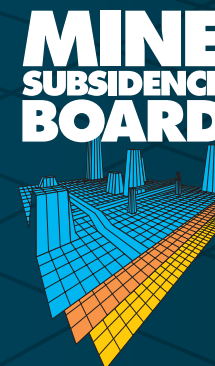




MINE SUBSIDENCE BOARD
ANNUAL REPORT | 2008/09

*Putting service and
the needs of people first*





WHAT IS THE MINE SUBSIDENCE BOARD AND WHAT DO WE DO:

The Mine Subsidence Board is an independent body operating for the local community in areas of coal mining in NSW.

We:

- Provide compensation if improvements on the surface are damaged by mine subsidence
- Prevent damage by ensuring new developments are compatible with the risk of mine subsidence
- Eliminate the risk of danger from mine subsidence

The Mine Subsidence Board is not responsible for approving mining activity.

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EDITORIAL
Eclipse Media and Events

PRODUCTION
Eclipse Media and Events

DESIGN
Australian Type Foundry





*Hon Ian Macdonald MLC
Minister for Mineral Resources*

Dear Mr Macdonald,

**Annual Report for the Year Ended
30th June 2009**

**Freedom of Information Act
Statement of Affairs**

I am pleased to present to you the Mine Subsidence Board's Annual Report for the year ended 30th June 2009, in accordance with Section 10 of the Annual Reports (Statutory Bodies) Act 1984. The Report includes the Statement of Affairs required by Section 14(i)(a) of the Freedom of Information Act 1989 (NSW).

The accounts have been audited in accordance with the requirements of the Public Finance and Audit Act 1983, as evidenced by the Auditor-General's Certificate.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'B. W. Mullard'.

B Mullard
Chairman

BOARD MEMBERS (AS AT 30TH JUNE, 2009)



ALAN COUTTS
(CHAIR TO NOVEMBER 2008)
BCom, DipEd

As Deputy Director-General (Mineral Resources) of the Department of Primary Industries, Alan was the nominated Chairman of the Mine Subsidence Board. Alan has extensive experience in management and Government policy at an executive level. He was also the Chairman of the Board from 1997 to June 2004. In November 2009 Alan stood down from the Department of Primary Industries to take on the position of CEO of the NSW Food Authority.



BRAD MULLARD
(CURRENT CHAIR – FROM DECEMBER 2008)
BSc

In December 2008 Brad was appointed Executive Director (Mineral Resources) of the Department of Primary Industries and is the nominated Chairman of the Mine Subsidence Board. Brad has held a number of senior positions in government and primary industry. He is also a key member of the National Low Emission Coal Council, the National Carbon Storage Taskforce, and the NSW Clean Coal Council.



ROBERT REGAN
BE(Min)(Hons)

Rob leads the Department of Primary Industries - Mineral Resources' Mine Safety Operations and is Chief Inspector of Coal Mines. Rob has had 30 years experience in the mining industry, with the majority at senior management level.



PETER HAYES
BE(Min), ME(Min), MBA
COLLIERY PROPRIETORS' NOMINEE

Peter was appointed to the Board in 2002. He is a successful manager of mining operations, with vast experience in mine planning and interaction with the community.



PHILLIP CARTER
BE, MEngSc
MINISTER FOR COMMERCE'S NOMINEE

Phil was appointed to the Board in 1992 as the Minister for Commerce's nominee. He has 40 years experience as a civil engineer in major projects and strategic planning.



JEFFREY MAYBURY
MINISTER FOR LOCAL GOVERNMENT'S NOMINEE

Jeff is a Councillor on Cessnock City Council. He has experience in Local Government and community issues and was appointed to the Board in 2003.



MARGARET McDONALD-HILL
MINISTER FOR MINERAL RESOURCES NOMINEE

Margaret is the Executive Officer for the Association of Mining Related Councils. She has had an extensive career in Local Government and is the independent chair of a number of consultative committees across the State and a member of the Minister's Arbitration Panel.



STRUCTURE AND FUNCTION OF THE BOARD

The Mine Subsidence Board is constituted under the Mine Subsidence Compensation Act 1961 as amended and consists of representation of:

- Director-General of Department of Primary Industries or his nominee
- Chief Inspector of Coal Mines
- Department of Commerce
- Colliery Proprietors
- Owners of Improvements (ie, the community)
- Local Government or the Department of Planning

Two members, the Director-General of the Department of Primary Industries and the Chief Inspector of Coal Mines, are ex officio members appointed by the Act. The remaining four members are nominees and are appointed by the Governor for a period of three years.

The Board meets monthly, primarily at Newcastle and Maitland. Meetings are also convened at centres affected by coal mining,

where the Board Members inspect various areas of Board activity and meet with local authorities. This year, the Board met at the following locations:

- Picton
- Sydney
- Broke
- Maitland

In 2008/09, 11 regular meetings and no special meetings were held.

BOARD ATTENDANCE

<i>Board Meetings</i>	<i>Attended</i>	<i>Eligible</i>
P Carter	7	11
A Coutts (to October)	4	4
P Hayes	9	11
M McDonald-Hill	10	11
J Maybury *	11	11
B Mullard	5	6
R Regan *	7	11

* Board Members nominated for Audit Committee

All non-attendances at the meetings were authorised leave.

Board staff are here to assist:

The Mine Subsidence Board's staff are here to assist you, with four offices located conveniently in coal mining areas of NSW. Not only is our website a great source of information, we have a wide range of brochures and other information on mine subsidence to assist you. Staff can also assist with technical information on items such as designing for subsidence.

What requires Board approval?

Some of the items that require board approval if located within a mine subsidence district include:

- Subdivision of land
- Building Applications
- Multi storey developments
- New homes being built in a Mine Subsidence District
- Extensions to an existing home.

CORPORATE GOVERNANCE

The Mine Subsidence Board is constituted under the Mine Subsidence Compensation Act 1961. In the exercise of their duties and functions, the Board Members are subject to the control and direction of the Minister. Through the Act, certain duties and functions are delegated to staff of the Mine Subsidence Board. Major items are considered by the Board Members at monthly meetings. The Budget and Corporate Plan are approved by the Board Members, who receive a monthly report on progress against programmes. Operational processes are subject to regular audit and an Audit Committee meets annually.

CODE OF CONDUCT

The Board Members abide by a Code of Conduct, which requires a high standard of impartiality, fairness and integrity.

Elimination of danger:

A major role undertaken by the Mine Subsidence Board is the elimination of danger. On occasions, mine subsidence from old shallow mining may cause potholes to occur.

The Board staff are available 24 hours to eliminate this danger immediately.



FROM THE CEO'S DESK



It is pleasing to see the strong recognition of the role provided by the Mine Subsidence Board in coal mining areas of NSW. Most beneficial has been the increasing interaction between the Board, community and industry prior to mining. During mine planning, the Board's experience and knowledge is recognised in contributions to Planning Focus Meetings and Subsidence Management Plans. Information on services provided by the Mine Subsidence Board are made available to property owners through the mining notification process, direct contact, participation in Community Consultative

Committees and Pre-mining Inspections. These inspections establish the condition of a dwelling prior to mining and are completed at no cost to the owner.

The Mine Subsidence Compensation Act is relatively unique in providing compensation as a right. The Board receives inquiries both nationally and internationally regarding management of mine subsidence issues. The assessment of claims for mine subsidence damage will always provide challenges as we are dealing with personal assets. Much depends on establishing a strong working relationship with a claimant to ensure they have confidence in the expertise of Board Staff. This interaction is a matter Board staff give great attention. Board procedures also provide opportunity for a claim review.

During 2008/09 Board staff processed over 4,000 building applications, 313 subdivisions, attended to 349 claims for mine subsidence damage, 116 calls for elimination of danger and issued around 9,700 certificates to confirm structures were covered by the Mine Subsidence Act. There was a 15% reduction in Building Applications from the previous year although major projects continued. Certificates remained at similar levels whilst

there was a 30% increase in claims due to mining beneath areas of higher housing density. Elimination of danger claims have continued to reduce from a peak that arose following heavy rains and flooding in June 2007. There has been a general reduction in most categories over the past 10 years. Although total claims have fluctuated, they generally range between 325 and 425 per year. The Board sets challenging performance targets and this year more than 88% of certificates and 96% of building applications / subdivisions were processed in less than 5 working days. Board staff process many complex applications involving large structures over abandoned mine workings or development in areas of future mining. Investigation associated with such applications can take longer.

The Board has established surface development guidelines to minimise the risk of damage from mine subsidence. In the case of new development, subdivision, major projects or mining beneath sensitive structures, the Board's staff are often involved from initial planning to development. During this financial year major projects included the F3 to Branxton Bypass, roads,

high-rise structures, water infrastructure and transmission towers. The Board's approval is only to permit the proposed development in a mine subsidence district and the application is still subject to all State planning requirements. Board staff were also involved in Steering and Technical Committees to assess mining beneath significant infrastructure.

An ongoing challenge is the increased number of applications for surface development over old and abandoned coal mine workings. In past years these areas were usually set aside from development, however, many are now seen to be prime sites. Often these sites are underlain by shallow mine workings and require comprehensive geotechnical investigation and structural design to ensure any damage in the event of mine subsidence is slight, localised and readily repairable. Grouting of mine working is often used to achieve this requirement. It is also necessary to establish a long term management plan where shallow mine workings are in a development area.

Research and development into mine subsidence remains an important part of our business. In recent years we have pioneered

the use of polyurethane to relevel dwellings following mine subsidence. Board staff regularly review building techniques and materials to determine whether they are compatible with mine subsidence movement and can be included in surface development guidelines.

The Board again provided information to the community through its displays at Regional Shows held in the Hunter, South Coast and Central Coast. Our mascot Maurie Mole remains a great attraction at these events and is raising awareness regarding the potential danger from mine subsidence around shallow mine workings. This year the annual Maurie Mole danger awareness campaign saw 25 winners and their families enjoy dinner, rides and tours of the tunnels at historic Fort Scratchley at Newcastle. The Board continues to associate its promotions for children with a healthy lifestyle and literacy by distributing sun hats, drink bottles to sporting clubs and library bags. Free show bags are distributed to children who visit our stand at regional shows.

The independence of the Board as a statutory authority is important to our success. The Board operations are funded by a compulsory levy on the owners of all registered collieries in NSW. The Mine Subsidence Board holds Quality Certification to International Standard ISO9001 - 2008. All Mine Subsidence Board brochures can be accessed via the website and many transactions, including feedback, can be completed online.



Greg Cole-Clark
Chief Executive Officer



CONTINUED DEVELOPMENT BOOM MEANS YET ANOTHER BIG YEAR FOR THE BOARD

Despite the Global Economic Crisis facing development around the Country, the Mine Subsidence Board has approved large amounts of development throughout 2008/2009. In particular the Newcastle and Wyong Offices have seen large volumes of development requests.

In the past 12 months the four district offices have approved the following value work of major projects for NSW:

- \$2.635 billion worth of developments in the Newcastle District
- \$278 million worth of developments in the Wyong District
- \$59.6 million worth of development in the Picton District
- \$4 million in the Singleton District

These approvals include everything from shopping centre extensions to retirement home approvals, private hospitals, gas pipelines and school upgrades as well as commercial and residential developments.

What are the costs?

The Mine Subsidence Board does not charge for its development services.

We have even waived the fee for referral of Integrated Development by Council. The time we take to process applications is important to us – we have a Key Performance Indicator of processing 95% of applications within 5 working days. Major structure projects will take longer as detailed geotechnical investigations may be necessary.

SPOTLIGHT ON THE SOUTHERN COALFIELDS

As commuters travel along the busy southern railway line between Sydney and Melbourne they're unaware of the unique process beneath them.

The Picton to Mittagong section of the Main Southern and Thirlmere Heritage Railways overlay the Tahmoor Colliery leases and for the past four years Xstrata Coal has been mining directly under the main railway line.

Seventy commuter and freight trains per day reaching speeds of up to 85km/h pass through the area and the process involved in establishing longwall mining has been lengthy, detailed and costly.

The only other example in NSW of full extraction under a main rail line is at Xstrata's Teralba mine in Lake Macquarie.

Both proposals have required extensive research and overseas investigations as well as ongoing consultation with the Board and government departments.

The mine undertook mitigation work and the major risks that were identified included the Thirlmere Way Bridge, Myrtle Creek brick arch culvert and Tahmoor Station.

To manage potential track disruption and to avert the possibility of derailment, a number of options were considered including maintaining continuously welded track, which has been done in the United Kingdom and Teralba but requires continual intervention and is better suited to low rail traffic.

Fish-plated track was also considered but it would need to be converted back and increases maintenance to the track, requiring a major shutdown to establish and remove. The alternative and ultimately effective option was the use of expansion switches, which are commonly used on bridges both in Australia and overseas to allow for track movement due to thermal expansion. The anchor points move with the ground surface during subsidence and the expansion switches allow the rails to move without tension and compression.

Subsidence is not yet complete but so far the expansion switches have accommodated ground movement and there have not been any significant impacts at the culvert, bridge or station. The electronic monitoring has been reliable and accurate and there doesn't appear to be any need to limit train speed in the future.

The Picton office has been kept busy with Xstrata's development and monitoring progress has been a top priority. Claim numbers have also increased with the increase in mining activity.





PRINCIPAL AND DISTRICT OFFICERS

Chief Executive Officer

Greg Cole-Clark *BE (Mining), MBA*

Secretary and Manager Finance and Administration

Michael Clarke *BCom, ASA, JP*

Subsidence Risk Engineer

Vacant

DISTRICT MANAGERS

Newcastle Phil Alexander

Wyang Tom Hole

Singleton Garry Moore

Picton Darren Bullock

OUR AIMS AND OBJECTIVES:

The Board's charter is set out in the Mine Subsidence Compensation Act 1961. The Act is designed to provide for the payment of compensation where improvements on the surface are damaged by subsidence following the extraction of coal or shale anywhere in NSW. Under the Act, the Board is subject to the control and direction of the Minister for Mineral Resources and reports through the Minister to the NSW Parliament.

