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Our Role

Mission Statement

To conserve the natural and cultural resources of the Jenolan, Abercrombie, Wombeyan and Borenore Karst Conservation Reserves and to promote them as leading visitor destinations in a manner which is environmentally, culturally and commercially sustainable.

Charter/Legislation

The Jenolan Caves Reserve Trust is a body corporate created pursuant to the provisions of the National Parks and Wildlife Act 1974.

The Trust is charged with the care, control and management of the Jenolan Caves Reserve Trust lands which are Abercrombie, Borenore, Jenolan and Wombeyan Karst Conservation Reserves.

Statement of Significance

Jenolan Caves Reserve Trust lands are the premier karst conservation areas of New South Wales. "Karst" is a characteristic landform found in areas with soluble rock, such as the limestone for which the Karst Conservation Reserves are renowned. Karst processes produce a wide variety of features including caves, gorges, sinkholes, stalactites and stalagmites.

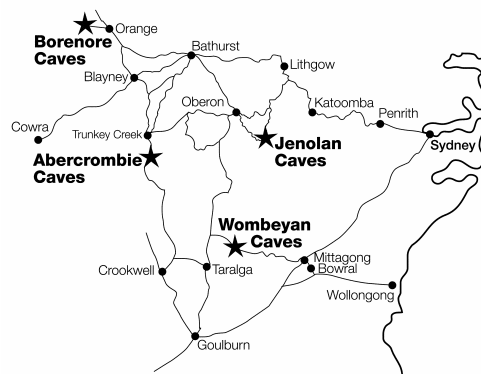
Jenolan Caves Reserve Trust lands are major tourism precincts that are highly valued for their natural and cultural significance.

The beautiful limestone caves and associated Reserves are of important geological, geomorphological and palaeontological value, and play a vital role in conserving rare and endangered plant and animal species.

The Reserves also contribute to our understanding of Aboriginal culture and European heritage, and are widely recognised for their interpretative, research and educational values.

The Reserves are important centres for recreational and tourist activities but conservation is paramount. The relationship between the natural and cultural environment and tourism is complex but generally well integrated.

The Jenolan Karst Conservation Reserve has World Heritage status as part of the Greater Blue Mountains World Heritage Listing and is listed on the State Heritage Register.



Reserve Location Map

Board Reports



The Jenolan Caves Reserve Trust is charged with the care, control and management of Abercrombie, Borenore, Jenolan and Wombeyan Karst Conservation Reserves. The Trust was originally established to be financially self-sustaining, relying on income it was able to generate through its services.

In early 2003, the Trust Board raised a number of concerns with the Hon Bob Debus, Minister for the Environment, over the long-term sustainability of the Trust with its current business model. The Minister commended the Board for paving the way for Government to address the outstanding issues associated with the Trust. However, at the Minister's request, a special review was commissioned by Budget Committee of Cabinet and carried out by Council on the Cost and Quality of Government.

The Review determined that the Trust had performed extremely well, given the structural and commercial impediments inherent in its establishment and that it had a strong and committed Board and staff. However, the Trust's business model, which supported the Board's conclusions, was unsustainable.

As a result of the Review, and on the recommendation of the Trust Board, at the end of its term in January 2004, an Administrator was appointed to act in the capacity of the Trust Board and to give effect to the structural changes required to resolve the financial model.

Despite all the challenges we faced during the year, staff remained focussed on the key mission of the Trust and its values. I sincerely thank them and the members of the Board for their energy and commitment.

(Prof) Richard Mackay AM
Past Chair of the Trust Board



Since my appointment, focus has been on implementing the structural changes recommended by the Council on the Cost and Quality of Government's review and the process is well underway. Attention has also focussed on implementing the Government's

revitalisation program for Jenolan Caves, including the Roads and Traffic Authority's \$18.5 million upgrade of Jenolan Road.

The Minister's recent announcement of a \$4 million capital works program to upgrade both cave and aboveground infrastructure at the four Reserves is a major step towards ensuring the sustainability and ongoing management of the invaluable karst assets that the Government is accountable for. This is being supported by additional funding to provide a wider focus on karst conservation across the whole of New South Wales.

I would like to thank the previous Board for the strong foundation they have provided and in particular, the Chair, Professor Richard Mackay and Deputy Chair, Ms Maggie Deahm, for their advice and counsel.

The continued advice and support from the Speleological and the Scientific and Environmental Advisory Committees is very much appreciated.

I commend the management and staff for the assistance provided to myself and for their commitment and continued loyalty to the Trust during this very difficult time. I am confident that they will continue to be responsive and open to the challenges they will face during the year ahead.

Alan Griffin
Administrator

Overview by Andrew Fletcher, General Manager



The past year has been a very difficult one for the Trust, and in particular for its staff.

The outcomes of the Review and subsequent appointment of the Administrator has brought with it a challenge of potential change, which our staff have encompassed and sustained without compromising their work ethic.

The members of the past Board were strongly committed advocates for the interests of the organisation. Personally and on behalf of the Trust, I take this opportunity to commend them for their professionalism and the integrity with which they approached their role.

Visitation

Total visitation to our cave sites, as compared to the previous year, follows:

Jenolan	226,067	+5%
Wombeyan	30,552	+11%
Abercrombie	8,018	-13%
Borenore	(not recorded)	
TOTAL	264,637	+5%

Income & Expenditure

Revenue from ordinary activities was \$10,537,004, an increase of 129% on the previous year, mainly due to funding received from NSW Treasury for capital projects.

Expenses from ordinary activities was (\$5,208,730), an increase of 4.65%.

Research and Monitoring

We continue to support and encourage many research activities on the Reserves. Details of these are contained in the Environment

and Statutory Information sections of the Annual Report.

The appointments to the Scientific and Environment Advisory Committee are complete. The Committee provides expert technical and strategic policy advice to the Trust in respect of issues relating to the conservation, interpretation and promotion of the karst conservation reserves managed by the Trust.

Staff

Our staff are the Trust's most important resource and I thank all staff for their efforts during the past year. Our staff are situated in four different locations, however are consolidated in delivering our corporate goals.

Heritage Recognition

The Jenolan Karst Conservation Reserve was placed on the State Heritage Register in June 2004. The listing was made in recognition of the Reserve's importance to the State's natural, social and Aboriginal heritage.

Jenolan Consulting

Jenolan Consulting continued to provide the Secretariat for Central NSW Tourism until March 2004. The Peak Hill Gold Mine accepted our proposal to undertake a product audit and to develop a Marketing Plan for the Peak Hill Open Cut Experience, a new tourism attraction at Peak Hill. Other business networks, both locally and internationally were maintained and expanded.

Overview (cont)

Major Developments

The \$4 million provided by NSW Treasury for the cost of a safety package to address urgent cave and infrastructure works for the Trust's Reserves will ensure their future environmental protection and ongoing development as tourist destinations.

Senior managers are working with the NSW Roads and Traffic Authority in relation to the eastern road access to Jenolan Caves. Concerns by the Trust Board to ensure the safety of Trust staff and visitors led to a temporary road closure of the road in May 2003. As a consequence the Authority has commenced works on the road as part of a wider major upgrade of the section between Mount Victoria and Jenolan Caves.

The upgrade of the waste water treatment facility at Wombeyan Caves was completed and officially opened by the Minister for the Environment in December 2003.

New accommodation units at both Abercrombie and Wombeyan Caves will enhance the visitor experience.

The Development Application for the self-guided tour at Jenolan Caves was approved. Funding is now being sought to facilitate geotechnical studies, the preparation of design documentation and on-ground works.

Capital Works

Major capital works projects that were either underway or completed during the 2003 – 2004 financial year were:

- Lucas Cave – Electrical
- Self Guided – Chifley Cave
- Signage Plan – Jenolan Caves
- Interpretation Plan – Jenolan Caves
- Air Conditioner - Jenolan Caves
- Wombeyan Caves Accommodation
- Wombeyan Caves Sewage
- Abercrombie Caves Accommodation
- Motor Vehicles

Business Development and Marketing

Jenolan Caves and Wombeyan Caves achieved growth in visitor numbers of 5% and 11% when compared to the previous year. This result has been particularly pleasing in the depressed climate facing tourism in general, and against a continuing substantial decline in the Blue Mountains tourism region.

An increase in resources available for marketing and increased focus on key target groups appears to be showing returns. At Jenolan Caves the Trust has also commenced a major study on visitors to provide information that will be used to inform marketing decisions and also to assist the Trust to provide products that are relevant to the needs of visitors.

