

Annual Report

2018–19

Biodiversity
Conservation
Trust



Indigenous Acknowledgement

In the spirit of respecting and strengthening partnerships with Australia's First Peoples, the NSW Biodiversity Conservation Trust (BCT) would like to acknowledge all Traditional Owners of the land of NSW. The BCT pays its respects to the Nations and their Elders, past, present and emerging, who hold the authority, memories, knowledge and traditions of a living Aboriginal culture. The BCT offers its deepest appreciation and respect for the First Peoples' continued connection and responsibility to the land and waters in this country.

Photographic Credits

Cover image: Aerial view of BCT conservation area near Walgett, NSW

Photo by Colin Elphick Carter

With the exception of photographs, the state of NSW and the BCT are pleased to allow this material to be reproduced in whole or in part for educational and non-commercial use, provided the meaning is unchanged and its source, publisher and the authorship are acknowledged. Specific permission is required for the replication of photographs.

The BCT has compiled this report in good faith, exercising all due care and attention. No representation is made about the accuracy, completeness or suitability of the information in this publication for any particular purpose. Readers should seek appropriate advice when applying the information to their specific needs.

All content in this publication is

owned by the BCT and is protected by Crown Copyright, unless credited otherwise. The BCT asserts the right to be attributed as author of the original material in the following manner: © State of New South Wales and the NSW Biodiversity Conservation Trust 2019.

© State of NSW and NSW Biodiversity Conservation Trust 2019.

Published by

NSW Biodiversity Conservation Trust
59-61 Goulburn Street,
Sydney South NSW 2000
PO Box A290,
Sydney South NSW 1232

Phone: 1300 922 688

Business hours:
Monday to Friday, 9am – 5pm

Email: info@bct.nsw.gov.au

Website: www.bct.nsw.gov.au

September 2019
EES2019/0554
ISBN: 978-1-922317-28-5

Letter of submission

The Hon Matt Kean MP
Minister for Energy and Environment
Member for Hornsby
52 Martin Place
Sydney NSW 2000

Dear Minister

Subject: BCT Annual Report 2018-19

We are pleased to submit the Annual Report of the NSW Biodiversity Conservation Trust (BCT) for your presentation to the NSW Parliament. This report provides a summary of our services, achievements and performance for the period 1 July 2018 to 30 June 2019. In addition, the report contains the audited financial statements and appendices as required by legislation.

The report also incorporates the Annual Report of the Biodiversity Stewardship Payment Fund for the period ended 30 June 2019, which the BCT is required to provide in its role as fund manager, under S6.37(1) of the *Biodiversity Conservation Act 2016*.

The report was prepared in accordance with the provisions of the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983*, regulations under those Acts and NSW Treasury Circular TC15-19.

Yours sincerely



The Hon Robert Hill AC
Chairperson of the Board of the NSW
Biodiversity Conservation Trust



Ms Renata Brooks
Member of the Board of the NSW
Biodiversity Conservation Trust and
Chairperson of the BCT Audit and
Risk Committee

Contents

Message from the Chair	5
Message from the Chief Executive Officer	7
Biodiversity and our landholders	11
Our stakeholders	12
Biodiversity Conservation Trust	13
Private Land Conservation Outcomes	15
Biodiversity Offsets Program (BOP) Outcomes	17
Progress against the Biodiversity Conservation Investment Strategy	20
Progress against BCT business plan goals	27
Goal 1: Encourage landowners to enter agreements to conserve biodiversity and support productive landscapes	27
Goal 2: Deliver a strategic biodiversity offsetting service	43
Goal 3: Support our landholders to conserve biodiversity on their land	49
Goal 4: Promote public knowledge, appreciation and understanding of the value of biodiversity conservation	53
Goal 5: Invest in our people to build an engaged, professional, customer-orientated and high-performing organisation, focused on achieving the BCT's purpose	56
Organisation structure	59
The BCT Board	61
Our staff	65
BCT Financial Statements	68
Appendices	106
Index	128

Message from the Chair



It is with pleasure that I present the annual report of the NSW Biodiversity Conservation Trust (BCT) for 2018-19.

To effectively protect biodiversity in Australia, we must rely on both public and private land conservation. The BCT was established in 2017 to ensure that NSW had a properly designed and funded private land conservation program.

In NSW, we now have the largest ever investment in private land conservation by any Australian government. The NSW Government has committed more than \$350 million to the BCT's programs over the next five years. This is an incredible opportunity for NSW to protect our precious biodiversity and support our landholders.

Since March 2018, the BCT has been delivering three biodiversity conservation programs, with significant results achieved to date as set out in this report.

The BCT's programs have sampled 64 priority NSW landscapes, exceeding, in just over 15 months, the government's target of 30 inadequately protected landscapes by 2023. This is a great result for NSW, but there is still much more work to be done.

Far from being an isolated activity or program, private land conservation has become a mainstream idea – a way of landholders, communities and governments working together to achieve conservation outcomes that deliver benefits to the environment and support productive landscapes.

We must continue to work side by side with landholders to find the best way to preserve their local

environment. The BCT offers a variety of programs and means of participating, to respond to the varying interests of landholders.

Our programs are a unique opportunity for landholders to diversify their income and, at the same time, contribute to the rich diversity of their local environment. We will continue to refine our delivery and support programs to ensure we are meeting the needs of the NSW community.

We are here to support private land conservation in NSW, to deliver a healthy, productive and resilient environment across the state.

I am proud of the outcomes our programs have delivered in 2018-19. I thank the BCT's Board and staff for their hard work and dedication over the last year and look forward to continuing to work with them, our partners and our landholders to achieve even more significant outcomes for NSW's unique biodiversity into the future.

A handwritten signature in black ink, reading "Robert Hill". The signature is fluid and cursive, with the first name "Robert" and last name "Hill" clearly distinguishable.

The Hon Robert Hill AC
Chairperson of the Board of the NSW
Biodiversity Conservation Trust



Message from the Chief Executive



I am proud to reflect on the achievements of the BCT after its first full year of operations.

First, I acknowledge and pay my respects to the past, present and emerging Indigenous custodians of the land and biodiversity of NSW.

The BCT was established in August 2017. Our business plan was approved by the Minister six months later and we commenced program delivery in March 2018. So, 2017-18 was our year of establishment and 2018-19 has been our first full year of program delivery.

Under our Conservation Management Program, the BCT Board has approved the BCT entering 97 funded conservation agreements across 25,573 hectares. The BCT has set aside \$91.6 million to support these agreements. Landholders participating in this program will typically earn from \$21 to \$423¹ per hectare per year over the life of the agreements to manage parts of their property for biodiversity conservation.

Under our Conservation Partners Program, the BCT has entered 39 conservation agreements with landholders across 3,779 hectares. These join the more than 1,700 landholders that are participating in voluntary private land conservation in NSW and who are now eligible to apply for grants from the BCT.

Under our Biodiversity Offsets Program, as at 30 June 2019, the BCT has received 27 applications

for new biodiversity stewardship agreements (BSAs), is managing 190 existing BSAs, received \$9.7 million in payments from developers discharging their statutory obligations, acquired 1,258 credits and retired 94 credits.

Over the last 12 months, we have also been busy laying down the bedrock for future success.

We have focused on building strong relationships with key partners including the Department of Planning, Industry and Environment, Landcare, Local Land Services, the Humane Society International, Land for Wildlife, and the NSW Environmental Trust. These partnerships will help us deliver even more significant conservation outcomes at the local and state levels.

We have developed a new co-investment model to enhance the work of other organisations with an interest in private land conservation. We have also done a significant amount of work identifying the challenges Indigenous landowners may face to participation in private land conservation and developing appropriate pathways for our Indigenous stakeholders to access our programs and funding.

In 2018-19 we also launched our education strategy, which is designed to raise the NSW community's awareness of the values of biodiversity and private land conservation.

1 These prices vary because they are determined through a conservation tender (in which landholders are invited to bid in priority 1 to 3 investment areas or in other locations containing conservation assets) or through a fixed price offer in certain priority investment areas (in which rates vary by land capability class and local government area).



The BCT has continued to build our team, bringing the right skills to the organisation, and strengthening our governance to ensure that our work is effective, efficient, transparent and accountable.

Our team never loses sight of the fact that the BCT is being entrusted with significant sums of public and private money, and that it is our duty to maximise the outcomes achieved with these funds and inform the community of our progress. We are committed to working rigorously, ethically but also creatively and maintain our focus on always achieving more and better.

I am very proud of the BCT's achievements this year and look forward to nurturing relationships with our landholders and other

partners, to deliver even better results for the community and the environment in 2019-20 and beyond.

A handwritten signature in black ink, appearing to read 'P. Elton', with a long, sweeping horizontal line extending to the right.

Paul Elton
Chief Executive Officer





Biodiversity and our landholders

Australian native biodiversity is at a greater risk than ever before and NSW is no exception. With increasing threats from clearing, climate change and increased natural disasters, introduced species and habitat loss, we can no longer rely solely on public protected areas, such as national parks, for biodiversity conservation.

More than 70 per cent of NSW's area is owned or leased by private landholders, while only 9 per cent is covered by national parks. Engaging private landholders is therefore a pivotal opportunity in terms of biodiversity conservation in NSW.

Private land conservation has a long and proud history in NSW; often enabled by the dedicated and voluntary efforts of landholders and community groups, combined with the work of not-for-profit organisations and government agencies. Biodiversity and threatened species have been protected through different types of private land conservation agreements across NSW over many decades.

More than 1800 landholders have agreements with the BCT, and with our technical and financial support are successfully conserving an area of biodiversity on their land.

One area which benefits largely from private land conservation is the NSW sheep-wheat belt, which stretches the entire length of the state from the Queensland to Victoria. This is NSW's agricultural heartland, supporting most of the cereal-growing areas and much of the irrigated farmlands which supply food to millions of households. While this means that much of this part of the state has been extensively

cleared for grazing and cropping, there are still many areas of valuable biodiversity and diverse landscapes ranging from wetlands to woodlands. This, paired with the lack of publicly-protected places, make biodiversity conservation on private land in this area vitally important. The NSW sheep-wheat belt makes up of many of the BCT's priority investment areas.

A survey in early 2019 revealed that two-thirds of the BCT's funded agreement holders are primary producers, specifically graziers, who, since signing their agreement, have diversified their income. This is testament to the importance of offering a wide range of support options, including financial support.

A survey sent out with the February issue of the BCT's agreement holder magazine, Understory, also revealed a varied response to how landholders would like to be supported, with suggestions from no support-contact to factsheets to one-on-one site visits. The BCT will continue to meet the wide-ranging needs and interests of our landholders.

Our stakeholders

The BCT partners with a wide range of stakeholders ranging from other government agencies to not-for-profit organisations. Partnerships can be formalised or more organic and informal and occur for specific projects as well as on a broader scale.

The 2018-19 financial year saw state-wide memoranda of understanding developed between the BCT and NSW Landcare as well as NSW Local Land Services. Regionally-specific partnerships have also occurred with various land management agencies for workshops, site visits and other events.

Stakeholder partnerships have been particularly prevalent in the education space, with the Australian Museum engaged to produce a *Biodiversity on my Land* Museum in a Box series for the BCT; and *Conservation Champions* being rolled out in schools across the state as a paid partnership with Petaurus Education Group.

With the growth of the organisation it is becoming increasingly important to continue ongoing communication and engagement with stakeholders, both state-wide and on a regional scale.

Biodiversity Conservation Trust

The Biodiversity Conservation Trust (BCT) is a statutory not-for-profit body established under Part 10 of the *Biodiversity Conservation Act 2016*, which commenced on 25 August 2017.

Our vision

The BCT's vision is to maximise the biodiversity conservation outcomes achieved with the public and private resources entrusted to the BCT to support private land conservation, to deliver a healthy, productive and resilient environment across NSW.

Our Purpose

The BCT's purpose, as stated in the *Biodiversity Conservation Act 2016*, is to protect and enhance biodiversity by:

- encouraging landowners to enter agreements with the BCT to conserve biodiversity on their land and support productive landscapes
- delivering a strategic biodiversity offsetting service
- providing appropriate support to our agreement holders to conserve biodiversity on their land
- promoting public knowledge, appreciation and understanding of the value of biodiversity conservation
- investing in our people to build an engaged, professional, customer-oriented high-performing organisation, focused on achieving the BCT's purpose.

Our Culture

People	We respect and collaborate with our colleagues, our landholders and our stakeholders
Purpose	We focus on our role to protect and enhance biodiversity
Public value	We are effective and accountable

Our funding

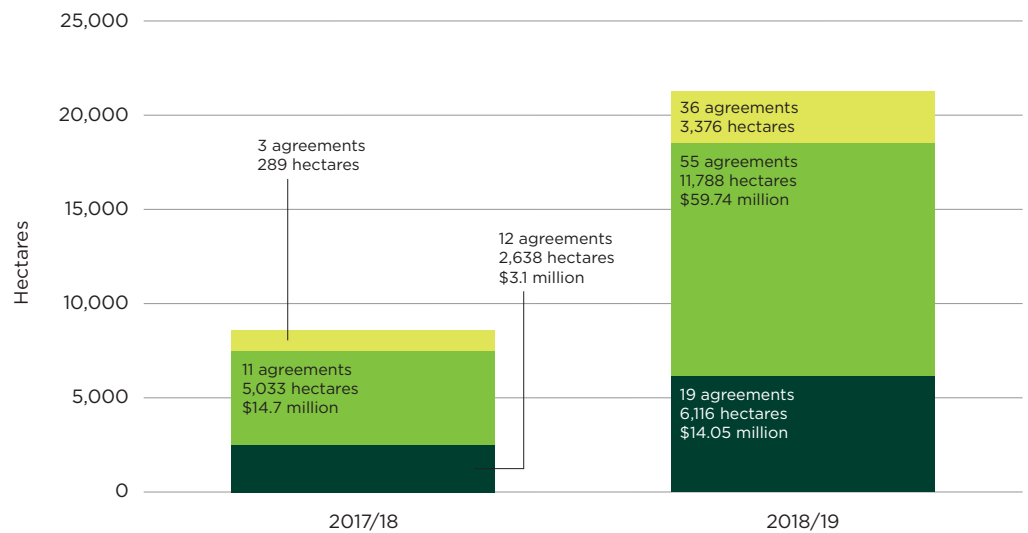
The BCT's activities are funded in three ways:

- the NSW Government has committed more than \$350 million over the next five years from 2019-20 and \$70 million (escalated) each year thereafter to fund the BCT to deliver its private land conservation programs
- funds are received from developers or government in offsetting their statutory obligations, transferring the obligation to the BCT to procure biodiversity stewardship sites or credits
- people, companies or philanthropists can make donations to the BCT Public Fund to support the BCT's biodiversity conservation objectives.

Private Land Conservation Outcomes

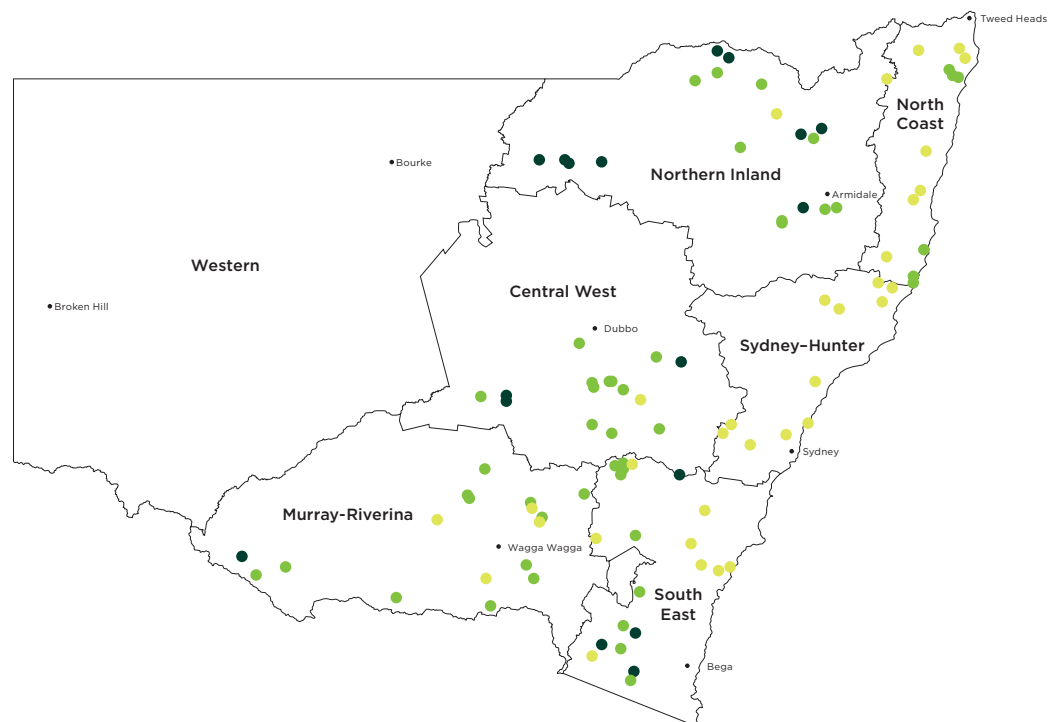
New conservation agreements (number, hectares, dollars invested)

- Term (funded)
- In perpetuity (funded)
- In perpetuity (unfunded)



Map of new private land conservation agreements

- Term (funded)
- In perpetuity (funded)
- In perpetuity (unfunded)



Current BCT activity

Type of activity	Number
Total number of conservation agreements	136
Total investment in conservation agreements (millions)	91.65
Total hectares under conservation agreements	29,352
Properties revolved with conservation agreement	1
Properties held for sale	6
Properties being assessed for acquisition	5
Landholder applications for wildlife refuge agreements being assessed	11
Landholder application for conservation agreements being assessed	199
Grant applications being assessed	65
Fixed price rounds underway	1
Fixed price rounds completed	1
Conservation tenders underway	0
Conservation tenders completed	9
Conservation management payments made in last 12 months (millions)	2.14

BCT grants

69

grants issued

42,828 ha

area in receipt
of grants

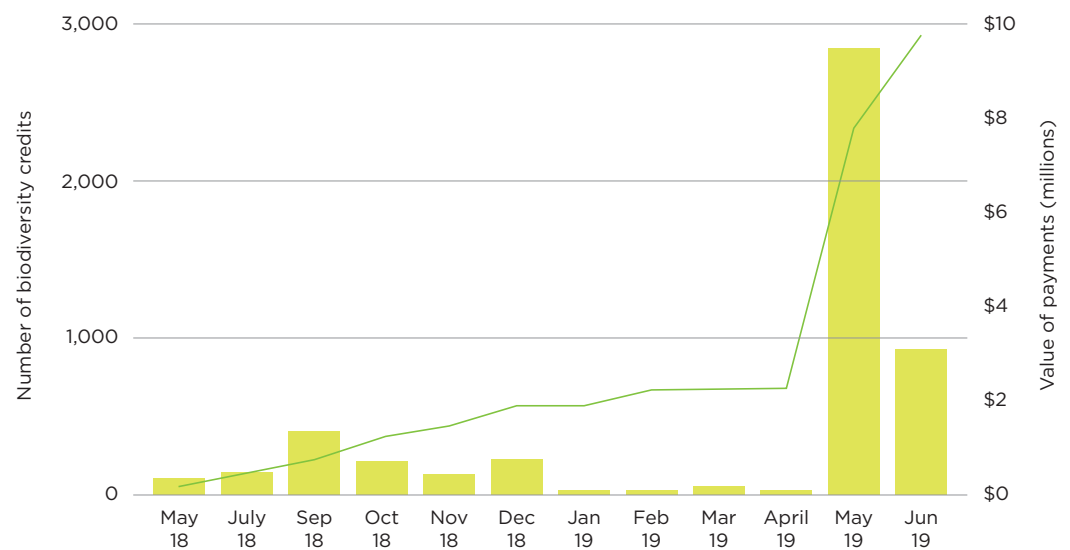
\$279,722

grants paid (\$)

