section 38 of the Act.

State Heritage Register amendments

In 2016–17, there was one amendment to the State Heritage Register. The State Heritage Register listing for The Grange and Macquarie Plains Cemetery, Bathurst (SHR No. 01904) was reduced and gazetted on 12 May 2017.

Statutory planning tools

Planning referrals	2014–15	2015–16	2016–17	2017–18
Local environment plans*	81	84	115	2
State environmental planning policies	0	3	3	3
Developmental control plans	8	2	2	1
Strategic studies	5	3	11	0
Conservation management plans	22	94	96	36
Total	116	186	227	42

* Includes comprehensive and site specific local environmental plans.

Statutory applications

The Heritage Council determined or provided comment on development proposals of an estimated total project value of \$41,927,139,974.50 in 2017–18.

Type of application	2014–15	2015–16	2016–17	2017–18
Applications for changes to State Heritage Register items (s 60s)	222	201	208	266
Applications for excavation permit (s 140s)	35	37	44	43
Integrated development applications (IDA)*	115	140	105	138
Exemptions (s 57(2))	487	597	629	778
Exceptions (s 139(4))	50	51	42	35
Variations to s 60 Approvals (s 65A)	37	34	59	80
Variations to s 140 Excavation Permits (s 144)	12	10	15	11
Variations to IDA Approvals (s 96)	27	28	31	45
Development application referrals under Part 3A of the EP&A Act**	5	7	7	n/a
State Significant Development application referrals under Part 4.1 of the EP&A Act***	68	125	226	229
State Significant Infrastructure application referrals under Part 5.1 of the EP&A Act***	12	19	25	39
Total	1,070	1,249	1,391	1,664

* Integrated Development Assessments (IDAs) are referred under sections 91 to 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 OEHL 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 two Interim Heritage Orders under section 24(2) of the Act. 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. One order restricting harm to buildings under section 136 of the Act and no stop work orders under section 79c of the Act were issued. One certificate of evidence under section 151(1A) was issued.

NSW maritime heritage

No shipwreck protection orders were issued under section 50 of the Act. Members of the public regularly report finds on the discovery and condition of shipwreck remnants and relics in New South Wales. The Maritime Heritage Database currently has 2780 listings.

For the 75th anniversary of the raid on Sydney Harbour by three Japanese midget submarines, a ballot opened to permit a limited number of the public to dive at the Japanese midget submarine M24 shipwreck.

NSW heritage grants

The NSW Heritage Grants program contributes funds to: improve the condition of NSW heritage items, develop conservation documents and management reports, assist communities to care for and promote their heritage and support local government in its role as manager of the majority of heritage items in New South Wales. During 2017–18, 23 projects were approved for \$762,877 in funding.

These projects will be implemented during 2017–18 and 2018–19.

In 2017–18, \$3.4 million was expended implementing the NSW Heritage Grant program.

Further details about NSW Heritage Grants programs can be found at <http://www.environment.nsw.gov.au/Heritage/funding/>

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

Opinion

I have audited the accompanying financial statements of the Corporation Sole “Minister Administering the *Heritage Act 1977*” (Corp Sole), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corp Sole as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

I am independent of the Corp Sole in accordance with the requirements of the:

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

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

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

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

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

Other Information

Other information comprises the information included in the OEH's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Chief Executive of OEH is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement signed by the Chief Executive of OEH pursuant to Section 45F of the PF&A Act.

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

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

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

I have nothing to report in this regard.

The Chief Executive's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Chief Executive is responsible for assessing OEH's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where OEH's operations will cease as a result of an administrative restructure.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

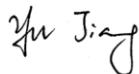
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

My opinion does *not* provide assurance:

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



Reiky Jiang
Director, Financial Audit Services

18 September 2018
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 2018 and transactions for the year 1 July 2017 to 30 June 2018; 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 2015 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.