The Board is responsible for its own operating and capital funds and manages the Mine Subsidence Compensation Fund. Coal mining companies are levied annually by the Board against each company's land value. Additional income is generated for the Board via investments.

OUR MISSION STATEMENT

To mitigate the effects of mine subsidence on the community by promoting compatibility between surface developments and underground coal mining, restoring damaged improvements and managing the compensation fund. The Board has two principal functions, which are highlighted by

Sections 12 and 15 of the Mine Subsidence Compensation Act 1961 from which it derives power and authority to:

- Provide for payment of compensation for damage to improvements on land anywhere in NSW caused by mine subsidence following the extraction of coal or shale.
- Control surface development within Mine Subsidence Districts where all subdivisions of land and all applications to erect or alter improvements require the Board's approval.

These functions form the Board's Mission and Corporate Objectives incorporated in a Corporate Plan. In the performance of our charter, the Board has as their prime concern the welfare and security of the people of NSW coalfields and their properties.

A Mine Subsidence District is used to recognise areas where our expertise and service are likely to be in higher demand. With the use of innovative and progressive practices, and the expertise of the organisation, we will ensure that the delivery of high-quality service is continually achieved.

STAFF CODE OF CONDUCT

The Mine Subsidence Board utilises good conduct and administrative practice, including prevention procedures, to eliminate the risk of fraud and corruption.

The Board's Code of Conduct addresses standards of behaviour, conflicts of interest, gifts and benefits, corrupt and unethical conduct. All staff are committed to its principles. There have been no changes to the Code during the past year.

GUARANTEE OF SERVICE

In the performance of our Charter, the Mine Subsidence Board is committed to providing the people of NSW with quality service delivered in a reliable, responsible and fair manner. Our Guarantee of Service ensures this statement is fulfilled and is printed as Appendix A.

CORPORATE OBJECTIVES

1. To provide a prompt and efficient compensation and/or repair scheme for damage to improvements caused by the extraction of coal.
2. To eliminate danger to the community from mine subsidence related events.

3. Given that mining will take place, to promote compatibility between surface development and underground coal mining.
4. To actively use risk management expertise to protect the community by reducing future damage from mine subsidence.
5. To identify, complete and promote subsidence research programmes that meet the existing and future needs of the community and industry.
6. To provide a comprehensive and accessible advisory and technical resources service on mine subsidence and surface development.
7. To increase community knowledge and appreciation of the Board and its functions.
8. To implement effective management systems which support the operational objectives.

PERFORMANCE INDICATORS

The Mine Subsidence Board aims to maintain the highest standard of customer service delivery. Continuous improvement is facilitated through quality certification audits, future directions workshops involving staff and our willingness to work with the community, industry and other agencies.

Our policies and procedures are regularly reviewed. The Board welcomes suggestions from members of the public and feedback can be provided through the Board's website. All persons lodging a claim with the Board are given the opportunity of input through a customer survey.

Quality Assurance

The Board has Quality Certification to International Standard ISO 9001:2008. To maintain certification, the Board's procedures and performance are regularly subject to external audit by SAI Global. Trained staff carry out six-monthly internal audits.

PERFORMANCE INDICATORS 2008/2009

Service	Number Processed	Performance Measure	Target	2008/09 Performance	2007/08 Performance
Subdivisions	313	Process	95%	97%	97%
15B Certificates	8446	Within 5	95%	88%	95%
15C Certificates	1218	working	95%	92%	96%
Building Applications	4030	days	95%	96%	96%
Claims	349	Determine Claims Within 30 working days	85%	98%	88%
Elimination of Danger	116	Eliminate Danger Within 24 hours	100%	100%	100%

TRANSACTIONS 2008/2009

CORPORATE PERFORMANCE

The Board has various measures in place to monitor its performance. Management reports to the Board Members on a monthly basis on the Corporate Plan. Internal audits, quality certification audits and customer feedback assist in assessing performance. The major Key Performance Indicators (KPIs) relate to the Board's service areas of surface development, claims and the issuing of Section 15 Certificates, which are generally sought during property conveyancing. Elimination of danger identifies pothole events associated with old shallow mine workings.

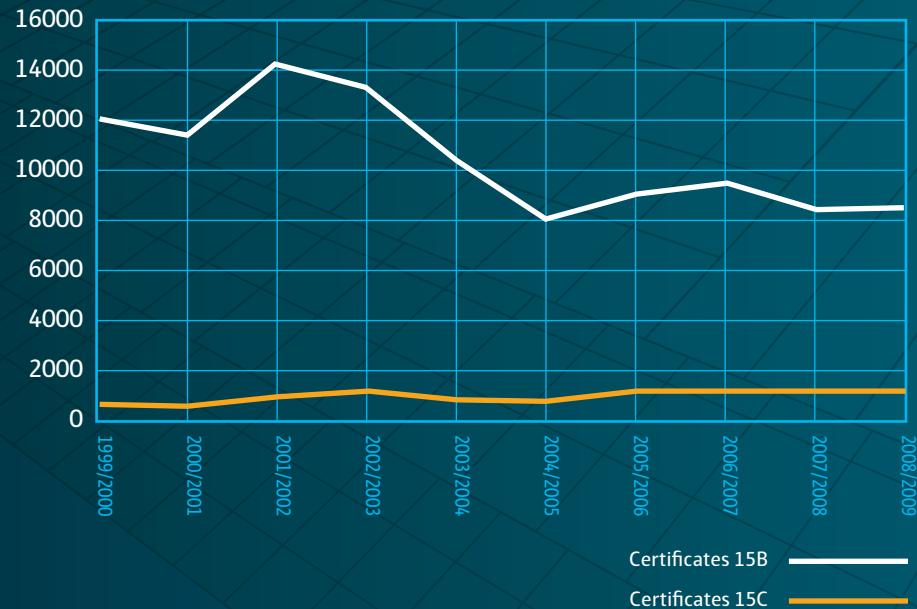
The Board's KPI targets are challenging and were met in four of the six categories, with those not met being 15B and 15C certificates.

These KPI's were not met due to several staffing issues including long service leave and an increased claims workload.

Elimination of danger reports must be addressed within 24 hours. This significant KPI was achieved. On most occasions, action involved securing a site and filling a mine subsidence pothole with low-strength concrete.

<i>Transaction Type</i>	<i>Newcastle</i>	<i>Picton</i>	<i>Singleton</i>	<i>Wyong</i>	<i>Total</i>
<i>Building Applications</i>	2355	946	159	578	4038
<i>07/08</i>	2924	999	215	607	4745
<i>Subdivisions</i>	192	66	24	31	313
<i>07/08</i>	236	81	41	59	417
<i>Certificates</i>					
<i>15B</i>	5353	974	507	1628	8462
<i>07/08</i>	5394	1129	578	1450	8551
<i>15C</i>	527	197	119	375	1218
<i>07/08</i>	536	234	145	282	1197
<i>Claims</i>	133	180	20	16	349
<i>07/08</i>	168	77	7	15	267
<i>Elimination of Danger</i>	98	0	18	0	116
<i>07/08</i>	112	1	38	0	151

CERTIFICATES



The Board plays an integral role in protecting home buyers by providing certificates under Section 15 of the Mine Subsidence Compensation Act.

Persons purchasing land and/or buildings, which are located in proclaimed Mine Subsidence Districts, are advised to seek certificates from the Board during conveyancing. Most financial institutions require a Section 15B Certificate as a condition of providing mortgage funds.

- Section 15B Certificate - Certifies that the requirements of the Act relating to the improvements or subdivisions specified have been complied with. This certificate is an assurance that compensation will be paid in the event of mine subsidence damage.
- Section 15C Certificate - Certifies whether or not a claim has been paid in respect of mine subsidence damage to a property.

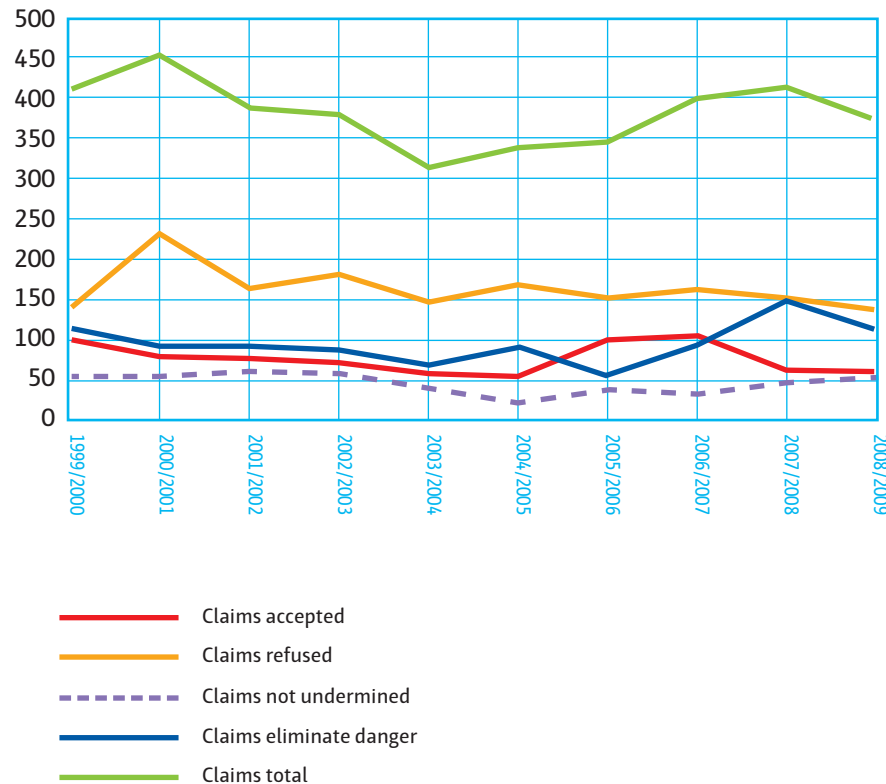
BUILDING AND SUBDIVISION APPLICATIONS – SURFACE DEVELOPMENT



Owners of properties in proclaimed Mine Subsidence Districts must obtain approval to erect improvements or subdivide land. The Board issues guidelines for building, and provides subsidence design parameters for major structures within Mine Subsidence Districts. The Board considers building and subdivision applications within Mine Subsidence Districts for approval and gives consideration to Draft Local Environmental Plans for concurrence or objection as required by the Environmental Planning and Assessment Act.

The Mine Subsidence Board is an approval authority under the Environmental Planning and Assessment Act and accordingly Councils are required to seek general terms of approval from the Board for development applications submitted under the Integrated Development process.

CLAIMS



COMPENSATION

The Board compensates owners of improvements for damage caused by mine subsidence, provided that, if located in a Mine Subsidence District, the improvements have been constructed in accordance with the Board's approval, or existed prior to proclamation of the District.

The owners of improvements damaged by mine subsidence can lodge claims for compensation with the Board. In the event of subsidence damage to surface improvements, the Board may offer the owner a number of options including: having the home or improvements repaired by a licensed contractor; making a cash payment to cover the estimated cost of such repairs; or, in appropriate cases, buying the property at present market value as if it was undamaged by subsidence.

Where the Board purchases a dwelling, it may be rented until subsidence is completed, at which time appropriate repairs are carried out and the property is sold. Such dwellings are leased to tenants at fair market rental.

Owners of improvements may appear before the Board, seeking a review of a Board decision. They also have a right of appeal, under Section 12B of the Act, in the Land and Environment Court, against a decision of the Board as to whether or not damage has been caused by mine subsidence, or about the amount of compensation payable. The Board may arrange for Alternate Dispute Resolution procedures to assist in resolving a claim.

REVIEW OF BOARD OPERATIONS

The Mine Subsidence Board's offices are located in the coalfields of NSW, in Newcastle, Picton, Singleton and Wyong. These areas are easily accessible to residents and developers affected by mine subsidence.

Details of the role of the Mine Subsidence Board and information on mine subsidence can be accessed via the Board's recently updated website. Claim applications, requests for guidelines, tender information for repair contracts, and feedback on service provided are also available from the website.

Surface Development and Mining Advice

The Mine Subsidence Board's approval is required for subdivision of land and surface development in Mine Subsidence Districts.

The Board continues to provide advice regarding subsidence issues to the community and developers, this support is particularly relevant in areas of residential growth or where mining is proposed in the short term.

During the year, staff were involved in discussions with developers proposing high-rise structures over existing mine workings, with extensive geotechnical investigations



undertaken by developers to establish the condition and long-term stability of the abandoned mine workings that underlie sections of the development sites. In some cases, independent expertise was sought to review the geotechnical reports which were submitted by the applicants as a condition of Board approval.

The Board liaises closely with developers, mining companies, local councils and State Government organisations regarding these projects.

Expert Advice

Expert advice is provided to property owners, government departments and authorities, local councils, community organisations and industries within Mine Subsidence Districts, and throughout NSW. This advice aims to provide compatibility between surface development and underground mining. To this end, the Board controls building and other surface development in Mine Subsidence Districts, setting building and construction requirements that provide protection from subsidence damage. These requirements cover the nature and class of improvements, including height, type of building materials used and the method of construction.



Stop Work Notices

The Board has the power to issue stop work notices to prevent illegal construction in Mine Subsidence Districts, and any improvements erected without the Board's approval, or contrary to an approval are not eligible for compensation.

Elimination of Danger

An important role is the elimination of public and private danger caused by mine subsidence.

CLAIMS ANALYSIS

YEAR	ACCEPTED	REFUSED	NOT UNDERMINED	ELIMINATE DANGER	TOTAL
1999/2000	98	144	58	109	409
2000/2001	77	229	57	90	453
2001/2002	74	167	60	90	391
2002/2003	66	178	58	83	385
2003/2004	59	149	46	66	320
2004/2005	57	170	24	89	340
2005/2006	101	150	42	55	348
2006/2007	108	165	33	92	398
2007/2008	65	153	49	151	418
2008/2009	153	140	56	116	465



COMMUNITY LIAISON

The Mine Subsidence Board is represented on various committees and attends community forums where there are mine subsidence issues. The Board's Management and staff are available to address public meetings or community groups. The Board is represented on the Interagency Subsidence Management Plan Committee which will review applications for mining.