Biodiversity Offsets Program (BOP) Outcomes

Developer payments into the Biodiversity Conservation Fund

- Number of biodiversity credits
- Cumulative value of payments from developers (millions)



Map of new private land conservation agreements

Area of BSAs in hectares

22,865 ha

Number of BSA applications being processed

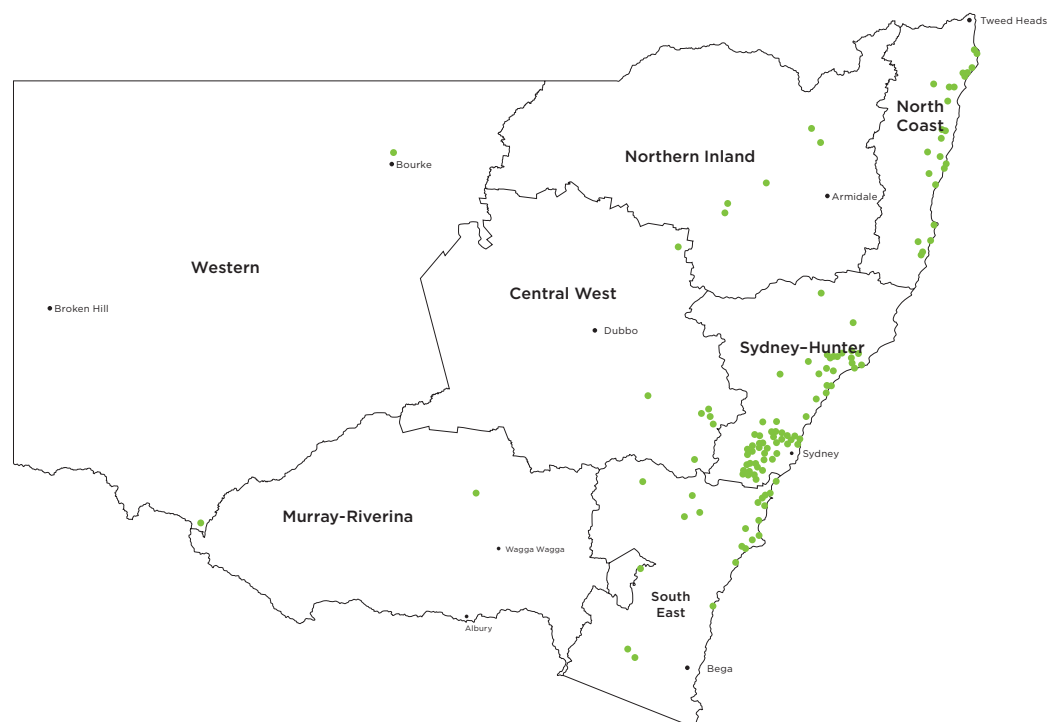
26

Current assets held in the Biodiversity Stewardship Payments Fund

\$120m

Biodiversity stewardship payments made in last 12 months

\$9.1m



Current BCT activity

Type of activity	Number
Biodiversity credit obligations transferred to BCT	
From developers	5,005
From Government	\$13.1m/annum
Biodiversity credits acquired by BCT	3602*
Biodiversity credits obligations discharged	
From developers	94
From Government	1,541
Credits retired	1,635
Delivery mechanisms	
Biodiversity credit tenders completed	2
Biodiversity credit tenders underway	2
Biodiversity credit fixed price offer rounds completed	1
Biodiversity credit fixed price offer rounds underway	0

*includes purchases for a strategic portfolio of biodiversity credits as per section 2.4.2 of BCT Business Plan. To be matched to future payments from developers.

Key BOP numbers

190

number of BSAs

34

number of offset
payments received

\$9,744,844

value of offset
payments received

73

offset obligations
received

6

offset obligations met

100%

like-for-like credits
matched



Progress against the Biodiversity Conservation Investment Strategy

The BCT's investment in private land conservation is guided by the priorities, principles and targets set out in the 2018 Biodiversity Conservation Investment Strategy (BCIS).

Priority investment areas

The BCIS ranks NSW landscapes into priority investment areas and provides guidance that the higher ranked landscapes are to be a priority for government investment in private land conservation.

There are 571 NSW landscapes (Mitchell 2002) that have been derived based on characteristics such as rainfall, temperature, topography, geology, soil and vegetation. Landscapes are used by the NSW Government to represent regional ecosystems for the purpose of measuring progress towards a comprehensive, adequate and representative (CAR) protected area system.

The BCIS ranks NSW landscapes into priority areas for investment having regard to four criteria: (1) high environmental values; (2) areas that improve ecological connectivity and resilience to climate change; (3) areas that contribute towards achieving a CAR protected area system; and (4) areas where high environmental value assets are under greatest pressure.

The BCT focusses government investment in private land conservation through the BCIS priority investment areas (PIAs) in the following ways:

- fixed price offers target investment to those that have the highest concentration of BCIS high priority NSW landscapes (PIAs 1, 2 and 3);
- conservation tenders are primarily offered within high priority NSW landscapes (PIAs 1, 2 and 3) and are used for priority conservation assets listed within the BCIS;
- the BCT's revolving fund targets most of its activity on securing sites within priority NSW landscapes (PIAs 1, 2 and 3).

Principles

BCIS Principle 1:

Investment in private land conservation should seek to maximise conservation benefits

Our programs seek to maximise conservation benefits by focusing on priority conservation assets listed within Principle 1 of the BCIS that are under significant pressure or threat.

BCIS priority conservation assets are: 'least protected ecosystems' (threatened ecological communities, threatened species, over-cleared vegetation types, Saving our Species sites, wetlands, littoral rainforests, koala habitat, old-growth forests, rainforest, and high conservation value grassland); under-protected NSW landscapes; core areas; biodiversity corridors, including travelling stock reserves; and climate refugia.

BCIS Principle 2:

Investment in private land conservation should seek to promote long-term outcomes – both for landholders and the environment

Our programs seek long-term outcomes for participants and the environment by concentrating government investment on in-perpetuity agreements that are supported by annual conservation management payments.

In cases where the Conservation Management Program offers term agreements, such as via conservation tenders, the assessment of sites gives greater weight to longer-term agreements relative to shorter-term agreements, and greatest weight to in-perpetuity agreements.

In cases where the Conservation Management Program invests in lower priority landscapes, bioregions that have met comprehensiveness targets or subregions that have met representativeness targets, the BCT only offers in-perpetuity conservation agreements.

BCIS Principle 3:

Investment in private land conservation should complement other government and non-government programs

Our programs are developed to complement other conservation programs. Examples include: fixed price offers, which focus investment in those subregions that have not met the National Reserve System targets; and conservation tenders, which are offered to secure NSW Koala Strategy and Saving our Species priorities.

Our programs strive for strategic coordination of Conservation Management Program and Biodiversity Offsets Program activities to maximise available conservation investment and achieve enhanced conservation outcomes.

BCIS Principle 4:

Investment in private land conservation should support sustainable farming enterprises, promote regional economic benefits and avoid land use conflicts

Our programs enable landholders to manage parts of their properties for conservation outcomes and to receive support for managing conservation areas via annual conservation management payments.

Our programs offer flexible conservation actions so landholders can often integrate conservation with continued agricultural production or other land uses without impeding achievement of biodiversity outcomes.

The protection and restoration of native vegetation can increase productivity by sheltering livestock, pasture and crops from extreme weather, provide alternative fodder and reduce soil erosion as well as weed and disease transfer between properties. Retaining native vegetation can also increase the abundance of beneficial organisms such as crop pollinators and predators to control agricultural pests.

Our programs provide a diversified farm income, assisting to mitigate the financial impacts of fluctuating markets, or drought and other climate change impacts, and opening new business opportunities such as marketing sustainable agricultural products or eco-tourism.

BCIS Principle 5:

Investment in private land conservation should be cost effective, transparent, efficient and make the best use of available mechanisms to deliver investment

We offer a diversity of mechanisms for landholder participation in private land conservation and our programs apply assessment methodologies to prioritise investment into those sites that represent the best value for money.

We are continually reviewing and improving our programs and assessment methodologies to ensure that our private land conservation investments are cost effective, transparent and efficient.

Targets

- 1 By 2023, private land conservation agreements will protect examples of 30 NSW landscapes that are either not represented within, or are inadequately protected in, the protected area system in 2017.

The BCT met target 1 in February 2019, four years early. As at 30 June 2019, the BCT has protected 64 NSW landscapes that are inadequately protected (unrepresented or under-represented) and of these landscapes, two had not previously been sampled within the protected area system.

In meeting this target, the BCT contributes towards the National Reserve System. All Australian governments have agreed to minimum standards that protected areas must meet to be included in the National Reserve System.

- 2 By 2023, diversified income streams will improve the financial sustainability of participating landholders relative to similar local businesses.

Our programs diversify farm income, assisting to mitigate the financial impacts of fluctuating markets, or drought and other climate change impacts, and open up new business opportunities such as marketing sustainable agricultural products or eco-tourism.

In 2018-19, the BCT invested \$73.8 million in rural and regional areas across NSW, providing a diversified income stream to 74 landholders via the Conservation Management Program. This represents new and diversified income streams that can be spent on property improvements, in local businesses and communities. Around 70 per cent of properties with funded conservation agreements have a primary purpose of agricultural production.

A comprehensive measure of diversified income and financial sustainability is being developed.







Progress against BCT business plan goals

Goal 1: Encourage landowners to enter agreements to conserve biodiversity and support productive landscapes

Pathways for landholder participation

During 2018-19, the BCT:

- continued to provide our key delivery mechanisms for private land conservation programs, including conservation tenders, fixed price offers and the revolving fund
- put in place new delivery mechanisms for our roles under the NSW biodiversity offsets scheme
- consulted on ways to increase Indigenous participation in our programs
- developed a new delivery mechanism called co-investment partnerships.

Invest in effective promotion, communications and stakeholder engagement activities to drive landholder participation

The BCT communications and engagement strategy guided the following achievements in 2018-19:

- continued to build trust, effective working relationships and positive engagement with existing private land conservation (PLC) agreement holders by celebrating them through stories and establishing our newsletter, *Understory*
- encouraged new landholders to participate in the BCT's programs through hosting and attending events, field days and through creating case studies and videos
- delivered 16 information sessions for landholders across the state, introducing the BCT to rural communities and explaining our different offerings to landholders
- improved the functionality and navigation of the BCT website, and continued to expand the website content to include educational material, fact sheets and other information for landholders considering private land conservation and stories about landholders that have signed an agreement
- steadily growing social media communications, including more than 6,000 Facebook followers
- participated in a range of broader events such as the NSW Farmers' exhibition, Royal Easter Show, annual Country Women's Association of

NSW conference and the 2018 Australian Land Conservation Alliance Private Land Conservation Conference, allowing us to introduce the BCT and its programs to a broader audience

- focused on building relationships with key stakeholder groups, running workshops with partners such as Local Land Services (LLS) and Landcare NSW branches. Through these partnerships, the BCT is working to maximise the services for landholders and conservation outcomes on the ground.

Develop landholder branding and marketing opportunities, in consultation with our landholders

In collaboration with Trust for Nature Victoria, the BCT is developing ways to help landholders and primary producers benefit from marketing the fact that they have dedicated an area of their property to conservation. The potential for a national branding approach was explored at a workshop in 2018 with representation from Victorian and NSW farmers who have conservation covenants and agreements.

Specific products will be developed in the upcoming year. This could include stickers and labels to use on produce being sold directly to consumers, such as meat and wool, or assistance with information about the importance of specific conservation assets on farm to enable a landholder to promote their business. The BCT will continue to work with the Trust for Nature Victoria and key stakeholders, including the Australian Land Conservation Alliance (ALCA), to further the potential promotion of a producer's conservation commitment.

Conservation Management Program (CMP)

The CMP is for landholders in priority investment areas or with conservation assets seeking to enter agreements that provide annual conservation management payments. This program includes approximately \$50 million per annum in NSW Government funding. Funding for this program may also be raised through the BCT's Public Fund.

Delivery Mechanisms

Fixed price offers

The BCT offers a fixed price per hectare per annum in perpetuity for properties with high conservation value in priority investment areas.

This is the BCT's core mechanism for encouraging landholders to consider entering an agreement with the BCT. Landholders can express interest at any time. The BCT assesses expressions of interest on a value for money basis in batches each year.

Conservation tenders

The BCT uses conservation tenders to target priority investment areas. Throughout the year, the BCT may call for landholders in specific tender areas to express interest in participating.

Landholders can offer to sign up to an in-perpetuity or term (minimum 15 years) agreement. So far, the BCT has conducted nine conservation tenders.

Revolving fund

The BCT maintains a \$15 million revolving fund that is used to purchase properties for sale within priority investment areas or which contain conservation assets.

Properties acquired will be sold with a pre-commitment agreement to enter an in-perpetuity and funded conservation agreement at the BCT's fixed price. Buyers can potentially negotiate some terms of the agreement.

Co-investment partnerships

The BCT may consider proposals from organisations (such as nature conservancies) to participate in co-investment projects on a case-by-case basis. For example, the BCT may enter a partnership agreement with a non-government organisation (NGO), offering the protection of a statutory agreement and annual conservation management payments where the NGO will use philanthropic capital to procure land with high-priority ecological assets.

Conservation tenders

In 2018-19, the BCT completed seven conservation tenders across NSW. We also completed two 'second phase' tenders.

1 Northern Tablelands tender

7 conservation agreements

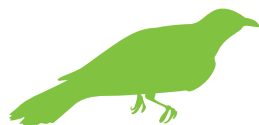
covering 1,844 hectares as a result of the second phase of the BCT's conservation tender in the Northern Tablelands completed in 2018-19.

\$6.5 mi

Invested by BCT to fund the annual conservation management payments to these landholders.

12 conservation agreements

covering 2,700 hectares and an investment of \$4.7 million as a result of the first phase of this tender, completed in 2017-18.



The area covered by these agreements contains priority NSW Landscapes, including Moonbi-Walcha Granites, Niangala Plateau and Slopes, and Dingo Spur Meta-sediments, and hosts threatened fauna species such as the koala, regent honeyeater, squirrel glider and scarlet robin.

\$47-205
per hectare per annum

Typically, the BCT is paying these landholders from \$47 to \$205 per hectare per annum over the life of these agreements.

2 Murray-Riverina tender

4 conservation agreements

covering 897 hectares as a result of the second phase of the BCT's conservation tender in the Murray-Riverina completed in 2018-19.

\$1 mi

Invested by BCT to fund the annual conservation management payments to these landholders.

11 conservation agreements

covering nearly 5,000 hectares and an investment of \$13.1 million as a result of the first phase of this tender, completed in 2017-18.



The area covered by these agreements contains seven priority NSW Landscapes and two endangered ecological communities that provide habitat for five threatened species, including the critically endangered plains-wanderer.

\$21-220
per hectare per annum

Typically, the BCT is paying these landholders from \$21 to \$220 per hectare per annum over the life of these agreements.

3 Central Tablelands tender

13 conservation agreements

covering 3,255 hectares as a result of the BCT's conservation tender in the Central Tablelands completed in 2018-19.



The area covered by these agreements contains precious habitat such as Inland Grey Box Woodland and White Box-Yellow Box-Blakely's Red Gum critically endangered ecological community, and is home to a variety of threatened fauna, including the turquoise parrot, superb parrot, powerful owl, koala, spotted-tailed quoll, grey-crowned babbler, varied sittella and scarlet robin.

\$14.4 mi

Invested by BCT to fund the annual conservation management payments to these landholders.

\$21-229
per hectare per annum

Typically, the BCT is paying these landholders from \$21 to \$229 per hectare per annum over the life of these agreements.

4 Port Macquarie-Kempsey koala habitat tender

5 conservation agreements

covering 173 hectares of priority koala habitat as a result of the BCT's conservation tender in the Port Macquarie area of the North Coast region.



This tender was aimed at conserving high priority koala habitat and important vegetation communities in the Port Macquarie-Kempsey local council areas. They are also home to threatened fauna and flora species including Wallum froglet, masked owl, square-tailed kite, glossy black-cockatoo, black-necked stork, spotted-tailed quoll, brush-tailed phascogale, squirrel glider, common blossom-bat, little bent-wing bat and dwarf heath casuarina.

\$6.3 mi

Invested by BCT to fund the annual conservation management payments to these landholders.

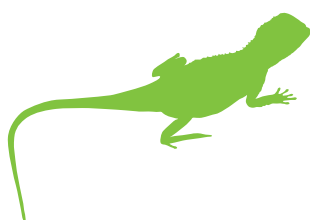
\$423–1,182
per hectare per annum

Typically, the BCT is paying these landholders from \$423 to \$1,182 per hectare per annum over the life of these agreements.

5 Monaro grasslands tender

9 conservation agreements

covering 1,699 hectares as a result of the BCT's conservation tender in the Monaro Grasslands in the BCTs South East region.



This tender targeted sites with a minimum of 10 hectares of native grasslands in moderate to good condition in the Snowy-Monaro Local Government Area. These contain natural temperate grasslands that provide habitat for several state and nationally threatened species including the pink-tailed worm-lizard, the striped legless lizard, small purple pea, button wrinklewort, Monaro golden daisy, Austral toadflax and the grassland earless dragon.

\$11.3 mi

Invested by BCT to fund the annual conservation management payments to these landholders.

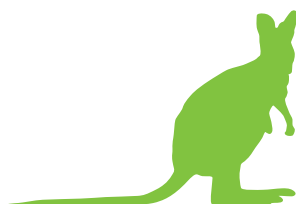
\$150–290
per hectare per annum

Typically, the BCT is paying these landholders from \$150 to \$290 per hectare per annum over the life of these agreements.

6 North West Plains tender

9 conservation agreements

covering 1,890 hectares as a result of the second phase of the BCT's conservation tender in the North West Plains completed in 2018-19.



These agreements contain priority landscapes including Macintyre alluvial plains and Croppa clay plains, and precious habitats such as Coolibah-black box woodland and Myall woodland, which are home to threatened and declining woodland birds, including brown treecreepers and grey-crowned babblers. Agreements also protect significant examples of nationally threatened natural grassland. Threatened species now protected by these agreements include the black-striped wallaby, powerful owl and red-tailed black-cockatoo.

\$8.3 mi

Invested by BCT to fund the annual conservation management payments to these landholders.

\$76–423
per hectare per annum

Typically, the BCT is paying these landholders from \$76 to \$423 per hectare per annum over the life of these agreements.

7 South West Slopes tender

10 conservation agreements

covering 3,246 hectares as a result of BCT's conservation tender in the South West Slopes completed in 2018-19.