Gabrielle Upton MP
Minister for Heritage

17.10.18

Beginning of audited financial statements

**CORPORATION SOLE 'MINISTER ADMINISTERING THE
HERITAGE ACT 1977'****Statement of Comprehensive Income for the year ended
30 June 2018**

	Notes	2018 \$'000	2017 \$'000
Expenses excluding losses			
Operating expenses	2(a)	877	742
Depreciation expense	2(b)	88	86
Grants and subsidies	2(c)	22	140
TOTAL EXPENSES EXCLUDING LOSSES		987	968
Revenue			
Investment revenue	3(a)	332	272
Retained fees	3(b)	838	728
TOTAL REVENUE		1,170	1,000
Net result	14	183	32
Other comprehensive income			
Net increase/(decrease) in property, plant and equipment revaluation surplus	7	1,224	166
Total other comprehensive income		1,224	166
TOTAL COMPREHENSIVE INCOME		1,407	198

The accompanying notes form part of these financial statements.

CORPORATION SOLE 'MINISTER ADMINISTERING THE HERITAGE ACT 1977'

Statement of Financial Position as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	1,055	3,890
Receivables	5	101	36
Financial assets at fair value	6	6,661	3,856
Total current assets		7,817	7,782
Non-current assets			
Property, plant and equipment			
Land and buildings	7	5,227	4,091
Total property, plant and equipment		5,227	4,091
Total non-current assets		5,227	4,091
Total assets		13,044	11,873
LIABILITIES			
Current liabilities			
Payables	10	67	308
Other	11	5	–
Total current liabilities		72	308
Total liabilities		72	308
Net assets		12,972	11,565
EQUITY			
Asset revaluation reserve		4,728	3,504
Accumulated funds		8,244	8,061
Total equity		12,972	11,565

The accompanying notes form part of these financial statements

CORPORATION SOLE 'MINISTER ADMINISTERING THE HERITAGE ACT 1977'

Statement of changes in equity for the year ended 30 June 2018

	Accumulated funds \$'000	Asset revaluation reserve \$'000	Total \$'000
Balance at 1 July 2017	8,061	3,504	11,565
Net result for the period	183	–	183
Other comprehensive income:			
Net increases/(decrease) in property, plant and equipment	–	1,224	1,224
Total other comprehensive income	–	1,224	1,224
Total comprehensive income for the period	183	1,224	1,407
Balance as at 30 June 2018	8,244	4,728	12,972
Balance at 1 July 2016	8,029	3,338	11,367
Net result for the year	32	–	32
Other comprehensive income:			
Net increases/(decrease) in property, plant and equipment	–	166	166
Total other comprehensive income	–	166	166
Total comprehensive income for the year	32	166	198
Balance as at 30 June 2017	8,061	3,504	11,565

The accompanying notes form part of these financial statements

CORPORATION SOLE 'MINISTER ADMINISTERING THE HERITAGE ACT 1977'

Statement of cash flows for the year ended 30 June 2018

	Notes	Actual 2018 \$'000	Actual 2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Grants and subsidies		(22)	(140)
Operating expenses**		(1,219)	(524)
Total payments		(1,241)	(664)
Receipts			
Retained fees		878	833
Interest received		28	64
Total receipts		906	897
NET CASH FLOWS FROM OPERATING ACTIVITIES	14	(335)	233
CASH FLOWS FROM INVESTING ACTIVITIES			
Contribution to medium term investment		(2,500)	–
NET CASH FLOWS FROM INVESTING ACTIVITIES		(2,500)	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,835)	233
Opening cash and cash equivalents		3,890	3,657
CLOSING CASH AND CASH EQUIVALENTS*	4	1,055	3,890

*For the purposes of the statement of cash flows, cash and cash equivalents includes cash at bank only and does not include medium-term growth investments disclosed in note 6.

**Increase in operating expense payments is primarily a result of increased contractor, printing and publishing costs in 2017–18 (refer note 2a) combined with a decrease in payables relating to conservation management plans in 2017–18 (refer note 10).

The accompanying notes form part of these financial statements

CORPORATION SOLE ‘MINISTER ADMINISTERING THE *HERITAGE ACT 1977*’

Notes to and forming part of the financial statements for the year ended 30 June 2018

1. Summary of significant accounting policies

(a) Reporting entity

The Corporation Sole “Minister Administering the *Heritage Act 1977*” (the Corporation) is constituted under the *Heritage Act 1977*. The main activity of the Corporation is the administration of financial operations of the Act and is defined under Part 6 of the *Heritage Act 1977*. The Corporation receives fees and charges, may acquire or bequest any property for the purposes of the Act, and make grants and loans for promoting and assisting conservation of items of heritage.