Key Result Areas

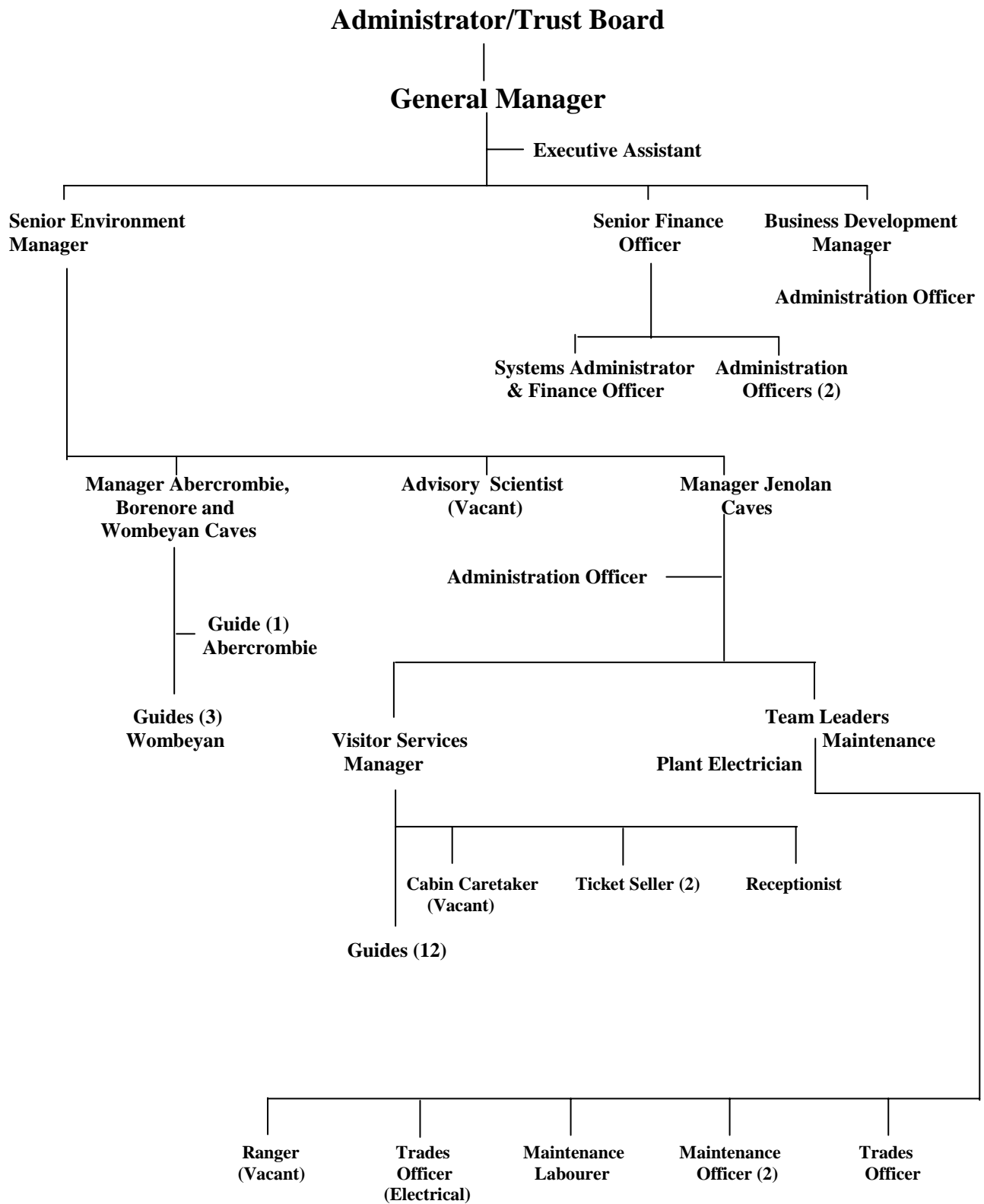
The Trust's Corporate Plan identifies its four major values. Achievements in key result areas subsequent to the inception of the Plan in 1999 are shown in the following table.

The Corporate Plan was due to be reviewed this financial year, however has been deferred until the structural changes are in place.

Overview (cont)

Focus	Goals	Highlights 1999-2004
Resource Management & Conservation	<ul style="list-style-type: none"> • Protect, conserve and where possible restore the natural process. • Conserve the Aboriginal and historical cultural heritage. • Maintain natural biodiversity and geodiversity. • Provide visitor services in an environmentally responsible manner. • Develop and promote a wider knowledge of karst conservation issues. 	<ul style="list-style-type: none"> • Establishment of the Trust's Scientific & Environmental Advisory Committee. • Plans of Management completed for Wombeyan and Borenore Karst Conservation Reserves. • Development of draft Plan of Management for Jenolan Karst Conservation Reserve. • Ongoing research of current technologies and techniques for the management of the reserves. • Ongoing noxious weed and feral animal control program at all Reserve sites. • Jenolan Karst Conservation Reserve gained World Heritage status as part of the Greater Blue Mountains World Heritage Listing. • Appointment of Senior Environment Manager to facilitate an improved interface between the environmental and commercial elements of the Trust's operation. • Listing of the Jenolan Karst Conservation Reserve on the State Heritage Register.
Our Visitors	<ul style="list-style-type: none"> • Value and care for our visitors. • Provide an enjoyable and memorable experience. • Communicate an informative and interesting conservation message, which enhances understanding and appreciation of natural and cultural heritage values. • Provide an appropriate and diverse range of experiences, and equity of access. 	<ul style="list-style-type: none"> • Installation of (Ecomax) sewage system at Wombeyan and completion of sewage upgrade at Jenolan. • Installation of new accommodation units at Wombeyan and Abercrombie Caves. • Completion of the Grand Arch Redevelopment at Jenolan Caves. • Completion of the refurbishment of Lucas Cave. • Electrical upgrade of Imperial Cave at Jenolan Caves and re-lighting of Fig Tree Cave at Wombeyan Caves completed. • Installation of Ultraviolet Water Treatment system at Abercrombie Caves. • Commencement of flood mitigation works at Abercrombie Caves. • Development Application approved for the self-guided tour at Jenolan Caves. • Annual review of price structure. • Design and implementation of ongoing visitor survey. • Appointment of a Business Development Manager to develop new products and marketing strategy. • Finalisation of Interpretation Plan. • Development of draft Signage Plan.
The Organisation	<ul style="list-style-type: none"> • Ensure sufficient human, financial and physical resources. • Be proactive and responsive (through flexibility and innovation). • Provide strong leadership with focussed direction and identity. • Foster continuous improvement. 	<ul style="list-style-type: none"> • Receipt of \$875,000 capital funding in State's 2001-2002 Budget. • Call for Proposals for alternate access to Jenolan Caves completed and Government advised would not proceed with any form of aerial access to Jenolan Caves. • Ongoing commitment to initiatives in the Corporate Plan, setting the Trust's priorities and direction. • Development of annual business and marketing plans, identifying strategies for each caves reserve. • Launch and continual upgrade of the Trust's website. • Ongoing communication with key stakeholders on the planning and review of major programs. • Receipt of \$4m from NSW Treasury in 2004 for a three year capital works safety program.
Our Team	<ul style="list-style-type: none"> • Have a skilled and committed team with a friendly and professional attitude. • Trust to be a great place to work. • Foster effective partnerships. • Have a culture of trust, recognition and respect. 	<ul style="list-style-type: none"> • Completion of accredited TAFE course in competency-based training and assessment by several employees. • Significant progress through the first stage of nationally recognised work place competencies and training system for guiding and outdoor recreation skills. • Ongoing staff training and development programs. • OH&S Policy approved. • Implementation of Staff Appreciation program. • Contracted IPS Employee Assistance to provide Employee Assistance Program

Organisational Chart



Profile of Trust Board Members

Previous Board members were appointed to the Board by the Minister for the Environment in February 2001, for a period of three years. Following a Review of the Trust by Council on the Cost and Quality of Government, an Administrator was appointed (as provided for under the National Parks and Wildlife Act) and has all the powers, responsibilities, duties and functions of the Board.

The previous Board met 18 times since it was appointed in 2001. There has been one Board meeting of the Administrator. The number of Board meetings attended by each Board member is identified in brackets next to their names.

Board members also met informally and participated in sub-committee meetings (i.e. Environment Committee, Staffing Committee, Visitor Services Committee and Infrastructure Committee)

ALAN GRIFFIN (1)

Alan Griffin is on secondment as Administrator of the Jenolan Caves Reserve Trust, responsible for the management of Jenolan, Wombeyan, Abercrombie and Borenore Karst Reserves. He is Deputy Director-General of the Department of Commerce, with 33 years experience in engineering, construction, contracting and policy development. He holds a Bachelor of Science-Engineering (with Merit) from the University of NSW and a Graduate Diploma in Business Administration (with distinctions) from the UTS. Alan is a fellow of the Australian Institute of Engineers.

PATRICK LARKIN (14)

(Nominated by Australian Speleological Federation Inc.)

Patrick Larkin is a barrister who specialises in environmental law and commercial law. He is a speleologist and cave diver, and a Fellow of the Australian Speleological Federation. He was formerly Senior Vice-President of the Australian Speleological Federation and President of the NSW Speleological Council.

PENELOPE FIGGIS AM (13)

(Nominated by Minister for Tourism)

Penelope Figgis has been an environmental advocate, speaker and writer for twenty-five years. Penelope has a strong background in environmental policy, especially biodiversity conservation, World Heritage, protected areas, and tourism and the environment. She is a long serving Vice President of the Australian Conservation Foundation, a Board Member of Sydney Olympic Park Authority, and a Member of the World Commission on Protected Areas. She has also served as a Board Member of the Australian Bush Heritage Fund, Environment Protection Authority of NSW, Uluru Kata Tjuta National Park, the Great Barrier Reef Consultative Committee, the Australian Tourist Commission and Landcare Australia.

MAGGIE DEAHM (17)

(Nominated by Minister for the Environment)

Maggie Deahm spent twenty-one years in the NSW Public Service in London and Sydney. She was an Alderman on Blue Mountains City Council from 1991-1993 and from 1993-1996 served as the Federal Member for Macquarie. She was a director of the Western Sydney Waste Board from 1996-2001 (Chair 2000-2001). She is currently an assessor to the Local Government Remuneration Tribunal and a member of the Board of the Sydney Catchment Authority. She takes a keen interest in social policy and environmental issues.

BOB HOOPER (17)

(Nominated by Minister for Local Government)

Bob Hooper is a grazier and Mayor of the Oberon Council. A Chartered Engineer and formerly Oberon Shire Engineer and Town Planner, he served thirty-five years as a Local Government Engineer, which also

Profile of Trust Board Members (cont.)

included twenty-three years as Town Planner. With wide community interests, he is a Past President of the Rotary Club of Oberon and a Past Chairman of the Central West Regional Organisation of Councils.

STEVE BROWN (7)

(Nominated by Minister for Planning)

Steve Brown was the Regional Planning Coordinator for Western NSW for 2 years until January 2004. He was responsible for overseeing the planning role of the Department of Infrastructure, Planning and Natural Resources in the Central West, Orana, Far West, and New England-North West regions of NSW.

He has a Bachelor of Town Planning from the University of NSW and a Graduate Diploma in Urban Estate Management from the University of Technology Sydney. He has over 20 years experience as a planner having worked for local government for 10 years, the private sector for 3 years and Department of Infrastructure, Planning and Natural Resources for 7 years. He was the Shire Planner in Mudgee from 1987 to 1992.

Steve was appointed to the Board in December 2002 as a replacement for Susan Calvert.

ALAN (Boris) HUNT (17)

(Nominated by Nature Conservation Council)

Boris is a local community member whose appreciation of the area and its natural values has led him to actively engage in environmental management. He has a particular interest in the biodiversity of local forests and their preservation. Boris is currently Chairman of the Lithgow and Oberon Landcare Association and sits on various government committees on land management and environmental health issues. He works as a composer/producer/teacher of music from his home in the Kanimbla Valley.

PROF RICHARD MACKAY AM (18)

(Nominated by National Trust of Australia (NSW))

Richard Mackay is the Managing Director of Godden Mackay Logan Pty Ltd, heritage consultants and an Adjunct Professor at La Trobe University. He is a former member of the NSW Heritage Council and Director of the National Trust. He has a strong background in public sector land management and cultural resource conservation. He holds a Bachelor of Arts (First Class Honours), University of Sydney and Master of Business Administration, University of Sydney.