The Board's Newcastle staff met with the following groups:

- Newcastle and Lake Macquarie councils
- Northern DARZL
- Hunter Water Corporation
- National Parks

The Board's Singleton staff met with the following groups:

- Muswellbrook Council Liaison Committee
- Singleton Council Liaison Committee

The Board's Wyong staff met with the following groups:

- Wyong Community Liaison Committee
- Mardi to Mangrove Workshop

The Board's Picton staff met with the following groups:

- Appin Area Community Working Group
- Tahmoor Colliery Community Consultative Committee
- Southern DARZL
- RTA Technical Committee
- Sydney Water Technical and Steering Committee
- SCA Technical Committee
- Various Collieries

The Chief Executive Officer met with many groups and organisations throughout the year. Some of these included:

- Chair of Interagency Committee for Subsidence Management Plan
- RTA HW2-Hume Highway Steering Committee for the Southern Coalfields
- Chair of the Northern and Southern DARZL groups
- Sydney Catchment Authority Steering Committee for the Upper Canal
- President of the Mine Subsidence Technical Society

Through the supply of promotional materials, brochures and small monetary donations, the Board assisted a number of schools, sporting and community organisations during the year.



OFFICES AT A GLANCE

Newcastle District

The Newcastle Office manages the operation of the Mine Subsidence Board in the cities of Lake Macquarie, Newcastle and Maitland. There are 150,272 properties governed by the Newcastle Office which is 78% of the total properties administered by the Board. These city areas are and will be affected by future, current and old abandoned mine workings. Some mine workings date back 200 years and were carried out by convict labour. Mine workings across these areas lie at shallow depths where improvements can be affected by localised pothole-type subsidence or deep longwall mining where improvements are affected by strains and tilts.

The Newcastle District Office handles the bulk of all transactions received by the Board from their respective client base. The figures of all transactions for the 08/09 period are as follows:

- 39% of all Subsidence Compensation Claims
- 84% of Elimination of Danger Claims
- 58% of Building Applications
- 60% of Subdivision Applications
- 61% of Certificates

The number of standard claims processed by the Board's Newcastle Office decreased by 25% in comparison to the previous 12 month period.

All transactions were down except for certificate applications which increased by 12% due to the popularity of the first home-buyer grant. The reduction in the number of transactions reflects the economic downturn.

Development continues to flourish in the Newcastle District and large-scale high-rise developments are being approved and more are planned for inner-city Newcastle and Honeysuckle. There is further development of residential estates in the Teralba and the Minmi/Wallsend corridor of Fletcher and Highland County, as well as the expansion of subdivisions within the East Maitland areas of Ashtonfield and Rathluba Lagoon. Many homes have been designed to accommodate subsidence from shallow mine workings.

Projects in the district to the value of \$2.6 billion have been approved by the Board in the 2008/09 financial year. All major developments are conditionally approved subject to extensive geotechnical investigations to establish the condition and long-term stability of old abandoned mine workings which underlie these areas. Some of the major projects that were approved include a seven-storey private hospital in New Lambton Heights and a three-storey residential development in Morisset.

Staff from the Newcastle Office



The number of claims and elimination of dangers processed by the Newcastle District Office was down compared to the previous year. Repair services carried out to properties damaged by subsidence relate primarily to subsidence from shallow abandoned mine workings in the Newcastle and Maitland areas and current longwall mining in Lake Macquarie.

The Board is reviewing areas of operations with a view to redefining district boundaries to include those areas that are either currently mined or likely to be mined in the future. The review will also include confirmation of surface development guidelines for all properties located within mine subsidence districts.

KPI targets were met in the Newcastle office except for the processing of certificates, which was due to a number of factors including an increase in the number of certificates issued and the availability of staff to carry out inspections.

The staff in the Newcastle District Office have worked well throughout the year and have maintained the Board's high performance standards.



Staff from the Picton Office



Picton District

The Picton District Office manages the operation of the Board in the Southern Coalfields. These areas are partly affected by old abandoned mine workings in the coastal area at shallow depths and improvements can be affected by localised pothole-type subsidence. The central area of Southern Coalfields contains five areas of active mining.

Appin and Westcliff collieries are currently mining to the west and north of Appin township. Mining in these areas is carried out through longwall mining.

Tahmoor Colliery commenced mining at Thirlmere in 2004 with Longwall 22. To date 323 claims have been received, 49 have been refused and 73 have been completed. The Board is undertaking pre-mining inspections in relation to Tahmoor Colliery's Longwall 24 and 25. There have been 512 inspections carried out and these will help minimise the Board's risk in relation to repairs post-mining.

Staff and management in the Picton office are working closely with Xstrata Coal on monitoring mining progress and its affects.

During 2008/09 a large volume of enquires were received and claims increased by 145% mainly due to longwall mining at Tahmoor. Some of the major projects that were approved include a supermarket in Tahmoor and a driver training facility in Bargo.

Last year a large volume of inquiries were received from developers in regard to proposed subdivisions. The Board has been active in working with both Collieries and Developers in making mining compatible with future urban expansion.

The Picton office processed more claims than all other offices combined and we are looking forward to another busy year.

Singleton District

The Singleton District Office manages the operation of the following areas:

- Patrick Plains, which encompasses areas bounded by Singleton, Broke, Bulga, Jerrys Plains, Glennies Creek and Liddell
- Muswellbrook, which encompasses areas bounded by Liddell, McCulleys Gap, Aberdeen, Wybong, Denman and Jerrys Plains
- Mitchells Flat east of Singleton
- Lithgow area, which encompasses areas bounded by Ulan to the west, Rylstone, Kandos, Cullen Bullen, Lithgow, Hartley Vale and Clarence
- Tomalpin, which encompasses an area bounded by Pelaw Main, Elrington, Cessnock, Abermain and Heddon Greta
- Cessnock Coalfield, which encompasses an area bounded by Branxton, Greta, Blackhill, Richmond Vale, Ellalong and Millfield
- Gunnedah Basin, which includes large areas around the township of Gunnedah.

All these areas are partly affected by shallow mining which causes pothole subsidence to occur.

There is substantial underground mining in most of these areas from old abandoned workings and current workings by Bord and Pillar extraction and longwall mining. Substantial open-cut mining also exists in some areas.

The Singleton office refit has been completed and clients have acknowledged the professional appearance and quality of information that is on display. Staff have worked hard throughout the year to maintain a high level of customer service despite the upgrade of the office.

There were 566 enquiries processed in 2008/09, which is a dramatic increase on last year and is due to staff now logging over-the-counter and phone enquiries. The figure provides a more accurate snapshot of the time spent supporting the various stakeholders and meeting their needs.



Staff from the Singleton Office

Approvals granted include a project at Denman Primary School and repairs to Charlton Road.

To date District Manager Garry Moore has been on long-service leave since November 2008, although he completed some relief work in the Picton office. Monthly rotations by Richard Pickles and Ian Bullen to fill in as District Manager have helped the office tick along in Garry's absence.



Staff from the Wyong Office



Wyong District

The Wyong office manages the areas to the south of Newcastle and the Central Coast including Swansea, North Entrance, Wyong and Hue Hue.

The office has been heavily involved with the expansion of urban development in the northern part of the Wyong Shire.

The Wyong office is also working closely with Wallarah No 2 Coal Project and the community in regard to the compatibility of surface improvements and future mining in the Wyong Mine Subsidence District. Chain Valley and Mannering collieries have been extracting coal in areas not encumbered by surface improvement.

Major projects that were approved in the 2008/09 financial year include a seniors' living complex at Woongarra and an aged care village at Kanwal. The new urban development areas of Woongarra, Hamlyn Terrace and Wadalba are continuing to grow at a constant rate and the Board has approved significant education, medical and community facilities.

Staff at the Wyong office also attended the Newcastle Home Show in July 2008 and the Camden Show in March 2009. They provided advice on mine subsidence issues to the general public. A display was also set up in Wyong Shire Council Chambers in November and positive feedback was received from council in regard to interest in the information presented.

REPAIR SERVICES

The Board contracts qualified tradespersons to complete repairs where damage has resulted from mine subsidence. In the majority of cases, the repairs are of a relatively minor nature. A high standard of workmanship is required and property owners are involved in the repair project from preparation of the scope of works to final inspection. Any concerns raised during repairs are addressed in consultation with the owner.

Around Newcastle, subsidence damage is related primarily to subsidence from shallow abandoned mine workings. This results in either localised depressions or potholes occurring in the ground surface. They are generally repaired by filling with concrete. Repairs are carried out on behalf of the Mine Subsidence Board by contractors or agencies such as councils, water authorities, and gas suppliers. The Mine Subsidence Board pays the full cost of repairs. During the past year, the Board attended to 116 potholes. The Board's 24 hour emergency free call telephone number (1800 248 083) is available to report any dangers arising from mine subsidence.

Repair services were required in a number of districts during 2008/2009:

- Repairs undertaken in the Newcastle District included properties in Adamstown Heights, Cooranbong, Fletcher, Mandalong, Morrisset, New Lambton, North Lambton, Wakefield, Wallsend and Waratah.
- Repairs undertaken in the Picton District included properties in Appin, 188 claims in Tahmoor and four claims in Berrima. The suburbs of Appin, Tahmoor and Berrima are all expected to be affected by mining for at least the next 12 months.
- Repairs undertaken in the Singleton District include a significant property in Fordwich, as well as repairs valued in excess of \$3.25 million to Charlton and Cobcroft Roads.

The Board undertook general repairs for mine subsidence damage in areas of past and present coal mining.



RISK MANAGEMENT SERVICES

The Mine Subsidence Board liaises with collieries where planned or current mining has the potential to affect surface structures. Meetings are held with these collieries to discuss their mining layout for the next five years as well as their long-term mine plans. Potential problems relating to surface development and conflicts with mining are identified and steps put in place to manage a possible subsidence event. Where appropriate, the condition of structures prior to mining is assessed. Mitigation works to eligible structures can be implemented by the Board in conjunction with the owners of improvements where it will reduce the total prospective liability to the Mine Subsidence Compensation Fund. Annually, the Board reviews surface structures that will be undermined in the next three years to ensure mine subsidence effects are managed and to assess the potential liability from damage.

Major Development Approvals

A significant responsibility of the Board is approving major developments that could have a significant effect on the Mine Subsidence Compensation Fund following mine subsidence, by virtue of their cost, complexity or other impacts.

It is generally a requirement of approval that a number of conditions be met by the applicant, including the need to remove the risk of subsidence or confirm, through geotechnical investigations, that the workings are long-term stable. Applicants usually engage the services of experienced geotechnical engineering consultants to carry out this work. Drill holes may be required to provide supporting information. In some cases, structures can be relocated or the development staged to address mining issues. The Board is increasing its use of computer-aided modelling to determine the risk of mine subsidence and assess the behaviour of a structure should mine subsidence occur.

Just some of the major developments approved during the year included:

- Multi-storey residential and commercial development at Honeysuckle
- Supermarket in Picton district
- Narellan police station
- Driver-training facility in Bargo
- Seven-storey private hospital in New Lambton Heights

- Aged care facilities in Woongarah, Kanwal, Hamlyn Terrace
- Three-storey residential development in Morisset
- Toukley shopping complex

During the 2008/2009 Financial Year a total of almost \$3 billion in developments was approved throughout NSW Mine Subsidence Districts, proving residential and commercial development can work hand in hand with mine subsidence.





Building Guidelines

The Board introduced a set of graduated building guidelines for residential construction in July 2001. These guidelines provide a sound engineering basis for the design of residential construction and provide homeowners and designers with greater flexibility to design individual styles of houses. The houses must remain safe and serviceable and the guideline system will ensure that any damage is of a minor nature that can be readily and economically repaired by the Board. These surface development guidelines are being reviewed to ensure they take into account current building technology and meet best practice.

Surface Development

All building applications for residential development must meet the requirements of the Building Code of Australia and good

building practices. The graduated guideline system for residential structures emphasises the need for new development to meet the relevant codes and standards. The Board requires that articulation joints be shown on architectural plans and in some circumstances work as executed certification is requested. The guideline system separates the Board's requirements into categories that reflect the exposure of varying structures to mine subsidence. Applications for other structures, such as commercial buildings, roads, pipelines and transmission towers, are assessed on their merits, subject to engineering design. In those areas where design and certification by structural engineers is required the need to comprehensively design for the predicted levels of mine subsidence is very important. The Board liaises with applicants and design engineers on a regular basis providing advice on the effect of subsidence on structures and techniques that may be useful in design.

The Board's Development Application and Rezoning Liaison (DARZL) Committee considers applications in areas where there may be issues between surface development

and proposed mining. The committee can consider the details of proposed developments and gain insight into mine planning below the sites in order to ensure compatibility is achieved. Regular attendees at these committee meetings include representatives from the Department of Primary Industries - Mineral Resources, mining companies, local councils and the Board.

Pre-mining Inspections

Where predicted mine subsidence is to have a significant effect on surface improvements it is the Board's policy to offer Pre-mining Inspections (PMIs) of those properties. The inspections are beneficial in establishing the pre-mining condition of structures. The information gathered also provides a useful database of the typical performance of structures in terms of existing condition, damage, age and location. They are completed at no cost to the owner and a report is provided. Originally contracted out, the Board now completes much of this work using its experienced technical staff. The inspections also provide an opportunity to liaise with the community prior to mining.



MAPPING

The Mine Subsidence Board holds the only coverage maps of coal mine workings in the State in a geo-referenced digital format that is regularly updated and verified by the organisation.

The Board's computerised mapping system operates on ESRI software. The system contains comprehensive records of old abandoned discontinued and current mine workings, administrative, cadastral and topographical data for all areas of our operations. The information is vital in establishing surface development guidelines and assessing claims. Details are regularly updated through information exchanged electronically. Subdivision details are obtained from the Board's records and registered plans from Department of Lands (DL). The text layers to accompany the cadastral information are also supplied and updated at regular intervals by Department of Lands. Current mine workings are added from plans supplied electronically and/or in hard copy format by operational collieries and the Department of Primary Industries - Mineral Resources (DPIM).