These agreements contain nine under-represented priority landscapes, and precious habitats such as white box-yellow box-Blakely's red gum woodland, inland grey box woodland, and mallee and mallee-broombrush dominated woodland and shrubland, which are home to a variety of threatened and declining woodland birds, including the superb parrot, glossy black-cockatoo, squirrel glider and the critically endangered swift parrot.

\$11.5 mi

Invested by BCT to fund the annual conservation management payments to these landholders.

\$42–219
per hectare per annum

Typically, the BCT is paying these landholders from \$42 to \$219 per hectare per annum over the life of these agreements.

8 Lachlan Corridor tender

3 conservation agreements

covering nearly 1,335 hectares as a result of the BCT's conservation tender resulted in the Lachlan corridor of the Central West region.



The area covered by these agreements contains important riparian vegetation, protecting stands of ancient River Red Gums which provide habitat and hollows for threatened birds, bats and arboreal mammals. Fauna reliant on this vegetation include the superb parrot, bush stone-curlew, eastern pygmy-possum and barking owl.

\$7 mi

Invested by BCT to fund the annual conservation management payments to these landholders.

\$234–381
per hectare per annum

Typically, the BCT is paying these landholders from \$234 to \$381 per hectare per annum over the life of these agreements.

9 Lismore-Ballina koala habitat tender

5 conservation agreements

covering 82 hectares as a result of the BCT's conservation tender in the Lismore-Ballina area of the North Coast region



This tender was aimed at the conservation and management of priority koala habitats on private land and improving landscape connectivity for koalas by protecting sites that will facilitate koala movement and dispersal.

\$1.6 mi

Invested by BCT to fund the annual conservation management payments to these landholders.

\$120–1,637
per hectare per annum

Typically, the BCT is paying these landholders from \$120 to \$1,637 per hectare per annum over the life of these agreements.

Fixed Price Offer

The BCT completed its first batch of fixed price offers during the year, which resulted in nine in-perpetuity conservation agreements covering 3,460 hectares. These conservation areas contain endangered ecological communities such as semi-evergreen vine thicket, inland grey box woodland, and the critically endangered white box-yellow box-Blakely's red gum grassy woodland. The BCT has invested \$5.95 million to fund the annual conservation management payments to these landholders.

Expressions of interest were received for the second batch of fixed price offers and site assessments were undertaken by BCT regional teams. Landholders then submitted applications by 28 June 2019. These will be assessed by an evaluation panel and recommendations made to the BCT Board for funding during 2019-20.

Revolving Fund

In 2018-19, the BCT sold one revolving fund property, securing 115 hectares under a conservation agreement under the BCT Conservation Partners Program. Another six properties are being held for sale, which encompass 2,904 hectares proposed for conservation, and a further six properties are being assessed for acquisition.



Case study

CONSERVATION TENDER STORY

Partnering with landholders in the North Coast to protect koala habitat in an important corridor

This year, the BCT ran a conservation tender for the protection of koala habitat in the Port Macquarie region, thereby helping to deliver results for the NSW Government's Koala Strategy. Dunbogan landholders, Nettie and Andrew McCoubrie, were successful in the tender process. As a result, in October 2018, they entered into an in-perpetuity conservation agreement with the BCT to conserve more than 30 hectares of koala habitat on their property.

The agreement ensures permanent protection of the conservation area and identifies conservation actions that the couple will be undertaking to preserve and enhance the koala habitat the area hosts. In return, the BCT provides them with funding support in the form of annual payments. If they decide to sell the property, the conservation agreement, which is registered on title in-perpetuity, will be binding on future owners.

The couple has already started to undertake significant conservation actions on their land such as weed and pest control and are developing a fire management plan for the property. The BCT is helping them along the way with ongoing support, networking and advice.

The conservation area on the McCoubrie's property is an important addition to the private land conservation estate. Apart from protecting koala habitat in an important corridor, the conservation area is also home to threatened species such as the Wallum froglet, squirrel glider and brush-tailed phascogale, whose habitat is now also protected.



Case study

CONSERVATION TENDER STORY

Supporting graziers to protect biodiversity

Martin and Elizabeth Timmins own ‘Woodhouse’ a 745-hectare property on the Monaro in Southern NSW. They are commercial producers of beef cattle and merino sheep and have now diversified their income with a funded conservation agreement with the BCT. The property’s biodiversity is significant, with two endangered ecological communities. The natural temperate grassland is listed under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* as critically endangered. The Monaro cool temperate grassy woodland is listed in NSW as critically endangered. Woodhouse also contains the vulnerable silky Swainson-pea (*Swainsona sericea*). The Timmins are excited to look after these grassy communities for future generations.

The success of biodiversity on the property is enhanced now that the Timmins have entered a conservation agreement with the BCT. In 2018 the Timmins successfully applied for the Monaro Grasslands tender under the BCT’s Conservation Management Program. The BCT has invested a total of \$11.3 million over 20-years to fund the annual conservation management payments for the successful applicants of this tender. Annual payments support a range of conservation management activities for the Timmins, such as pest and weed control. Areas of the farm are fenced off so that sheep and cattle are not always grazing on native plants, thus allowing the native trees, grasses and shrubs to grow back, and allowing for a mixed-use property with diverse income streams. Ongoing support, including monitoring and advice on how to achieve the management goals set out in their agreement, is always available from the BCT.

Develop and deliver a conservation partners program

Conservation Partners Program (CPP)

The CPP is for landholders wishing to protect and manage biodiversity on their land. It is available for landholders who are ineligible to participate in the Conservation Management Program or who are not seeking a funded agreement. This program includes \$2 million per annum for grants from NSW Government funding; and any funding from third parties.

Delivery Mechanisms

Landholder applications for conservation agreements

Landholders wishing to permanently protect and conserve biodiversity on their land can apply to enter an in-perpetuity conservation agreement at any time.

Landholder applications for Wildlife Refuge Agreements (WRAs)

Landholders wishing to conserve habitat for wildlife can apply to enter a wildlife refuge agreement at any time. The BCT also encourages landholders to consider the Wildlife Land Trust run by Humane Society International (HSI) or the Land for Wildlife program run by the Community Environment Network (CEN).

Conservation partners grants

All landholders who have an agreement with the BCT (or HSI or CEN) with no associated annual payments can apply for a conservation partners grant at any time. Grants can assist landholders with conservation management activities such as controlling a weed outbreak or repairing fencing.

Third-party agreements

Third-party organisations may pay landholders to undertake conservation or ecological restoration. They may seek to secure this investment by requiring the landholder to enter a conservation agreement with the BCT. Similarly, consent authorities may require a conservation agreement as a condition of consent.

Revolving fund (CPP)

The BCT may occasionally use the revolving fund to purchase properties for sale outside priority investment areas but with important ecological assets. Properties acquired under the CPP will be sold with a pre-commitment agreement to enter an in-perpetuity conservation agreement.

Conservation Partners Program achievements to date

In 2018-19, the BCT:

- received nearly 250 applications from landholders for conservation agreements
- worked with landholders to establish 36 agreements, covering 3,376 hectares
- supported landholders with conservation agreements to manage biodiversity on their properties via conservation partners grants
- supported CEN to deliver the Land for Wildlife program in NSW.

These conservation agreements protect many threatened species of fauna such as the grey-headed flying-fox, the glossy black-cockatoo, the brush-tailed phascogale, the southern pink underwing moth and the koala; and threatened species of flora including the native milkwort, square-fruited ironbark, sandstone rough-barked apple, wee jasper grevillea, and the southern ochrosia.



Case study

VOLUNTARY AGREEMENT STORY

Working side-by-side with a wildlife-caring landholder to preserve important habitats in the Murray-Riverina region

Lindsay Haynes is a landholder and wildlife carer in Narrandera, in the Murray-Riverina region of NSW. Lindsay looks after the sick, injured and orphaned native fauna that live on her property. In 2019, she entered an in-perpetuity conservation agreement under the BCT's Conservation Partners Program, to place valuable parts of her land under conservation, forever. This means that the area will remain protected even if the property is sold or passed on in the future.

The conservation area hosts an important ecological community, tall river red gum forest, and provides habitat for painted honeyeaters, little eagles, hooded robins (south-eastern form), superb parrots and koalas. As part of this agreement, Lindsay will receive constant support, both technical and practical, from BCT staff, to guide her and equip her to continue managing her land.



Case study

VOLUNTARY AGREEMENT STORY

Partnering with a not-for-profit association to conserve more than 100 hectares in the Mid North Coast (Hunter region)

Oxygen Farm Association Inc is a not-for-profit community organisation that owns and manages two properties on the Mid North Coast of NSW. The Elands Conservation Reserve and the Kippax Conservation Reserve cover approximately 375 hectares and 100 hectares of land, respectively. Oxygen Farm is committed to ensure that this land remains dedicated to the conservation and preservation of biodiversity in the future, and so in November 2018, they entered an in-perpetuity conservation agreement under the BCT's Conservation Partners Program.

This agreement, which is on-title, will be binding for all future owners of the land, in-perpetuity. The 107 hectares protected under the agreement add to Oxygen Farm's extensive properties, which had already been set aside for in-perpetuity conservation in 1993 through an agreement signed under the former *NSW National Parks and Wildlife Act 1974*. The new conservation area protects a diversity of wildlife, including habitat for the critically endangered scrub terpetine, and many koala feed trees.

As part of their new BCT agreement, Oxygen Farm will implement a conservation management plan, designed in partnership with the BCT, to maintain the ecological status of the area. BCT experts will accompany Oxygen Farm along the journey, advising them and supporting them to ensure the best conservation outcomes for the area.





Goal 2: Deliver a strategic biodiversity offsetting service

BCT roles in biodiversity offset scheme

Demand side

Developers with an offset obligation can make a payment into the Biodiversity Conservation Fund (BCF). If they do, the obligation to procure the biodiversity credits transfers to the BCT.

The BCT also receives funding from developers and government to procure offsets under some place-specific schemes, such as the Western Sydney Growth Centres Program.

Delivery mechanisms

Biodiversity credit fixed price offers

The BCT may invite offers from credit sellers at a fixed price. Open offers will be made where there is limited or no credit supply available but moderate potential supply from new biodiversity stewardship agreements (BSAs). The BCT may use targeted offers when there is only one credit owner with credits wanted.

Biodiversity credit tenders

The BCT may call for expressions of interest from credit sellers to participate in a biodiversity credit tender. Open tenders will be used when potential credit supply may be available from multiple existing and/or new BSAs; and targeted tenders will be used when existing BSAs (including former biobanking agreements) can satisfy all or a proportion of credits wanted.

Revolving Fund (BOP)

The BCT may use the revolving fund to purchase properties for sale that have the potential to generate biodiversity credits needed by the BCT. Properties will be sold with a pre-commitment agreement to enter a BSA, or with a BSA in place.

Biodiversity Conservation Actions

Under the biodiversity offset scheme rules, the BCT may sometimes be required to fund biodiversity conservation actions, instead of procuring site-based offsets. The BCT may identify and fund high-priority investment options or may invite tenders to supply conservation projects.



Supply side

The BCT facilitates credit supply by administering biodiversity stewardship agreements (BSAs) to generate credits.

The BCT is the fund manager for the Biodiversity Stewardship Payment Fund (BSPF).

Delivery

The BCT receives and reviews applications for BSAs. Once BSAs are signed, the BCT manages the agreements by making annual biodiversity stewardship payments to the landholder for carrying out conservation management actions on the site. The BCT ensures compliance with the agreements.

When biodiversity credits are sold, the total amount of funds that have been identified in the BSA as being required to manage the site must be deposited into the BSPF. The BCT invests these funds with NSW Treasury Corporation and uses the funds and proceeds from the investments to make the annual biodiversity stewardship payments to the BSA-holder.

Outcomes for 2018-19

The NSW biodiversity offsets scheme commenced in most parts of NSW on 25 February 2018.² The scheme requires developers to avoid, minimise and offset the impacts of development on biodiversity. The scheme was administered by the NSW Office of Environment and Heritage (OEH), now the Department of Planning, Industry and Environment (DPIE).

The BCT has four roles under the scheme (as outlined above):

- 1 facilitating the supply of biodiversity credits
- 2 fund manager for the Biodiversity Stewardship Payments Fund
- 3 acting as market intermediary
- 4 delivering offsets for place-specific biodiversity offsets schemes.

Outcomes for 2018-19 for each role are outlined below.

Facilitating the supply of biodiversity credits

In 2018-19:

- the transfer of Biobanking agreements (deemed BSAs under the *Biodiversity Conservation Act 2016*) to the BCT from the OEH was finalised, totalling 190 agreements
- 27 applications were received by the BCT for new BSAs
- the BCT undertook 86 site visits for BSAs.

Fund manager for the Biodiversity Stewardship Payments Fund

In 2018-19, the BCT:

- managed \$122.4 million in the Biodiversity Stewardship Payments Fund
- made \$9.2 million annual biodiversity stewardship payments to 94 active BSA holders.

² Under legislated transitional arrangements, the biodiversity offsets scheme commenced in stages. For some types of development (e.g. state significant development/infrastructure) the scheme commenced on 25 August 2017, while in local government areas in Western Sydney, the scheme will not commence until 25 November 2019.

Acting as a market intermediary

In 2018-19, the BCT:

- received 31 payments into the BCF for \$9.36 million, representing 3,257 ecosystem credits and 1,535 species credits
- ran two biodiversity credit tenders, and began assessing the first application under a fixed price offer
- used one of the tenders to buy credits to build the BCT's strategic portfolio of credits and for the Growth Centres Biodiversity Offsets Program (see case study below)¹
- retired 94 credits to meet offset obligations, with all meeting like-for-like offset rules under the Biodiversity Conservation Regulation 2017.

Each of the BCT's credit purchases are recorded on public registers maintained by DPIE.

Delivering offsets for place-specific biodiversity offsets schemes

In 2018-19, the BCT:

- purchased and retired 717 ecosystem credits to protect Commonwealth-listed Cumberland plain woodland
- purchased and retired 824 species credits to protect one population of *Pimelea spicata*

Western Sydney biodiversity credit tender

The BCT ran a biodiversity credit tender in November 2018, to purchase ecosystem credits to secure biodiversity outcomes from some of the most highly threatened patches of remaining bushland in Western Sydney. The purpose of the tender was to buy credits to build the BCT's strategic portfolio of credits and for the Growth Centres Biodiversity Offsets Program. Buying credits in anticipation of future demand and holding them as part of a strategic portfolio of credits helps the BCT manage risks and enables the BCT to take advantage of economies of scale to achieve strategic conservation outcomes.

The BCT received a strong response to our tender in Western Sydney and committed to purchase 2,315 ecosystem credits³ representing the following critically endangered ecological communities:

- Cumberland plain woodland critically endangered ecological community
- shale sandstone transition forest critically endangered ecological community.

These purchases came from 11 offset sites in Western Sydney. Management actions funded through the sale of the credits will improve the biodiversity values on these sites.

Most of the financial transactions for these purchases were completed in 2018-19, however, some credit transfers will occur in 2019-20, consistent with credit sale agreements executed by the BCT and credit owners.

By building a strategic portfolio of credits, the BCT can meet obligations immediately when payments are made into the Biodiversity Conservation Fund. There is therefore no delay between development commencing and offsets being secured. This has occurred in Western Sydney, with four payments for Cumberland plain woodland credits received in the months following the successful tender purchases. This has enabled the BCT to retire these credits and reduced administrative expenses associated with securing offsets on a case by case basis.

A separate annual report for the Growth Centres Program is available on the DPIE website.

³ 1,980 ecosystem credits were purchased for the BCT's strategic portfolio of credits and 335 ecosystem credits were purchased for the Growth Centres Biodiversity Offsets Program.



Goal 3: Support our landholders to conserve biodiversity on their land

Develop and deliver a landholder technical support package

The BCT offers landholders technical and practical support, in addition to financial support, to help them deliver on-ground conservation on their properties. Support is available through the BCT regional offices from a range of expert staff.

Recent market research, undertaken on behalf of the BCT, suggests that ongoing technical support is often landholders' highest priority.

In 2018-19, the BCT supported landholders with:

- 760 site visits, as well as telephone support
- participation in over 180 events, including field days and workshops to share skills and knowledge
- an inaugural issue of the new *Understory* newsletter
- access to the BCT website including information on BCT programs, fact sheets, technical guidelines.

The BCT has developed a compliance policy, which sets out a high-level approach and identifies the relevant compliance tools available to the BCT. The BCT is developing more detailed operational guidance and implementation tools for staff.

The BCT is also developing an approach to ecological monitoring to be able to assess ecological outcomes at the site level, and to provide scientifically robust datasets to assess the performance of BCT's programs.

Deliver Conservation Partners grants

The BCT Conservation Partners grants aims to assist BCT agreement holders to actively manage or improve the biodiversity values of their properties. The types of activities that are supported include weed and pest control, essential conservation fencing to control stock access, supplementary planting, revegetation or vegetation enhancement and habitat restoration.

The grants are available to landholders who manage conservation on their property under the following agreements:

- | | |
|-----------------------------------|--|
| • unfunded conservation agreement | • participation in the Community Environment Network's (CEN) Land for Wildlife program |
| • trust agreement | |
| • registered property agreement | • participation in the Humane Society International's (HSI) Wildlife Land Trust program. |
| • wildlife refuge agreement | |

In 2018-19, the BCT:

- entered in to 69 grant agreements with a further 65 grant applications being assessed
- paid \$375,865 in first year grant commitments to support landholders
- undertook a review of the grant guidelines and supporting products and processes, incorporating external and internal feedback.

Case study

CONSERVATION PARTNERS
GRANT STORY

Quoll Headquarters

Quoll Headquarters, a 164-hectare property just north of Tenterfield, is under an in-perpetuity conservation agreement with the BCT. Its owner, Steve Haslam, has recently been successful in applying for a Conservation Partners grant, which has given him the funds to install new fencing to protect his conservation area.

When Steve purchased his property in 2001, it was the back block of a third-generation grazier, which had never seen bulldozers. The property had old-growth forest that was home to a huge variety of native wildlife, especially with its proximity to several national parks. Steve moved in with the primary goal of protecting the spotted-tail quoll, mainland Australia's largest carnivorous marsupial, which is nationally endangered.

Steve's dedication to protecting the spotted-tail quoll is evident in his positivity and persistence after his property was permanently damaged by an uncharacteristic bushfire earlier in 2019. For several months after the fire he watched his beautiful land bounce back, and with the help of camera trapping and his skills in locating 'quoll latrines' he has finally seen the return of this vitally important carnivore.

Steve is keen to start installing his new fencing with his grant so he can continue his important work in private land conservation.

"It's a really exciting project for this property and it's great to have received a contribution from the BCT towards that."



Engage in and support local and regional conservation networks

Our regional teams have developed regional engagement plans to direct staff efforts to link in with local networks and events. These plans plot out engagement opportunities and priorities for each region, allowing for the unique values of each community to be best supported with the resources available. The BCT's Communications, Engagement and Education team will assist regions to review their plans annually to ensure they remain relevant.

Funds, finance and investment management

Under the *Biodiversity Conservation Act 2016*, the BCT manages and controls the Biodiversity Conservation Fund (BCF). In addition to general operational resources, this fund is used to hold the money set aside and invested to make annual conservation payments to holders of funded conservation agreements (CAs), which are either in-perpetuity or long-term agreements.