GRAEME PATTISON (17)

(Nominated by National Parks Association of NSW Inc.)

Graeme Pattison is a professional electrical engineer and project manager working in traffic management and advanced traffic technologies. He is an executive member of the Australian Institute of Traffic Planning and Management NSW Branch. Graeme is also a past President of the University of NSW Speleological Society and has a knowledge of caves throughout Australia. His interests are in environmental conservation and raising public awareness.

FIONA MANDELIC (16)

(Nominated by National Parks and Wildlife Service)

Fiona Mandelic has been an officer of the National Parks and Wildlife Service for nine years and currently holds the position of Blue Mountains Region Operations Coordinator. Her previous roles in the Service have included Threatened Species Officer and statewide Wildlife Management Coordinator. Prior to the Service, Fiona has worked for Local Government, CSIRO and non-government conservation organisations. She holds a BSc, University of NSW; Post-Graduate Diploma in Environmental Studies, Macquarie University; PhD, Macquarie University.

Abercrombie Karst Conservation Reserve

Objectives

- Achieve visitation growth and yield.
- Enhance visitor experiences and safety.
- Increase accommodation occupancy.
- Conservation of the natural resource.

Key Performance Indicators

Compared to 2002/2003

- Visitation: -12.76%
- Revenue: +1.98%
- Expenditure: +4.04%
- Number of Cave Tours: +19.6%
- Revenue per FTE: -1.47%
- Total Expense per Visitor: +19.21%
- Total Revenue per Visitor: +16.9%

2003/2004 Financial Year

- Total FTE: 2.1
- Number of Tours per FTE: 118
- Salaries & Wages as % of Total Expenditure: 60.63%
- Maintenance Expense as % of Total Expenditure: 21.66%

FTE = Full time equivalent staff

Achieve visitation growth and yield

Visitation declined due to several factors which include: the severe drought conditions throughout the Central West region which is Abercrombie's main market and the limited availability of guided tours due to the closure of the Arch suspension bridge.

Special events

The 19th Annual Carols in the Caves was again a very special Christmas event and well attended by both locals and visitors from across New South Wales.

Marketing

The Trust's Business Development Manager has been working in conjunction with Local and Regional Associations and operators in an attempt to raise the profile of the caves.

Enhance visitor experiences and safety

In the interest of visitor safety the two suspension bridges have been closed and are awaiting assessment and the Kowmung Music Festival is now staged in Bathurst.

As part of the ongoing infrastructure upgrade two new cabins were installed, the cabins have full facilities and provide a greater range of accommodation options for our visitors.



New Cabins

Part of the precinct upgrade includes greater use of the swing bridges for access to the caves. Tenders have been called for the assessment and re-anchoring and upgrading of the two swing bridges.

Increase accommodation occupancy

The accommodation yield has increased with the installation of the new cabins. However occupancy rates have been effected similarly to cave visitation and for similar reasons.

Abercrombie Karst Conservation Reserve (cont.)

Conservation of the natural resource

Conservation of the natural resource is uppermost in the minds of management and staff. Conservation of the natural resource is being achieved through interpretation to the public in relation to the major significance both above and below ground of the Cultural and Heritage values of the Abercrombie Caves Karst Conservation Reserve.

Maintenance of pathways, drainage, feral animal and weed control, flood mitigation initiatives are all contributing factors to the preservation of the natural resource.

Treasury Funded Capital Works Projects

As part of the \$4 million Capital Works funding provided by NSW Treasury for the next four years, Abercrombie Caves will receive \$210,000 for priority infrastructure upgrades and maintenance throughout the Reserve.

Reserve Maintenance

Noxious weed and feral animal control methods have been continuing, with the programs achieving acceptable results.



Abercrombie Caves Swing Bridge

Jenolan Karst Conservation Reserve

Objectives

- Stimulate Visitation
- Increase yield
- Expand revenue streams
- Reduce costs while ensuring basic management of Jenolan's resources
- Undertake outstanding initiatives in the Trust Corporate Plan

Performance Indicators

Compared to 2002/2003:

- Visitation: +5.42%
- Revenue: +5.54%
- Expenditure: +5.94%
- Number of Cave Tours: +22%
- Revenue per FTE: +8.61%
- Total Expense per Visitor: +0.49%
- Total Revenue per Visitor: 0.12%

2003/2004 Financial Year

- Total FTE: 32.0
- Number of Tours per FTE: 265
- Salaries & Wages as % of Total Expenditure: 70.17%
- Maintenance Expense as % of Total Expenditure: 22.25%

FTE = Full time equivalent staff

Stimulate visitation/increase yield

As a result of our targeted marketing program the 2003/04 financial year produced a 5.42% increase in cave visits, which reflect the continued growth over the past few years.

The increase of 11,600 cave visits was due to a number of factors including concerted marketing activities based on ongoing research and product placement aimed at promoting product awareness and encouraging visitors to see more than one cave.

Actions from the plan which were implemented by Jenolan Caves included:

- Ongoing liaison with inbound tour operators and coach companies
- Coordinated distribution of brochures and other marketing material to target areas
- Attendance at trade and sales shows
- The hosting of a wide range of television shows and journalists
- Ongoing use of print media for advertising
- Promotion of packaged cave tours
- Ongoing liaison with Caves House on a range of marketing initiatives
- Continued involvement in Regional Tourism

Trade Events

Staff participated in a variety of trade events, which involved presentations, displays and sales appointments, to a variety of market segments. Key events included:

- Sydney on Sale
- A range of Sydney based trade shows aimed at concierges, Seniors and groups
- Australian Tourism Exchange

Partnerships with key operators and regional tourist organisations were further developed via joint representations at seminars, trade shows and workshops.

Expand revenue streams

Revenue streams have been expanded through Trust and departmental securing grant funding for capital works.

Capital Works Funding

As part of the \$4 million Capital Works funding provided by NSW Treasury for the next four years, Jenolan Caves will receive \$2.9 million for priority infrastructure upgrades and maintenance throughout the reserve.

Jenolan Karst Conservation Reserve (cont.)

Noxious Weeds Control

The Sydney Catchment Authority (via a grant from the NSW State Government) provided funding to facilitate the rehabilitation of approximately 60 hectares of the reserve currently infested by Sycamore sp. Complete eradication of Sycamore infestation and bushland regeneration will take a minimum of five years.

Sewage treatment plant upgrade

The upgrading of the sewage treatment plant that services the Jenolan valley was completed during the year. The works increased the capacity and efficiency of the plant and funded by a capital grant from Government.

Reduce costs while ensuring basic management of Jenolan's resources

Cost reduction initiatives identified in the 2003/04 Jenolan Caves Business Plan included review of opening hours, Jenolan Caves Cottages Management, and staffing arrangements. Work has progressed in these areas, pending completion of the current overall Trust restructure, currently underway.

Expenditure has increased by 5.94%. A corresponding increase in revenue of 5.54% derived through increased visitation has been achieved.

Undertake outstanding initiatives identified in the Trust Corporate Plan

Feral animal control and noxious weeds control

Implementation of plans to control and monitor vertebrate pests was ongoing throughout the year. Target pests include pigs, goats, foxes and cats.

In addition to rehabilitation of the area infested by Sycamore sp. the control of prioritised weed species of Blackberry, Paterson's Curse and Serrated Tussock is continuing.

State Heritage Register

The importance of the historical, aesthetic, research and rarity values of Jenolan Caves Reserve, including Jenolan Caves Resort, was recognised by the listing on the State Heritage Register in June 2004.

Implement a competency based training system

The development of a competency based training and assessment program that aligns with nationally recognised standards has continued and is nearing completion. To date staff members have obtained formal qualifications in tourism, marketing and outdoor education.

Additional training undertaken by staff related to the following:

- Karst management (diploma)
- Business administration
- Injury management and first aid
- Chainsaw operation
- Sewage plant operation
- Elevated work platform operators course
- Tagging of Electrical Equipment
- Train the trainer
- ATV users course
- Water test/data control
- SEINS infringement course

Review and implement improvement to performance management system

The system for performance planning and monitoring for all of Jenolan's staff was refined and implemented.

Focus Capital Works budgets and programs on caves infrastructure

The Lucas Cave electrical upgrade is nearing completion and will be finalised in July 2004. A computerised lighting system was installed that allows luminaries to fade up and down and provides lighting only when required. The system provides bright energy efficient light to enhance the cave experience while providing significant energy savings and minimises the impact of heat and light on the environment.

Jenolan Karst Conservation Reserve (cont.)

To facilitate general performance, reverse cycle air conditioners were installed throughout the Guides Office and Ticket Office complex.

Main Road 253

Following the temporary closure of MR253 in May 2003, a series of night closures took place so that work could commence on geotechnical inspections.

Currently the Trust has in place a general closure of MR253 during a short period during daytime to allow coaches and other traffic travelling from the East to access the Caves. Full time access is still available via the Edith Road.



Work being undertaken in the Lucas Cave

Jenolan Caves Resort

Caves House and associated infrastructure is owned by the NSW State Government and is leased to a private sector operator. The Trust and lessee work together, with the aim of providing a quality visitor experience.



Wombeyan Karst Conservation Reserve

Objectives

- Protect and conserve natural, cultural and recreational resources.
- Provide a safe environment for visitors and staff.
- Continue to enhance the visitor experience.
- Maintain visitor facilities to a high standard.
- Maximise visitation and yield.

Performance Indicators

Compared to 2002/2003

- Visitation: +10.65%
- Revenue: +5.56%
- Expenditure: +6.66%
- Number of Cave Tours: +11.36%
- Revenue per FTE: +14.74%
- Total Expense per Visitor: -3.6%
- Total Revenue per Visitor: -4.63%

2003/2004 Financial Year

- Total FTE: 5.5
- Number of Tours per FTE: 165
- Salaries & Wages as % of Total Expenditure: 58.86%
- Maintenance Expense as % of Total Expenditure: 15.87%

FTE = Full time equivalent staff

Protect and conserve the natural, cultural and recreational resources

The Trust installed an environmentally approved wastewater management system. The system as well as protecting the Karst also provides protection to the Sydney Catchment area.

To assist with erosion control a policy of “no pushbikes on walking tracks” has been implemented.

The control program for noxious weeds and feral animals is ongoing.

Provide a safe environment for visitors and staff

Identification and removal of drought effected and dangerous trees throughout the camping areas and along the walking tracks is ongoing.