Though the Corporation generates revenue, it is a not-for-profit entity as profit is not its principal objective. The Corporation is a going concern.

The Corporation does not employ staff. The Office of Environment and Heritage (OEH) provides secretariat, general administration and specialist support to the Corporation for a fee. Refer note 2(a) and note 16.

The financial statements have been authorised for issue on 19 October 2018.

(b) Basis of preparation

The financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and Public Finance and Audit Regulation 2015; and
- Financial Reporting Directions mandated by the Treasurer.

Property, plant and equipment and financial assets are measured at fair value through profit or loss. Other financial statements items are prepared in accordance with the historical cost convention, except where specified otherwise.

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, which is Corporation’s presentation and functional currency.

(c) Accounting for the goods and services tax (GST)

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

Notes to and forming part of the financial statements for the year ended 30 June 2018

- 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; and
- 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. 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.

(d) 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.

(e) Insurance

A range of insurances are carried by OEH with the New South Wales Treasury Managed Fund. This coverage extends to the operations of the Corporation. Insurance cover is reviewed annually to ensure adequacy.

(f) Statement of compliance

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

(g) Equity and reserves

i. Revaluation surplus

The reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the Corporation's policy on the revaluation of property, plant and equipment as discussed in note 7.

ii. Accumulated funds

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

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

Issued but not yet effective:

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

The following new Accounting Standards have not been applied and are not yet effective (NSW Treasury mandate TC 18/01):

- AASB 9 *financial instruments*
- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 *regarding revenue from contracts with customers*
- AASB 16 *leases*
- AASB 1058 *income of not-for-profit entities*
- AASB 1059 *service concession arrangements: grantors*

Notes to and forming part of the financial statements for the year ended 30 June 2018

- AASB 2016-7 *amendments to Australian Accounting Standards – deferral of AASB 15 for not-for-profit entities*
- AASB 2016-8 *amendments to Australian Accounting Standards – Australian implementation guidance for not-for-profit entities.*

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 apart from AASB 9 *financial instruments*, which may require additional disclosures, the other new standards are not likely to have any material impact.

2. Expenses excluding losses

Expenses are measured at the fair value of the consideration or contribution paid or payable for goods or services received by the Corporation. Recognition and measurement of key expense items are disclosed separately below.

(a) Other operating expenses

	2018 \$'000	2017 \$'000
Contractor – projects ¹	243	35
Heritage Council and committees	78	88
Secretariat support and specialist advice – OEH ²	261	481
Commissions paid on Section 167 fees	18	17
Stores and minor assets	22	8
Hire costs	4	6
Printing and publishing ¹	145	25
Travel costs	23	14
Legal costs	47	18
Auditor's remuneration (audit of the financial statements)	20	19
General administration	16	31
	877	742

¹ Increase in costs in the 2017–18 financial year is primarily towards two major projects, being the preparation of a communications and engagement strategy, as well as the architectural review of the Port Macquarie heritage site (refer note 9).

² Lower fee in 2017–18 to OEH for secretariat and specialist advice is primarily due to the completion of reviews of conservation management plans for Millers Point redevelopment in the previous financial year.

Recognition and measurement – key 'other operating expenses'

Secretariat support and specialist advice – OEH

The Corporation is charged for the fair value of specialist and secretariat support provided by OEH. The Corporation also reimburses OEH for its share of corporate services that are provided by the Department of Planning and Environment.

Notes to and forming part of the financial statements for the year ended 30 June 2018

(b) Depreciation expense

	2018 \$'000	2017 \$'000
Depreciation:		
Buildings and improvements	88	86
	88	86

For recognition and measurement policies on depreciation refer note 7.

(c) Grants and subsidies

	2018 \$'000	2017 \$'000
Local government	–	34
Sponsorships	22	11
Non-government organisations	–	95
	22	140

Grants are paid by the Corporation towards conservation of items of heritage. Grants and subsidies expenses have decreased in 2017–18 as a result of fewer applications being received by the Corporation during the year.

Recognition and measurement – grants and subsidies

Grants and subsidies are generally recognised as expenses when the Corporation transfers control of the contribution. The Corporation is deemed to have transferred control when grants and subsidies are paid or are payable.