The Board has spent considerable time over the past several years increasing the amount of mining data held on our mapping system. In particular workings for old collieries in remote areas, including shale mines, have been added.

Mining and cadastral information is sourced from either DPIM, the Collieries, DL, Libraries, Councils and other organisations, as well as existing data currently archived by the Board.

All of the Board's original seam sheets showing old, abandoned, discontinued and active workings have been scanned and integrated into the Graphical Information System. Verification and vectorisation of coal mine workings are done by checking them against mining records and the original seam sheets. Verification of coal mine workings is continuing for all areas where coal and shale mining has taken place and in particular Cessnock, Gunnedah, Lithgow and Picton.

Aerial photography has been purchased and integrated into the Graphical Information System for the majority of areas covered by Mine Subsidence Districts to assist in identification of surface features relative to claims, elimination of danger, and future directions.

The computer system can generate maps showing specific areas where special projects or investigations are underway, to assist with administration of Mine Subsidence Districts, and to support educational and advertising programmes. Maps of Mine Subsidence Districts are available on the Board's website.

The computerised map query interface (MQI) is now available remotely through the web environment for office staff on call or who do not have current access to the office environment. This has assisted in dealing more quickly with the Board's transactions with property owners.

This system also enables district office staff to prepare up to A3 maps of selected properties showing cadastral and mining information. Data from the Board's Property Information System can also be added to the map. This allows summaries of the Board's transactions with property owners (eg, claims, building applications, Section 15B Certificates) to be shown on the plan.



RESEARCH AND DEVELOPMENT – VIBRATION MONITORING AND VIBRATION MONITORING ANALYSIS

The Mine Subsidence Board carried out vibration monitoring in areas where reports of ground vibrations have been made and where these vibrations may be associated with underground mining operations. The majority of vibrations recorded are unlikely to cause damage to structures, however, the information gathered provides useful data for better understanding the occurrence of vibrations from mine workings and their affect on structures.

During the past year vibration monitors have been located at Chain Valley Bay, Mandalong, Broke and Ellalong. Underground mining causes vibrations detectable on the surface. The magnitude of these vibrations can often be sufficient that members of the public worry about the impact that the vibrations are having on their homes.

The Mine Subsidence Board has been conducting vibration monitoring at various locations since April 1989, and is currently monitoring at 6 locations across the New South Wales coal fields. Vibrations are more likely to impact buildings if they are around the building's natural frequency due to the phenomena known as resonance. As the natural frequency of most structures is less than 10Hz, the limits on vibration are much stricter on low frequency vibrations than on higher frequency vibrations.



THE PUBLIC FACE OF THE MINE SUBSIDENCE BOARD— PUBLIC AWARENESS AND COMMUNITY EDUCATION

It was a very exciting year for the Board with regard to Public Awareness and Education with many new initiatives undertaken.

The Board's character used to promote safety awareness, Maurie Mole, is a household name in many coal mining areas of NSW. Maurie Mole has been used in the Hunter Valley to promote safety awareness associated with old, shallow mine workings for more than 16 years and was introduced to the Southern Coalfields in mid 2006 to great responses.

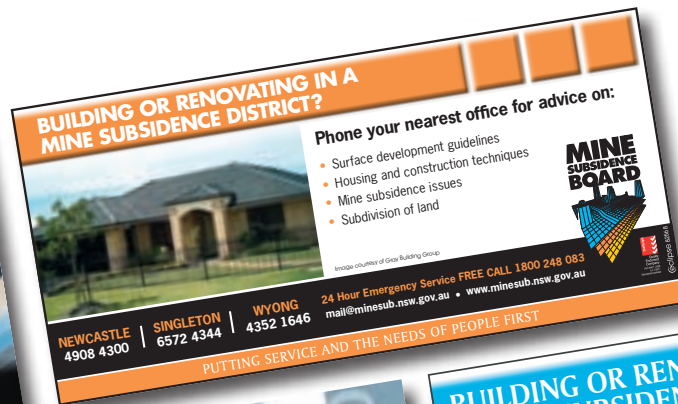
Just some of the outings Maurie Mole enjoyed in 2008/09:

- Camden Show
- Hunter Valley Home & Leisure Expo
- Wollongong Home Show
- Newcastle Home Show
- Hunter Region Botanic Gardens Children's Discovery Day
- Fort Scratchley Christmas Party

A new Maurie Mole television commercial was produced in January 2009, for use in the Hunter and Central Coast regions, to coincide with the Annual Maurie Mole Danger Awareness Campaign. The annual Christmas campaign proved overwhelmingly popular with Maurie's television campaign warning children of the dangers of old mining commencing Boxing Day and running through until Australia Day. One of the objectives of the campaign is to encourage the reporting of pothole subsidence by both children and adults. This year's event saw the winners take part in a full day of filming followed the next day with an afternoon at Fort Scratchley.

The 25 families who took part in both events enjoyed themselves immensely, with the tunnel tours high on the list of highlights. The new television commercial premiered on Southern Cross Ten and NBN Television in the Hunter and Central Coast areas in June 2009.





The Maurie Mole Community Awareness Print Campaign continued in all districts throughout the year. The Board also continued its sponsorship of several local groups and sporting organisations.

2009/2010 will see production of a Maurie Mole awareness campaign for the Southern Coalfields to introduce Maurie Mole to the area.

New educational displays were produced and placed in all Council Chambers in Mine Subsidence Districts during the year. The new displays were created specifically for each district with maps and staff for that particular Council area included.

The Mine Subsidence Board continued its programme of community education and support in areas where there were mine subsidence issues. Strategic advertising of the Board's role and services is focussed on areas where mining is underway or will occur in the immediate future. The Board utilises various promotional and marketing avenues to advise people of its activities with these heavily targeted to the specific demographic involved.



Left to right: Camden Show, Hunter Valley Expo, Central Coast Home and Leisure Show, and Newcastle Home Show.



The Board's staff are available at each regional show to answer inquiries and explain the Board's role and services. Feedback indicates that the exchange of information is greatly appreciated by visitors. Many thousands of free show bags containing mine subsidence information were given away to adults and children. The children's show bags include specific information about the dangers of old mine workings and promotional items. The Board's show bags continue to be enormously popular with kids of all ages, as well as adults.

The Board has two purpose built permanent displays at the Narellan Build N Design Centre and the HIA Home Ideas Centre in Newcastle. The HIA Centre was opened in August 2008, with the Board one of the first local organisations to confirm their support. The HIA Centre has held one open day, which was overwhelmingly successful for the Board, with another planned for October 2009.

OUR STAFF ARE HERE TO ASSIST:

The Mine Subsidence Board's staff are here to assist you, with four offices located conveniently in coal mining areas of NSW.

Not only is our website a great source of information, we have a wide range of brochures and other information on mine subsidence to assist you.

Our staff can also assist with technical information on items such as designing for subsidence.

The Board attends many regional shows and Expos as a way of informing new and existing home owners about mine subsidence as well as reinforcing the Maurie Mole safety message to children. During the year, the Board's staff met with large numbers of people who attended the Newcastle Home Show, the Camden Show, Wollongong Home Show, Gosford Home Show and Outdoor Expo and the Hunter Valley Home and Leisure Expo.

PUBLICATIONS

Publications available at no cost and on the Board's website:

- Mine Subsidence: A Community Guide
- Annual Report (hard copies and CD Rom are available)
- Buying Property and Building in a Mine Subsidence District
- Guide to Designing for Mine Subsidence
- Designing for 'Pothole' Subsidence
- Claiming for Mine Subsidence Damage
- Mine Subsidence Claims: Appeal Rights and Review Procedures
- Guarantee of Service
- A Guide for Council Staff
- Residential Pavement repairs



LIAISON/COMMUNICATIONS AND WORKING PARTIES

The Mine Subsidence Board maintains an active role in liaising with the community, industry and other government departments.

Most importantly, the Board liaises regularly with property owners as part of the claim process. With continuing projects, regular meetings are scheduled, and in other areas they are held to facilitate communication when issues concerning mine subsidence arise. The Board is represented on a number of Community Consultative Committees, which have been formed to discuss mining and community issues. Regular liaison between the Board's staff and councils ensures local issues are addressed in the early stages of planning.

We also provide information on mine subsidence and the Board's role when undertaking pre-mining inspections.

The Board meets with other state and local government bodies to allow the exchange of information and identification of issues in particular areas. Regular meetings are held with the Department of Primary Industries - Mineral Resources and the Department of Planning, local government bodies and mining companies. This provides an opportunity to discuss short and longer term mine plans

so that any issues can be considered during strategic planning for surface development. The Board attends Planning Focus Meetings, which consider mining and other issues during the early stages of mine planning. We are also represented at Commissions of Inquiry where mine subsidence is an issue.

Other Committees and Working Parties

The Mine Subsidence Board convenes or participates in various Committees as the need arises:

- DARZL Committee
- Southern DARZL Committee
- Hunter and Central Coast Regional Co-ordinator's Management Groups

DEEMED APPROVALS

Some minor items of household change do NOT need Mine Subsidence Board approval, prior to Council processing. Where a Council does not require a building application, deemed approval is given. Some of these items include carports, above-ground pools, garden sheds, fences etc. (a full list can be provided by contacting the Mine Subsidence Board or see our website).

PAYMENT PERFORMANCE

\$31 million worth of accounts were paid during the year, on approximately 1600 invoices.

95% were paid on time, the balance being either invoices in dispute, or instances where the original invoice was not received. No invoice reached 60 days overdue and no penalty interest became due or was paid.

Properties

Three new properties were purchased during 2008/09.

At 30th June 2009, 11 properties valued at \$3.155 million were held. Properties are purchased as a result of mine subsidence claims in accordance with the Mine Subsidence Compensation Act. The Board's practice is to restore these properties to a marketable condition and sell after the effects of subsidence are remedied.

Investment performance

Investment performance is monitored monthly through comparison of key performance indicators, such as portfolio average maturity, average portfolio volatility, maturity dissection and accrued capital profit or loss. The return is measured against an index of 40% 90 day Bank Bill/60% WDR Composite All Maturities for the monthly Board Meeting.

For Annual Report purposes, Treasury has advised us to use their hourglass index of 40% UBS Australian Bank Bill Index + 60% UBS 0 + Australian Government Bond Index. For 2008/09, the Board's portfolio returned 9.734% compared to the nominated Treasury benchmark of 8.382%. On funds invested of approximately \$67 million, this is a difference of about \$906,000 over the benchmark, for the year.

ARRANGEMENTS FOR PUBLIC PARTICIPATION IN POLICY FORMULATION

The public may participate in policy formulation through representation to Board Members, the Minister and various liaison committees and working parties established or attended by the Board. Feedback on the Board's role and services can now be provided through its website. The Board's staff is available to attend relevant public meetings or address community organisations.

SIGNIFICANT JUDICIAL DECISIONS

A decision of the Mine Subsidence Board to refuse a claim was appealed to the Land and Environment Court, on the basis of an interpretation of Section 12A(1)(b) which was different to the Board's understanding of that section. The judgement of the Chief Judge of the Land and Environment Court confirmed the Board's interpretation.

CHANGES IN LEGISLATION

No changes were made to legislation.

INTERNAL AUDIT

The Board uses the NSW Government's IAB Assurance and Advisory Services for its internal audit. This year's programme called for examination of: Speers Point District Office; Accounts Payable and Receivable, Claim Repairs, Assets and Operating Systems for transactions.

RISK MANAGEMENT AND INSURANCE

The Board's insurance is with the NSW Treasury Managed Fund and covers public liability, motor vehicles, property, workers compensation, fidelity guarantee, burglary, fire and miscellaneous.

WASTE REDUCTION AND PURCHASING PLAN

As required by the Government's Waste Reduction and Purchasing Plan (WRAPP), the Board reports to the NSW Environment Protection Authority. Staff are kept advised of WRAPP requirements and Board initiatives through our Weekly Bulletin.

The Board participates in a paper recycling programme. Waste office paper is separated and collected by recycling contractors on a regular basis. Confidential records, which are no longer required, are disposed of through a separate confidential shredding service.

The Board has actively worked to reduce waste. Increased use of our website and electronic transactions has limited the amount of paper required. Compared to the WRAPP 2002/03 Report, in the past year the Board has realised reductions of 29% in printed material, 34% in envelope usage and 20% in toner cartridges purchased. Around 96% of A4/A3 paper has a recycled content and 87% of toner cartridges are recycled.

The Board's plastic showbags were replaced with recycled paper material ones more than 24 months ago. In keeping with continual improvement the Board has now moved to fabric showbags and both the pen and ruler provided are made from recycled material and are also able to be recycled.

The Board does not generate construction, demolition or vegetation waste. Our Notice to Tenderers for contractors undertaking repairs to properties includes advice regarding recycling.