Under the Act, a fund manager is to manage and control the Biodiversity Stewardship Payments Fund (BSPF). The BCT is appointed as the fund manager. This fund is used to hold the money set aside and invested to make annual stewardship payments to holders of biodiversity stewardship agreements (BSAs), which are all in-perpetuity.

The Act requires the BCT to 'act as trustee of money or other property vested in the Trust', establishing a fiduciary duty to ensure that funds are managed prudentially, particularly the large sums of money held in the BSPF and BCF to meet future stewardship or conservation management payment obligations to agreement holders.

The members of the BCT Board must fulfil relevant statutory and fiduciary duties to appropriate stakeholders. The members of the BCT Board also have general obligations of good faith, care and diligence.

For these reasons, the BCT Board has approved a Risk Appetite Statement and a Funds and Investment Management Framework which sets out policies and procedures to be implemented by the BCT.

Among other things, the framework requires the BCT to seek investment advice from NSW Treasury Corporation and actuarial advice and modelling on a regular basis, to ensure the Board can consider and approve investment arrangements that prudentially balance investment returns and risk.

Results from the BCT fund and investment management are disclosed in this annual report.

Biodiversity Stewardship Payment Fund in 2018-19

The former Office of Environment and Heritage was responsible for entering 190 Biobanking Agreements (now known as Biodiversity Stewardship Agreements) under the repealed Threatened Species Conservation Act and under transitional arrangements until 25 May 2019. The BCT is now responsible for the ongoing administration of these agreements and the funds deposited in the BPSF for the purpose of making annual stewardship payments to these landholders.

Note 22 in the BCT's financial statements shows that the Fund's predicted total adequacy ratio as at 30 June 2019, using the current expected return rate of 5.86%, is approximately 97%. The BCT will work with the Department of Planning, Industry and Environment, NSW Treasury, the Minister and the NSW Government, during 2019-20, to explore options and implement any agreed measures to maintain or strengthen the adequacy position of the Fund.



BCT funding and ongoing budget

The NSW Government has committed more than \$350 million over the next five years from 2019-20 with an ongoing allocation of \$70 million per annum (escalating), to deliver private land conservation programs via the BCT. The BCT has committed the full amount of its private land conservation investment budget for 2018/19.

In addition, the BCT receives funds from developers and government to discharge their biodiversity offset obligations, transferring the obligation to the BCT to procure biodiversity stewardship sites or credits.

Details of the BCT's budget and financial results can be found in the financial statements appended to this report.

Goal 4: Promote public knowledge, appreciation and understanding of the value of biodiversity conservation

Develop and deliver a biodiversity education strategy

The BCT launched its Biodiversity Conservation Education Strategy in 2018-19, which has three objectives:

- 1 influence more landholders in priority investment areas to participate in private land conservation and sustainable land management
- 2 raise public awareness about the importance of biodiversity and biodiversity conservation on private land
- 3 assist our agreement holders in effective conservation and sustainable land management.

In 2018-19, each region held landholder engagement events for new and existing landholders. These events provide an opportunity to educate potential agreements holders about the BCT's program. The BCT was involved in more than 180 workshops, field days and information sessions, engaging more than 2,000 existing or prospective landholders.

The BCT is now implementing its education strategy, which has seen the launch of two education programs so far, *Conservation Champions* and *Museum in a Box: Biodiversity on my Land*.



Case study

EDUCATION

Conservation Champions field days: Teaching kids about their local biodiversity and sustainable land management

As part of the launch of *Conservation Champions*, the BCT ran two pilots in November and June, involving approximately 120 students. Accompanied by staff members from Petaurus Education Group and their teachers, BCT ecologists and conservation experts guided the students through the bush to teach them about the box gum woodland community of their region. The students learnt about the whole system, from hollows to groundcover and everything in between. The students, teachers and landholders involved loved the hands-on activities and real-life application of the science in the field.

A filmmaker was invited to both days and produced a series of short films about *Conservation Champions* and the importance of biodiversity education. These videos, as well as images taken on the day, are an excellent resource to inform prospective landholders about what the BCT does via our social media channels and website.

Conservation Champions will continue in 2019-20, focusing on normalising private land conservation and celebrating our landholders in their local communities. Other education projects underway for roll-out in 2019-20 include citizen science resources, scholarships and members-only resources and events.

Case study

EDUCATION

Bringing biodiversity to schools 'in a box'

In 2019, the BCT signed a partnership with the Australian Museum's Museum in a Box to develop eight *Biodiversity on my Land* boxes. These boxes are under development and are a collection of tailored, curriculum-linked educational material, games and specimens relating to protecting biodiversity on private land. The boxes will enable the BCT to reach schools and communities across the state and are scheduled for launch in early 2020.



Goal 5: Invest in our people to build an engaged, professional, customer-orientated and high-performing organisation, focused on achieving the BCT's purpose

Fulfil our work health and safety duties to ensure the wellbeing of staff

The BCT Work, Health and Safety (WHS) Committee was established in 2018-19. It is a joint forum for staff and management to monitor the effectiveness of the WHS management systems and processes, and to assist in the development of effective workplace solutions.

This year, the committee finalised the Work, Health and Safety (WHS) Framework. The framework, which takes account of the departmental policy and standards, includes WHS policy and procedural guidance to ensure the wellbeing of our staff. The committee meets monthly and discusses incident reports and investigations, the framework, policy and procedure review, risks, mental health and wellbeing, and consultation and communications. Quarterly WHS reports are also provided to the BCT Audit and Risk Committee and Board.

Invest effort in recruitment, induction, training and leadership to establish an engaged and outcomes-focused staff

In 2018-19, the BCT built on the strength of its workforce to ensure program delivery, landholder support and strong governance. We held all-staff meetings in July 2018 in Dubbo, and in December 2018 and June 2019 in Sydney. These meetings provide the opportunity to hear about successes, learn from experience, and prepare for future activity. Two leadership forums for BCT senior managers were also held during the year. Staff across the seven regions are enabled by flexible working practices.

We identified key training needs for our staff in a BCT Training Strategy, with training occurring this year and funds being allocated for 2019-20.

We use the results of the NSW Government's People Matter Employee Survey to measure staff engagement and staff job satisfaction. The 2019 PMES results showed levels of 78 per cent for staff engagement, an increase of 2 per cent from 2018. This year, a staff survey was used to take stock of any WHS matters as part of an internal audit looking at WHS compliance and associated risks.

Build the BCT's expertise in ecology and landholder support

The BCT has employed regional managers, landholder support officers, ecologists and program support officers in each of the BCT's seven regions of NSW. These staff represent 50 per cent of the BCT workforce and, with support from the Communications, Education and Engagement team, deliver specialised landholder technical support.

Ensure our business systems enable an efficient, effective and accountable organisation

Underpinning the activity of the BCT are our systems and platforms, which have continually improved. We have invested in customer relationship management (CRM) software to improve the way we manage landholder and agreement information. We are digitising our records ready to implement the CRM and to prepare for our Sydney office being relocated from the CBD to Parramatta.

The BCT developed a Spatial Information Strategy for the coming years that presents a strategy and implementation roadmap for the improved use of spatial information at the BCT. This will enable the BCT to streamline its spatial information management, and build new, innovative digital services and applications.

The efficiency of the Board and sub-committees as well as the Executive Committee has been strengthened with new software allowing us to access documents via a secure shared platform. Regular feedback to staff from the work of these committees ensures ongoing alignment of operations to the BCT goals.

The BCT internal audit plan was reviewed, resulting in a risk-based strategic plan of audit work for 2018-19 to 2021-22. In 2018-19, three internal audits were undertaken providing insight into the Biodiversity Stewardship Payments Fund, work, health and safety, and program/project management.

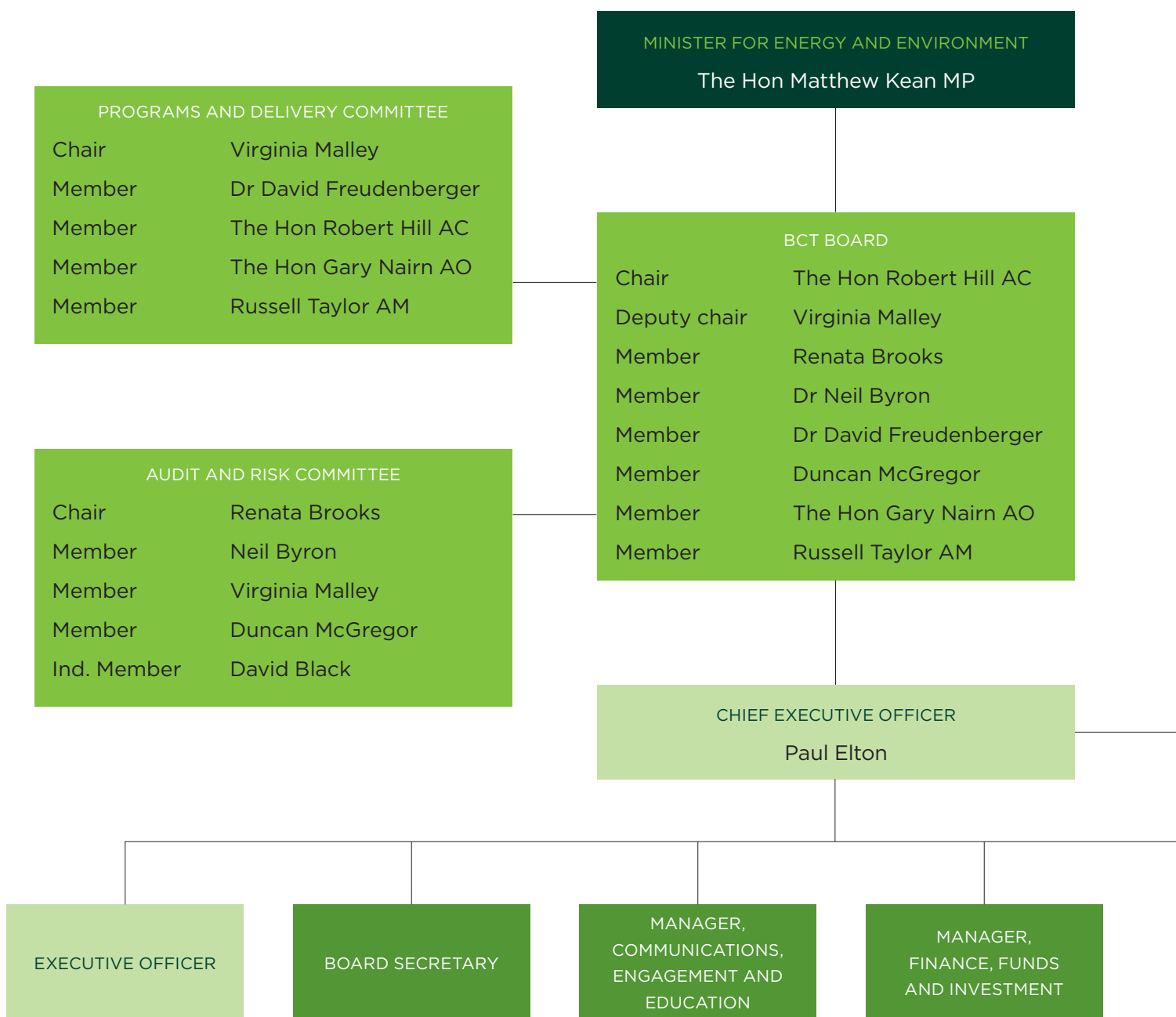
We have also focused on ensuring the BCT has a strong risk aware culture. This year, the Audit and Risk Committee engaged in a strategic risk workshop and workshops were made available to staff to raise risk awareness. A review of the BCT risk management framework took place and the resulting implementation plan provides guidance for future risk activity over the next 12 months.

Lastly and importantly, the BCT implemented a sustainability action plan. The BCT can reduce our impact on biodiversity by the way we operate, the resources we use, and the choices staff make. The plan considers actions for energy and carbon emissions, waste and resource use, greening of office space, as well as related communication. It also takes in to account sustainability initiatives undertaken by the cluster including objectives outlined in the NSW Government Resource Efficiency Policy (GREP).

When the action plan was developed an audit of sustainability practices occurred at the Sydney office and several regional offices. Each location looked at their office environmental footprint such as recycling practices, use of recycled copy paper and other 'green' stationery products, and turning off monitors and lights. The Albury office also underwent an externally conducted waste assessment.

We now offer paperless solutions for all Board, sub-committee, and Executive committee meetings. Staff are encouraged to reduce their carbon emissions (turning off computers, minimising travel, appropriate air conditioning) and consider their waste and resource use (reusable cups, rechargeable batteries, minimise printing, procurement choices, sharing resources).

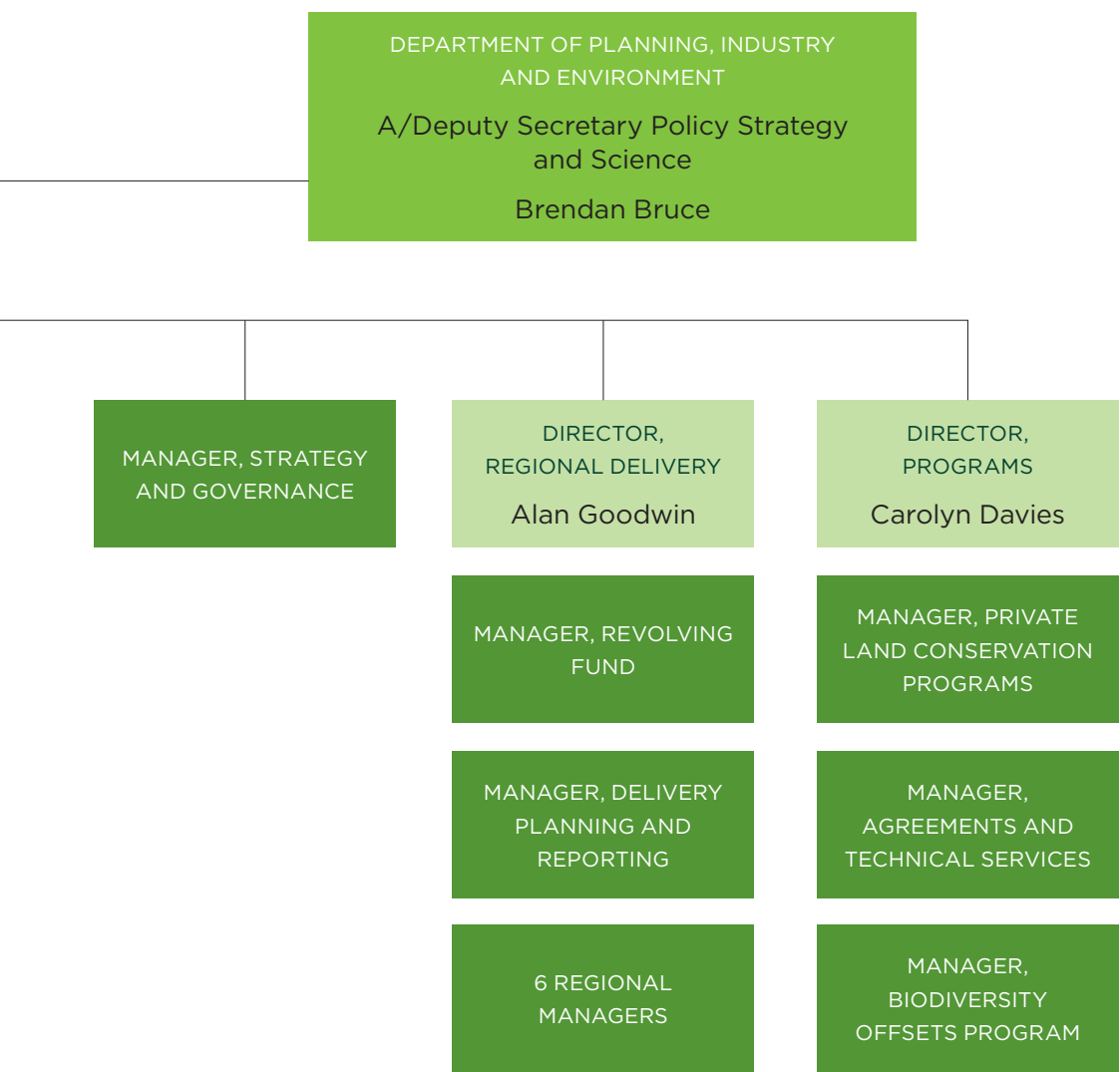




Organisation structure

The BCT has a Board which manages its affairs. The Board members are appointed by the Minister for Energy and Environment.

The BCT is led by a Chief Executive Officer. The Chief Executive Officer is supported by a Director, Regional Delivery and a Director, Programs and a team of staff located across NSW.

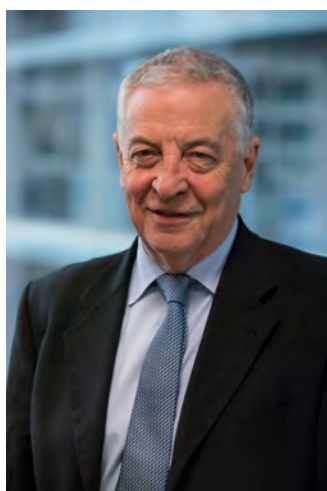


The BCT Board

The Minister has appointed a Board to manage the affairs of the BCT as set out in the Act.

The BCT Board members bring extensive experience in biodiversity conservation, rural and regional land and resource management, financial management, and law and governance.

The Board is comprised of:



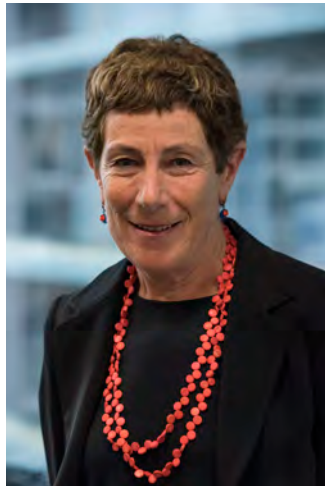
The Hon Robert Hill AC Chairperson

Robert Hill served as a Senator for South Australia from 1981-2006. He was Leader of the Government in the Senate, Minister for the Environment and later Minister for Defence. After leaving Parliament, Mr Hill served as Australia's Ambassador to the United Nations in New York. Back in Australia he was appointed Chancellor of the University of Adelaide, directed a sustainability program at the University of Sydney and was the first Chair of the Australian Carbon Trust. He chairs the Cooperative Research Centre on Low Carbon Living at UNSW, is on the Asia Pacific Board of The Nature Conservancy and a Governor of WWF Australia. Mr Hill is a barrister and solicitor.



Virginia Malley Deputy Chairperson

Virginia Malley has 32 years' experience in the financial services and banking sectors, including 18 years as a company director. Her areas of expertise are environmental and financial markets, stewardship, risk management, corporate governance and regulatory compliance. Ms Malley was previously the Chief Risk Officer at Macquarie Funds Management Group, overseeing the risk management of portfolios worth more than \$85 billion that invested in clean technologies, publicly traded debt securities, listed equities, derivatives, currencies and private equity. Ms Malley is a member of the Clean Energy Regulator, Perpetual Equity Investment Co Ltd and Morpich Ethical Equities Fund Ltd, and was previously a member of the Board of the Nature Conservation Trust of NSW. She is a Fellow of the Australian Institute of Company Directors and holds a Juris Doctor from the University of Technology Sydney, a Bachelor of Arts and a Master of Applied Finance from Macquarie University, and a Graduate Diploma in Environmental Law and Master of Laws from the University of Sydney.