3. Revenue

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

(a) Investment revenue

	2018 \$'000	2017 \$'000
Interest revenue from financial assets not at fair value through profit or loss	28	58
TCorpIM investment facilities designated at fair value through profit or loss	304	214
	332	272

Recognition and measurement – investment revenue**i. Interest revenue from financial assets not at fair value through profit or loss**

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Notes to and forming part of the financial statements for the year ended 30 June 2018

ii. TcorpIM investment facilities designated at fair value through profit or loss

In accordance with AASB 139 *financial instruments: recognition and measurement*, the Corporation's financial assets, such as TCorp IM investment facilities, and financial liabilities are disclosed at fair value through profit or loss. The movement in the fair value of the TcorpIM investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'. Refer note 6 and note 15.

(b) Retained fees

	2018 \$'000	2017 \$'000
Statutory fees and other charges	838	728
	838	728

Recognition and measurement – retained fees

Retained fees comprises statutory fees and charges under the *Heritage Act 1977*. Revenue from retained fees is recognised when the fair value of the consideration is received or is receivable.

4. Current assets – cash and cash equivalents

	2018 \$'000	2017 \$'000
Cash at bank	1,055	3,890
	1,055	3,890

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

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

Cash and cash equivalents (per Statement of Financial Position)	1,055	3,890
Cash and cash equivalents (per statement of cash flows)	1,055	3,890

Refer note 9 for details on restricted assets.

Refer note 15 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. Current assets – receivables

	2018 \$'000	2017 \$'000
Sale of goods and services	40	1
Accrued income	–	29
GST receivable	61	6
	101	36

Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in note 15.

Notes to and forming part of the financial statements for the year ended 30 June 2018**Recognition and measurement – receivables**

All purchases or sales of financial assets are recognised and derecognised on a trade date basis. Purchases or sales of financial assets require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables, including trade receivables, prepayments etc. are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

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

Allowance for impairment

Receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

The Corporation first assesses whether impairment exists individually for receivables that are individually significant, or collectively for those that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

The amount allowed for the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

6. Current assets – financial assets at fair value

	2018 \$'000	2017 \$'000
TCorpIM medium term growth investments	6,661	3,856
	6,661	3,856

Refer note 9 for details on restricted assets.

TCorpIM investments are classified at fair value through profit and loss. Refer note 3(a).

Refer to note 15 for further information regarding fair value measurement, credit risk and market risk arising from financial instruments.

Notes to and forming part of the financial statements for the year ended 30 June 2018**Recognition and measurement – financial assets at fair value**

All purchases or sales of financial assets are recognised and derecognised on a trade date basis. Purchases or sales of financial assets require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are initially and subsequently measured at fair value. Gains or losses on these assets are recognised in the net result for the year. The TCorpIM investment facilities are designated at fair value through profit or loss as these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy of OEH.

7. Non-current assets – property, plant and equipment**2017–18**

	Land and buildings \$'000	Total \$'000
At 1 July 2017 – fair value		
Gross carrying amount	7,052	7,052
Accumulated depreciation	(2,961)	(2,961)
Net carrying amount	4,091	4,091
At 30 June 2018 – fair value		
Gross carrying amount	7,628	7,628
Accumulated depreciation	(2,401)	(2,401)
Net carrying amount	5,227	5,227

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	Total \$'000
Year ended 30 June 2018		
Net carrying amount at start of year	4,091	4,091
Net revaluation increment less revaluation decrements	1,224	1,224
Depreciation expense	(88)	(88)
Net carrying amount at end of year	5,227	5,227

Further details regarding the fair value measurement of property, plant and equipment are disclosed in note 8.

Notes to and forming part of the financial statements for the year ended 30 June 2018

2016–17

	Land and buildings \$'000	Total \$'000
At 1 July 2016 – fair value		
Gross carrying amount	6,782	6,782
Accumulated depreciation and impairment	(2,771)	(2,771)
Net carrying amount	4,011	4,011
At 30 June 2017 – fair value		
Gross carrying amount	7,052	7,052
Accumulated depreciation	(2,961)	(2,961)
Net carrying amount	4,091	4,091

Reconciliation

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

	Land and buildings \$'000	Total \$'000
Year ended 30 June 2017		
Net carrying amount at start of year	4,011	4,011
Net revaluation increment less revaluation decrements	166	166
Depreciation expense	(86)	(86)
Net carrying amount at end of year	4,091	4,091

Further details regarding the fair value measurement of property, plant and equipment are disclosed in note 8.