Sewage Upgrade

The Sewage Wastewater Management System (ECOMAX) construction has been completed. The plant was officially opened on 6th December 2003 by the Minister for the Environment, the Hon. Bob Debus MP.



The official opening of the Wombeyan Sewage Wastewater Management System

Continue to enhance visitor experience

The replacement and upgrading of 9 self-contained cabins has added a degree of luxury accommodation to the already diverse range available at Wombeyan. The introduction of accommodation and cave packages has also provided added variety for our visitors.

Maintain visitor facilities to a high standard

Visitor facilities are maintained to a high standard through continuous maintenance.

Wombeyan Karst Conservation Reserve (cont.)

Maximisation of visitation and yield

Visitation has been increased through the installation of the accommodation and cave tour packages. The visitor yield is dependent on the uptake of the cave tour packages.

Marketing activities were undertaken in accordance with the Trust marketing strategies. This year Wombeyan continued to work in close association with both Southern Highlands and Goulburn Tourism and was represented by both organisations at several trade shows.

A successful TV campaign aired prior to school holidays, alternately targeting the Wollongong and Canberra area is proving successful.

Treasury Funded Capital Works Projects

As part of the \$4 million Capital Works funding provided by NSW Treasury for the next four years, Wombeyan Caves will receive \$750,000 for priority infrastructure upgrades and maintenance throughout the Reserve.

Reserve Maintenance

Noxious Weed Control

A comprehensive spraying program was implemented to target noxious weed colonies on the Reserve.

Feral Animal Control

Feral Goat and Fox problems were also addressed. Both issues have produced acceptable results

Borenore Karst Conservation Reserve

Reserve Maintenance

The Trust continues to support the community based work for the dole program, which is proving worthwhile for both the Trust and the participants. The program has concentrated on walking tracks, with a new walk being established across the karst to the back of Arch Cave. Participants have also been involved with the removal of internal fencing and the general upkeep of the main visitor precinct.

The local Community sponsored the inaugural Carols at the Caves and was a great success. The Community is keen to pursue the Carols as an annual event.

Noxious Weed and Animal Control

A concerted effort has again been undertaken in the control of noxious weeds, with the prominent focus being on Blackberry (*Robus fruticosus*) and Serrated Tussock (*nasella trichotoma*). In conjunction with local landholders, feral animal control has also been undertaken.

Treasury Funded Capital Works Projects

As part of the \$4 million Capital Works funding provided by NSW Treasury for the next four years, Borenore Caves will receive \$160,000 for priority infrastructure upgrades and maintenance throughout the Reserve.



Verandah Cave at Borenore Caves

Environment Report

The following initiatives/actions were implemented:

Cooperative Resource Management

The Department of Environment and Conservation (Parks and Wildlife Division) and Sydney Catchment Authority (SCA) continue to provide technical and financial support to the Trust on a range of land/resource management initiatives. The latter includes the Sycamore control project, which has been scheduled to run for five years, and the ongoing monitoring of the Jenolan Colony of Brush Tailed Rock Wallaby.

Jenolan Karst Conservation Reserve Plan of Management

The initial phase of stakeholder consultation (incorporating workshops and focus group meetings) is complete. A Draft Plan of Management has since been prepared and is currently under review by representatives of the Department of Environment and Conservation. In accordance with relevant legislation, the Draft Plan is to be placed on formal exhibition for a period of 90 days during which time the public and other stakeholders will have the opportunity to render submissions.

Interpretation Plan for Abercrombie, Borenore, Jenolan and Wombeyan Karst Conservation Reserves

A formal plan for communicating and educating the public on the natural, cultural and recreational assets of the reserves has been endorsed by the Trust. The Interpretation Plan for Abercrombie, Borenore, Jenolan and Wombeyan Karst Conservation Reserves is a comprehensive document that provides the strategic framework for future communication initiatives and has been well supported by stakeholders.

Signage Plan

Following consultation with internal and external stakeholders, a Draft Signage Plan has been prepared for the Jenolan Karst Conservation Reserve. The Draft Plan outlines the type, number and extent of signage required in addition to proposed points of installation. Following finalisation of this document, the design and manufacture of signs for the Grand Arch Precinct and Number 1 and 2 Carparks will commence. Installation of new signs is scheduled for mid 2005.



View of current signage at Jenolan Precinct Area

Scientific and Environmental Advisory Committee

The Scientific and Environmental Advisory Committee (SEAC) has played an important role in the management of Trust lands and provides input into the development of an environmental management strategic plans and policies. The SEAC meets on a bi-monthly basis and focuses on the sustainable use of the reserves natural and cultural resources, in particular, its caves.

Cave Access Policy

In November 2003, the Draft Cave Access Policy was endorsed by the Trust. This represented a significant milestone in the Trust's history and was only made possible by the commitment and on-going support of stakeholders. Particular mention should be made of the Speleological Advisory Committee and Scientific and Environmental Advisory Committee, who invested substantial time towards the development of the policy.

Environment Report (cont.)

Self-Guided Tour – Nettle Cave

In accordance with legislative requirements and local government planning policy, a Statement of Environmental Effects (SEE) was prepared to assess the impacts of the proposed self-guided tour on the natural and cultural values of the cave. A development application (including the SEE) was subsequently lodged with Oberon Council who has since given their approval for the project to proceed. As the next step towards developing the proposal, a consultant will be engaged to prepare detailed design documentation.

Research Prospectus

To assist the Trust in determining it's research priorities, and as a means of fostering ongoing relationships with tertiary institutions, a Research Prospectus has been developed. This document will serve as the basis from which intending researchers can formulate their proposals by providing a list of subject areas suitable for study. The Research Prospectus was developed with the support and guidance of the Scientific and Environmental Advisory Committee.

Risk Management Plan

In accordance with the Trust's statutory responsibilities, and as a means of providing a safer workplace and operating environment, a Draft Risk Management Plan has been prepared. The Plan outlines the strategic and operational framework for managing risk, and is based on the AS/NZS 4360:1999 Standard. The finalisation of the Plan is expected to occur in the 2004/05 financial year following consideration by the Trust Board.

Research

The following research has been completed or is ongoing:

Origin and Development of Eastern Australian Caves: A New Synthesis

R.A.L Osborne, School of Development and Learning, University of Sydney

This is a long-term project that aims to develop a new understanding of the origin and evolution of limestone caves in eastern Australia. Research carried out at the

Annual Report 2003/2004

reserves, in particular Jenolan, is central to this project. Some of the key findings thus far have been published in the Proceedings of the Fourteenth Australasian Conference on Cave and Karst Management and were presented in a keynote address to the International Forum "Evolution of Karst: From Prekarst to Cessation" held at Postojna, Slovenia in September 2002.

Mineralogy of Jenolan Caves

R.E. Pogson, Department of Mineralogy and Petrology, Australian Museum
R.A.L. Osborne, School of Development and Learning, University of Sydney
D.M. Colchester, Department of Mineralogy and Petrology, Australian Museum

This is a long-term project, undertaken through the auspices of the Geodiversity Research Centre at the Australian Museum, and receives some funding and considerable logistical and infrastructure support from the Australian Museum Trust. The project investigates and documents the range of mineral assemblages that occur in caves, and explores the conditions responsible for their deposition.

Focus in 2003-2004 has been on the study and dating of relict clays which have been found to be considerably older than that previously thought. A paper outlining this work has been submitted for publication to the Australian Journal of Earth Sciences.

Aragonite in New South Wales Caves

J. Rowling, School of Geosciences, University of Sydney

As part of her MSc requirements, Jill Rowling is investigating the origin of cave aragonites in New South Wales. Research being undertaken at Jenolan and Wombeyan Karst Conservation Reserves is essential to this project.

Condensation and Corrosion of Speleothems in Tourist Caves (ongoing)

Assoc. Prof. Julia James and Jason Hong

Mineral Surveys of Jenolan Caves

Armstrong Osborne (University of Sydney),
Ross Pogson and David Colchester
(Australian Museum)

Corporate Resources

Objectives

- Provide a stable and fulfilling work environment that is flexible and meets the information needs of the Trust, employees and clients.
- Ensure sufficient technological, financial and administrative resources.

Finance Department

The Finance department is focussed on meeting the information needs of both internal and external clients. This involves day to day processing, reporting and project participation.

Information Technology

There have been no major software upgrades with the exception of the Symantec anti-virus package which was renewed and upgraded. This incorporates servers and workstations, including the ticketing system. The networks at Jenolan and Bathurst are fully automated, require no user intervention and updates the anti-virus files on a daily basis.

Centaman ticketing continues to impress with upgrades installed as they become available. The level of service is outstanding and an excellent relationship exists between Centaman and the Trust.

The Trust continues to operate with Novell Netware 4.11 as the preferred networking software at both Bathurst and Jenolan, with the ticketing systems at Jenolan and Wombeyan operating with Microsoft Networking.

As part of the planned upgrade of communication systems, a new telephony system was installed at Jenolan Caves during the latter part of the year and provides benefits of digital lines, a digital P.A.B.X and shortly, an I.S.D.N connection to the internet. This will substantially improve email reception, in addition to information on the Web. One of the main features of the new system, is its menu driven capabilities and its ability to record voice mail.

Capital Expenditure

Expenditure on capital works and equipment totalled \$725,890 and consisted of:

Cave Infrastructure	\$ 31,987
General Infrastructure and Environmental Projects	\$ 525,435
Buildings/workshops and leasehold improvements	<u>\$ 168,468</u>
	<u>\$ 725,890</u>

Annual Financial Statements

Below is a summary of the Operating Statement for 2003/2004 compared with 2002/2003.

	\$ 2003/2004	\$ 2002/2003
Revenues from ordinary activities	10,537,004	4,596,135
Expenses from ordinary activities	(5,208,730)	(4,976,965)
Profit (loss) from ordinary activities	5,328,274	(380,830)

Statutory Information

Senior Executive Officers

Total no. of senior executive positions: Current year: nil Previous year: nil

Number of female executive officers: Current year: nil Previous year: nil

Classification of Positions

Listed below are employees for the last 3 years.