Renata Brooks Member

Renata Brooks has more than 30 years' public sector experience with a focus on rural and regional priorities. She recently completed terms as Deputy Chairperson of the Fisheries Research and Development Corporation and as an Australian Fisheries Management Authority Commissioner. She is currently a member of the NSW Southern Regional Planning Panel and undertakes policy and program reviews through her consulting business. As an Executive Director and Deputy Director-General in the NSW Department of Primary Industries, her responsibilities included land and natural resource management, agriculture and science and research programs. Ms Brooks has a deep appreciation of the importance of working closely with landholders and a strong evidence base to achieve successful governance and biodiversity outcomes. She holds an honours degree in veterinary science, a graduate certificate in bioethics and is a graduate and fellow of the Australian Institute of Company Directors.



Dr Neil Byron Member

Dr Byron is an Adjunct Professor in Environmental Economics at the University of Canberra and an Assistant Commissioner of NSW Natural Resources Commission. In 2014, he chaired an independent review of biodiversity conservation and land management laws in NSW which led to the drafting of a new *Biodiversity Conservation Act 2016* and amendments to the *Local Land Services Act 2013*. Dr Byron was the Commissioner responsible for environment, agriculture and natural resource management issues in the Productivity Commission from April 1998 to March 2010. He presided over 26 public inquiries and also directed the commission's environmental economics program. Previous appointments include: Bureau of Agricultural Economics in Canberra; Chief Technical Adviser of a United Nations Project in Dhaka, Bangladesh; and Assistant Director General of the Centre for International Forestry Research. Dr Byron is a Fellow of the Royal Society of New South Wales, and of the Australian Institute of Company Directors.



Dr David Freudenberger Member

David Freudenberger has a distinguished ecological research and leadership record of excellence. He has more than 200 research publications including 80 in peer-reviewed journals and books. Dr Freudenberger has a consistent reputation for collaboration with a broad diversity of stakeholders that achieves consensus and effective teamwork. He has 10 years' experience in senior leadership roles in both environmental research (CSIRO), as well as delivery of enduring natural resource management strategies and outcomes on-ground (Greening Australia). Dr Freudenberger was a Senior Lecturer at the ANU, convening courses in Environmental Forestry and supervising 12 research students. While now semi-retired, Dr Freudenberger remains a Senior Sessional Academic at the Fenner School of Environment and Society, ANU.



Duncan McGregor Member

Duncan McGregor has 30 years' experience as a specialist environmental and planning lawyer. He was a partner of a major Australian law firm for 17 years and continues as a Legal Consultant. Mr McGregor has significant experience across a broad range of environmental and planning issues including the identification of planning and environmental approvals pathways for various types of development and infrastructure, working with technical experts in assessing major development impacts, advising on environmental regulatory regimes including threatened species protection, environmental licensing, remediation and redevelopment of contaminated sites, infrastructure development and environmental incident management. Mr McGregor was the inaugural chair of the Domestic Offsets Integrity Committee, part of the Carbon Farming Initiative, and has advised widely on a broad range of climate change and renewable energy issues.



The Hon Gary Nairn AO Member

After a 25-year career in the spatial sciences, including as Managing Director of his own surveying mapping company, Gary Nairn was elected as the Federal Member for Eden-Monaro in 1996. His 12-year parliamentary career included being Parliamentary Secretary to Prime Minister John Howard with responsibility for water reform and as Special Minister of State with responsibility for e-government, the Australian Electoral Commission and five government business enterprises. Subsequently, he has operated his own consultancy in the spatial sciences including as a consultant to leading company AAM Group. Mr Nairn was the inaugural Chair of the Northern Territory Planning Commission and a Board member of the NT Environment Protection Authority from 2013 to 2017; Chair of the Tasmanian Spatial Information Council from 2010 to 2016; National Chair of the Spatial Industries Business Association from 2012 to 2014; and has been the Chair of the Advisory Committee for the Centre for Spatial Data Infrastructure at Melbourne University since 2011. He has been Chair of The Mulloon Institute since January 2016 and was appointed National Chair of the Duke of Edinburgh's International Award in March 2018. Mr Nairn was appointed an Officer in the Order of Australia (AO) in June 2015 for his contribution to the spatial sciences, communities of NSW and the NT, Federal Parliament and disability support services.



Russell Taylor AM Member

Russell Taylor is a highly respected senior Indigenous Australian with extensive experience in corporate governance and a long history of advocacy with particular passion for education and social welfare. Mr Taylor is a member of several boards including the Batchelor Institute of Indigenous Tertiary Education, The Aboriginal and Torres Strait Islander Healing Foundation, Wentwest Limited, the Indigenous advisory firm, the Burbangana Group and a former member of the Nature Conservation Trust of NSW. Mr Taylor has a wealth of senior executive managerial experience and is a former CEO of the NSW Aboriginal Housing Office and the Australian Institute of Aboriginal and Torres Strait Islander Studies. In 2015 Mr Taylor was made a member (AM) of the Order of Australia in the Queen's Birthday Honours for 'significant service to the community as a cultural leader and publicly senior executive in the field of Indigenous affairs' and in 2016 was awarded the inaugural UTS Indigenous Australian Alumni Award for Excellence.

Our staff

As at 30 June 2019, the BCT consisted of three main functional areas: Office of the Chief Executive; Programs Branch; and Regional Delivery Branch. The Executive is comprised of the heads of each branch as outlined in Appendices (p5).

The BCT head office is in Sydney, with staff located in seven regions across NSW to help support and work with local landholders, communities and stakeholders. More than 60 per cent of BCT staff are in regional areas.

REGIONAL DELIVERY BRANCH

The Regional Delivery Branch is responsible for the on-ground delivery of the BCT's programs, including the Conservation Management Program, Conservation Partners Program and the supply side and field aspects of the Biodiversity Offsets Program.

This branch is responsible for the ongoing management and support of existing agreements. This includes landholder technical support for agreement holders, as well as monitoring of the terms of agreements and compliance requirements. Regional Delivery staff also participate in community engagement and education activities across NSW.

The Regional Delivery Branch also manages the revolving fund and provides support and technical services for implementing the BCT's programs, including developing operational tools, policies and guidance.

Our locations

The BCT has Regional Delivery teams throughout NSW:

- Northern Inland (offices in Armidale and Inverell)
- Central West and Western (offices in Buronga, Dubbo and Orange)
- Murray-Riverina (offices in Albury and Wagga Wagga)
- North Coast (offices in Coffs Harbour and Lismore)
- South East (offices in Fitzroy Falls and Queanbeyan)
- Sydney Hunter (offices in Newcastle and Sydney).

PROGRAMS BRANCH

Working with the Regional Delivery Branch, the Programs Branch leads the design, evaluation, review and reporting of the BCT's private land conservation programs, to assist landholders protect and conserve biodiversity with government investment.

The Programs Branch manages the BCT's offset obligations in line with legislative requirements, including forecasting biodiversity credit demand



and supply, driving credit supply, purchasing credits, funding biodiversity conservation actions, and developing a strategic portfolio of credits to meet future offset obligations.

The Branch is responsible for leading operational policies, guidelines, monitoring and delivery of technical services to support BCT programs and covenanting of properties. The Branch is also developing Aboriginal engagement programs and the philanthropy arm of the BCT.

OFFICE OF THE CHIEF EXECUTIVE

The Office of the Chief Executive (OCE) includes the business-enabling functions of the BCT: Funds, Financing and Investment; Strategy and Governance; and Executive and Board support.

The OCE branch also includes Communications, Engagement and Education, which services general inquiries from landholders and other customers; delivers education and engagement programs across the state; coordinates media including interactions with the Minister's office and promotes the BCT to the public using a range of mediums including website, social media, film, photography and traditional media/advertising.

BCT Financial Statements



INDEPENDENT AUDITOR'S REPORT

NSW Biodiversity Conservation Trust

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the NSW Biodiversity Conservation Trust (the Trust), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Trust's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Board of the Trust is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise Statement signed by the members of the Trust pursuant to Section 41C of the PF&A Act.

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

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

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

I have nothing to report in this regard.

The Board's Responsibilities for the financial statements

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

In preparing the financial statements, the members of the Board are responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

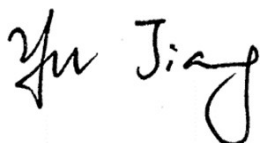
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

My opinion does *not* provide assurance:

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

A handwritten signature in black ink, appearing to read 'Yu Jiang', with a stylized, cursive script.

Reiky Jiang
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

16 September 2019
SYDNEY

Start of audited financial statements.

The NSW Biodiversity Conservation Trust

Annual Financial Statements

For the year ended 30 June 2019

The NSW Biodiversity Conservation Trust

Statement by Members of The Trust

For the year ended 30 June 2019

Pursuant to section 41C (1C) of the *Public Finance and Audit Act 1983*, we state that:

- a) the accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the applicable clauses of the *Public Finance and Audit Regulation 2015*, Australian Accounting Standards, the Financial Reporting Code for NSW General Government Sector Entities and the Treasurer's Directions;
- b) the statements exhibit a true and fair view of the financial position at 30 June 2019 and financial performance of the Trust for the year then ended; and
- c) to the best of our knowledge, there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Hon. Robert Hill AC
Chairperson, BCT Board

13 September, 2019



Renata Brooks
BCT Board Member and
Chairperson, BCT Audit and Risk Committee

13 September, 2019

The NSW Biodiversity Conservation Trust

Statement of Comprehensive Income For the year ended 30 June 2019

	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
Continuing operations				
Expenses excluding losses				
Operating expenses				
Personnel services	2(a)	11,082	-	6,452
Other operating expenses*	2(b)	16,552	12,203	3,495
Depreciation expense	2(c)	8	-	22
Grants and subsidies	2(d)	2,543	62,169	328
TOTAL EXPENSES EXCLUDING LOSSES		30,185	74,372	10,297
Revenue				
Sale of goods and services		-	193	-
Investment revenue	3(a)	896	-	306
Grants and contributions	3(b)	73,001	62,405	43,919
Other revenue	3(c)	539	846	673
TOTAL REVENUE		74,436	63,444	44,898
Operating result				
Gain/(loss) on disposal	4(a)	(6)	-	7
Gain/(loss) on developer contribution acquittals	4(b)	116	-	-
Other gains/(losses)	4(c)	-	-	(141)
Net result	16	44,361	(10,928)	34,467
Other comprehensive income				
		-	-	-
Total other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		44,361	(10,928)	34,467

*The "other operating expenses" budget in the NSW State Budget Papers 2018-19, includes \$10,660 thousand of budget for personnel services.

The accompanying notes form part of these financial statements.

The NSW Biodiversity Conservation Trust
Statement of Financial Position
As at 30 June 2019

	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	6	80,156	17,294	47,453
Receivables	7	404	38	253
Non current assets - land held for sale	8	5,963	-	1,975
Inventories	9	15,901	-	-
Total Current assets		102,424	17,332	49,681
Non-current assets				
Property, plant and equipment				
Land and buildings	10	-	5,000	-
Plant and equipment	10	48	65	71
Total property, plant and equipment		48	5,065	71
Total non-current assets		48	5,065	71
Total assets		102,472	22,397	49,752
LIABILITIES				
Current liabilities				
Payables	13	2,252	112	2,789
Provisions	14	9,278	729	382
Total current liabilities		11,530	841	3,171
Non-current liabilities		-	-	-
Total liabilities		11,530	841	3,171
Net assets		90,942	21,556	46,581
EQUITY				
Accumulated funds		90,942	21,556	46,581
Total equity		90,942	21,556	46,581

The accompanying notes form part of these financial statements.

The NSW Biodiversity Conservation Trust
Statement of Changes in Equity
For the year ended 30 June 2019

	Notes	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2018		46,581	46,581
Net result for the year		44,361	44,361
Balance at 30 June 2019		90,942	90,942

	Notes	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2017		12,114	12,114
Net result for the year		34,467	34,467
Balance at 30 June 2018		46,581	46,581

The accompanying notes form part of these financial statements.

The NSW Biodiversity Conservation Trust
Statement of Cash Flows
For the year ended 30 June 2019

	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel services		(10,092)	-	(5,923)
Grants and subsidies		(2,543)	(62,169)	(328)
Other operating expenses		(7,030)	(12,203)	(3,719)
Growth Centres credits		(12,845)		
Purchase of biodiversity credits as inventory		(17,852)	-	-
Total Payments		(50,362)	(74,372)	(9,970)
Receipts				
Sale of goods and services		-	193	-
Developers contributions - biodiversity credits		9,362	-	382
Other receipts		4,824	846	1,234
Interest received		896	-	306
Grants		71,962	62,405	43,919
Total Receipts		87,044	63,444	45,841
NET CASH FLOWS FROM OPERATING ACTIVITIES	16	36,682	(10,928)	35,871
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property held for sale		290	15,000	833
Proceeds from sale of plant and equipment		20	-	-
Purchases of property held for sale and plant and equipment		(4,289)	(15,000)	(800)
Transfer of financial assets to cash		-	-	50
NET CASH FLOWS FROM INVESTING ACTIVITIES		(3,979)	-	83
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		32,703	(10,928)	35,954
Opening cash and cash equivalents		47,453	28,222	11,499
CLOSING CASH AND CASH EQUIVALENTS	6	80,156	17,294	47,453

The accompanying notes form part of these financial statements.

The NSW Biodiversity Conservation Trust

Notes to the financial statements

For the year ended 30 June 2019

1. Summary of significant accounting policies

(a) Reporting entity

The NSW Biodiversity Conservation Trust (BCT) is a statutory body representing the Crown. The BCT was legally constituted on 25 August 2017 with the commencement of the *Biodiversity Conservation Act 2016* (BC Act). Section 10.4(3) provides that the affairs of the BCT are to be conducted on a not-for-profit basis. The BCT is consolidated as part of the NSW Total State Sector Accounts.

Section 10.15 of the BC Act states 'The Biodiversity Conservation Trust established under this Division is a continuation of, and the same legal entity as, the Nature Conservation Trust (NCT) established under the *Nature Conservation Trust Act 2001* immediately before the repeal of that Act by this Act.'

Under the BC Act, the Fund Manager is to manage the Biodiversity Stewardship Payments Fund. The BCT is appointed as the Fund Manager. With the commencement of the BC Act, the Biodiversity Stewardship Payments Fund replaced the Biobanking Trust Fund, previously managed by the Environmental Trust. Monies in the Biodiversity Stewardship Payments Fund are held on behalf of biodiversity stewardship sites and cannot be used to fund BCT operations. Hence, they are not included in the financial statements of BCT. Refer note 22.

Under the BC Act, the BCT manages and controls the Biodiversity Conservation Fund (BCF). The BCT receives funding from the NSW Government to deliver private land conservation programs and deposits this into the BCF. This is classified as restricted cash. Refer note 12. The BCT has foreshadowed investment mechanisms for the BCF in its approved business plan to ensure continued conservation management payments to landholders. Refer note 21.

The BCT's mission is to maximise the biodiversity conservation outcomes achieved with the public and private resources entrusted in the BCT to support private land conservation, to deliver a healthy, productive and resilient environment across NSW. The BCT's goals are to encourage landowners to enter agreements to conserve biodiversity and support productive landscapes, deliver a strategic biodiversity offsetting service, support landholders to conserve biodiversity on their land, promote public knowledge, appreciation and understanding of the value of biodiversity conservation, and invest in our people to build an engaged, professional, customer-oriented high-performing organisation, focused on achieving the BCT's purpose.

Under the BC Act, the Minister for Energy and Environment is responsible for appointing the BCT Board. Functions and powers are conferred on the Board as a whole. The Board is accountable to the Minister. The Minister for the Environment commissioned a new Board to manage the affairs of the BCT from 25 August 2017.

The Office of Environment and Heritage (OEH) provided personnel services to the BCT. Personnel services, including related on-cost expenses and liabilities, are recognised in accordance with the NSW Treasury Guidelines TC 15-07 *financial and annual reporting requirements arising from personnel services arrangements*.

The BCT's financial statements have been authorised for issue by the Board on 13 September 2019.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* (the Act) and *Public Finance and Audit Regulation 2015*; and
- Treasurer's Directions issued under the Act.

Plant and equipment and assets held for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

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

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the BCT's presentation and functional currency.

1. Summary of significant accounting policies (cont'd)

(c) Statement of compliance

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

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

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

- The amount of GST incurred by the BCT as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

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

(e) Comparative information

Except when an Australian accounting standard permits or requires otherwise, comparative Information is disclosed in respect of the previous period for all amounts reported in the financial statements. The BCT was legally constituted on 25 August 2017 and is a continuation of and the same legal entity as the NCT. The 2017-18 comparative numbers of the BCT incorporate balances from NCT for the period 1 July 2017 to 24 August 2017.

(f) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders or approved budget proposals) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in note 20.

As disclosed in the 2018-19 NSW State Budget Papers, the total operations of the BCT contribute to the State outcome: *Valued and protected environment and heritage*. Refer note 5.

(g) Treatment of credit purchases as inventory

Developers may satisfy their offset obligations by purchasing credits in the market and applying to OEH to retire those credits; or by paying into the Biodiversity Conservation Fund and moving the obligation to acquire and retire credits to the BCT. The BCT therefore acquires credits proactively or reactively from the market, to meet known or predicted demand for credits.

Biodiversity credits may be held in stock to satisfy obligations transferred from developers to the BCT. These credits support the BCT in rendering its services in its ordinary course of business of biodiversity conservation and are hence recognised as inventories under AASB 102 *Inventories* (AASB 102). They are recognised at the lower of cost and net realisable value in accordance with AASB 102.

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

Effective for the first time in 2018-19

The BCT has adopted AASB 9 *Financial Instruments* (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 *financial instruments: disclosures* (AASB 7R).

The BCT applied AASB 9 retrospectively but has not restated the comparative information which is reported under AASB 139 *financial instruments: recognition and measurement*. Any differences arising from the adoption of AASB 9 are required to be recognised directly in accumulated funds and other components of equity.

1. Summary of significant accounting policies (cont'd)

No differences have arisen by adopting AASB 9. Hence no adjustments were required in accumulated funds and/or other components of equity. Given the nature of receivables and considering expected credit loss, no adjustment was required in the allowance.

Classification and measurement of financial instruments

On 1 July 2018 (the date of application of AASB 9), the BCT assessed which business models apply to the financial assets held by the BCT to classify its financial instruments into the appropriate AASB 9 categories.

This assessment did not result in any reclassification of financial instruments, with no impact on reserves or accumulated funds.

The classification and measurement requirements of AASB 9 did not have a significant impact to the BCT. The BCT continued measuring all financial assets at fair value.

The following are the changes in the classification of the BCT's financial assets:

- Trade receivables and other financial assets (i.e., term deposits) classified as 'loans and receivables' under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost.
- The BCT has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement for the BCT financial liabilities.

In summary, the adoption of AASB 9 resulted in no required or elected reclassifications as at 1 July 2018.