Recognition and measurement – property, plant and equipment**Acquisition of property, plant and equipment**

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

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

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

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

Notes to and forming part of the financial statements for the year ended 30 June 2018

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.

Major inspection costs

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Restoration costs

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

Depreciation of property, plant and equipment

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

The depreciation rate for buildings is 1.66 % (2017: 1.66%). Land is not depreciated.

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with Treasury Policy and Guidelines Paper TPP 14-01 *valuation of physical non-current assets at fair value*. 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 the perspective of market participants, using valuation techniques (market approach and cost approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer note 8 for further information regarding fair value.

Revaluations are conducted 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 Corporation conducts a comprehensive revaluation for land and buildings every three years.

Impairment of property, plant and equipment

As a not-for-profit entity, 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.

The Corporation assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

Notes to and forming part of the financial statements for the year ended 30 June 2018

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

8. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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 *fair value measurement*, Corporation categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets / liabilities that the Corporation can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly
- 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 15 for further disclosures regarding fair value measurements of non-financial and financial assets.

(a) Fair value hierarchy

2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (note 7)				
Land and buildings	–	–	5,227	5,227
	–	–	5,227	5,227
2017				
2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (note 7)				
Land and buildings	–	–	4,091	4,091
	–	–	4,091	4,091

There were no transfers between Level 1 or 2 during the year and the previous year.

Notes to and forming part of the financial statements for the year ended 30 June 2018

(b) Valuation techniques, inputs and processes**i. Valuation techniques and inputs:**

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

Asset class	Valuation technique	Comments
Land	Market	Based on market evidence, which is adjusted to reflect restricted use
Buildings	Cost	Based on depreciated replacement cost

ii. Highest and best use:

Non-financial assets are valued on a highest and best use basis, after taking into account their restricted use.

iii. Level 3 measurements

Corporation's 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 (Rawlinson) based on the characteristics of the relevant asset.

Full external valuations of land and buildings are conducted at least every 3 years. The last valuation for land and buildings was conducted as at 30 June 2018. The fair value of Level 3 assets is adjusted annually for movement in relevant publicly available indices. The Corporation 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 indices will result in corresponding changes to the fair value of Corporation's Level 3 assets.

(c) Valuation techniques, inputs and relationship of unobservable inputs to fair value

Type	Valuation technique	Inputs	Relationship of unobservable inputs to fair value
Level 3– Land	In 2017–18 the Corporation engaged the services of Opteon Solutions Pty Ltd to provide a comprehensive valuation of land using the market approach to determine fair value. A discount factor was applied to reflect the restrictive use of land by the Corporation.	Current market prices, and the discount factor for the restrictions on the use of the Corporation land.	Land is valued using market evidence with consideration made for condition, location, comparability etc. Land values are derived from the analysis of sales of comparable lands. Adjustment to market evidence to reflect restricted use has been made by applying discount factors, arrived by valuers based on the analysis of market evidence, experience and court precedent. Land value is on a rate per hectare.
Level 3– Buildings	In 2017–18 the Corporation engaged the services of Colliers International Valuation & Advisory Services Pty Ltd (CIVAS) to provide a comprehensive valuation of buildings using the depreciated replacement cost (DRC) approach to determine fair value.	The replacement cost (\$/m ²) has reference to the heritage significance of the main dwelling. Gross floor area, total useful life, and remaining useful life are the inputs considered in deriving DRC. For current year fair value measurement, current construction cost estimates as published in Rawlinson's Handbook 2018 is used.	The valuer has determined the fair value of buildings by assessing the replacement cost and making appropriate adjustments for age, condition and functional and technical obsolescence. Being a heritage building, the replacement cost is determined by using modern day equivalent materials and assets with the same size, design and function as the existing buildings, after taking into consideration any obsolescence.