	2001/2002	2002/2003	2003/2004
General Manager	1	1	1
Executive Assistant to the General Manager	1	1	1
Business Development Manager	1	1	1
Systems Administrator & Finance Officer	1	1	1
Senior Finance Officer	1	1	vacant
Administration Officers	3.4 1 vacant*	4.4	2.4 2 vacant
Karst Resources Manager	deleted	deleted	deleted
Senior Environment Manager	1	1	1
Karst Resources Officer	deleted	deleted	deleted
Advisory Scientist	vacant	vacant	vacant
Manager Jenolan Caves	1	1	1
Manager Wombeyan, Abercrombie and Borenore	1	1	1
Visitor Services Manager, Jenolan	1	1	1
Guides positions	13 3 vacant	13 3 vacant	12 4 vacant
Visitor Services Officers	1.6	1.6	1.6
Caretaker Jenolan Caves Cottages	vacant	vacant	vacant
Team Leader – Maintenance	1	1	1
Team Leader - Plant Electrician	1	1	1
Ranger	1	vacant	vacant
Trades Officer (Electrician)	1	1	1
Trades Officer	1	1	1
Maintenance Officer	2 1 vacant	2 1 vacant	2 1 vacant

Recruitment Statistics

The recruitment and employment needs of the Trust for the period 1 July 2003 to 30 June 2004 were met as follows:

- The Senior Finance Officer and two Administration Officer positions were vacated during the year and filled on a temporary basis.

In all there are 41 permanent and full time positions covering 20 categories.

Temporary placements, and a casual workforce of up to 50, supplement the Trust's team of permanent employees.

The Trust's estimated full time staff number (FTE) as at 30 June 2004 was 47.

There were no unusual or over Award payments made during the year through wages, salaries or allowances.

Statutory Information (cont)

Training

Total training costs for the year, including staff hours and course costs, were \$26,243.05.

Paid staff hours for training 2003/2004 \$6,037; 2002/2003 \$21,867; 2001/2002 \$11,408.

Courses undertaken during the year included first aid, computing, marketing and business strategies, Freedom of Information, Leadership, SEINS, Chemical Weed Control, developing workplace training, electrical tagging and competency.

EEO Statistics

Total positions held by males and females are detailed below:

	Males %	Female %
2001/2002	63.5	36.5
2002/2003	61.5	39.5
2003/2004	60.2	39.8

Of the permanent employees 75% are male and 25% are female. In 2003/2004 the average remuneration for males was \$57,502 and females \$45,543.

Approximately 33% of all staff on our payroll are permanent, the balance are employed on a temporary or casual basis. Staff relieved in higher positions (min 5 days relief) on 13 occasions.

Overseas Visits

Peter Austen, Business Development Manager

Singapore and Malaysia 14 – 27 September 2003, consulting business and attendance at the NATAS consumer show

Andrew Fletcher, General Manager

Singapore and Malaysia 14 – 27 September 2003, consulting business and attendance at the NATAS consumer show

Consultants

Throughout 2003/2004 the Trust supplemented internal resources with the following consultancy expertise (costs excluding GST):

Equal to or more than \$30,000

Nil

Under \$30,000

During the year eleven consultants were engaged in the following areas:

Legal	\$48,498
Management Services	\$71,344

TOTAL CONSULTANCIES **\$119,842**

Statutory Information (cont)

Account Payment Performance

Account payment performance indicators for 2003/2004 financial year:

Average time taken to process accounts inclusive of:

Current (within 30 days)	\$3,865,201
Less than 30 days overdue	nil
Between 30-60 days overdue	nil
Between 60-90 days overdue	nil
Percentage of accounts paid on time	100%
Total of accounts paid on time	\$3,865,201
Total of accounts paid	\$3,865,201

Commentary:

- Payment is made on invoice after authorisation within terms through the Accounts Payable module of the Accpac accounting package.
- The Trust takes up offers of discounts by making payments within terms.
- Credit card use in the Trust has been in accordance with Premiers Memorandum and Treasurer's Direction.

The electronic transfer of funds using the Westpac Deskbank facility continued throughout 2003/2004.

Disability Plans

The Trust provides a quality experience for all visitors to the Reserves. Strategies for assisting people with special needs range from the construction of access ramps, to staff members helping visitors adjust to 'closed' cave environments. Other services provided by the Trust include:

- The provision of tailored-tours to cater to the special needs of the elderly and visually impaired.

- The grading of show caves in terms of the number of steps and degree of difficulty.
- User-friendly building design, which caters for the physically disadvantaged.
- Development of cave infrastructure to assist people with mobility difficulties.

Ethnic Affairs Priorities Statement

The four principles of cultural diversity enshrined in the NSW Government legislation are reflected in the Trust's Ethnic Affairs Priority Statement.

A key priority for the Trust is raising awareness of the unique natural and cultural resources of the karst conservation reserves within ethnic communities. In this regard, initiatives have included:

- The provision of 'Meet and Greet Programs' to cater to the special needs of visitors.
- Ongoing liaison with inbound tour operators to ensure that client/customer services are tailored to meet individual needs. In 2003/2004 the Trust participated in the Australian Tourism Exchange as a means of further promoting our product to ethnic groups.
- Legislation provides for the Trust Board to include two Aboriginal community representatives who are responsible for ensuring the interests of their communities are represented.
- The provision of multi-lingual brochures.
- The recruitment of multi-lingual staff. New guiding positions include a second language as a desirable qualification
- Ongoing research into the needs of ethnic groups and particular market segments.

Statutory Information (cont)

- The implementation of competency-based training for guides, which includes a nationally recognised module on cultural awareness.

The Trust's commitment to understanding and catering to the needs of ethnic groups will continue in 2004/2005. In this regards, it will:

- Investigate the redesign of current public communication programs including the redesign of Trust websites.
- Investigate the use of electronic, multi-lingual interpretation technology.
- Support the introduction of an Aboriginal Cultural Heritage Program.

Occupational Health & Safety

The OH&S Committee consists of two management representatives and four employee representatives.

Training for two Committee members has been undertaken, with further training envisaged for the first half of the 2004/2005 financial year. The Committee has reviewed the Trust's OH&S Constitution, and is developing a work plan to comply with recent legislative changes.

The role of the Committee is to monitor work practices and to recommend to management changes that will improve the health and safety of staff, contractors and visitors.

The OH&S Committee has addressed a variety of issues both above and below ground. Solutions to the issues were readily forthcoming, ensuring a safer environment for both staff and visitors.

Risk Management

A formal risk assessment of the three reserves was carried out in 1996.

Recommendations stemming from the assessment are implemented on a priority basis.

A draft Risk Management Plan and relates policy has been prepared. Finalisation of the two documents is expected to take place in the pending financial year.

Consumer Response

The Trust strives to ensure a high level of visitor satisfaction, and considers the views and comments of visitors when devising policies and operating procedures.

A Visitor Monitoring Program (VMP) has been introduced at Jenolan Karst Conservation Reserve to provide feedback on a range of issues. The VMP obtains feedback via the following methods:

- Onsite surveys.
- Detailed reflective (postal) survey.
- Formal assessment of written and verbal visitor comment.
- Targeted surveys, activated when key negative issues are identified.

The collected data is evaluated and used in the development of management actions.

Energy Management

The Trust has developed and implemented an Energy Management Policy.

Statutory Information (cont.)

Waste Management

The upgrade of the sewage treatment facility at Jenolan Karst Conservation Reserve was completed during the year. A substantial upgrade of the sewage treatment facility at Wombeyan Karst Conservation Reserve has also been completed, with work oriented towards improving its processing capabilities.

Over \$700,000 in funding was obtained from New South Wales Treasury to facilitate the upgrades, which are recognised as major waste management initiatives.

Freedom of Information Requests

There were 2 FOI requests and actioned in 2003/2004.

Policy & Planning

The Trust's Corporate Plan was due to be reviewed in the current financial year, however, has been deferred until the structural changes recommended in the Council on the Cost and Quality of Government Review are in place.

The Trust's Interpretation Plan was completed and a draft Signage Plan was developed.

The draft Plan of Management for the Jenolan Karst Conservation Reserve is awaiting finalisation.

The Trust adopted a Caves Access Policy this year.

Advisory Committees

The Trust is fortunate to have a number of committees that offer specialist expertise in fields related to Trust operations.

Scientific and Environmental Advisory Committee

Dr Stephen Gale
Dr Armstrong Osborne
Dr Neil Lipscombe
Dr Grant Hose
Assoc Prof Julia James

Speleological Advisory Committee

John Bonwick
Chris Norton
Ben Nurse
Darryl McDowell
Megan Pryke

Research

The following projects are ongoing or have been completed over the last 12 months:

Origin and Development of Eastern Australian Caves: A new synthesis

R.A.L. Osborne, School of Development and Learning, University of Sydney

Mineralogy of Caves

R.E. Pogson, Department of Mineralogy and Petrology, Australian Museum; R.A.L. Osborne, School of Development and Learning, University of Sydney; D.M. Colchester, Department of Mineralogy and Petrology, Australian Museum

Aragonite in New South Wales Caves

J. Rowling, School of Geosciences, University of Sydney

Condensation and Corrosion of Speleothems in Tourist Caves (ongoing)

Assoc. Prof. Julia James and Jason Hong

Mineral Surveys of Jenolan Caves

Armstrong Osborne (University of Sydney), Ross Pogson and David Colchester (Australian Museum)

Statutory Information (cont)

Major Works Completed or in Progress

Major works programs completed or underway are:

- Jenolan Karst Conservation Reserve Plan of Management
- Interpretation Plan for Abercrombie, Borenore, Jenolan and Wombeyan Karst Conservation Reserves
- Development of Self-Guided Cave at Jenolan
- Replacement and re-electrification of the Lucas Cave
- Upgrade of Jenolan Sewage System
- Upgrade/replacement of Wombeyan Sewage System
- Installation of a new Commander phone system linking Trust offices at Jenolan
- Rehabilitation of terraced rock gardens in the main visitor precinct
- Installation of Stainless Steel handrails in the Grand Arch

Publications

Draft Karst Conservation Reserves Interpretation and Visitor Orientation Plan, April 2003. Produced for the Jenolan Caves Reserve Trust by Charles Walsh Nature Tourism Services in conjunction with Elanus Word and Image and Jasmine Foxlee.

Total Newsletters:

“Broadkarst” – Issue 1 (replaces “Karst out” Issues)

Total Information Sheets:

- “Spiders in Natural Limestone Arches and Bridges in NSW”
- “Early Innovations at Jenolan Caves”
- “Monitoring Impacts in Cave and Karst Landscapes”
- “Grassy White Box Woodlands”
- “Craybacks: Subaerial Stromatolites”
- “Visitor Satisfaction”
- “The SEM Committee”

Published Papers for 2003-2004:

Brochures/Leaflets:

Various published and in-house brochures and information sheets on the services and facilities of the Trust’s operations.