ELECTRONIC SERVICE DELIVERY

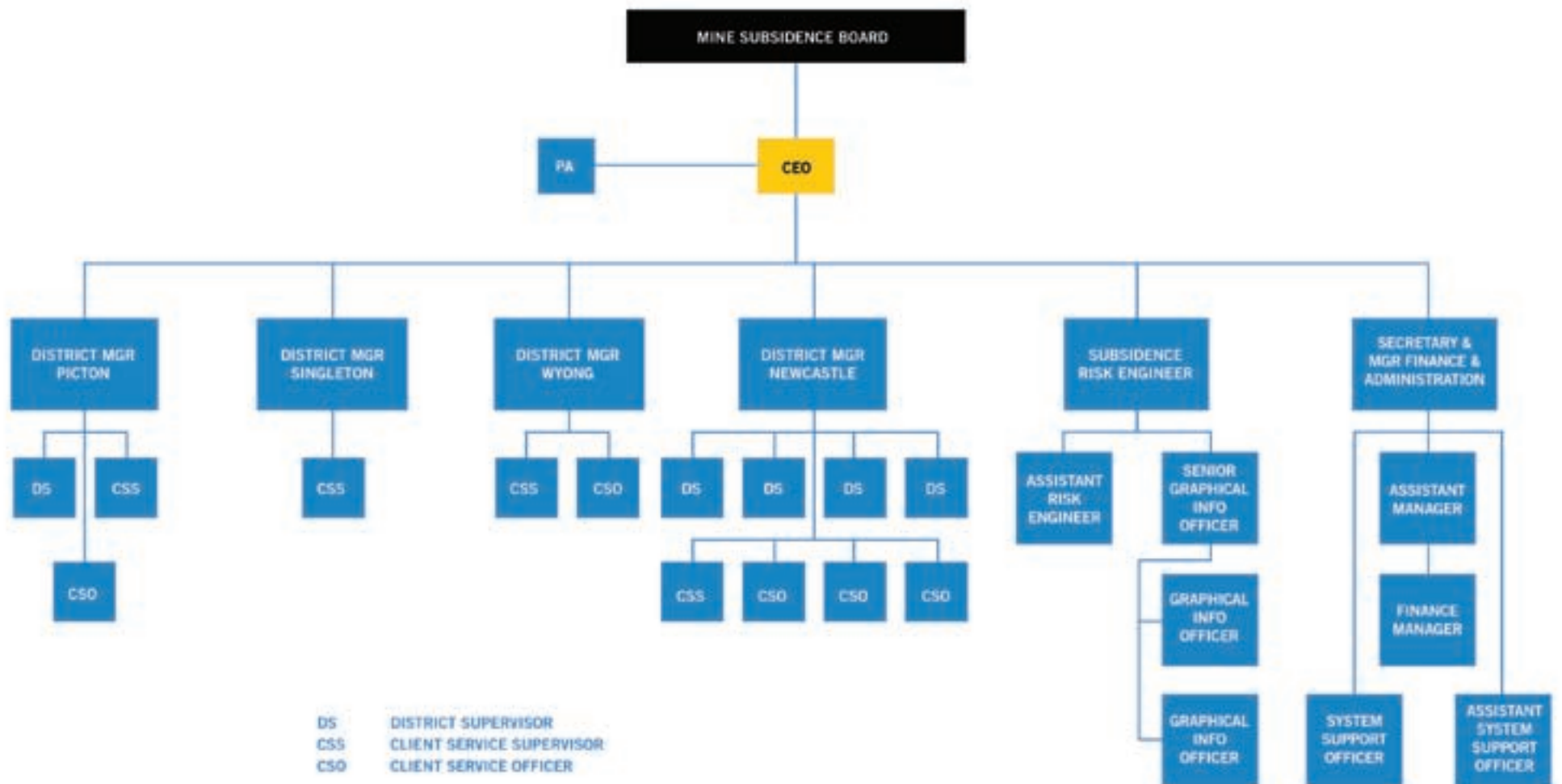
Our Information Management and Technology Plan provides for phased introduction of lodged/delivered applications and services. This has been complemented by the Government's Electronic Service Delivery Plan, which the Board has embraced and complied with, for reporting to Government. Customers can now access Board publications, lodge claims, seek Section 15 Certificates and request guidelines electronically. The website also provides the opportunity for feedback from customers on the Board's services.

HUMAN RESOURCES

The total number of staff employed at 30th June 2009 was 28, comprising:

<i>Location</i>	<i>Male</i>	<i>Female</i>
Head Office	6	4
Newcastle	5	4
Wyong	2	1
Picton	2	2
Singleton	1	1
Total	16	12

There are three vacant positions, for which replacements are being sought. All human resource administration is "in-house", with administration of staff records and payroll completed through an integrated software package. Outsourcing is utilised when necessary to complete tasks not available internally.



Staff Training and Development

In-house and external training courses, including: Project Management; General Computing Skills; Australian Institute of Mining Surveyors Seminar; Record Keeping and Document Control; Senior First Aid were attended by members of staff.

Occupational Health and Safety

One work related injury was reported during the year. There was a small loss of time for continuing rehabilitation from the previous period for another injury.

PRIVACY AND PERSONAL INFORMATION PROTECTION ACT (PIPP)

The Act provides for the protection of personal information, and for the protection of the privacy of individuals generally.

The Board has a Privacy Management Plan, which identifies how it complies with the requirements of this legislation. The Plan has been submitted to the Privacy Commissioner. No internal reviews were requested nor conducted during 2008/09.

Mr Michael Clarke, the Board's Secretary, is the Privacy Co-ordinator. He is located at:

**117 Bull Street Newcastle,
Telephone (02) 4908 4360.**

EQUAL EMPLOYMENT OPPORTUNITY

The Board is an equal opportunity employer and actively promotes all EEO principles.

EEO Statistics

	Total	Women	Aboriginal People & Torres Strait Islanders	People from Non-English Speaking Backgrounds	People with a Disability
Total Staff	28	43%	0%	3.57%	0%
Management	2	0	0%	0%	0%
Corporate Support	5	80%	0%	0%	0%
Technical Services	12	0	0%	8%	0%
Customer Service	9	89%	0%	0%	0%

Action Plan for Women

Approximately 43% of the Board's staff are women. The Board participates in the NSW Government's Spokeswomen's Programme and information on issues is provided to all staff through our Weekly Bulletin.

ETHNIC AFFAIRS PRIORITIES STATEMENT

As a guarantee of service, the Mine Subsidence Board offers free-of-charge interpreter services through the Community Relations Commission for people of non-English speaking backgrounds. Interpreter availability signs are displayed in public areas of each of the Board's offices and are printed in different languages.

A notice about major services and the availability of interpreters is printed in 17 different languages in our major publications. Detailed information sheets on the Board's role and services are also available from our District Offices in each of these languages. All staff have attended a workshop on cultural diversity and are kept informed through the Board's Weekly Bulletin.

Both the Board's Policy and Procedure for Interpreter Services were reviewed in accordance with the Action Plan. The Board will maintain its commitment to providing interpreter services and information sheets, and address any other issues that may arise.

The Mine Subsidence Board is committed to upholding and promoting the principles of multiculturalism.

FREEDOM OF INFORMATION

This Annual Report forms the 17th Statement of Affairs as required by the Freedom of Information Act 1989. The last Statement of Affairs was published as part of the Board's 2007/08 Annual Report.

The requirements of the FOI legislation have been incorporated into the Board's policies and procedures. The Board has identified a range of information that is available as part of its normal service without recourse to the provisions of the Act.

Access to documents held by the Mine Subsidence Board and subject to the FOI Act must be made by written application accompanied by a fee of \$30. An hourly fee of \$30 applies. In regard to personal affairs, the first 20 hours of processing are free. The application should be directed to:

Freedom of Information Co-ordinator
Mine Subsidence Board
PO Box 488G
NEWCASTLE 2300

Prior to making an application, it is suggested that the applicant contact (02) 4908 4300 as some of the information sought may be available as part of the Board's free community service. The Board's offices are open between 8.30 am and 4.30 pm Monday to Friday. One request was made under the Freedom of Information Act during the year. It was complied with and the requested information supplied.

Documents available for inspection

- Annual Reports
- Annual Reviews
- Agendas for and Minutes of Board Meetings
- Maps of Mine Workings
- Guidelines for Coal Mining and Transmission Lines with Respect to Subsidence
- Guidelines for Coal Mining and Roads with Respect to Subsidence
- Guidelines for Surface Development Approvals
- Clough/Smith Report (Ministerial Committee on Mining Subsidence and Urban Development)

The Board has the following policy documents, which may be accessed for information:

- Accounting Manual
- Agendas and Minutes of Board Meetings
- Code of Conduct
- Complaint Handling Procedures
- Corporate Plan
- Delegations Manual
- Ethnic Affairs Policy Statement
- EEO Policy
- Guarantee of Service
- Internal Reporting Procedures for Protected Disclosures Act
- IT (Computer) Strategic Plan
- Buying Property and Building in a Mine Subsidence District
- Claiming for Mine Subsidence Damage
- Appeal Rights and Review Procedures for Claims
- Staff and Personnel Handbook
- Policy and Procedures Manual
- Use of Consulting Engineers
- Release of Consultants Reports
- Publication of Research Reports and Papers
- Benefit of Doubt
- Appearances Before the Board
- Elimination of Danger
- Payments, Purchase of Properties
- Payments, Cash Compensation
- Repairs, General
- Repairs, Tenders
- Pre-Mining Inspections
- Investment
- Payment of Accounts
- Purchasing
- Tendering for Works up to \$20,000

Files

- Property Files
- Policy Files
- Administrative Files
- Personnel Files
- Ministerials



FINANCIAL INFORMATION

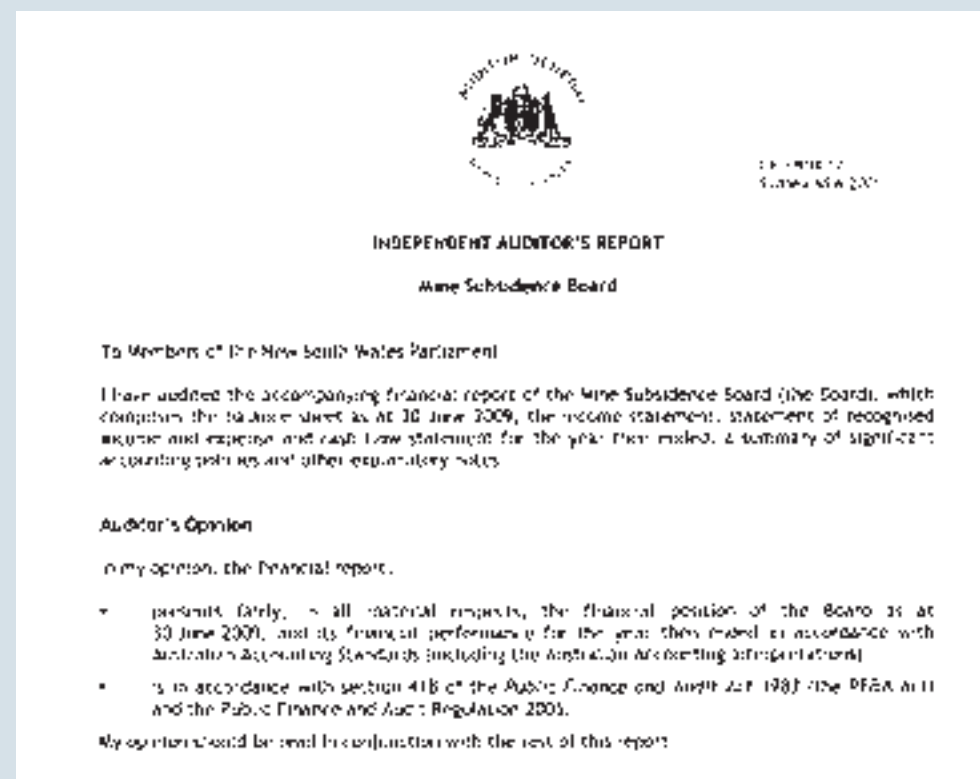
OVERVIEW OF FINANCIAL STATEMENTS 2008/09

The audited financial statements, budget and actual performance for 2008/09 and budget for the period 2009 to 2012, both operating and capital, follow. The budget information is not subject to audit.

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INDEPENDENT AUDITOR'S REPORT



The Board's Responsibility for the Financial Report

The members of the Board are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PFSA Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Board's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, as well as evaluating the overall presentation of the financial report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

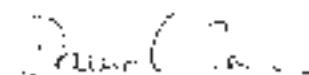
My opinion does not provide assurance:

- about the future viability of the Board,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PFSA Act further promotes independence by:

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



David Soler
Director, Financial & M&A Services

10 October 2009
SYDNEY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

STATEMENT BY MEMBERS OF THE BOARD

Pursuant to Section 41C (1B) of the Public Finance and Audit Act 1983, and in accordance with the resolution of the Members of the Board that the financial statements be signed by the Chairman and a Board Member and attested in the following terms:

In our opinion, the accompanying financial statements present a true and fair view of the financial position of the Mine Subsidence Board as at 30 June 2009 and the results of its operations for the year then ended.

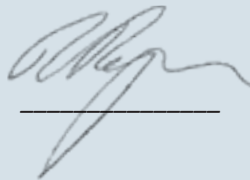
The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, and its accompanying Regulations, and the Treasurer's Directions.