Issued but not yet effective

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

The following new Accounting Standards have not been applied and are not yet effective (NSW Treasury mandate TC 19-04):

- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding revenue from contracts with customers
- AASB 16 leases
- AASB 1058 income of not-for-profit entities
- AASB 1059 service concession arrangements: grantors
- AASB 2016-8 amendments to Australian Accounting Standards – Australian implementation guidance for not-for-profit entities
- AASB 2018-5 amendments to Australian Accounting Standards – deferral of AASB 1059
- AASB 2018-8 amendments to Australian Accounting Standards – right-of-use assets of not-for-profit entities.
- AASB 2019-1 amendments to Australian Accounting Standards – references to the Conceptual Framework.

These standards have been assessed for their possible impact on the financial statements, if any, in the period of their initial application. These new accounting standards have been estimated to have no material impact on BCT.

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

2. Expenses excluding losses

Operating expenses

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

(a) Personnel services expenses

	2019	2018
	\$'000	\$'000
Salaries and wages (including annual leave)	8,694	5,409
Redundancy payments	-	145
Superannuation - defined contribution plans	759	316
Long service leave	1,074	234
Payroll tax and fringe benefits tax	555	348
	11,082	6,452

Personnel services are received from OEH. Refer note 1(a). Personnel services are recognised in the period in which they are incurred.

(b) Other operating expenses

	2019	2018
	\$'000	\$'000
Biodiversity projects – contractors	272	496
Insurance	19	11
Consultants	15	70
Fees and services	1,683	1,326
Corporate service fees*	1,238	713
Biodiversity credits for immediate retirement**	11,677	-
Fleet costs	40	-
Advertising, publications and printing	142	137
Travel costs	528	146
Legal costs	148	187
Auditor's remuneration (audit of the financial statements)	76	35
Maintenance	47	3
Operating lease rental expenses	50	16
Other occupancy costs	48	102
General administration	569	253
	16,552	3,495

*BCT received corporate services from the Department of Planning and Environment and paid fees in accordance with the Service Partnership Agreement.

** BCT purchases biodiversity credits for retirement under the Growth Centres Biodiversity Offsets Program. Responsibility for acquisition of credits under the Growth Centres Biodiversity Offsets Program was transferred from OEH to BCT on 1 July 2018.

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

2. Expenses excluding losses (cont'd)

Operating Expenses (cont'd)

Recognition and measurement – other operating expenses

Operating expenses are recognised as they are incurred, including corporate support fees, fees and services, contractor – biodiversity projects, advertising, publications and printing and legal costs. Some specific cases are:

(i) *Biodiversity credits for immediate retirement*

Given the intent is to retire credits purchased under the Biodiversity Offsets Scheme and the Growth Centres Biodiversity Offset Program, the acquisition cost of these credits is expensed when the control of these credits is transferred to the BCT.

(ii) *Maintenance expense*

Day-to-day servicing or maintenance costs are expensed as incurred.

(iii) *Insurance*

A range of insurances are carried by the BCT with iCare. Insurance cover is reviewed annually to ensure adequacy. Insurance premiums are recognised as an expense in the period to which they relate.

(iv) *Operating leases*

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

(c) Depreciation expense

	2019 \$'000	2018 \$'000
Depreciation:		
Plant and equipment	8	19
Amortisation of intangibles	-	3
	8	22

For recognition and measurement policies on depreciation refer note 10.

(d) Grants and subsidies

	2019 \$'000	2018 \$'000
Payments to landholders	2,543	328
	2,543	328

These payments include payments related to conservation agreements - \$2.14 million, partners grants - \$0.28 million and the NCT management funding contracts - \$0.12 million.

Recognition and measurement – grants and subsidies

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

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

3. Revenue

Revenue is measured at the fair value of the consideration or contribution received or receivable. Accounting policies for key revenue items are discussed below.

(a) Investment revenue

	2019	2018
	\$'000	\$'000
Interest revenue from financial assets not at fair value through profit or loss	896	306
	896	306

Recognition and measurement – investment revenue

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

(b) Grants and contributions

	2019	2018
	\$'000	\$'000
Grants received*	71,962	43,686
Personnel services assumed by the Crown Entity	1,039	233
	73,001	43,919

*In 2018-19, the BCT received grants of \$50 million from OEH, \$11.957 million from the Environmental Trust and \$10 million of NSW Government funding through the Department of Planning and Environment. (2018: \$43.5 million from OEH).

Recognition and measurement – grants and contributions

Grants are generally recognised as income when control is obtained over the contribution. BCT is deemed to have assumed control when the grant is received or receivable.

(c) Other revenue

	2019	2018
	\$'000	\$'000
NCT funding agreements transferred to BCT	228	567
Remuneration of the Fund Manager*	(88)	88
Miscellaneous**	399	18
	539	673

*The BCT Board has determined to waive fees for the "Remuneration of the Fund Manager" for the 2017-18 and 2018-19 financial years. The previous year's accrued income was reversed in 2018-19.

**Includes settlement relating to a civil enforcement proceeding in the Land and Environment Court of \$0.23 million received in the 2018-19 financial year.

Recognition and measurement

(i) NCT funding agreements

NCT received funding from external sources that had very specific performance obligation requirements in their funding agreements to deliver biodiversity benefits by entering into management funding contracts. This funding was recognised as a liability upon receipt and is recognised as revenue when performance obligations are met. Refer note 13 and note 19.

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

4. Gain / (loss) on disposal, developer contributions and other gains / (losses)

(a) Gain / (loss) on disposal

	2019	2018
	\$'000	\$'000
Proceeds from disposal of current/non-current assets:		
Land held for sale	290	395
Plant and equipment	20	-
Carrying value of current/non-current assets disposed of:		
Land held for sale	(300)	(385)
Plant and equipment	(16)	(3)
Net gain / (loss) on disposal	(6)	7

(b) Gain/(loss) on developers contributions acquittals

	2019	2018
	\$'000	\$'000
Developers contribution	466	-
Less: Inventory offset	(328)	-
Less: Costs of offset biodiversity credits purchased	(22)	-
Nett gain/(loss) on developers contributions	116	-

(c) Other gains / (losses)

	2019	2018
	\$'000	\$'000
Impairment - land held for sale	-	(141)
	-	(141)

For recognition and measurement policies refer note 8 and note 11. Nil impairment was assessed in the 2018-19 financial year.

5. State Outcomes delivered by the Planning and Environment cluster

State Outcome: Valued and protected environment and heritage

Description of the State Outcome: Protecting and preserving our environment and heritage, enabling the public to access and enjoy the natural environment and support a healthy New South Wales

The BCT's mission is to maximise the biodiversity conservation outcomes achieved with the public and private resources entrusted in the BCT to support private land conservation, to deliver a healthy, productive and resilient environment across NSW. The BCT's goals are to encourage landowners to enter agreements to conserve biodiversity and support productive landscapes, deliver a strategic biodiversity offsetting service, support landholders to conserve biodiversity on their land, promote public knowledge, appreciation and understanding of the value of biodiversity conservation, and invest in our people to build an engaged, professional, customer-oriented high-performing organisation, focused on achieving the BCT's purpose.

The total operations of the BCT contribute to the above, hence separate State Outcome statements are not required. Refer note 1(f).

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

6. Current assets – cash and cash equivalents

	2019 \$'000	2018 \$'000
Cash at bank and on hand	80,156	47,453
	80,156	47,453

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

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

	2019 \$'000	2018 \$'000
Cash and cash equivalents (per statement of financial position)	80,156	47,453
Closing cash and cash equivalents (per statement of cash flows)	80,156	47,453

Refer notes 12 and 21 for details on restricted assets. Refer note 17 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current assets – receivables

	2019 \$'000	2018 \$'000
Other receivables	-	6
Remuneration of the Fund Manager (BSPF)	-	88
GST	398	28
Prepayments*	6	131
	404	253

*Prepayments in the 2017-18 year included a deposit paid for the purchase of land for which settlement was not finalised.

Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in note 17.

Recognition and measurement – receivables

Receivables, including trade and other receivables, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price. The BCT holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method.

Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment under AASB 139 (for comparative period ended 30 June 2018)

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

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

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

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

7. Current assets – receivables (cont'd)

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

Impairment under AASB 9 (from 1 July 2018)

The BCT recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that BCT expects to receive, discounted at the original effective interest rate.

Given the nature of receivables and considering estimated credit losses (ECL), there were no adjustments required, including in accumulated funds and/or other components of equity relating to the 2017-18 year. There is no impact of adopting AASB9 in the 2018-19 year. Refer note 1(h).

8. Current assets – land held for sale

	2019	2018
	\$'000	\$'000
Land	5,963	1,975
	5,963	1,975

Under its programs, the BCT acquires high conservation value land, applies conservation agreements and then sells the land.

Recognition and measurement - assets held for sale

At 30 June 2019, the BCT held six parcels of land classified as land held for sale (30 June 2018: 4 parcels), where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Land held for sale is recognised in accordance with AASB 5 and AASB 13 at the lower of their carrying amount and fair value less costs of disposal. Impairment on land held for sale is assessed annually and any loss is expensed in the statement of comprehensive income. Refer note 4(c) and note 11. Land is not depreciated. The BCT intends to sell all six parcels of land held at 30 June 2019 in the following year.

9. Current assets – inventories

	2019	2018
	\$'000	\$'000
Held for distribution		
Biodiversity credits purchased	15,901	-
	15,901	-

Recognition and measurement – inventory:

Biodiversity credits are held in stock to satisfy obligations transferred from developers to the BCT or, on occasions, to be subsequently sold. These credits support the BCT in rendering its services in its ordinary course of business of biodiversity conservation and are hence recognised as inventories under AASB 102. They are recognised at the lower of cost and net realisable value in accordance with AASB 102.

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

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

	Plant & Equipment \$'000	Total \$'000
At 1 July 2018 - fair value		
Gross carrying amount	178	178
Accumulated depreciation	(107)	(107)
<u>Net carrying amount</u>	71	71
At 30 June 2019 - fair value		
Gross carrying amount	100	100
Accumulated depreciation	(52)	(52)
<u>Net carrying amount</u>	48	48

Reconciliation

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

	Plant & Equipment \$'000	Total \$'000
Year ended 30 June 2019		
Net carrying amount at 1 July, 2018	71	71
Disposals	(16)	(16)
Depreciation expense	(8)	(8)
Other	1	1
<u>Net carrying amount at 30 June 2019</u>	48	48

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

10. Non-current assets – property, plant and equipment (cont'd)

	Plant & Equipment \$'000	Total \$'000
At 1 July 2017 - fair value		
Gross carrying amount	239	239
Accumulated depreciation	(146)	(146)
Net carrying amount	93	93
At 30 June 2018 - fair value		
Gross carrying amount	178	178
Accumulated depreciation	(107)	(107)
Net carrying amount	71	71

Reconciliation

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

	Plant & Equipment \$'000	Total \$'000
Year ended 30 June 2018		
Net carrying amount at 1 July 2017	93	93
Depreciation expense	(22)	(22)
Net carrying amount at 30 June 2018	71	71

10. Non-current assets – property, plant and equipment (cont'd)

Recognition and measurement – property, plant and equipment

(i) Acquisition of property, plant and equipment

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

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

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

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

(ii) Capitalisation thresholds

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

(iii) Major inspection costs

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

(iv) Restoration costs

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

(v) Depreciation of property, plant and equipment

Depreciation is provided on a straight-line basis to write off the depreciable amount of each asset as it is consumed over its useful life to the BCT. Depreciation rates adopted by the BCT range from 6.7 to 7.7 percent (2018: 6.7 to 7.7 percent).

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

For reporting periods prior to the commencement of the BCT, property, plant and equipment were depreciated on a reducing balance basis. The depreciation rates ranged from 15 to 40 percent.

(vi) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with TPP 14-01 *valuation of physical non-current assets at fair value* policy and guidelines paper. This policy adopts fair value in accordance with AASB 13 *fair value measurement* and AASB 116 *property, plant and equipment*.

Plant and equipment being non-specialised assets with short useful lives, are measured at depreciated historical cost, as a substitute for fair value. The BCT has assessed that any difference between fair value and the historical cost is unlikely to be material.

(vii) Impairment of property, plant and equipment

As a not-for-profit entity, impairment under AASB 136 *impairment of assets* is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. The BCT assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the BCT estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

10. Non-current assets – property, plant and equipment (cont'd)

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

11. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

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

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 *fair value measurement*, the BCT categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that BCT can access at the measurement date.
- Level 2 – inputs other than quoted prices included within level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

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

Refer note 17 for further disclosures regarding fair value measurements of financial assets.

(a) Fair value hierarchy

30 - June - 2019

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Land held for sale (note 8)	-	5,963	-	5,963
	-	5,963	-	5,963

30 - June - 2018

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Land held for sale (note 8)	-	1,975	-	1,975
	-	1,975	-	1,975

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

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

11. Fair value measurement of non-financial assets (cont'd)

Fair value measurement and hierarchy (cont'd)

(b) Valuation techniques, inputs and processes

Asset class	Valuation technique	Comments
Non-current assets held for sale Land	Market	Based on market evidence

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

Non-current assets held for sale are recognised at the lower of their carrying amount and fair value less costs of disposal. Impairment assessment as at 30 June 2019 was completed by management based on an assessment of market movement by an independent valuer. The amount assessed for impairment in the 2018-19 year was 'nil'.

12. Restricted assets

	2019 \$'000	2018 \$'000
Current	77,557	45,903
Restricted cash	77,557	45,903

The above cash is recognised as a restricted asset as these funds can be used for specific purposes only, such as for the BCT's private land conservation programs. Refer note 6.

13. Current liabilities – payables

	2019 \$'000	2018 \$'000
Creditors	887	1,147
Personnel services	1,010	1,059
Unearned revenue	355	583
	2,252	2,789

Personnel services relate to the amount payable to OEH for employee entitlements of \$0.98 million (2018: \$0.57 million) and accrued salaries of \$0.03 million (2018: \$0.49 million). Refer note 2(a).

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

Recognition and measurement

(i) Creditors

Payables represent liabilities for goods and services provided to the BCT and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest are measured at the original invoice amount where the effect of discounting is immaterial. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

13. Current liabilities – payables (cont'd)

(ii) *Unearned revenue*

Unearned revenue is recognised when the performance obligations specified in the funding agreement with the provider of funds are yet to be satisfied by the BCT (previously NCT). Revenue is recognised only upon the delivery of these obligations. Refer note 3(c)(i) and note 19(i)(b).

14. Current liabilities – provisions

	2019 \$'000	2018 \$'000
Developers contributions - biodiversity credits	9,278	382
	9,278	382

Movements in provisions (other than employee leave benefits)

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

	2019 \$'000	2018 \$'000
Carrying amount at 1 July	382	-
Less: amounts acquitted against inventory	(328)	
Less: other acquittals	(22)	
Less: net profit on acquittals (refer note 4b)	(116)	
Additional provisions recognised	9,362	382
Carrying amount at 30 June	9,278	382

Recognition and measurement – provisions

(i) *Developers contributions - biodiversity credits*

Biodiversity credit provision is recognised when funds are received from developers for securing offsets on their behalf. The BCT has a constructive obligation to procure equivalent biodiversity offsets. This provision is extinguished when the BCT purchases credits, offsets BCF obligations against inventory or otherwise provides biodiversity offsets, with any net differences recognised in the statement of comprehensive income.

As at 30 June 2019 the best estimate of the amount required to settle the obligation to procure equivalent biodiversity offsets is the amount that has been paid to the BCT by developers in consideration of the BCT taking on this obligation.

15. Contingent liabilities and assets

A contingent liability is a potential liability that may occur depending upon the outcome of an uncertain future events. The BCT is not aware of any contingent liabilities at 30 June 2019. The contingent liability as at 30 June 2018 has now been settled in favour of BCT.

A contingent asset is a possible asset that may arise because of a gain that is contingent on future events, not under the BCT's control. The BCT is not aware of any contingent assets at 30 June 2019 (nil as at 30 June 2018).

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

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

	2019 \$'000	2018 \$'000
Net cash provided by operating activities	36,682	35,871
Depreciation	(8)	(22)
Increase/(decrease) in receivables	151	55
Decrease/(increase) in payables	537	(1,451)
Increase/(decrease) in inventories	15,901	-
(Increase)/decrease in provisions	(8,896)	148
Gain /(losses)	(6)	(134)
Net result	44,361	34,467

17. Financial instruments

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

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

The Board of the BCT has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the BCT, to set risk limits and controls, and to monitor risks.

(a) Financial instrument categories

i. As at 30 June 2019 under AASB 9

Financial Assets	Notes	Category	Carrying amount
			30 June 2019
			\$'000
Class:			
Cash and cash equivalents	6	N/A	80,156
Receivables ¹	7	Receivables (at amortised cost)	-
Financial Liabilities	Notes	Category	Carrying amount
			30 June 2019
			\$'000
Class:			
Payables ²	13	Financial liabilities (at amortised cost)	1,897

Notes:

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

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

17. Financial instruments (cont'd)

ii. As at 30 June 2018 under AASB 139 (comparative period)

Financial Assets	Notes	Category	Carrying amount
			30 June 2018
Class:			\$'000
Cash and cash equivalents	6	N/A	47,453
Receivables ¹	7	Loans and receivables (at amortised cost)	94

Financial Liabilities	Notes	Category	Carrying amount
			30 June 2018
Class:			\$'000
Payables ²	13	Financial liabilities (at amortised cost)	2,206

Notes:

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

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

(b) Derecognition of financial assets and financial liabilities

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

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

Where the BCT has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the BCT's continuing involvement in the asset. In that case, the BCT also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the BCT has retained.

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

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

(c) Financial risks

(i) Credit risk

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

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

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

17. Financial instruments (cont'd)

(c) Financial risks (cont'd)

Cash and cash equivalents

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

Accounting policy for impairment of trade debtors under AASB 9

Receivables – trade and other debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

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

Trade and other debtors as at 30 June 2019 (and 30 June 2018) are not material and no credit loss is expected.

(ii) Liquidity risk

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the BCT may automatically pay the supplier simple interest. The applicable rate of interest for the period to 30 June 2019 was 9.96% (2018: 9.8%). The rate of interest is determined by the Office of State Revenue.

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

		\$'000						
		Interest rate exposure				Maturity dates		
	Weighted average effective interest rate	Nominal amount	Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 year	1-5 years	>5 years
2019								
Payables	N/A	1,897	-	-	1,897	1,897	-	-
		1,897	-	-	1,897	1,897	-	-
2018								
Payables	N/A	2,206	-	-	2,206	2,206	-	-
		2,206	-	-	2,206	2,206	-	-

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the BCT can be required to pay.

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

17. Financial instruments (cont'd)

(iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The BCT's exposures to market risk are primarily through price risks associated with the movement in the unit price of the TCorpIM investment facilities. The BCT has no exposure to foreign currency risk and does not enter into commodity contracts.

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

Interest rate risk

The BCT does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 0.25% is used (2018:1%), consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The BCT's exposure to interest rate risk is set out below.

	Carrying amount \$'000	-0.25% Profit \$'000	Equity \$'000	+0.25% Profit \$'000	Equity \$'000
30 June 2019					
Financial assets:					
Cash and cash equivalents	80,156	(200)	(200)	200	200
	Carrying amount \$'000	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
30 June 2018					
Financial assets:					
Cash and cash equivalents	47,453	(475)	(475)	475	475

The Biodiversity Stewardship Payments Fund (BSPF)

Under Section 6.35 of the Biodiversity Conservation Act 2016, the BCT has been appointed as Fund manager of the Biodiversity Stewardship Payments Fund (BSPF). This appointment is at the discretion of the Minister Energy & Environment. The funds in the BSPF are held on behalf of biodiversity stewardship sites and cannot be used to fund BCT operations. They are, therefore, not included in the financial statements of BCT. However, as manager of the funds invested in the BSPF any market risk is relevant to the BCT in the operation of its duties.