Other:

Jenolan Caves Reserve Trust Corporate Plan, 1999-2002.

Annual Reports – 1993/94 onwards.

Printing Annual Report 2003/2004

Total external cost – Nil.

Report is available on the Jenolan Caves Reserve Trust website

www.jenolancaves.org.au

Independent Audit Report



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

Jenolan Caves Reserve Trust

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Jenolan Caves Reserve Trust:

- (a) presents fairly the Trust's financial position as at 30 June 2004 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

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

The Administrator's Role

The financial report is the responsibility of the Administrator of the Jenolan Caves Reserve Trust. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Administrator in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that *Trustees* had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

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

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The 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 are not compromised in their role by the possibility of losing clients or income.



R Hegarty FCPA
Director of Audit

SYDNEY
26 November 2004

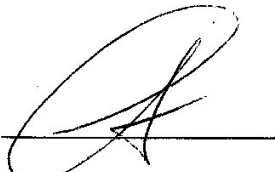
**JENOLAN CAVES RESERVE TRUST
YEAR ENDED 30 JUNE 2004**

Statement by Members of the Trust

Pursuant to the Public Finance and Audit Act 1983, and in accordance with a resolution of the members of the Jenolan Caves Reserve Trust, we declare on behalf of the Trust that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Jenolan Caves Reserve Trust as at 30 June 2004 and transactions for the twelve months then ended.
2. The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2000, and the Treasurer's Directions.

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



Name: Andrew Fletcher

Position : General Manager

Date: 28/10/04



Name: Alan Griffin

Position : Administrator

Date: 29 Oct 2004.

**JENOLAN CAVES RESERVE TRUST
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	2004 \$	2003 \$
Revenues from ordinary activities	2	10,537,004	4,596,135
Expenses from ordinary activities			
Employee benefits expense	3.1	(3,148,988)	(2,968,353)
Depreciation expense	3.2	(738,906)	(404,642)
Other expenses	3.3	<u>(1,320,836)</u>	<u>(1,603,970)</u>
Surplus/ (deficit) from ordinary activities	18	<u>5,328,274</u>	<u>(380,830)</u>
 Increase/ (decrease) in asset revaluation reserve	 19	 <u>5,000</u>	 <u>-</u>
Total revenues, expenses and valuation adjustments recognised directly in equity		<u>5,000</u>	<u>-</u>
 Total changes in equity other than those resulting from transactions with owners as owners		 <u>5,333,274</u>	 <u>(380,830)</u>

The statement of financial performance is to be read in conjunction with the notes to the financial statements.

JENOLAN CAVES RESERVE TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004

	Note	2004 \$	2003 \$
Current Assets			
Cash assets	4	5,661,559	1,449,085
Receivables	5	153,056	84,112
Inventories	6	48,338	60,850
Other	7	484,771	65,603
Total Current Assets		<u>6,347,724</u>	<u>1,659,650</u>
Non-Current Assets			
Property, plant & equipment	8	15,394,251	15,406,862
Other financial assets	9	6,500,000	6,500,000
		<u>21,894,251</u>	<u>21,906,862</u>
Total Non-Current Assets			
		<u>28,241,975</u>	<u>23,566,512</u>
Total Assets			
		<u>28,241,975</u>	<u>23,566,512</u>
Current Liabilities			
Payables	10	368,988	517,742
Employee benefits	11	307,040	278,449
Other liabilities	12	6,534	512,487
Total Current Liabilities		<u>682,562</u>	<u>1,308,678</u>
Non-Current Liabilities			
Employee benefits	11	344,676	376,371
Total Non-Current Liabilities		<u>344,676</u>	<u>376,371</u>
		<u>1,027,238</u>	<u>1,685,049</u>
Total Liabilities			
		<u>1,027,238</u>	<u>1,685,049</u>
Net Assets		<u>27,214,737</u>	<u>21,881,463</u>
Equity			
Contributed equity		5,831,749	5,831,749
Retained surplus	18	13,018,699	7,690,425
Reserves	19	8,364,289	8,359,289
Total Equity		<u>27,214,737</u>	<u>21,881,463</u>

The statement of financial position is to be read in conjunction with the notes to the financial statements.

JENOLAN CAVES RESERVE TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 \$	2003 \$
Cash flows from operating activities			
Receipts from customers		5,564,818	4,270,907
Receipts from Treasury		4,870,244	240,000
Payments to suppliers and employees		(6,023,849)	(4,457,757)
Interest received		492,286	473,668
Net cash provided by operating activities	14.2	<u>4,903,499</u>	<u>526,818</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		100,750	16,224
Payments for property, plant and equipment		(791,775)	(472,758)
Net cash used in investing activities		<u>(691,025)</u>	<u>(456,534)</u>
Net (decrease)/ increase in cash held		4,212,474	70,284
Cash at the beginning of the financial year		1,449,085	1,378,801
Cash at the end of the financial year	14.1	<u><u>5,661,559</u></u>	<u><u>1,449,085</u></u>

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

**JENOLAN CAVES RESERVE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

REPORTING ENTITY

The Jenolan Caves Reserve Trust was constituted under the *National Parks and Wildlife Amendment (Abercrombie, Jenolan and Wombeyan Karst Conservation Reserves) Act 1997 No. 2*. The Trust's mission is to conserve the natural and cultural resources of the Jenolan, Abercrombie, Wombeyan and Borenore Karst Conservation Reserves, and to promote them as leading visitor destinations in a manner which is environmentally, culturally and commercially sustainable.

The administration office of the Trust is situated at the Land and Property Information Centre, Panorama Avenue Bathurst whilst the principal places of business are situated at Jenolan Caves, Wombeyan Caves, Abercrombie Caves and Borenore Caves, situated in rural New South Wales.

The principal activities of the Trust are environmental conservation; cave interpretation and provision of accommodation facilities at Jenolan, Wombeyan and Abercrombie Caves.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Accounting

The Trust's financial statements are a general-purpose financial report. The statements have been prepared in accordance with Australian Accounting Standards, Urgent Issues Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board, the provisions of the Public Finance and Audit Act and Regulations.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

The financial statements have been prepared on an accruals basis and are expressed in Australian dollars. Except for certain investments, land and building, plant and equipment, motor vehicles and infrastructure systems, which are recorded at valuation, the financial statements are prepared in accordance with the historical cost convention.

1.2 Employee Related Benefits and Entitlements

The accounting standards set out in AAS30 - "Accounting for Employee Entitlements" have been applied where those standards have a material impact on the financial statements and where those employee entitlements can be reliably measured.

Allowance has been made in the financial statements for benefits accruing to employees in relation to annual leave and long service leave in accordance with statutory requirements based on actual entitlements and expected rate of remuneration.

Employee related expenses include salaries and wages, long service leave for employees with five years or more service, recreation leave, employer superannuation contributions and other related costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.2 Employee Related Benefits and Entitlements (continued)

i) Salaries and Wages, Annual Leave and On-Costs

Liabilities for salaries and wages and annual leave are recognised and are measured as the amount unpaid at balance date at the expected rate of remuneration in respect of employee services up to that date.

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

ii) Sick Leave

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

iii) Long Service Leave

Long service leave is measured on a nominal basis. The nominal method is based on the remuneration rates at year-end for all employees with five or more years of service. It is considered that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

iv) Superannuation

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

1.3 Property, Plant and Equipment

Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Trust. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

Plant and equipment

Plant and equipment costing \$5,000 and above individually are capitalised.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.3 Property, Plant and Equipment (continued)

Basis of revaluation

Physical non-current assets are valued in accordance with the NSW Treasury Department's "Valuation of Physical Non-Current Assets at Fair Value". This policy adopts fair value in accordance with AASB 1041. There is no substantive difference between the fair value valuation methodology and the previous valuation methodology adopted by the Trust.

Fair value is determined as the market buying price (the best indicator of which is the assets replacement cost) as the future economic benefits are not primarily dependent on the asset's ability to generate net cash flows from continued use.

Cave infrastructure was valued by Trust employees, using a method approved by the New South Wales National Parks and Wildlife Service. This method involved applying an approved per metre cost to all items of cave infrastructure. Due to the specialised nature of these types of assets, this method developed by Trust employees is considered to be the only feasible method of valuing this type of infrastructure.

Each class of physical non-current assets is revalued every five years and with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of assets previously recognised as an expense in the result for the year from ordinary activities.

Revaluation decrements are recognised immediately as expenses in the results for the year from ordinary activities, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.3 Property, Plant and Equipment (continued)

Depreciation

Depreciation is provided on a straight line basis over the useful life of the asset to the Trust based on independent valuation or actual cost where applicable.

Major depreciation periods for significant asset groups are as follows:

Buildings and Workshops	10 to 100 years
Staff Accommodation	100 years
Cave Infrastructure	25 to 100 years
General Infrastructure	10 to 100 years
Plant and Equipment	3 to 10 years
Motor Vehicles	5 to 10 years
Computer Equipment	3 years

1.4 Revision of Accounting Estimate

During the year the estimated useful lives of the caves infrastructure assets were reviewed. The estimated useful lives of those assets that are due for replacement over the next two financial years were reviewed to properly reflect their value as at 30 June 2004.

The financial effect of this revision in estimated useful lives has been to increase the depreciation expense from \$425,757 to \$738,906 in the current financial year.

1.5 Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts. An estimation for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

1.6 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is calculated using the weighted average cost or "first in first out" method.

1.7 Payables

These amounts represent liabilities for goods and services provided to the Trust and other amounts, including interest. Interest is accrued over the period it becomes due.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.8 Leased Assets

Leases under which the Trust assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Jenolan Caves House

The Trust assumed control of Caves House following the constitution of the Trust under the *National Parks and Wildlife Amendment (Abercrombie, Jenolan and Wombeyan Karst Conservation Reserves) Act 1997 No2*.

Caves House was subject to a pre-existing direct finance property lease which was valued at \$6,500,000 on 30 June 1998. The lease term is for a period of 99 years, however the commercial life of the lease has been determined at 30 years, with an average rate of return of 8% over this period. Interest income is brought to account periodically in each financial year at the specified earning rate.

The capital value of the lease will be recouped over the commercial life of the asset.

Operating leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Also refer to Note 16.

1.9 Revenue Recognition Policy

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST).

Cave interpretation and sale of goods

Revenue from cave interpretations and the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes or the service is provided to the customer.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Grants

Grants and other contributions are recognised as revenues when received.