Notes to and forming part of the financial statements for the year ended 30 June 2018

(d) Reconciliation of recurring Level 3 fair value measurements

2018	Land and buildings \$'000	Total recurring level 3 fair value \$'000
Fair value as at 1 July 2017	4,091	4,091
Revaluation increments/ decrements recognised in other comprehensive income – included in line item – net increase/(decrease) in property, plant and equipment revaluation surplus and other movements	1,224	1,224
Depreciation	(88)	(88)
Fair value as at 30 June 2018	5,227	5,227

2017	Land and buildings \$'000	Total recurring Level 3 fair value \$'000
Fair value as at 1 July 2016	4,011	4,011
Revaluation increments/ decrements recognised in other comprehensive income – included in line item – net increase/(decrease) in property, plant and equipment revaluation surplus and other movements	166	166
Depreciation	(86)	(86)
Fair value as at 30 June 2017	4,091	4,091

9. Restricted assets***Parramatta Heritage Precinct project***

The Commonwealth Government provided a grant of \$260,600 for the preparation of a Parramatta Precinct National Heritage List nomination and comprehensive interpretation and tourism plan for the Parramatta precinct. A Memorandum of Understanding is being finalised with the National Trust of Australia to progress the project.

	2018 \$'000	2017 \$'000
Opening balance	261	261
Cash balance at end of year	261	261

Old Government House site – Port Macquarie

The Corporation holds \$240,000 in medium term investments (note 6) for the ongoing conservation and management of archaeological artefacts located at the Old Government House, Port Macquarie.

	2018 \$'000	2017 \$'000
Opening balance	299	299
Less payments*	(59)	–
Balance at end of year	240	299

* Payments relate to contractor costs for the architectural review of the Port Macquarie heritage site (refer note 2(a)).

Notes to and forming part of the financial statements for the year ended 30 June 2018

10. Current liabilities – payables

	2018 \$'000	2017 \$'000
Creditors	67	308
	67	308

Details regarding liquidity risk, including a maturity analysis of the above payables, are disclosed in note 15.

Recognition and measurement – payables

Payables represent liabilities for goods and services provided to the Corporation and other amounts. Payables are initially measured at fair value, usually based on transaction cost or face value. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

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

11. Current liabilities – other

	2018 \$'000	2017 \$'000
Security deposits	5	–
	5	–

12. Commitments for expenditure

There were no commitments as at 30 June 2018 (2017:nil).

13. Contingent liabilities and contingent assets

There are no contingent liabilities or contingent assets as at 30 June 2018 (2017:nil).

14. Reconciliation of cash flows from operating activities to net result

	2018 \$'000	2017 \$'000
Net cash provided by (used on) operating activities	(335)	233
Depreciation	(88)	(86)
Increase/(decrease) in receivables	64	(55)
Decrease/(increase) in payables	240	(273)
Increase/(decrease) in medium term investment	302	213
Net result	183	32

Notes to and forming part of the financial statements for the year ended 30 June 2018

15. 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 Office of Environment and Heritage on behalf of 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.

(a) Financial instrument categories

Financial assets	Note	Category	Carrying amount 2018 \$'000	Carrying amount 2017 \$'000
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Class:

Cash and cash equivalents	4	N/A	1,055	3,890
Receivables ¹	5	Receivables (at amortised cost)	40	30
Financial assets at fair value	6	At fair value through profit or loss – classified as held for trading	6,661	3,856

Financial liabilities	Note	Category	Carrying amount 2018 \$'000	Carrying amount 2017 \$'000
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Class:

Payables ²	10	Financial liabilities (at amortised cost)	67	308
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Note

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) 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 the Corporation transfers the financial asset:

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

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

Notes to and forming part of the financial statements for the year ended 30 June 2018

measured on a basis that reflects the rights and obligations that the Corporation has retained.

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

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

(c) Financial risks

i. 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 TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

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.

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.

Notes to and forming part of the financial statements for the year ended 30 June 2018

	Total ^{1,2} \$'000	Neither past due nor impaired \$'000	Past due but not impaired ^{1,2} \$'000	Considered impaired ^{1,2} \$'000
2018				
<3 months overdue	40	40	–	–
3 months – 6 months overdue	–	–	–	–
>6 months overdue	–	–	–	–
2017				
<3 months overdue	1	–	1	–
3 months – 6 months overdue	–	–	–	–
>6 months overdue	–	–	–	–

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.

ii. 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 applicable rate of interest for the period to 30 June 2018 was 9.8% (2017: 9.8%). The rate of interest is determined by the Office of State Revenue.