As at the date of signing, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Brad Mullard

Chairman



Board Member

DATED: 23.9.09

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$'000	2008 \$'000
REVENUE			
Contributions	3(a)	19,800	20,002
Rendering of services	3(b)	377	362
Interest	3(c)	2,225	2,009
Other revenue	3(d)	56	57
TOTAL REVENUE		22,458	22,430
OTHER INCOME			
Net gain on investments	3(e)	2,657	476
TOTAL OTHER INCOME		2,657	476
TOTAL INCOME		25,115	22,906
EXPENSES			
Advertising expense		167	92
Depreciation	10(a)	220	224
Personnel Services expenses	4(a)	5,465	3,025
Fees for services rendered		876	891
Motor vehicle running expense		64	57
Printing and postage expense		59	84
Rental expense	4(b)	215	215
Stores expense		118	141
Subsidence claims expense	12(a)	5,081	15,789
Subsidence preventative works expense	12(a)	(512)	6,326
Telephone and utilities expense		114	98
Other expenses	4(b)	197	208
Gain/(Loss) on disposal of Fixed Assets	4(b)	4	6
TOTAL EXPENSES		12,068	27,156
SURPLUS / (DEFICIT) FOR THE YEAR		13,047	(4,250)

The accompanying notes form part of these financial statements

BALANCE SHEET

AS AT 30 JUNE 2009

	Notes	2009 \$'000	2008 \$'000
CURRENT ASSETS			
Cash and cash equivalents	5	17,905	18,233
Receivables	6	257	1,062
Inventories	7	990	1,260
Financial assets at fair value	9	49,319	38,671
TOTAL CURRENT ASSETS		68,471	59,226
NON-CURRENT ASSETS			
Inventories	7	2,165	1,035
Property, plant and equipment	10	555	550
TOTAL NON-CURRENT ASSETS		2,720	1,585
TOTAL ASSETS		71,191	60,811
CURRENT LIABILITIES			
Payables	11	486	428
Provisions	12	17,054	19,806
TOTAL CURRENT LIABILITIES		17,540	20,234
NON-CURRENT LIABILITIES			
Provisions	12	1,774	1,747
TOTAL NON-CURRENT LIABILITIES		1,774	1,747
TOTAL LIABILITIES		19,314	21,981
NET ASSETS		51,877	38,830
EQUITY			
Accumulated funds	14	51,877	38,830
TOTAL EQUITY		51,877	38,830

The accompanying notes form part of these financial statements

STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$'000	2008 \$'000
Surplus / (deficit) for the year		13,047	(4,250)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR	14	13,047	(4,250)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$'000	2008 \$'000
CASH FLOW FROM OPERATING ACTIVITIES			
RECEIPTS			
Colliery contributions		20,095	21,679
Interest received		1,828	2,797
Sale of properties		-	248
Other receipts		1,133	1,453
TOTAL RECEIPTS		24,025	25,208
PAYMENTS			
Claims / preventative works		(10,652)	(13,062)
Other suppliers and personnel service costs		(4,230)	(5,023)
Purchase of properties		(1,248)	(1,015)
TOTAL PAYMENTS		(16,130)	(19,100)
NET CASH PROVIDED BY OPERATING ACTIVITIES	15(b)	7,895	6,108
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		113	111
Proceeds from sale / maturity of investments		142,769	159,317
Purchase of property, plant and equipment		(342)	(273)
Purchase of investments		(150,763)	(167,123)
NET CASH USED IN INVESTING ACTIVITIES		(8,223)	(7,968)
Net increase /(decrease) in cash and cash equivalents		(328)	(1,860)
Cash and cash equivalents at the beginning of the year		18,233	20,093
Cash and cash equivalents at the end of the year	15(a)	17,905	18,233

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

The Mine Subsidence Board ('the Board'), as a reporting entity, is responsible for the management of the Mine Subsidence Compensation Fund ("the Fund") in accordance with the Mine Subsidence Compensation Act 1961. The Fund has been established to compensate claims for damage arising out of mine subsidence as well as to assist in the prevention or mitigation of damage from mine subsidence.

The Board is a NSW government agency and is a not-for-profit entity.

This financial report for the year ended 30 June 2009 has been authorised by the directors of the Board on 23 Sep 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Board's financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards (including Australian Accounting Interpretations), the requirements of the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2005 and Financial Reporting Directions issued by the Treasurer.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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

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

(b) Statement of Compliance

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

(c) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred by the Board is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are classified as operating cash flows.

(d) Insurance

The Board's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Agencies. The expense (premium) is determined by the fund manager based on past claims experience.

(e) Income Recognition

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

- **Contributions**

Contributions are generally recognised as revenue when the Board obtains the right to receive the contribution. The right to receive colliery contributions is based on the date that the contributions are gazetted by the Department of Primary Industries.

- **Rendering of services**

Revenue from certificate fees is recognised when the certificate application is received.

- **Interest**

Interest revenue is recognised using the effective interest rate method.

- **Rent**

Rental revenue is recognised on a straight-line basis over the lease term.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, short-term highly liquid investments with original maturities of three months or less which are subject to an insignificant risk of changes in value, and bank overdrafts.

(g) Loans and Receivables

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

(h) Inventories

Inventories relate to properties purchased as a result of subsidence claims in accordance with the Mine Subsidence Compensation Act 1961. The Board's practice is to remediate the effects of the subsidence and then sell the properties after they have been restored to a marketable condition. Any difference between the purchase price and the net market value at balance date is brought to account as claims expenditure. Property remediation costs are included in claims expenditure when incurred.

Any gain or loss on the disposal of the properties is determined as the difference between the carrying value of the asset at the time of disposal and the proceeds from disposal and is included in claims expenditure in the year of disposal.

Properties are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(i) Investments

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

- **Investments at fair value through profit or loss**

The Board subsequently measures investments classified as 'held for trading' or designated upon initial recognition 'at fair value through the profit or loss' at fair value. Financial assets are classified 'at fair value through profit or loss' if they are acquired for the purpose of short-term profit making, or where they are derivatives

not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Gains or losses on these assets are included in the income statement.

The movement in the fair value of fixed interest investments incorporates interest accrued as well as unrealised movement in fair value. Interest revenue from investments at fair value through profit or loss is reported in the income statement line item 'interest revenue'.

- ***Held-to-maturity investments***

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

- ***Available-for-sale investments***

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

The purchase or sale of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date i.e. the date the Board commits to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the balance sheet date. Valuation techniques are applied to determine the fair value of unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(j) Impairment of Financial Assets

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

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

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

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

(k) De-recognition of Financial Assets and Financial Liabilities

A financial asset is derecognised where the contractual rights to the cash flows from the financial asset expires or the asset is transferred to another party whereby the Board no longer has any significant continuing involvement in the risks and benefits associated with the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the income statement.

(l) Property, Plant and Equipment

- **Plant and equipment**

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

- **Capitalisation thresholds**

Plant and equipment costing at least \$500 is capitalised.

- **Subsequent costs**

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits

embodied within the part will flow to the Board and its cost can be measured reliably. The costs of day-to-day servicing of plant and equipment are recognised in the income statement as incurred.

- **Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight line basis over the asset's useful life to the Board commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Computer equipment	25%
General plant and equipment	10 - 20%
Motor vehicles	50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

(m) Payables

Payables represent liabilities for goods and services provided to the Board and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method.

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

(n) Personnel Service Expenses

All staff are employed by the Department of Primary Industries and provided personnel services to Mine Subsidence Board under a service agreement. Under Treasury Circular TC 06/13, Goods and Services Tax is required to be levied by the service provider on personnel service charges. However, to date, this amount has not been levied by the Department of Primary Industries.

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

Liabilities for wages and salaries, annual leave and paid sick leave that are expected to be settled within 12 months of the reporting date are recognised in payables and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within 12 months is measured at the present value of the amounts expected to be paid when the liabilities are settled. The amounts expected to be paid are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

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

- ***Long service leave***

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for long term employment benefits at undiscounted amounts based on the amounts expected to be paid when the liability is settled.

- ***Superannuation***

Employees are entitled to benefits on retirement, disability or death, from superannuation plans. Details of the Board's liability and assets are in Note 12.

(o) Other Provisions

Provisions are recognised when the Board has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

- **Claims**

A provision is made for subsidence compensation claims when a decision has been made by the Board (or delegate) to accept liability for a claim. The amount is based on repair estimates provided by the Board's technical or engineering staff or experts in that area of work.

- **Preventative works**

A provision is made for subsidence preventative works when a decision is made by the Board (or delegate) to accept liability for carrying out mitigatory works to reduce the total prospective liability to the Board. The amount is based on estimates provided by the Board's technical or engineering staff or experts in that area of work.

(p) Income Tax

No provision for income tax has been raised as the Board is exempt from income tax under Section 50-25 of the Income Tax Assessment Act 1997.

(q) Critical Accounting Estimates and Judgements

- **Key Estimates**

Claims are carried in today's repair cost dollars, based upon estimates by staff or experts in that area.

- **Key Judgements**

NSW Treasury mandates are followed where the Standard provides alternative methods.

(r) 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.

Comparative figures have been reclassified and repositioned in the financial statements, to conform with the basis of classification and presentation used in the current year.

(s) Accounting Standards/Interpretations issued but not yet effective

As at the date of this report there are a number of new Australian Accounting Standards that have been issued but are not yet effective. The Board has assessed the impact of these new Australian Accounting Standards and has concluded that they would have no material impact.

3. REVENUE AND OTHER INCOME

Notes	2009 \$'000	2008 \$'000
(a) Contributions:		
Colliery contributions	19,800	20,002
(b) Rendering of services:		
Fees from the issue of certificates under the <i>Mine Subsidence Compensation Act 1961</i> :		
Section 15B certificates	348	339
Section 15C certificates	29	23
Total rendering of service revenue	377	362
(c) Interest revenue:		
Interest from:		
Financial assets at fair value through profit and loss	2,076	1,966
Financial assets not at fair value through profit and loss	149	43
Total interest revenue	2,225	2,009
(d) Other revenue:		
Rental income	55	49
Sundry revenue	1	8
Total other revenue	56	57
(e) Net gain on investments:		
Net gain on financial assets at fair value through the profit and loss:		
Held for trading	2,657	476

4. EXPENSES

Notes	2009 \$'000	2008 \$'000
(a) Personnel Services expenses:		
Salaries and wages (including annual leave)	1,907	1,883
Employers contribution to Superannuation	3,280	941
Long service leave	161	98
Worker compensation insurance	(3)	10
Payroll tax and fringe benefits tax	120	93
	5,465	3,025
(b) Other expenses include the following:		
Audit Fee	44	30
Board Fees	36	26
Property Expenses	27	24
Property Commission (Sales and Rental)	5	34
Travel Expense	28	27
Data line rental	43	40
Other Expenses	14	27
	197	208
Gain/(Loss) on Disposal of Fixed Assets	4	6
Rent Expenses		
Newcastle Office	112	112
Other Offices (Picton, Wyong, Singleton and Lake Macquarie)	103	103
	215	215

(c) Claims – Subsidence	Notes	2009 \$'000	2008 \$'000
Claims paid during year ended 30 June 2009		3,817	11,287
Less: Amount paid in respect of claims provided for in previous years		(2,866)	(2,392)
Total of claims received and paid in 2008/09		951	8,895
Add: Claims accepted during 2008/09 but unsettled at balance date		1,774	1,747
Add: Claims raised in previous years		2,031	5,112
Add: Loss on Sale of Inventory		325	35
Total Claims Expenditure		5,081	15,789
Preventative Works			
Preventative Works paid during year ended 30 June 2009		6,253	911
Less : Amount paid in respect of Preventative Works of previous years		(5,766)	(904)
Total Preventative Works made and paid in 2008/09		487	7
Add: Preventative Works accepted by the Board during 2008/09 but unsettled at balance date		3	5
Add: Commitment for Work recognised in previous years		(1,002)	6,314
Total Preventative Works Expenditure		(512)	6,326
5. CASH AND CASH EQUIVALENTS			
Cash on hand		1	1
Cash at bank		2,936	2,270
Short-term investments – discounted securities		14,968	15,962
		17,905	18,233
Refer to Note 17 for information on financial instruments.			

6. RECEIVABLES			
	Notes	2009 \$'000	2008 \$'000
CURRENT			
Colliery contributions		-	295
Less Provision for Impairment		-	-
		-	295
Interest receivable		110	680
GST refundable		29	49
Sundry receivables		118	3
Prepayments		-	35
		257	1,062
Refer to Note 17 for information on financial instruments.			
7. INVENTORIES			
CURRENT			
Properties held for resale, at net realisable value	8	990	1,260
NON-CURRENT			
Properties held for resale, at net realisable value	8	2,165	1,035
8. PROPERTIES HELD FOR RESALE			
Carrying amount at the beginning of the year		2,295	1,535
Additions		1,185	1,045
Net write-downs in value		(325)	(35)
Disposals		-	(250)
Carrying amount at the end of the year		3,155	2,295
Current	7	990	1,260
Non-current	7	2,165	1,035
		3,155	2,295

9. FINANCIAL ASSETS AT FAIR VALUE

	Notes	2009 \$'000	2008 \$'000
CURRENT			
Investments classified as:			
Held for trading at fair value through the profit and loss	9(a)	49,314	38,630
Derivatives:			
Interest rate futures		5	41
		49,319	38,671
(a) Held for trading investments at fair value through the profit and loss comprise:			
Government and semi-government bonds – fixed interest		16,291	16,555
Corporate bonds – fixed interest		33,023	22,075
		49,314	38,630
Refer to Note 17 for information on financial instruments.			
10. PROPERTY, PLANT AND EQUIPMENT			
PLANT AND EQUIPMENT			
Computer equipment, at cost		447	3,311
Less accumulated depreciation		(341)	(3,082)
		106	229
General plant and equipment, at cost		599	527
Less accumulated depreciation		(387)	(432)
		212	95
Motor vehicles, at cost		286	285
Less accumulated depreciation		(49)	(59)
		237	226
Total plant and equipment		555	550

(a) Reconciliation of carrying amounts:

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

	Computer Equipment	General Plant and Equipment	Motor Vehicles	Total
2008				
Carrying amount at the beginning of the year	322	73	222	617
Additions at cost	55	53	166	274
Disposals	(8)	-	(109)	(117)
Depreciation expense	(140)	(31)	(53)	(224)
Carrying amount at the end of the year	229	95	226	550
2009				
Carrying amount at the beginning of the year	229	95	226	550
Additions at cost	13	158	171	342
Disposals	(12)	-	(105)	(117)
Depreciation expense	(124)	(41)	(55)	(220)
Carrying amount at the end of the year	106	212	237	555

11. PAYABLES

Notes	2009 \$'000	2008 \$'000
Fees for Services Rendered	53	65
Advertising and Promotion	0	18
Other Payables	34	11
Inventory settlement	225	0
Personnel Services	33	12
Printing, Stores and Stationery	0	16
Audit Fee	39	18
Trade Payable	102	288
	486	428

Refer to Note 17 for information on financial instruments.