Interest revenue

Interest Revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.9 Revenue Recognition Policy (continued)

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer.

1.10 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

1.11 Adoption of Australian Equivalents to International Financial Reporting Standards

Jenolan Caves Reserve Trust will apply the Australian Equivalents to International Financial Reporting Standards (AIFRS) from the reporting period beginning 1 July 2005.

The agency is managing the transition to the new standards by allocating internal resources and/or engaging consultants to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition.

The agency has identified a number of significant differences in accounting policies that will arise from adopting AIFRS. Some differences arise because AIFRS requirements are different from existing AASB requirements. Other differences could arise from options in AIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised the agency of options it is likely to mandate, and will confirm these during 2004-05. This disclosure reflects these likely mandates.

The agency's accounting policies may also be affected by a proposed standard designed to harmonise accounting standards with Government Finance Statistics (GFS). This standard is likely to change the impact of AIFRS and significantly affect the presentation of the income statement. However, the impact is uncertain, because it depends on when this standard is finalised and whether it can be adopted in 2005-06.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.11 Adoption of Australian Equivalents to International Financial Reporting Standards (continued)

Based on current information, the following key differences in accounting policies are expected to arise from adopting AIFRS:

- AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* requires retrospective application of the new AIFRS from 1 July 2004, with limited exemptions. Similarly, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires voluntary changes in accounting policy and correction of errors to be accounted for retrospectively by restating comparatives and adjusting the opening balance of accumulated funds. This differs from current Australian requirements, because such changes must be recognised in the current period through profit or loss, unless a new standard mandates otherwise.
- AASB 116 *Property, Plant and Equipment* requires the cost and fair value of property, plant and equipment to be increased to include restoration costs, where restoration provisions are recognised under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Major inspection costs must be capitalised and this will require the fair value and depreciation of the related asset to be re-allocated.

For-profit entities must account for asset revaluation increments and decrements on an individual asset basis, rather than on a class basis. This change may decrease accumulated funds.

- AASB 117 *Leases* requires operating lease contingent rentals to be recognised as an expense on a straight-line basis over the lease term rather than expensing in the financial year incurred.
- AASB 119 *Employee Benefits* requires the defined benefit obligation to be discounted using the government bond rate as at each reporting date rather than the long-term expected rate of return on plan assets. Where the unfunded superannuation liability is not assumed by the Crown, this will increase the amount and the future volatility of the unfunded superannuation liability and the volatility of the employee benefit expense.
- AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* applies to *for-profit entities* only. Entities will either apply the current AASB 120 or early adopt a revised AASB 120, based on the grant requirements in AASB 141 *Agriculture*. The current AASB 120 spreads income recognition over the period necessary to match related costs. A revised AASB 120 based on AASB 141 is likely to require revenue recognition when conditions are satisfied. Both of these alternatives may have the effect of delaying revenue recognition.
- AASB 123 *Borrowing Costs* provides the option to expense or capitalise borrowing costs. NSW Treasury is likely to mandate expensing of borrowing costs to harmonise with GFS. Previously, borrowing costs related to qualifying assets were capitalised.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.11 Adoption of Australian Equivalents to International Financial Reporting Standards (continued)

- AASB 132 *Financial Instrument Disclosure and Presentation* prohibits in-substance defeasance. Agencies can no longer offset financial assets and financial liabilities when financial assets are set aside in trust by a debtor for the purposes of discharging an obligation, without assets having been accepted by the creditor in settlement of the obligation. This will have the effect of increasing both assets and liabilities but will have no net impact on equity.
- AASB 136 *Impairment of Assets* requires an entity to assess at each reporting date whether there is any indication that an asset (or cash generating unit) is impaired and if such indication exists, the entity must estimate the recoverable amount. However, the effect of this Standard should be minimal because all the substantive principles in AASB 136 are already incorporated in Treasury's policy *Valuation of Physical Non-Current Assets at Fair Value*.
- AASB 138 *Intangibles* requires that all research costs must be expensed and restricts capitalisation of development costs. Some previously recognised internally generated intangible assets may need to be derecognised. Further, intangibles assets can only be revalued where there is an active market, which is unlikely to occur. As a result, it is likely that any revaluation increments will need to be derecognised and intangible assets recognised at cost.

2. REVENUE FROM ORDINARY ACTIVITIES

	2004	2003
	\$	\$
<i>Operating Activities</i>		
Interpretation services	3,204,184	3,081,626
Accommodation	379,888	349,543
Parking fees	43,925	44,265
Kiosk trading	87,778	83,677
<i>Revenue from operating activities</i>	3,715,775	3,559,111
<i>Non-Operating Activities</i>		
Rent -Staff cottages	46,520	58,059
Interest – Financial institutions	53,986	68,566
Interest - Jenolan Caves House	439,000	410,000
Grants received	87,641	15,000
Consultancy	64,111	63,721
Other	61,617	48,028
Caves House utility services	40,306	60,916
Gross proceeds on asset sales	100,750	72,734
Administrator funding	500,000	-
Treasury capital funding	4,495,244	240,000
Net increment arising from valuation of superannuation	932,054	-
<i>Revenue from non-operating activities</i>	6,821,229	1,037,024
<i>Total Revenue</i>	10,537,004	4,596,135

3.1	EMPLOYEE BENEFITS EXPENSE	2004 \$	2003 \$
	Salaries & wages	2,583,186	2,450,693
	Payroll tax	130,761	128,887
	Superannuation	280,702	254,780
	Worker's Compensation	131,143	116,790
	Fringe benefits tax	7,844	5,844
	Employment costs	15,352	11,359
		<u>3,148,988</u>	<u>2,968,353</u>
 3.2	 DEPRECIATION EXPENSE		
	Depreciation of non-current assets		
	- Buildings	80,119	37,491
	- Plant and equipment	78,889	41,133
	- Motor vehicles	70,107	74,062
	- Caves infrastructure	357,947	124,073
	- General infrastructure	146,662	122,700
	- Leasehold improvements	5,182	5,183
		<u>738,906</u>	<u>404,642</u>
 3.3	 OTHER EXPENSES FROM ORDINARY ACTIVITIES		
	Net decrement arising from valuation of Superannuation	-	315,692
	Audit fees	25,000	23,500
	Bad debts expense	-	59
	Bank and credit card	42,527	43,809
	Carrying amount of assets sold	70,480	46,279
	Cleaning	27,922	31,453
	Commission on cave tickets	90,591	79,433
	Coronial inquest	-	26,098
	Environmental	25,998	50,099
	Heat & power	61,955	80,516
	Insurance	127,580	113,115
	Interpretation plan	5,691	40,000
	Marketing	208,125	178,434
	Motor vehicle	54,687	50,372
	Plan of management – Jenolan Caves	17,300	87,390
	Printing and stationery	20,888	26,513
	Rental expense on operating leases- minimum lease payments	29,158	32,705
	Repairs and maintenance	96,307	104,691
	Telephone, postage and internet	68,525	78,906
	Trust expenses	20,603	37,429
	Administrator expenses	102,881	-
	Other expenses	224,618	157,477
		<u>1,320,836</u>	<u>1,603,970</u>

4. CASH ASSETS	2004	2003
	\$	\$
Fixed Deposit	475,000	550,000
Fixed Deposit - Treasury capital funding	4,990,000	795,000
Cash Management Account	37,083	7,016
Working Accounts	133,146	75,239
Cash Floats	25,430	20,930
Petty Cash	900	900
	<u>5,661,559</u>	<u>1,449,085</u>
5. RECEIVABLES		
Trade Receivables	153,056	84,112
Less: Provision for Doubtful Debts	-	-
	<u>153,056</u>	<u>84,112</u>
Trade debtors to be settled within 60 days are carried at amounts due. The collectibility of debts is assessed at balance date and a specific provision is made for any doubtful accounts.		
6. INVENTORIES		
Maintenance	25,743	30,757
Electrical –Capital Works	2,406	2,285
Kiosk	18,379	26,274
Fuel	1,810	1,534
	<u>48,338</u>	<u>60,850</u>
7. OTHER CURRENT ASSETS		
Prepaid Superannuation Contributions (refer note 12)	466,099	39,998
Prepayments	18,672	25,605
	<u>484,771</u>	<u>65,603</u>
8. PROPERTY, PLANT & EQUIPMENT		
Land at valuation	<u>3,530,000</u>	<u>3,525,000</u>
Buildings at cost	391,790	73,166
Buildings at valuation	1,862,250	1,897,250
Accumulated depreciation - at cost	(17,663)	(3,508)
- at valuation	(132,772)	(70,445)
	<u>2,133,605</u>	<u>1,896,463</u>
Plant and Equipment at cost	136,430	111,281
Plant and Equipment at valuation	163,675	163,725
Accumulated depreciation - at cost	(45,914)	(24,852)
- at valuation	(133,303)	(75,525)
	<u>120,888</u>	<u>174,629</u>

8. PROPERTY, PLANT & EQUIPMENT (Continued)	2004	2003
	\$	\$
Motor Vehicles at cost	206,748	158,478
Motor Vehicles at valuation	125,768	161,267
Accumulated depreciation - at cost	(44,304)	(36,485)
- at valuation	(109,370)	(98,052)
	<u>178,842</u>	<u>185,208</u>
 Caves Infrastructure at cost	 1,340,833	 1,340,833
Caves Infrastructure at valuation	5,218,587	5,218,587
Accumulated depreciation - at cost	(46,369)	(29,542)
- at valuation	(569,749)	(228,629)
	<u>5,943,302</u>	<u>6,301,249</u>
 General Infrastructure at cost	 827,183	 22,183
General Infrastructure at valuation	2,567,242	2,567,242
Accumulated depreciation - at cost	(14,363)	(1,540)
- at valuation	(397,349)	(263,510)
	<u>2,982,713</u>	<u>2,324,375</u>
 Capital Works in Progress	 <u>477,261</u>	 <u>967,116</u>
 Leasehold Improvements at cost	 41,460	 41,460
Accumulated depreciation - at cost	(13,820)	(8,638)
	<u>27,640</u>	<u>32,822</u>
TOTAL	<u><u>15,394,251</u></u>	<u><u>15,406,862</u></u>

The independent valuation of all assets except cave infrastructure was carried out by Ian Arthy, Registered Valuer (NSW) of Steers Pty Ltd, of 101 George Street Parramatta on 1 April 2001. All property, plant and equipment acquired since that date has been valued at cost.