The NSW Biodiversity Conservation Trust

Notes to the financial statements

For the year ended 30 June 2019

17. Financial instruments (cont'd)

The Biodiversity Stewardship Payments Fund (cont'd)

Monies held in the BSPF are invested in the following three TCorpIM investment facilities:

Facility	Investment Sectors	Investment Horizon	30 June 2019 \$'000	30 June 2018 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	8,646	10,838
Medium-term growth facility	Cash, money market instruments, Australian and International bonds, listed property, Australian shares	3 years to 7 years	20,128	9,271
Long-term growth facility	Cash, Australian shares, International shares, listed property, emerging market shares, emerging markets debt, bank loans, Inflation linked bonds, fixed interest, global credit, high yield multi-asset	Greater than 7 years	88,819	45,305

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

NSW TCorpIM as trustee for the above facilities is required to act in the best interest of the fund manager.

Investment in the TCorpIM facilities balances the BSPF's exposure to risk and returns, as it allows diversification across a pool of funds with different investment horizons and a mix of investments. As a fund manager, the BCT is obliged to prudentially manage the Biodiversity Stewardship Payment Fund. If a Biodiversity Stewardship site account has an operational deficit greater than 20 per cent, the Minister for Energy and Environment has a power, under clause 6.17(2) of the Biodiversity Conservation Regulation 2017, to decide to cease or reduce payments to the landholder for a specified period of time. The Minister also has a discretion to change the 20 per cent threshold. To date no such decisions have been made by the Minister and the BCT continues to make full payments to landholders.

Refer note 22 that details Biodiversity Stewardship Payment Fund.

18. Related party disclosures

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the BCT, directly or indirectly.

- a) The BCT's key management personnel (KMP) compensation (for Board members and the Chief Executive) is:

	2019 \$'000	2018 \$'000
Short-term employee benefits		
Salaries	671	479
Other monetary allowances	-	-
Non-monetary benefits	-	-
Total remuneration	671	479

The key management personnel compensation excludes the Minister for Energy and Environment. Ministerial compensation is paid by the NSW Legislature, not the BCT. Based on advice provided by KMPs and NSW Treasury and transactional reviews undertaken, the BCT did not enter into any transactions with key management personnel, their close family members and any entities controlled or jointly controlled thereof during the year.

- b) During the year, the BCT received funding from OEH (\$50 million), the Environmental Trust (\$11.957 million) and the Department of Planning and Environment (\$10 million), which are entities controlled by the NSW Government. These

The NSW Biodiversity Conservation Trust

Notes to the financial statements

For the year ended 30 June 2019

18. Related party disclosures (cont'd)

transactions support the BCT in meeting its objectives to deliver the State Outcome as detailed in note 5. The BCT also receives personnel services from OEH.

As at 30 June 2019, the BCT paid \$1.238 million to the Department of Planning and Environment for corporate services.

The above transactions are disclosed as fees for services, general operating expenses, grants received, personnel and corporate services expenses, and are disclosed in relevant notes to the financial statements.

19. Commitments for expenditure

(i) Conservation agreements, Biodiversity offsets and management funding contracts

- (a) **Conservation agreements:** Under its Act, BCT can enter into an agreement relating to land (conservation agreement) with the owner of the land for the purpose of conserving or studying the biodiversity of the land. Such an agreement binds the landholder to certain restrictions on the use of the land and requires them to undertake conservation management actions. As at 30 June 2019, the BCT had entered 49 funded conservation agreements with landholders. The BCT has designated \$44.9 million as restricted cash for these agreements. In addition, the BCT had offered or committed to enter a further 48 funded conservation agreements which had not been signed by the landholders as at 30 June 2019, but which are likely to be signed within the first half of 2019–20. For these agreements, the BCT expects to designate a further \$44.5 million as restricted cash. The BCT has a commitment to pay landholders an agreed amount according to their agreement on the satisfactory completion of annual conservation management actions. The expected payments to be made in the 2019-20 financial year total \$4.48 million.
- (b) **Management funding contracts:** The NCT, under its now repealed Act, could enter management funding contracts with private landholders. Such agreements bind landholders to conserve biodiversity on their land and binds NCT (now the BCT) to provide financial assistance in accordance with the agreed schedule. There are currently 20 (2018: 24) such agreements with a total outstanding obligation of \$0.36 million (2018: \$0.58 million). Refer notes 3(c) and 13.

(ii) Operating lease commitments

Entity as a lessee	2019 \$'000	2018 \$'000
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	109	54
Later than one year and not later than five years	222	146
Later than five years	-	-
Total (including GST)	331	200

* Commitments above includes input tax credits of \$.030 million (2018: \$.018 million) that are expected to be recoverable from the Australian Taxation Office.

**Operating leases are for office accommodation and motor vehicles.

20. Budget review

The budgeted amounts are drawn from the original financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below. These budgets reflect the start-up nature of the BCT being formulated with knowledge of the BCT's business and accounting advice at that time. It is anticipated that future reports will reflect a more mature knowledge of BCT business operations.

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

20. Budget review (cont'd)

	\$m
Net result	
Actual operating surplus was \$44.4 million compared to the budgeted operating deficit of (\$10.9 million) - a variance of \$55.3 million.	
The above variance was driven primarily by the accounting treatment for funded conservation agreements. At the time of budgeting it was assumed that the value of future payments associated with the funded conservation agreements would be fully expensed at the time of executing the agreements. However, following accounting advice, it was determined that the annual payments are recognised as expenses when incurred.	
Expenses:	
Overall BCT operations were under budget, mainly due to the accounting treatment described above.	56.0
The Growth Centres Program was not included in the budget as the responsibility for the acquisition of credits under the program transferred from OEH to BCT on 1 July 2018. Corresponding revenue was received during the year to fund this program.	(11.7)
Revenue:	
Receipt of unbudgeted Growth Centres funding as explained above.	11.0
Total Net Result	55.3
Assets and liabilities	
Actual net assets of \$91.0 million against the budget of \$21.6 million -variance of \$69.4 million	
<i>Total actual assets of \$102.5 million against a budget of \$22.4 million giving a variance of \$80.1 million</i>	
- Increase in retained cash from cash brought forward from the previous financial year, unbudgeted receipts from developers to offset their biodiversity obligations and cash retained from the positive operating result; biodiversity credits purchased and recorded as inventory.	80.1
<i>Total liabilities of \$11.6 million against a budget of \$0.8 million, resulting in an unfavourable variance of \$10.8 million</i>	
- Mainly due to the unbudgeted developers' contributions to offset their biodiversity obligations recorded as provisions.	(8.6)
- Other minor variances mainly in payables.	(2.2)
Total Net Assets	69.4
Cash Flow	
Closing cash of \$80.2 million against a budget of \$17.3 million giving a positive variance of \$62.9 million	62.9
Opening Cash balance - \$47.5 million, \$19.2 million positive variance to budget	19.2
Cash from Operating Activities	47.6
Net cash flow from operating activities of \$36.7 million giving a positive variance of \$47.6 million to budget	
- \$19.7 million of the payments cash budget was able to be used for BCT operations including payments to agreement holders, giving a \$54.7 million positive variance to budget. This variance to budget is due to the original budget assuming cash would flow out when committed rather than over the life of the agreement. This cash is held for future payments for private land conservation agreements, over a minimum of 15 years with the majority being in-perpetuity – \$54.7 million	
- Unbudgeted cash received for developer contributions – \$9.4 million	
- Use of cash to proactively purchase biodiversity credits – (\$17.9 million)	
- Minor items - \$1.4 million over budget	
Cash flow from Investing Activities - \$4.0 million under budget	(4.0)
- Slower than expected sale of purchased properties.	

The NSW Biodiversity Conservation Trust

Notes to the financial statements

For the year ended 30 June 2019

21. Future payments under funded conservation agreements

Under Part 5 of the *Biodiversity Conservation Act 2016*, the BCT can enter a conservation agreement relating to land with the owner of the land for conserving or studying the biodiversity of the land. The Act provides that a conservation agreement may contain terms, binding on the BCT, requiring the BCT to provide financial assistance.

The BCT receives funding from the NSW Government to deliver private land conservation programs. The BCT uses a proportion of this funding to enter conservation agreements where the current landholder receives annual conservation management payments for the term of the agreement. These funded agreements are either in-perpetuity or have a minimum term of 15 years.

When the BCT enters (or commits to enter) a funded conservation agreement with a landholder, the BCT calculates the present value of all future conservation agreement payments (PV-CAPs), using a discount rate determined by the BCT Board having considered actuarial advice, and designates this as restricted cash held in the Biodiversity Conservation Fund (BCF). On 10 September 2019, the BCT received approval from the acting Treasurer to invest cash held in the Biodiversity Conservation Fund associated with funded conservation agreements, in the Treasury Corporation Investment Management Core Funds (TCorplM funds), limited to grant revenues received by the BCT from the Climate Change Fund (refer Note 23). This approval will be for the period from 1 July 2019 to 30 June 2021. The BCT's funding and investment arrangements will be subject to a joint BCT/Treasury review during this period.

These funds and the proceeds from investment of these funds are to be used to meet the BCT's commitment to make annual conservation management payments. Future payments are not recognised as a financial liability in the financial statements of the BCT as they are dependent upon landholders undertaking the agreed management actions and providing an annual report to the BCT each year.

The BCT commissioned actuarial advice to calculate the PV-CAPs as at 30 June 2019 using risk-free rates and at a range of discount rates the BCT Board considers reasonably possible, assuming TCorplM investment post-2021 and that all future conservation management actions are undertaken in accordance with agreements and therefore all future management payments are made. The discount rates provided also have regard to the fact that a majority of these agreements are for an in-perpetuity term and in-perpetuity investments are more sensitive to movements in discount rates.

The BCT's actuaries have advised that risk free rates have been calculated from the implied yield on Australian government bonds as at 30 June 2019, yielding a single rate of 3.8% as a close approximation to the PV-CAPs calculated by risk free rates as at 30 June 2019. They note that a single discount rate estimate is specific to this valuation and should not be applied as an estimate for any or all PV-CAPs valuations. This is because the rate, which is 3.8% for this valuation, is dependent on the distribution of future payments and the shape of the risk-free rate curve at the valuation date. For the assumption of risk-free rates past the longest available Australia Government bond, the actuaries adopted an expected long-term forward rate of 5.0%. This long-term forward rate was determined from an analysis of market sentiment to long term discounting.

As at 30 June 2019, the BCT had entered 49 funded conservation agreements with landholders. The BCT has designated \$44.9 million as restricted cash for these agreements. Table 21.1 shows the PV-CAPs and net position against the assets of \$44.9 million as at 30 June 2019.

Table 21.1 – PV-CAPs and net position for active CAs at a range of possible investment returns

Discount rate (nominal)	Discount rate (real)	PV-CAPs	Net position	Adequacy
3.0%	0.5%	\$174.5 million	-\$129.6 million	26%
3.5%	1.0%	\$91.1 million	-\$46.2 million	49%
Risk-free rates	Risk-free rates	\$72.8 million	-\$27.9 million	62%
4.50%	2.00%	\$49.1 million	-\$4.3 million	91%
5.00%	2.50%	\$40.7 million	\$4.2 million	110%
5.50%	3.00%	\$35.0 million	\$9.9 million	128%
6.00%	3.50%	\$30.9 million	\$14.0 million	145%
6.50%	4.00%	\$27.8 million	\$17.1 million	162%

The NSW Biodiversity Conservation Trust

Notes to the financial statements

For the year ended 30 June 2019

21. Future payments under funded conservation agreements (cont'd)

In addition, the BCT has committed and offered to enter a further 48 funded conservation agreements which had not been signed by the landholders as at 30 June 2019, but which are likely to be signed within the first half of 2019–20. For these agreements, the BCT expects to designate a further \$44.5 million as restricted cash. Table 21.2 shows the PV-CAPs and net position against the assets of \$44.5 million as at 30 June 2019.

Table 21.2 – PV-CAPs and net position for unsigned CAs at a range of possible investment returns

Discount rate (nominal)	Discount rate (real)	PV-CAPs	Net position	Adequacy
3.0%	0.5%	\$148.2 million	-\$103.7 million	30%
3.5%	1.0%	\$81.8 million	-\$37.3 million	54%
Risk-free rates	Risk-free rates	\$68.7 million	-\$24.2 million	65%
4.50%	2.00%	\$47.8 million	-\$3.3 million	93%
5.00%	2.50%	\$40.7 million	\$3.8 million	109%
5.50%	3.00%	\$35.8 million	\$8.7 million	124%
6.00%	3.50%	\$32.2 million	\$12.3 million	138%
6.50%	4.00%	\$29.4 million	\$15.1 million	151%

Two of the rates included in tables 21.1 and 21.2 (3% and 3.5%) are lower than the implied single discount rate that would match risk-free rates. The BCT's actuaries advise it is unlikely that long term interest rates would fall and remain at that level over the long term without some reduction in the rate of inflation (assumed to be 2.5%) and that therefore the estimates of present values at these rates are considered conservative.

Based on investment strategies to be deployed by the BCT, the BCF's total adequacy ratio as at July 2019 is approximately 137%. As demonstrated in tables 21.1 and 21.2, the fund may have lower adequacy under certain investment return scenarios.

Future investment returns are inherently uncertain and, as a result, the value of assets held in the BCF may be higher or lower than the PV-CAPs at any particular time.

The BCT's prudential policies and risk mitigation strategies are aimed at optimising the net position of the BCF. The BCT will actively monitor the adequacy of the BCF and regularly:

- ☐ receive updated TCorp projections on investment returns and volatility
- ☐ seek TCorp investment advice to optimise fund investment settings
- ☐ commission independent actuarial advice on inflation and discount rate assumptions and modelling of the adequacy of the fund.

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

22. Funds, assets and future payments of the Biodiversity Stewardship Payments Fund (BSPF)

Funds in the BSPF are held on behalf of biodiversity stewardship sites and cannot be used to fund BCT operations. Hence, they are not included in the financial statements of BCT. Refer note 1(a).

Movement in Funds

	2019 \$'000	2018 \$'000
Balance at start of the period	86,569	61,094
Add: receipts (TFDs) by the Fund	37,272	23,436
Add: earnings on invested amounts in the Fund	7,645	4,364
Less: annual management payments	(9,195)	(2,237)
Remuneration of the fund manager*	88	(88)
Balance invested in the Fund	122,379	86,569

*The BCT Board has determined to waive fees for the "Remuneration of the Fund Manager" 2017-18 and 2018-19 financial years. The previous year's accrued expense was reversed in 2018-19.

Statement of Financial Position

	2019 \$'000	2018 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	4,786	21,155
Short term deposits	8,646	10,838
Total cash and cash equivalents	13,432	31,993
 Financial assets at fair value		
TCorpIM Medium Term Growth Facility	20,128	9,271
TCorpIM Long Term Growth Facility	88,819	45,305
Total financial assets at fair value	108,947	54,576
 Total current assets	122,379	86,569
LIABILITIES		
Current liabilities		
Accrued expenses	-	-
Total current liabilities	-	-
 Net assets	122,379	86,569

The NSW Biodiversity Conservation Trust

Notes to the financial statements

For the year ended 30 June 2019

22. Funds, assets and future payments of the Biodiversity Stewardship Payments Fund (cont'd)

Cash held in the Biodiversity Stewardship Payments Fund (BSPF), along with the investment earnings on the BSPF cash invested in NSW Treasury Corporation investment management funds (TCorpIM funds), is used to make annual payments to Biodiversity Stewardship Agreement (BSA) holders. Future biodiversity stewardship payments under BSAs become payable from the BSPF to landholders when they complete agreed conservation management actions.

If a BSA site account has an operational deficit greater than 20 per cent, the Minister has a discretion, under clause 6.17(2) of the Biodiversity Conservation Regulation 2017, to decide to cease or reduce payments to the agreement holder for a specified period of time. The Minister also has a discretion to change the 20 per cent threshold. To date no such decisions have been made by the Minister and the BCT continues to make full payments to landholders.

The BCT commissioned actuarial advice to calculate the present value of the future biodiversity stewardship agreement payments (PV-BSAPs) as at 30 June 2019 using risk-free rates and at a range of discount rates the BCT Board considers reasonably possible, assuming all future management actions are undertaken in accordance with agreements and therefore all future management payments are made. The discount rates provided also have regard to the fact that these agreements are for an in-perpetuity term and in-perpetuity investments are more sensitive to movements in discount rates.

The BCT's actuaries have advised that risk free rates have been calculated from the implied yield on Australian government bonds as at 30 June 2019, yielding a single rate of 3.8% as a close approximation to the PV-BSAPs calculated by risk free rates as at 30 June 2019. They note that a single discount rate estimate is specific to this valuation and should not be applied as an estimate for any or all PV-BSAPs valuations. This is because the rate, which is 3.8% for this valuation, is dependent on the distribution of future payments and the shape of the risk-free rate curve at the valuation date. For the assumption of risk-free rates past the longest available Australia Government bond, the actuaries adopted an expected long-term forward rate of 5.0%. This long-term forward rate was determined from an analysis of market sentiment to long term discounting.

For active BSAs—which is where the total fund deposit has been received in the BSPF and biodiversity stewardship agreement payments are being made—Table 22.1 shows the PV-BSAPs and net position against the assets of \$118.5 million as at 30 June 2019. The balance invested in the fund, which is \$122.4 million as shown above, includes this \$118.5 million plus \$3.9 million in partial TFD payments received for currently inactive BSAs.

Table 22.1 – PV-BSAPs and net position for active BSAs at range of possible investment returns

Discount rate (nominal)	Discount rate (real)	PV-BSAPs	Net position	Adequacy
3.0%	0.5%	\$607.7 million	-\$489.2 million	20%
3.5%	1.0%	\$322.3 million	-\$203.8 million	37%
Risk-free rates	Risk-free rates	\$261.2 million	-\$142.7 million	45%
4.50%	2.00%	\$178.4 million	-\$59.9 million	67%
5.00%	2.50%	\$149.1 million	-\$30.6 million	80%
5.50%	3.00%	\$129.4 million	-\$10.9 million	92%
6.00%	3.50%	\$115.1 million	\$3.4 million	103%
6.50%	4.00%	\$104.3 million	\$14.2 million	114%

The NSW Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2019

22. Funds, assets and future payments of the Biodiversity Stewardship Payments Fund (cont'd)

For inactive BSAs—where an agreement has been signed and passive management requirements are in place but where the total fund deposit has not yet been received, biodiversity stewardship payments are not yet being made and active management is not yet required—Table 22.2 shows the PV-BSAPs and net position against the expected assets for these BSAs of \$114.0 million.