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							
	\$'000 Nominal amount ¹	Interest rate exposure \$'000			Maturity dates \$'000		
		Fixed interest rate	Variable interest rate	Non- interest bearing	<1 year	1–5 years	>5 years
2018							
Payables	67	–	–	67	67	–	–
	67	–	–	67	67	–	–
2017							
Payables	308	–	–	308	308	–	–
	308	–	–	308	308	–	–

Notes to and forming part of the financial statements for the year ended 30 June 2018

Notes:

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Corporation can be required to pay.

iii. 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 price risks associated with the movement in the unit price of the TCorpIM 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 as for 2016–17. The analysis assumes that all other variables remain constant.

iv. 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.

	Carrying amount	\$'000			
		-1% Profit	Equity	1% Profit	Equity
2018					
Financial assets					
Cash and cash equivalents	1,055	(11)	(11)	11	11
Financial assets at fair value	6,661	(67)	(67)	67	67
Financial liabilities					
Payables	67	1	1	(1)	(1)
2017					
Financial assets					
Cash and cash equivalents	3,890	(39)	(39)	39	39
Financial assets at fair value	3,856	(39)	(39)	39	39
Financial liabilities					
Payables	308	3	3	(3)	(3)

(d) Other price risk – TCorpIM facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorpIM 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 TCorpIM investment trust:

Facility	Investment sectors	Investment horizon	2018 \$'000	2017 \$'000
Medium term growth facility	Cash, money market instruments, Australian and International bonds, listed property, Australian shares	3 years to 7 years	6,661	3,856

Notes to and forming part of the financial statements for the year ended 30 June 2018

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 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.

Investment in the TCorpIM 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 TCorpIM 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 TCorpIM statement).

	Impact on profit/loss		
	Change in unit price	2018 \$'000	2017 \$'000
TCorpIM investment – medium-term growth facility	+/- 2.14%	143	178

(e) Fair value measurement**i. Fair value compared to carrying amount**

Financial instruments are generally recognised at cost, with the exception of the TCorpIM facilities, which are measured at fair value. The value of the TCorpIM investments is based on the Corporation's share of the value of the underlying assets of the facility, based on the market value. All of the TCorpIM 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.

ii. 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).

2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial asset at fair value				
TCorpIM medium-term investment facility	–	6,661	–	6,661
	–	6,661	–	6,661

Notes to and forming part of the financial statements for the year ended 30 June 2018

2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial asset at fair value				
TCorpIM medium-term investment facility	–	3,856	–	3,856
	–	3,856	–	3,856

(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 and in the previous year.

16. Related party disclosures

a) Key management personnel (KMPs) are those persons who have authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Under Part 6 of the *Heritage Act 1977* the Minister is incorporated as a corporation sole, and is considered the only KMP of the Corporation. There was no compensation paid by the Corporation during the year as Ministerial compensation is paid by the NSW Legislature.

Based on advice provided by the NSW Treasury and transactional reviews undertaken, the Corporation did not enter into any transactions with key management personnel, their close family members and any entities controlled or jointly controlled thereof during the year, except in the capacity as the Minister for Heritage.

b) During the year, the Corporation entered into transactions with other agencies that are controlled/jointly controlled/significantly influenced by the NSW Government.

Under the *Heritage Act 1977*, the Heritage Council (Council) is a NSW agency. The Council makes recommendations to the Minister in relation to functions conferred upon the Minister under the Act. The Minister, as Corporation Sole, has power to accept or not accept these recommendations. The Council can also establish committees to assist it in the exercise of its functions. In accordance with section 105 1(b) of the *Heritage Act 1977*, Corporation Sole remunerates members of the Council. In 2017–18 fees paid to Council members, including for their superannuation and for the membership and attendance of other committees was \$74,259 (2017: \$87,956). This amount is included within note 2(a).

The Office of Environment and Heritage provides secretariat, general administration and specialist support to the Corporation for a fee. Refer note 1(a) and note 2(a).

17. Events after the reporting period

The Corporation is not aware of any circumstances that occurred after the balance date which would have material impact on the 30 June 2018 financial statements.