The land owned and controlled by the Trust was valued on the 18 March 2002 by Ken Robertson of the Valuer General's office in Orange. Land at Borenore was valued by the Valuer General's office on 19 June 2002, resulting in an increase of \$5,000 in 2004.

8.1 Reconciliation of Carrying Amount

Reconciliation's of the carrying amount for each class of property, plant and equipment are set out below:

Freehold Land

Carrying amount at 1 July	3,525,000	3,525,000
Additions	-	-
Net revaluation increment	5,000	-
Carrying amount at 30 June	<u>3,530,000</u>	<u>3,525,000</u>

Buildings

Carrying amount at 1 July	1,896,463	1,905,218
Additions	318,624	34,961
Disposals	(1,363)	(6,225)
Depreciation expense	(80,119)	(37,491)
Carrying amount at 30 June	<u>2,133,605</u>	<u>1,896,463</u>

8. PROPERTY, PLANT & EQUIPMENT (Continued)	2004 \$	2003 \$
8.1 Reconciliation of Carrying Amount (Continued)		
<i>Plant & Equipment</i>		
Carrying amount at 1 July	174,629	178,468
Additions	25,148	38,548
Disposals	-	(1,254)
Depreciation expense	(78,889)	(41,133)
	<u>120,888</u>	<u>174,629</u>
<i>Motor Vehicles</i>		
Carrying amount at 1 July	185,208	245,845
Additions	132,858	52,225
Disposals	(69,117)	(38,800)
Depreciation expense	(70,107)	(74,062)
Carrying amount at 30 June	<u>178,842</u>	<u>185,208</u>
<i>Caves Infrastructure</i>		
Carrying amount at 1 July	6,301,249	6,425,322
Depreciation expense	(357,947)	(124,073)
Carrying amount at 30 June	<u>5,943,302</u>	<u>6,301,249</u>
<i>General Infrastructure</i>		
Carrying amount at 1 July	2,324,375	2,447,075
Additions	805,000	-
Depreciation expense	(146,662)	(122,700)
Carrying amount at 30 June	<u>2,982,713</u>	<u>2,324,375</u>
<i>Capital Works in Progress</i>		
Carrying amount at 1 July	967,116	523,597
Additions	654,285	517,028
Capitalised	(1,144,139)	(73,509)
Carrying amount at 30 June	<u>477,261</u>	<u>967,116</u>
<i>Leasehold Improvements</i>		
Carrying amount at 1 July	32,822	38,005
Depreciation expense	(5,182)	(5,183)
Carrying amount at 30 June	<u>27,640</u>	<u>32,822</u>
9. OTHER FINANCIAL ASSETS		
Jenolan Caves House Lease	<u>6,500,000</u>	<u>6,500,000</u>

	2004 \$	2003 \$
10. PAYABLES		
Refundable deposits	46,253	54,342
Trade creditors	229,832	327,027
Accrued expenses	76,047	42,433
Accrued employee costs	16,856	93,940
	<u>368,988</u>	<u>517,742</u>

Liabilities are recognised for the amounts to be paid in the future for goods or services received, whether or not billed to the Trust. Trade accounts payable are normally settled within 30 days.

11. EMPLOYEE BENEFITS

Current

Annual Leave	227,242	270,628
Long Service Leave	57,973	7,821
Other Leave	21,825	-
	<u>307,040</u>	<u>278,449</u>

Non-current

Long service leave	<u>344,676</u>	<u>376,371</u>
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Average number of employees during the year	<u>47</u>	<u>48</u>
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12. SUPERANNUATION FUNDS

Funds are provided to cover the anticipated future liability of the Trust for superannuation and retirement benefits after termination of an employees' services.

The assessed liability for the Trust as at 30 June 2004 and funds held in the reserve accounts at the SAS Trustee Corporation (STC) are:-

	SANCS		SASS		SSS	
	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$
Gross Liability Assessed by Actuaries at 30 June	(242,478)	(210,149)	(969,989)	(814,939)	(2,530,363)	(2,510,775)
Less: Investment Reserve Account Balance	235,944	143,240	1,049,415	854,937	2,917,036	2,065,197
(Unfunded Liability)/ Prepaid Contributions	<u>(6,534)</u>	<u>(66,909)</u>	<u>79,426</u>	<u>39,998</u>	<u>386,673</u>	<u>(445,578)</u>

12. SUPERANNUATION FUNDS (Continued)

The assumptions used by the actuary in estimating the deferred liability were:

	2004/2005 %	2005/2006 %	thereafter %
Rate of investment return (after tax and investment-related expenses)	7.0	7.0	7.0
Rate of general salary increase *	4.0	4.0	4.0
Rate of increase in CPI (Sydney. All Groups)	2.5	2.5	2.5

* A promotional scale also applies.

13. REMUNERATION OF AUDITORS

	2004 \$	2003 \$
Auditing of the financial report	25,000	23,500

No other services were provided by the auditors.

14. NOTES TO THE STATEMENT OF CASH FLOWS

14.1 Reconciliation of Cash

For the purpose of the statement of cash flows, cash includes cash on hand and cash held by financial institutions. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash as at balance date comprises:

Cash at bank	133,146	75,239
Cash management account and fixed deposit	5,502,083	1,352,016
Cash floats	25,430	20,930
Petty cash	900	900
	<u>5,661,559</u>	<u>1,449,085</u>

14. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

14.2 Reconciliation of Cash Flows from Operating Activities to Surplus/ (Deficit) from Ordinary Activities	2004 \$	2003 \$
Surplus/ (deficit) from ordinary activities	5,328,274	(380,830)
Add/(less) items classified as investing/financing activities:		
Profit on sale of non current assets	(30,270)	(26,455)
	<u>5,298,004</u>	<u>(407,285)</u>
Add non cash items:		
Depreciation	738,906	404,642
Superannuation	(932,054)	315,692
Net cash provided by operating activities before change in assets and liabilities	<u>5,104,856</u>	<u>313,049</u>
(Increase)/decrease in receivables	(68,944)	15,097
(Increase)/decrease in inventories	12,512	(1,802)
(Increase)/decrease in other current assets	(419,168)	(1,217)
(Decrease)/increase in payables	277,347	128,648
(Decrease)/increase in provisions	(3,104)	73,043
	<u>(201,357)</u>	<u>213,769</u>
Net cash provided by operating activities	<u>4,903,499</u>	<u>526,818</u>

15. FINANCIAL INSTRUMENTS

15.1 Interest Rate Risk

The Trust's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities is as follows:-

	Note	Variable Interest Rate		Within 1 year		More than 5 years		Non Interest Bearing		Total Carrying Amount as per Statement of Financial Position	
		2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$
1. Financial assets											
Cash	4	170,229	82,255	-	-	-	-	26,330	21,830	196,559	104,085
Receivables-Other	5	-	-	-	-	-	-	153,056	84,112	153,056	84,112
Deposits	4	-	-	5,465,000	1,345,000	-	-	-	-	5,465,000	1,345,000
Caves House Lease	9	-	-	-	-	6,500,000	6,500,000	-	-	6,500,000	6,500,000
Total Financial Assets		<u>170,229</u>	<u>82,255</u>	<u>5,465,000</u>	<u>1,345,000</u>	<u>6,500,000</u>	<u>6,500,000</u>	<u>179,386</u>	<u>105,942</u>	<u>12,314,615</u>	<u>8,033,197</u>
Weighted Average Interest Rate %		0.51	0.10	5.48	4.52	8.00	8.00	N/a	N/a	N/a	N/a
2. Financial liabilities											
Trade Creditors & accruals	10	-	-	-	-	-	-	368,988	517,742	368,988	517,742
Total Financial Liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>368,988</u>	<u>517,742</u>	<u>368,988</u>	<u>517,742</u>

15. FINANCIAL INSTRUMENTS (Continued)

15.2 Net Fair Values

The aggregate net fair value and carrying amounts of financial assets and liabilities are disclosed in the statement of financial position and in the notes to and forming part of the accounts.

Recognised financial instruments

Cash, cash equivalents and short-term investments: the carrying amount approximates fair value because of their short term to maturity.

Trade receivables and payables: the carrying amount approximates fair value because of their short term to maturity.

15.3 Credit Risk Exposure

The Trust's maximum exposure to credit risk on recognised financial assets, at balance date, is the carrying amount as disclosed in the balance sheet and notes to the financial statements.

Concentration of credit risk

The Trust does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Trust.

16. LEASE COMMITMENTS

Operating Leases – Office Accommodation and Equipment

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

	2004 \$	2003 \$
not longer than one year	23,403	35,558
longer than one year and not longer than two years	-	22,420
longer than two years and not longer than five years	-	-
Total lease commitments (inclusive of GST)	23,403	57,978

Contingent assets

The total lease commitments includes input tax credits of \$2,128 (\$5,271-2003)

17. CONTINGENT LIABILITIES

Applications for native title under the Native Title Act 1993 and Aboriginal Land Rights Act 1983 have been made over various areas of land which might ultimately result in a liability being incurred by the Trust. It is impossible to assess the quantum of compensation likely to be paid, if any, following resolution of the claims.

The Trust has no other contingent liabilities (Nil in 2003).

18. RETAINED SURPLUS	2004	2003
	\$	\$
Balance at the beginning of the financial year	7,690,425	8,071,255
Surplus/ (deficit) from ordinary activities	5,328,274	(380,830)
Balance at the end of the financial year	<u>13,018,699</u>	<u>7,690,425</u>

19. RESERVES

Asset revaluation reserve

Balance at beginning of the financial year	8,359,289	8,359,289
Revaluation increment/ (decrement) arising on valuation of non-current assets to fair value	5,000	-
Balance at the end of the financial year	<u>8,364,289</u>	<u>8,359,289</u>

20. CAPITAL EXPENDITURE COMMITMENTS

Buildings

Not longer than 1 year	-	63,558
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	<u>-</u>	<u>63,558</u>

General Infrastructure

Not longer than 1 year	-	482,750
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	<u>-</u>	<u>482,750</u>

21. EVENTS SUBSEQUENT TO BALANCE DATE

A review of the Jenolan Caves Reserve Trust was commissioned by the Budget Committee in July 2003 following a request from the Minister for the Environment. This review is being conducted by the Council on the Cost and Quality of Government. The Council's recommendations will be considered by the Minister for the Environment and the Budget Committee in the near future.

The Administrator has been appointed for a further period of 12 months, up to 30 June 2005.

END OF THE FINANCIAL STATEMENTS.