12. PROVISIONS

	Notes	2009 \$'000	2008 \$'000
CURRENT			
Personnel Services Provision:			
Long service leave and related on-costs		1,173	1,115
Annual leave and related oncosts		289	257
Employer's Contribution to Superannuation:		3,028	17
Other Provisions			
Claims	12(a)	5,575	4,663
Preventative works	12(a)	6,989	13,754
		17,054	19,806
NON-CURRENT			
Other provisions:			
Claims	12(a)	1,774	1,747
(a) Movements in provisions (other than employee benefits):			
Movements in each class of provision during the financial year, other than employee benefits, are set out below:			
		Claims \$'000	Preventative Works \$'000
Opening balance at 1 July 2008		6,410	13,754
Additional provisions		6,039	667
Amounts used		(3,817)	(6,253)
Unused amounts reversed		(1,283)	(1,179)
Balance at 30 June 2009		7,349	6,989
Split between:			
Current		5,575	6,989
Non-current		1,774	-
		7,349	6,989

(b) Aggregate employee benefits and related on-costs:

	Notes	2009 \$'000	2008 \$'000
Provisions - current		1,173	1,115
Accrued salaries, wages and related on-costs	11	352	256
Personnel services – superannuation accrual		3,028	17
		4,553	1,388
(c) Movement in provision for personnel services			
Annual leave			
Opening Balance 1 July		256	250
Payments for leave taken 2008/2009		(149)	(167)
Annual Leave Expense		178	173
On-Cost Expense		4	1
Closing Balance 30 June		289	257
Represents the accrued liability as at 30 June 2009 in respect of unused annual leave for staff. (The balance of the Provision Account comprises of leave \$251,471-plus On-cost \$37,972.)			
Short Term		289	257
Long service leave			
Opening Balance 1 July		1,115	1,035
Payments for leave taken 2008/09		(103)	(18)
Long Service Leave Expense		153	87
On-Cost Expense		8	11
Closing Balance 30 June		1,173	1,115
Add: Annual Leave		289	257
Total Personal Services Accrued		1,462	1,372

13. POST EMPLOYMENT BENEFIT OBLIGATIONS

	Notes	2009 \$'000	2008 \$'000
The Board recognises these amounts in Note 12 for Personnel Services liability, being under-funded superannuation liability for Department of Primary Industries staff seconded to the Board.			
14. ACCUMULATED FUNDS			
Movement in accumulated funds:			
Balance at the beginning of the year		38,830	43,080
Total recognised income and expense for the year		13,047	(4,250)
Balance at the end of the year		51,877	38,830
15. CASH FLOW INFORMATION			
(a) Reconciliation of cash:			
Cash on hand	5	1	1
Cash at bank	5	2,936	2,270
Short term investments	5	14,968	15,962
		17,905	18,233

(b) Reconciliation of net cash provided by operating activities to surplus / (deficit) for the year:

	Notes	2009 \$'000	2008 \$'000
Surplus / (deficit) for the year		13,047	(4,250)
Non cash flows in surplus / (deficit)			
Depreciation		220	224
Actuarial movement in superannuation		3,011	678
Net (gain) loss on financial assets		(2,657)	(476)
Net (gain) loss on disposal of plant and equipment		4	6
Changes in assets and liabilities			
Decrease / (increase) in receivables		807	394
Decrease / (increase) in inventories		(860)	(760)
Decrease / (increase) in other assets		-	(274)
Increase / (decrease) in payables		91	308
Increase / (decrease) in provisions		(5,768)	10,258
Net cash provided by operating activities		7,895	6,108
16. EXPENDITURE COMMITMENTS			
Non-cancellable operating leases contracted for but not capitalised in the financial statements payable (minimum lease payments):			
Not later than one year		116	103
Later than one year and not later than five years		62	206
Total (including GST)		178	309

The commitments relate to property leases for the Picton, Singleton and Wyong offices of the Board. These leases have standard 3 year terms with the option to renew for a further 3 years. An increase in lease commitments may occur in line with CPI. The commitments include input tax credits of \$16,000 (2008: \$28,000) that are expected to be recovered from the Australian Taxation Office.

A Tenancy Agreement Memorandum exists in relation to the Newcastle Office. Under this agreement tenancy is in perpetuity subject to an 18 month notice period being provided by the Board in the event that the Board chooses to relocate. Commitments under the agreement for the next 12 months are \$120,000 (2008: \$112,000). The commitment includes input tax credits of \$11,000 (2008: \$10,000) that are expected to be recovered from the Australian Taxation Office.

17. FINANCIAL INSTRUMENTS

The Board's financial instruments consist mainly of cash and cash equivalents, accounts receivable, investments and payables. These financial instruments arise directly from the Board's operations or are required to finance the Board's operations.

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

The Chief Executive Officer (Greg Cole-Clark) and Secretary (Mike Clarke) have overall responsibility for the establishment and oversight of risk management and policies for managing identified risks. Risk management policies are established to identify and analyse the risk faced by the Board, to set risk limits and controls and to monitor risks.

(a) Carrying Amount of each Category of Financial Instrument

	Notes	Carrying Amount	
		2009 \$'000	2008 \$'000
Financial assets			
Cash and cash equivalents	5	17,905	18,233
Receivables (i)	6	228	978
Financial assets at fair value through the profit or loss:			
Held for trading - investments	9	49,314	38,630
Held for trading - derivatives	9	5	41
Total financial assets		67,452	57,882
Financial liabilities			
Financial liabilities at amortised cost:			
Payable (ii)	11	453	416
Total financial liabilities		453	416

Notes

(i) Excludes prepayments and statutory receivables totalling \$29,000 (2008: \$84,000) which are not classified as financial instruments.

(ii) Excludes statutory payables totalling \$33,000 (2008: \$12,000) which are not classified as financial instruments.

(b) Credit Risk

Credit risk arises when there is the possibility of the Board's debtors defaulting on their contractual obligations, resulting in a financial loss to the Board. 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 financial assets of the Board. No collateral is held by the Board nor has it granted any financial guarantees. Credit risk associated with the Board's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Receivables

Collectability of receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the Board will not be able to collect the amounts due. The evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. Interest of 6% may be levied on overdue colliery contributions.

The Board is not materially exposed to concentrations of credit risk to a single debtor or group of debtors. There are currently no material debtors which are currently past due or impaired, or whose terms have been renegotiated. The credit quality of receivables is good.

(c) Liquidity Risk

Liquidity risk is the risk that the Board will be unable to meet its payment obligations when they fall due. The Board continuously manages liquidity risk through monitoring future cash flows and maturities and planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liabilities.

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. 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. The table below summarises the maturity profile of the Board's financial liabilities together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure				Maturity Dates			Weighted Average Effective Interest Rate %
	Nominal Amount \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non-Interest Bearing \$'000	Less than 1 year \$'000	1 year to 5 years \$'000	later than 5 years \$'000	
2009								
Payable	-	-	-	453	453	-	-	-
	-	-	-	453	453	-	-	
2008								
Payable	-	-	-	416	416	-	-	-
	-	-	-	416	416	-	-	

(d) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Board's exposures to market risk are primarily through interest rate risk on the Board's investments which are managed by an external fund manager, AMP Capital Investors Limited, in accordance with investment guidelines agreed with the Board. The Board has no exposure to foreign currency risk and does not enter into commodity contracts.

Interest rate risk

Exposure to interest rate risk arises predominantly through the Board's interest bearing financial assets. Details of the Board's exposure to interest rate risk on its financial assets are provided in the table below.

Analysis of interest rate exposure of interest bearing financial assets

Financial Asset	Weighted Ave Effective Interest Rate %	Variable Interest Rate \$'000	Fixed Interest Rate				Total \$'000
			Less than 1 Year \$'000	1 Year to 2 Years \$'000	2 Years to 3 Years \$'000	Later than 3 Years \$'000	
2009							
Cash and cash equivalents:							
Cash at bank	2.50%	2,936	-	-	-	-	2,936
Short-term investments – discounted securities	3.15%	-	14,968	-	-	-	14,968
		2,936	14,968	-	-	-	17,904
Investments at fair value:							
Government and semi-government bonds	4.95%	-	3,646	2,836	828	8,981	16,291
Corporate bonds	5.96%	-	6,143	8,062	6,236	12,582	33,023
		-	9,789	10,898	7,064	21,563	49,314
		2,936	24,757	10,898	7,064	21,563	67,218
2008							
Cash and cash equivalents:							
Cash at bank	6.74%	2,270	-	-	-	-	2,270
Short-term investments – discounted securities	7.65%	-	15,962	-	-	-	15,962
		2,270	15,962	-	-	-	18,232
Investments at fair value:							
Government and semi-government bonds	7.15%	-	-	3,971	4,182	8,402	16,555
Corporate bonds	8.91%	-	664	5,863	5,564	9,984	22,075
		-	664	9,834	9,746	18,386	38,630
		2,270	16,626	9,834	9,746	18,386	56,862

Sensitivity analysis

The following table illustrates sensitivities to the Board's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that the Board considers to be reasonably possible. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Board operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis assumes that all other variables remain constant.

For interest rates a reasonably possible change of 100 basis points is consistent with current trends. The following table summarises the sensitivity of the Board's financial assets interest rate risk.

Financial Assets	Interest Rate			Carrying Amount	Interest Rate Risk			
	Interest Rate	+100pts	-100pts		+100pts		-100pts	
					Profit	Equity	Profit	Equity
2009								
Cash and cash equivalents:								
Cash at bank	2.50%	3.50%	1.50%	2,936	29	-	(29)	-
Short-term investments – discounted securities	3.15%	4.15%	2.15%	14,968	150	-	(150)	-
Investments at fair value:								
Government and semi-government bonds	4.95%	5.95%	3.95%	16,291	163	-	(163)	-
Corporate bonds	5.96%	6.96%	4.96%	33,023	330	-	(330)	-
2008								
Cash and cash equivalents:								
Cash at bank	6.74%	7.74%	5.74%	2,270	22	-	(22)	-
Short-term investments – discounted securities	7.65%	8.65%	6.65%	15,962	160	-	(160)	-
Investments at fair value:								
Government and semi-government bonds	7.15%	8.15%	6.15%	16,555	166	-	(166)	-
Corporate bonds	8.91%	9.91%	7.91%	22,075	221	-	(221)	-

(e) Fair Value

The carrying amounts of the Board's financial assets and liabilities included in the balance sheet are a reasonable approximation of their fair value.

CONTINGENT LIABILITIES AND ASSETS

The Board has received claims for compensation up to 30 June 2009 and subsequent to balance date. These claims are only accepted as a liability when a decision is made by the Board (or a delegate) after an assessment by the Board's technical staff or experts in that area of work.

As a result, there is a contingent liability for these claims lodged and yet to be approved. It is not practical to estimate the potential effect of these claims until the technical assessment has been completed and from that assessment a liability may then arise.

At 30 June 2009, an appeal in the Land and Environment Court was current, against a decision of the Board to refuse a claim.

CONSULTANTS

The total amounts paid or becoming payable to consultants engaged by the Board during the financial year was \$Nil (2008: \$Nil). (Consultants are defined as per the "Guidelines for the Engagement and Use of Consultants" issued by the NSW Premiers Department in July 2004).

DIRECTORS BENEFITS

The amount of emoluments or other benefits paid or due and payable, directly or indirectly, to directors of the Board, but not including amounts paid by way of salary to full-time directors of the Board amounted to \$21,384 (2008: \$19,785).

AFTER BALANCE DATE EVENTS

Subsequent to balance date, global investment and financial markets have been subject to events which have resulted in a period of high volatility and market uncertainty which has impacted the market value, liquidity, cash flows and rates of return of certain financial assets. The Board has assessed the impact of these events on their investments and continually monitors and adjusts their investment strategy to best mitigate any impacting events.

End of Audited Financial Statements

MINE SUBSIDENCE BOARD 2009/2012 BUDGET

INTRODUCTION AND BACKGROUND

Introduction

The Budget includes a costing of the Workplan outlined in the Board's Corporate Plan for 2009 to 2012. It provides funding for the Board's responsibilities under the Mine Subsidence Compensation Act, which include:

Claims

This is an extremely difficult item to budget because of the conditions of uncertainty and the large number of variables involved. It covers old abandoned mining which goes back almost 200 years, as well as current mining. There are several potentially large liabilities approaching, but no accurate monetary forecast can be made. These include the Hume Highway and Great Southern Railway at Douglas Park and Tahmoor and the Mount Arthur 500Kv transmission line.

There are three elements:

- (a) Claims - Investigation, assessment, reporting and paying for repairs are largely internal costs, which amount to some 5 % of total budgeted costs.
- (b) Compensation - External costs which consist of payments to contractors and consultants for repairs, and cash payments to claimants where repairs by the Board are not undertaken.
- (c) Elimination of Danger - Sometimes the old, abandoned mine workings can collapse and cause a public or private danger on the surface. Because there is no mine owner, the Act gives the Board the discretion to eliminate these dangerous situations. There may be a risk of injury from falling into a hole, but there may be a greater danger from poisonous gasses or a lack of oxygen in the hole.

Development

- (a) Surface Development Controls - This is a pro-active process of proclaiming Mine Subsidence Districts, where new surface development is likely to be adversely affected by mine subsidence. Guidelines for surface development are established, based on subsidence predictions. Building and subdivision applications are assessed within those guidelines and either conditionally or unconditionally approved or they are refused. Potential purchasers are protected by a system of certificates available to conveyancers. The importance of "prevention is better than cure" is reflected by the fact that the greatest proportion of internal resources is devoted to this function. Research and Development costs are included here.
- (b) Community Education and Information - An important role recognised by both a Ministerial and a Judicial Inquiry held in the late 80's/early 90's. It includes advice on the Board's role and functions, entitlements under the Act, information on the subsidence process etc.

Administration

Not all claims can be remedied immediately. In fact, some restoration projects take years to plan, organise and complete. To permit this, reserve funds to meet these costs have to be effectively managed and invested, to achieve the best return. The systems and facilities for public access and processing of claims and applications must be efficient and effective. Costs of servicing the Board members are included here, as is the cost of reporting to Government. Staff, personnel and financial management costs are also included.