End of audited financial statements

Index

- Awards
 - NPWS tourism, 17
 - SEED, 17
- Citizen science, 21
- Climate Change
 - Adaptation, 15
 - Research, 15
- Coastal Management
 - Coastal and Estuary grants, 15
 - Coastal Management Framework, 14
 - NSW Coastal Council, 100
- Conservation
 - Biobanking, 10
 - Biodiversity Conservation Investment Strategy, 9
 - Flying-foxes, 10
 - Kangeroos, 10
 - Koalas, 8, 9
 - Saving our Species, 9, 10, 21, 109
 - Threatened Species Scientific Committee, 100
- Environmental Data
 - Air quality, 13
 - Beachwatch, 17
 - NSW Flood Data Portal, 15
 - SEED, 17
- Environmental Water, 8
- Fire Management
 - Firefighting Capability, 14
 - Hazard reduction, 14
 - Research, 14
 - Wildfires, 14
- Floodplain Risk Management, 15
- Heritage
 - Aboriginal cultural heritage, 11
 - Aboriginal Cultural Heritage Advisory Committee, 100
 - Aboriginal joint management, 11
 - Cultural heritage reforms, 11
 - New heritage listings, 11
 - Heritage Council of NSW Annual Report, 139
 - Landscapes and Aquatic ecosystems
 - Environmental Water, 8
 - Floodplain health, 8
 - Marine estate, 8
 - Legislation
 - Aboriginal Land Rights Act 1983, 101
 - Biodiversity Conservation Act 2016, 7, 9, 99
 - Coastal Management Act 2016, 15, 100
 - Draft Aboriginal Cultural Heritage Bill 2018, 11
 - Environmental Planning and Assessment Act 1979, 142
 - Government Information (Public Access) Act 2009, 109
 - Health Records and information Privacy Act 2002, 108
 - Heritage Act 1977, 11, 139
 - Multicultural NSW Act 2000, 121
 - National Parks and Wildlife Act 1974, 11, 100, 101, 107, 128
 - Privacy and Personal Information Protection Act 1998, 108
 - Protection of the Environment Operations Act 1997, 107
 - Public Interest Disclosures Act 1994, 108
 - State Environmental Planning Policy (Coastal Management) 2018, 15
 - Threatened Species Conservation Act 1995, 100

- Water Management Act 2000, 8
- Wilderness Act 1987, 104
- NSW Heritage Council
 - Committees, 139
 - Maritime heritage, 143
 - Members, 139
- NSW Heritage Grants, 12, 143
- OEH
 - Aboriginal employment, 18, 123
 - Acts administered by OEH, 103
 - Audit and risk management, 128, 129
 - Boards and committees, 99
 - Capital works, 131
 - Charter, 4
 - Consultants, 129
 - Corporate Strategy, 19
 - Customer satisfaction, 20
 - Digital Information Security Policy, 138
 - Executive Officers, 117
 - Gender equity, 124
 - Governance, 99
 - Grants, 133
 - Insurance, 130
 - Managing misconduct, 126
 - Multicultural engagement, 121
 - Overseas travel, 114
 - Partners, 21
 - Payment of accounts, 132
 - People Matters Survey, 18
 - Portfolio partners, 7
 - Privacy Management Plan, 108
 - Prosecutions, 105
 - Public feedback and complaints, 114
 - Public interest disclosures, 108
 - Purpose, 4
 - Release of information, 109
 - Senior Executives, 117
 - Spokeswomen’s Program, 124
 - Staff profile, 118
 - Structure, 5
 - Sustainability, 14, 129, 130
 - Vision, 4
 - Work Health and Safety, 18, 125
 - Workforce diversity, 119
 - Workplace relations, 126
- Parks and reserves
 - Aboriginal joint management, 101
 - Additions, 8
 - Committees, 99, 100
 - Horse riding, 105
 - Pest and weed management, 8
 - Promotion, 17
 - Visitation, 16
- Programs
 - Coastal and Estuary Grants, 15
 - Floodplain Management Program, 15
 - Growth Centres Biodiversity Offset Program, 13
 - Heritage Near Me, 12
 - Koala Land Acquisition Program, 8
 - NSW Heritage Grants, 12, 143
 - Reintroduction of locally extinct mammals, 10
 - Sustainability Advantage, 13
- Resource Efficiency
 - Energy, 13
 - Gas, 13
- State Heritage Register, 140
- Statutory applications, 142
- Statutory planning tools, 142
- Sustainability
 - Building rating system, 13
 - Energy, 13
 - Sustainability Advantage, 13