BUDGETED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2009

NOT PART OF THE AUDITED ACCOUNTS

	Notes	Budgeted 2008/09 \$	Actual 2008/09 \$	Budgeted 2009/10 \$	Budgeted 2010/11 \$	Budgeted 2011/12 \$
INCOME						
Contributions from Colliery Proprietors		20,000,000	20,000,000	20,000,000	18,000,000	15,000,000
Interest on Investments		2,400,000	1,462,703	3,000,000	3,060,000	3,121,200
Miscellaneous	2	446,000	447,240	403,000	411,060	419,281
Profit on Realisation of Investments		150,000	1,126,747	500,000	510,000	520,200
Gain\Loss on Revaluation		-480,000	2,640,533	-500,000	-510,000	-520,200
Proceeds on Sale of Non-Recurrent Assets		182,000	136,000	106,000	167,000	130,000
Totals		22,698,000	25,813,223	23,509,000	21,638,060	18,670,481
EXPENDITURE						
Claims:						
Subsidence	3	3,000,000	5,638,959	3,800,000	4,000,000	4,000,000
Preventative Works		2,020,000	776,828	2,020,000	4,000,000	4,000,000
Totals		5,020,000	6,415,787	5,820,000	8,000,000	8,000,000
Surface Development and Administration:						
Salaries & Associated Charges	4	2,274,500	1,948,740	2,573,500	2,624,970	2,677,469
Employer Contribution to Superannuation	4	250,000	261,170	270,000	275,400	280,908
Fees for Services Rendered	5	981,000	786,437	1,022,000	1,042,440	1,063,289
Board Fees & Entertainment		30,000	38,081	40,000	40,800	41,616
Microfilming of Records		4,000	13,396	4,000	4,080	4,162
Audit Fee	6	33,000	22,140	35,000	35,700	36,414
Printing, Stores & Stationery	7	241,500	187,607	285,500	291,210	297,034
Rent	8	234,000	217,587	239,000	243,780	248,656
Other Expenses	9	428,500	435,253	500,000	444,720	453,614
Depreciation	1	250,000	200,000	200,000	204,000	208,080
Bad Debts		0	0	0	0	0
Written Down Value Asset Disposal		262,000	125,000	106,000	239,000	188,000
Long Service Leave Expense		116,000	60,000	91,000	92,820	94,676
Annual Leave Expense		187,000	155,322	219,000	223,380	227,848
Totals		5,291,500	4,450,734	5,585,000	5,762,300	5,821,766
TOTAL EXPENDITURE		10,311,500	10,866,521	11,405,000	13,762,300	13,821,766
OPERATING RESULT		12,386,500	14,946,702	12,104,000	7,875,760	4,848,715
RETAINED EARNINGS AT BEGINNING OF YEAR		38,830,000	38,830,000	53,776,702	65,880,702	73,756,462
RETAINED EARNINGS AT END OF YEAR		51,216,500	53,776,702	65,880,702	73,756,462	78,605,177

BUDGETED STATEMENT OF FINANCIAL PERFORMANCE - NARRATIVE 2009/2012

1. STATEMENT OF MAJOR ACCOUNTING POLICIES

The budgeted statement of financial performance has been prepared on a historical cost and accrual basis and does not take into account changing money values. This is the same method applied in the previous year's actual statement.

Items, which cost more than \$500 and have a useful life of at least three years are treated as capital assets and depreciated by the straight-line method. This includes the cost of purchasing data for the digitised mapping system.

2. INCOME

Continued low interest rates has lowered the Fund's earning capacity, shifting a greater share to Colliery Contributions.

Miscellaneous Income includes Bank Interest, Section 15 Certificates and property rentals.

3. CLAIMS - SUBSIDENCE

Details are in the section on "Levy". Increases in Claims and Preventative Works are resulting from areas with improvements, especially utilities and infrastructure being affected by subsidence.

4. SALARIES AND ASSOCIATED CHARGES

Allows for existing staff, temporary relief staff, overtime for emergency callouts and displays/shows, and temporary staff as listed below. Some 64% of staff time is devoted to surface development controls, which aim to achieve compatibility with mining. This reduces the total prospective liability of the Compensation Fund and the impact of mining on the community.

Budgeted expenditure also includes allowance for annual leave loading, higher duties allowance (when relevant officers are on leave) and a 4% allowance for an Award Wage increase. Also includes Payroll Tax and Superannuation Guarantee Levy (currently 9%) and:

The positions of Subsidence Risk Engineer, District Supervisors at Newcastle and Picton and a mapping position have been vacant - a full year's cost is included in the budget. Vacancies also exist for a IT/GIS specialist and is fully costed for 2009/10.

5. FEES FOR SERVICES RENDERED

Includes:

- Fees paid for Subsidence Predictions (Dept Mineral Resources and others)
- Public Relations Consultant's Fees
- Public Relations Activities
- Investment Manager's Fees

- Internal Audit Office
- Other Consultants' Fees (e.g. Civil Engineering)
- Computer Software Support, License Fees and Development
- Training Course Fees
- Maintenance Agreements on Computer Hardware
- Quality Assurance Program
- Sites Fees, etc for Building Centre, Show Sites and Displays
- Insurances (other than Workers Compensation and Vehicles)
- Research and Development

6. AUDIT FEES

Costs for External Auditor (Audit Office of NSW)

7. PRINTING, STORES, STATIONERY

Reprographic costs are included in this heading. Major items are:

- Display and Promotional Materials
- Purchase of Deposited Plans for Digitising
- Mapping Consumables
- New Pamphlets
- Annual Report
- Brochures Reprints
- Stationery, Computer and Office Consumables

8. RENT

Rental of offices at Singleton, Newcastle, Wyong and Picton.

9. OTHER EXPENSES

Includes:

- Agent's Commission on sale of properties, collection of rentals and property management
- Motor Vehicles
- Telephones and Computer Lines
- Property Expenses
- Travel Expenses
- Electricity
- Postage and Document Exchange
- Advertising
- Office Cleaning and Sundries

BUDGETED CAPITAL EXPENDITURE

(1) PLANT AND EQUIPMENT

	2009/10 \$	2010/11 \$	2011/12 \$
(a) Computer Equipment			
Replacement PC's	40,000	40,000	50,000
Upgrade PMS Software	100,000	0	25,000
Colour Laser Printers	10,000	1,000	1,000
Replacement Scanners	5,000	5,000	5,000
Upgrade PC Software	15,000	15,000	15,000
Disk Storage increase	80,000	10,000	10,000
Server Upgrade	80,000	0	0
Mobile Computers	10,000	10,000	10,000
(b) GIS			
Data Updates	25,000	25,000	25,000
(c) Office Equipment			
Photocopiers/Multi-function Printers	12,000	12,000	12,000
Plan Copier/Scanner	30,000	0	0
Telephone Systems	5,000	25,000	5,000
(d) Field Equipment			
GPS Handhelds	0	1,000	1,000
Subsidence measuring equipment	0	50,000	0
Digital Cameras	3,000	3,000	3,000
Penetrometer	2,000	0	2,000
Vibration Meters	8,000	16,000	24,000
Mobile Phone Replacements	5,000	5,000	7,500
(e) Other			
New Maurie Mole Suit	0	0	8,000
TOTAL PLANT AND EQUIPMENT	430,000	218,000	203,500

(2) FURNITURE

	2009/10 \$	2010/11 \$	2011/12 \$
Office Furniture Maintenance	10,000	10,000	10,000
Workstations/Office Upgrades	20,000	5,000	10,000
Display Boards	5,000	5,000	5,000
Conference Room Newcastle	10,000	0	0
TOTAL FURNITURE	45,000	20,000	25,000

(3) VEHICLES

	2009/10 \$	2010/11 \$	2011/12 \$
CEO	25,000	25,000	25,000
DM Newcastle	8,500	8,500	8,500
DS Newcastle	8,500	8,500	8,500
DS Newcastle	8,500	0	8,500
DS Newcastle	0	8,500	0
DM Picton	8,500	8,500	0
DS Picton	0	8,500	6,000
DM Singleton	6,000	6,000	0
DS Newcastle	0	6,000	8,500
DM Wyong	0	8,500	8,500
Pool Car	0	6,000	
TOTAL MOTOR VEHICLES	65,000	94,000	73,500
TOTAL BUDGETED CAPITAL EXPENDITURE	540,000	332,000	302,000

CAPITAL EXPENDITURE NARRATIVE

INTRODUCTION

Funds to purchase Capital items are not included in the annual levy, but are a conversion of one form of asset to another. The new asset is depreciated, which is an expense each year, until the cost of the asset is written off over its useful life.

1. PLANT AND EQUIPMENT

- (a) Computer Equipment
 - (i) Allowance has been made to replace the PC desktop assets each 4 years.
 - (ii) Laser Printers – Replacement of items at the end of their useful life (asset maintenance)
 - (iii) Portable computers have potential use as virtual notebooks in the field, for pre-mining surveys, claim inspections, etc. This extends the benefits of our new IMS to operatives in the field.
- (b) GIS
 - Data Updates – This is an allowance to purchase new topo/cadastral data from the Land Information Centre, for all of NSW.
- (c) Office Equipment
 - These are generally asset maintenance items. The Plan Scanner will replace a Plan Copier.
- (d) Field Equipment
 - (i) Handheld GPS Devices - These will permit accurate location of potholes and mineworkings in the field.
 - (ii) Digital Cameras – maintenance items.
 - (iii) Penetrometer – Replacement of ground testing equipment used for claims investigation.
 - (iv) Vibration Meters – Provides for additional/replacement meters, which are used to record ground vibrations that may emanate from coal mining.
 - (v) Allowance has been made for replacement of mobile phones after 2 years.

2. FURNITURE

Some existing furniture has not kept pace with today's needs to cater for electronic processing. It needs to be upgraded to provide a high standard of ergonomic and effective furniture, and an efficient user of floor space.

Similarly, the reception areas at three offices have not changed in the last 15 to 20 years. They need a facelift commensurate with our service delivery ethos.

3. VEHICLES

Allowance is made for replacement of vehicles in accordance with government policy. The cost increase over previous years allows for changes to car models and the impact of a GST on resale values.

APPENDIX A – GUARANTEE OF SERVICE

GUARANTEE OF SERVICE

In the performance of our Charter, the Mine Subsidence Board is committed to providing the people of NSW with quality service delivered in a reliable, responsible and fair manner. Our Guarantee of Service ensures this statement is fulfilled through:

- all staff taking responsibility for ensuring a high standard of service
- adoption of quality management principles
- the provision of information brochures detailing the Board's services
- liaising with the community through public forums, displays and residents meetings
- encouraging feedback from the community
- maintaining an up-to-date technical base

To ensure this commitment is met, significant initiatives have been put in place.

STANDARDS OF SERVICE

- We aim to reply to or acknowledge all correspondence within two weeks by letter or by telephone.
- A contact name and telephone number will be provided in all correspondence.
- Time of response for building applications and certificates will be such that 95% are processed within 5 working days. Re-zonings, subdivisions and claims may take longer to resolve, but an initial contact will be made within seven working days.
- Only licensed tradespeople will be contracted to effect repairs on behalf of the Board.

STANDARDS OF BEHAVIOUR

Employees of the Mine Subsidence Board are at all times expected to act in a manner consistent with the high standard required to meet the Board's Code of Conduct. The Board's representatives will identify their name and, where appropriate, their position, in all dealings with the public. Courteous telephone techniques will be utilised at all times.

COMMUNITY RELATIONS

The Mine Subsidence Board will provide interpreter services free of charge to people of non-English speaking backgrounds. Basic information on the Board's role is available in a number of community languages. The Board has prepared a Statement of Intent under the NSW Charter of Principles for a Culturally Diverse Society.

PRE-MINING INSPECTIONS

As a guarantee of service, the Mine Subsidence Board will offer to carry out pre-mining inspections of residential areas, where predetermined subsidence parameters may be exceeded, to establish the pre-mining conditions of improvements likely to be damaged by the mining.

The Board may also undertake pre-mining inspections in areas not covered by the above to address genuine public concern or specific subsidence issues. Property owners will be provided with a written report upon completion of a pre-mining inspection. A copy of the policy is available from the Board's District Offices.

EMERGENCY SERVICE

The Mine Subsidence Board will provide a 24-hour emergency on call service for elimination of danger. An emergency services brochure is made available to emergency services providers.

COMMITMENT TO IMPROVING OUR SERVICES

Information

The Mine Subsidence Board has developed and regularly updates, publications designed to keep the general public, local government, industry and involved professions fully informed on the Board's role, services and mine subsidence issues.

The Mine Subsidence Board will readily provide information on building guidelines in proclaimed Mine Subsidence Districts, assistance with building design, details of mining activity, and endeavour at all times to provide open and frequent communications with the public.

SUGGESTIONS AND COMPLAINTS

The Mine Subsidence Board has a commitment to improving its services and welcomes any suggestions and the opportunity to address complaints that members of the public may have. The Board will regularly monitor public satisfaction with its services by way of surveys and will ensure that all steps are taken to maintain a high level of customer service.

The Board has established frontline complaint handling procedures, which ensure the person you initially contact will follow the matter through. Our experienced staff, at each District Office, are happy to assist with any complaint you may have involving the Mine Subsidence Board.

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The total external cost for producing this Annual Report/Statement of Affairs was \$25,190 including GST.



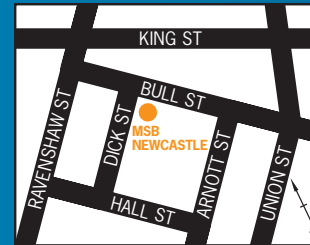
A 24 hour emergency service is available in all districts.

TELEPHONE 1800 248 083 (FREECALL)

Email: mail@minesub.nsw.gov.au

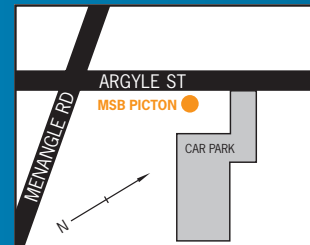
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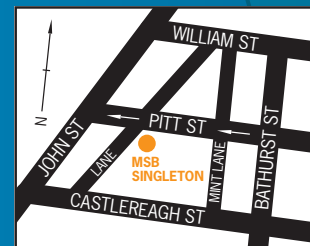
NEWCASTLE

Ground Floor, NSW Government Offices,
117 Bull Street, Newcastle West NSW 2302
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Telephone: 02 4908 4300
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WYONG

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