Table 22.2 – PV-BSAPs and net position for inactive BSAs at range of possible investment returns

Discount rate (nominal)	Discount rate (real)	PV-BSAPs	Net position	Adequacy
3.0%	0.5%	\$627.2 million	-\$513.3 million	18%
3.5%	1.0%	\$331.8 million	-\$217.8 million	34%
Risk-free rates	Risk-free rates	\$261.3 million	-\$147.3 million	44%
4.50%	2.00%	\$183.2 million	-\$69.2 million	62%
5.00%	2.50%	\$153.1 million	-\$39.1 million	74%
5.50%	3.00%	\$132.9 million	-\$18.9 million	86%
6.00%	3.50%	\$118.3 million	-\$4.3 million	96%
6.50%	4.00%	\$107.2 million	\$6.8 million	106%

Two of the rates included in tables 22.1 and 22.2 (3% and 3.5%) are lower than the implied single discount rate that would match risk-free rates. The BCT's actuaries advise it is unlikely that long term interest rates would fall and remain at that level over the long term without some reduction in the rate of inflation (assumed to be 2.5%) and that therefore the estimates of present values at these rates are considered conservative.

Based on the current investment strategies deployed, the BSPF's predicted total adequacy ratio as at 30 June 2019, using the current expected return rate of 5.86%, is approximately 97%. This rate assumes the BCT Board will exercise its discretion to waive the 2019-20 fees (0.3%) for the remuneration of the Fund Manager (as it did for 2017-18 and 2018-19). As demonstrated in tables 22.1 and 22.2, the fund may have even lower adequacy under certain investment return scenarios. The BCT will work with the Department of Planning, Industry and Environment, NSW Treasury, the Minister and the NSW Government, during 2019–20, to explore options and implement any agreed measures to maintain or strengthen the adequacy position of the fund.

Future investment returns are inherently uncertain and, as a result, the value of assets of the BSPF may be higher or lower than the PV-BSAPs at any particular time.

The BCT's prudential policies and risk mitigation strategies are aimed at optimising the net position of the BSPF. The BCT actively monitors the adequacy of the BSPF and regularly:

- ☐ receives updated TCorp projections on investment returns and volatility
- ☐ seeks TCorp investment advice to optimise fund investment settings
- ☐ commissions independent actuarial advice on inflation and discount rate assumptions and modelling of the adequacy of the fund.

As at 30 June 2019, the BCT was in receipt of a further 26 applications for BSAs that have not yet been signed.

23. Events after the reporting period

Under the Administrative Arrangements (Administrative Changes – Public Service Agencies) Order 2019, dated 2 April 2019, OEH and the Department of Planning and Environment were abolished on 1 July 2019 and consolidated with the newly formed Department of Planning, Industry and Environment (DPIE). Effective 1 July 2019, BCT receives personnel and corporate services from DPIE.

On 10 September 2019, the BCT received approval from the acting Treasurer to invest cash held in the Biodiversity Conservation Fund associated with funded conservation agreements in TCorpIM facilities, limited to grant revenues received by the BCT from the Climate Change Fund. This approval will be for the period from 1 July 2019 to 30 June 2021. The BCT's funding and investment arrangements will be subject to a joint BCT/Treasury review during this period. (Refer Note 21).

End of audited financial statements.

Appendices

Governance

The BCT Board is directly accountable to the Minister for Energy and Environment (Minister), and operates within the *Biodiversity Conservation Act 2016*, the Biodiversity Conservation Regulation 2017, and the Biodiversity Conservation (Savings and Transitional) Regulation 2017.

The BCT Board ensures compliance with a comprehensive governance framework developed to inform operational processes, including; finance, programs and service delivery, reporting responsibilities and administrative requirements.

The BCT Chief Executive Officer (CEO) is accountable to the Board for BCT operations and to the Deputy Secretary Policy, Strategy and Science within the Department of Planning, Industry and Environment (DPIE) for employment and administrative purposes.

Boards and subcommittees

Board

The BCT Board is constituted under Part 10.3 of the *Biodiversity Conservation Act 2016*, in response to the legislative provision for a BCT Board consisting of no less than five, and no more than 11 members appointed by the Minister.

Frequency of meetings

The BCT Board Charter notes that the Board expects to meet six times each year. Additional meetings may be convened as necessary and out-of-session decisions are able to be made as agreed by the Chairperson. The Board met six times in 2018-19 and there were five out-of-session discussions.

Members

Name	Position	Term of appointment	Meeting attendance
The Hon Robert Hill AC	Chairperson	25 August 2017 – 24 August 2020	6* of 6 meetings (*Partial attendance on 24/5/19)
Ms Virginia Malley	Deputy Chairperson	25 August 2017 – 24 August 2022	5 of 6 meetings (apology 28/2/19)
Dr Neil Byron	Member	11 October 2018 – 24 August 2022	4 of 4 meetings

Ms Renata Brooks	Member	25 August 2017 – 24 August 2020	6 of 6 meetings
Dr David Freudenberger	Member	11 October 2018 – 24 August 2020	2 of 4 meetings (apologies 7/12/18 and 28/2/19)
Mr Duncan McGregor	Member	25 August 2017 – 24 August 2022	6 of 6 meetings
The Hon Gary Nairn AO	Member	25 August 2017 – 24 August 2020	6 of 6 meetings
Mr Russell Taylor AM	Member	25 August 2017 – 24 August 2022	6 of 6 meetings

Method of appointment

On 15 December 2016, the Minister for the Environment approved the appointment of six members to the BCT Board following a recruitment process involving; position advertisement and establishment of an assessment panel to select suitable nominees.

NSW Cabinet approval was then sought for the recommended appointments. Also, as required under the *Biodiversity Conservation Act 2016*, the Minister for the Environment consulted with the Minister for Planning and the Minister for Primary Industries for BCT Board appointments.

An additional two Board members were appointed in October 2018 based on recommendations by the then Minister for Primary Industries and Minister for the Environment. Both appointments were supported by the Minister for Planning and were approved by NSW Cabinet.

As defined in Schedule 8 Clause 2 of the *Biodiversity Conservation Act 2016*, the persons appointed as members of the Biodiversity Conservation Trust Board are to be persons who, in the opinion of the Minister for the Environment, have skills and experience in one or more of the following areas:

- Increasing public knowledge, understanding and appreciation of the importance of biodiversity by private landholders and other community members
- Protection and conservation of biodiversity
- Management of natural resources, including agricultural land
- Agricultural land production systems
- Land use planning and operation of local councils
- Marketing, fundraising, communications and stakeholder engagement
- Economics and financial management (including investment fund management)
- Information technology
- Law, governance and administration
- Decision making and leadership.

Audit and Risk Committee

The role of the Audit and Risk Committee (ARC) is to provide independent assistance to the Board by monitoring, reviewing and providing advice about the BCT's governance

processes, risk management and control frameworks, and its external accountability obligations. The ARC does not have any executive powers but is directly responsible and accountable to the Board for the exercise of its responsibilities. Staff from the Audit Office of New South Wales regularly attend meetings.

Frequency of meetings

The ARC Charter notes that the committee will meet at least four times per year, and a special meeting may be held to review the Trust's annual financial statements. The committee met six times this year and there were three out-of-session discussions.

Members

Name	Position	Term of appointment	Meeting attendance
Ms Renata Brooks	Chairperson	25 August 2017 – 24 August 2020	6 of 6 meetings
Mr David Black	Independent, Non-board Member	13 April 2018 – 24 August 2020	6 of 6 meetings
Dr Neil Byron	Member	11 October 2018 – 24 August 2022	2 of 2 meetings
Ms Virginia Malley	Member	25 August 2017 – 24 August 2022	6 of 6 meetings
Mr Duncan McGregor	Member	25 August 2017 – 24 August 2022	6 of 6 meetings

Method of appointment

Under the ARC Charter, the Board appoints the Chairperson and members of the committee. The committee is to consist of at least three (3) members, and no more than five (5) members. Members are appointed for an initial period not exceeding three years, after which they are eligible for extension or reappointment for a further two terms subject to a review of their performance by the Board (noting that a total term on the committee will not exceed nine years). At least one member of the committee must have accounting or related financial management experience with an understanding of accounting and auditing standards in a public-sector environment.

David Black (Independent Member)

David Black has more than 25 years' experience as a chartered accountant, including 11 years' experience as an audit partner at Deloitte Touche Tohmatsu. David holds a Master of Business Administration from Durham University, United Kingdom and has completed the Company Directors Course Diploma at the Australian Institute of Company Directors.

David has worked with audit committees across a wide range of Commonwealth and state government entities and departments, as well as Australian Securities Exchange listed

organisations. David is a fellow of both Chartered Accountants Australia and New Zealand and the Institute of Chartered Accountants in England and Wales.

Programs and Delivery Committee

The role of the Programs and Delivery Committee (PDC) is to provide advice to the Board by considering BCT management proposals regarding programs and delivery work. The committee does not have any executive or decision-making powers but is directly responsible and accountable to the Board for the exercise of its responsibilities.

Frequency of meetings

The PDC has a Charter, which notes that the committee will meet as required, with much of its work anticipated to be managed out-of-session and via teleconferences. The inaugural meeting was held 8 March 2018; the committee met five times this year and there were three out-of-session discussions.

Members

Name	Position	Term of appointment	Meeting attendance
Ms Virginia Malley	Chairperson	25 August 2017 – 24 August 2022	5 of 5 meetings
Dr David Freudenberger	Member	11 October 2018 – 24 August 2020	2 of 2 meetings
The Hon Robert Hill AC	Member	25 August 2017 – 24 August 2020	4 of 5 meetings (apologies 14/11/18)
The Hon Gary Nairn AO	Member	25 August 2017 – 24 August 2020	4 of 5 meetings (apologies 18/7/18)
Mr Russell Taylor AM	Member	25 August 2017 – 24 August 2022	5 of 5 meetings

Method of appointment

The BCT Board established the PDC as a sub-committee of the Board, pursuant to clause 29 of the BCT Board Charter. The Board appointed the Chairperson and members of the PDC from within the BCT Board membership.

Public Fund Management Committee

This year the Board approved the terms of reference for the BCT Public Fund Management Committee. The committee is responsible for managing the Biodiversity Conservation Trust Public Fund (the Public Fund) on behalf of the BCT. Management of the Public Fund

involves compliance with requirements of the *Biodiversity Conservation Act 2016* (BC Act) which includes ensuring that: the Public Fund is not-for-profit; only certain money and property specified in the BC Act is held in the Public Fund; and money and property held in the Public Fund is used by the BCT only for its principal purpose. The committee does not have any executive or decision-making powers but is directly responsible and accountable to the Board for the exercise of its responsibilities.

Frequency of meetings

No meetings were held in 2018-19. The committee will meet twice each year, and additionally if required. The Chair may call meetings at any time and if requested to do so by the Board or another committee member.

Membership

Until membership is determined, the BCT Audit and Risk Committee is acting as the committee.

Method of appointment

Under the terms of reference, the BCT Board appoints the Chair and three other members of the committee.

BCT committees and representation

BCT Executive Committee

The role of the Executive Committee is to be a key leadership forum for collective dialogue, debate and discussion; to inform decision making by the BCT's leadership team. No formal decision-making powers are delegated from the Minister, Board or Chief Executive Officer to the Executive Committee. The BCT Executive Committee therefore works as a group to inform and support all members in the exercise of each member's own authority and responsibilities. Resolutions of the BCT Executive Committee will be consistent with formal delegations for decision making.

Frequency of meetings

The BCT Executive Committee has terms of reference which note that the committee meets monthly. The committee met 10 times this year.

Members

Name	Position	Term of appointment	Meeting attendance
Paul Elton	Chairperson	25 August 2017 to ongoing	8 of 10 meetings
Carolyn Davies	Member	25 August 2017 to ongoing	10 of 10 meetings
Alan Goodwin	Member	October 2017 to ongoing	9 of 10 meetings

Method of appointment

The Executive Committee Terms of Reference states that the BCT Chief Executive Officer, Director Programs, and the Director Regional Delivery are members of the committee.

Work Health and Safety Committee

The role of the Work Health and Safety (WHS) Committee is to provide a joint forum for staff and management to monitor the effectiveness of the WHS management systems and processes, and to assist in the development of effective workplace solutions. The committee is advisory only. Reports are provided to the Executive Committee monthly, and to the Audit and Risk Committee quarterly.

Frequency of meetings

The BCT WHS Committee has terms of reference which note that the committee meets monthly. The committee met five times this year.

Members

Name	Position	Term of appointment	Meeting attendance
Alan Goodwin	Chairperson	31 October 2018 to 30 October 2020	5/5
Angela Goodfellow	Member	31 October 2018 to 30 October 2021	5/5
Tania Rose	Member	31 October 2018 to 30 October 2021	5/5 (includes 1 proxy)
Stephen Bladwell	Member	31 October 2018 to 30 October 2021	3/5
Kathryn Collins	Member	31 October 2018 to 30 October 2021	4/5 (includes 1 proxy)
Scott Jaensch	Member	31 October 2018 to 30 October 2021	5/5
Cassie Douglas	Member	31 October 2018 – 30 October 2021	4/5
Simone Garwood	Member	November 2018 – October 2021	4/5
Paul O’Keefe	Member	November 2018 – October 2021	5/5 (includes 2 proxy)
Paula Pollock	Member	November 2018 – October 2021	5/5 (includes 1 proxy)

Method of appointment

Calls for expressions of interest were invited from all BCT regions and branches. This resulted in mostly one representative from each area of BCT business. When two people from the same area of business nominated, they were invited to discuss and agree on who would represent the area.

Legislation and legal changes

The BCT was constituted with the commencement of the *Biodiversity Conservation Act 2016* on 25 August 2017. The Biodiversity Conservation Regulation 2017 and the Biodiversity Conservation (Savings and Transitional) Regulation 2017 also provide the wider legislative framework.

The Minister made several amendments to the Biodiversity Conservation (Savings and Transitional) Regulation 2017. Some transitional arrangements for the biodiversity offsets scheme that were due to expire were extended and clarifications to the types of projects captured by the biodiversity offsets scheme were made. There were no judicial decisions affecting the BCT or landholders during 2018-19.

In 2018-19 the BCT drafted a compliance policy for private land conservation agreements under Part 5 of the NSW *Biodiversity Conservation Act 2016* (BC Act). The BCT is responsible for establishing, supporting and monitoring all new and existing private land conservation agreements across NSW. While the BCT may initiate civil enforcement proceedings to remedy or restrain a breach of an agreement, we see our role as being primarily to support voluntary compliance with agreement terms and conditions through landholder support and education.

The compliance policy sets out the approach the BCT will take in any apparent situation where a landholder is or may be allegedly failing to comply with the provisions of their agreement. The primary purpose of the compliance policy is to outline how the BCT will conduct appropriate, fair and proportionate compliance assurance. Our compliance approach is risk based and aligns with the BCT's risk appetite statement. There were two escalated compliance matters in 2018-19. One was resolved and one has an agreed process in place with the landholder to resolve the matter. No matters of breaches of the BC Act have been referred to OEH.

Public interest disclosures

Public authorities are required to prepare an annual report on their obligations under section 31 of the *Public Interest Disclosures Act 1994*. Information for BCT on public interest disclosures (PIDs) for the period 1 July 2018 to 30 June 2019 is in accordance with Clause 4 of the Public Interest Disclosures Regulation 2011.

The BCT Public Interest Disclosure Internal Reporting Policy (2018) is consistent with the NSW Ombudsman's model policy. The BCT acts to ensure that the staff awareness of responsibilities under section 6E(1)(b) of the *Public Interest Disclosures Act 1994* are met by providing access to relevant information and training.

No PIDs were made during the 2018-19 reporting year from public officials performing their day to day functions, under a statutory or other legal obligation.

Privacy management

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

BCT's Privacy Management Plan outlines how we comply with the principles of the PPIP Act and the *Health Records and Information Privacy Act 2002*. The BCT's commitment to privacy is available via the BCT website.

In 2018-19 the BCT received no requests under Section 15 of the PPIP Act to amend personal information, internal review, other privacy complaints or misdirected complaints.

Public access

An Instrument of Authorisation under the *Government Information (Public Access) Act 2009* (GIPA) authorises BCT delegates to exercise functions under the provisions of the GIPA Act.

The BCT continues to rely on administrative arrangements with DPIE where requests for information are managed centrally. DPIE receives requests, liaises with applicants, administers associated application fees and allocates to relevant areas within the cluster. The BCT provides records for DPIE to review, assess and release records relevant to the request.

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

Proactive release program

Under section 7(3) of the GIPA Act and Clause 7(a) of the GIPA Regulation, agencies are required to review their program for the release of government information to identify the kinds of information that can be made publicly available every 12 months. The BCT proactively releases information on the BCT website periodically as and when information is available and in the public's best interest.

Statistical information on access applications

Under clause 7 and Schedule 2 of the GIPA Regulation, statistical information must be provided about the formal access applications received by the BCT under section 9 of the GIPA Act, during the last financial year.

During the reporting period, the BCT did not directly receive any applications, including withdrawn applications, and thus did not refuse any, wholly or in part. The BCT did contribute to five access applications, providing relevant information to community members and groups in 2018-19.

Consumer response information

The Complaint Management Policy and the Unreasonable Complainant Conduct Policy provide guidance to staff including the BCT's dedicated customer relations officer. BCT established processes to handle public feedback and complaints with efficiency and with courtesy.

This year BCT received three complaints and five compliments. The BCT is keen to ensure that all complaints are assessed and resolved in a responsive manner, and this year drafted a customer service charter and guarantee. More information is available at the BCT's website.

Overseas travel by employees

No business-related overseas visits by employees and officers occurred this year.

Human resources

BCT Senior Executives

	2017-18				2018-19		
Band	Male	Female	Total		Male	Female	Total
Band 4 Secretary	0	0	0		0	0	0
Band 3 Deputy Secretary	0	0	0		0	0	0
Band 2 Executive Director	0	1	1		0	1	1
Band 1 Director	1	1	2		1	1	2
Total	1	2	3		1	2	3

Notes:

Based on employees who are ongoing in a role as at 30 June 2019

Average remuneration of Senior Executives

Band	Range 2017-18 (\$)	Average remuneration 2017-18 (\$)	Range 2018-19 (\$)	Average remuneration 2018-19 (\$)
Band 4 Secretary	463,551 - 522,500	0	475,151 - 548,950	0
Band 3 Deputy Secretary	328,901 - 463,550	0	337,101 - 475,150	0
Band 2 Executive Director	261,451 - 328,900	328,898	268,001 - 337,100	337,100
Band 1 Director	183,300 - 261,450	245,666	187,900 - 268,000	251,808

10.38 per cent of the BCT's employee-related expenditure in 2018 was related to Senior Executives or senior executive equivalent as reported in the BCT Annual Workforce Profile.

Senior Executive officers

Paul Elton

Chief Executive Officer

BE MEngSc MIPAA GAICD

In July 2017, Paul Elton was appointed Chief Executive Officer of the NSW Biodiversity Conservation Trust.

Paul commenced his career in the private sector and has since had 25 years' experience working in portfolio and central agency roles with the NSW and Commonwealth governments. In the mid-2000s, Paul was Executive Director, Natural Resources and Economic Development Policy with the NSW Department of Premier and Cabinet. He then spent four years working with the Department of Prime Minister and Cabinet supporting the COAG Reform Council.

In NSW, Paul has worked across numerous sectors. Paul has had a significant focus on environment protection and biodiversity conservation, including climate change policy, and the intersection of environmental policy with policy and programs in areas such as energy, resources, forestry, water management, infrastructure, land use planning and development assessment.

From 2012 to 2017, Paul was Executive Director Policy with the Office of Environment and Heritage. As part of this role, Paul led the development of the land management and biodiversity conservation reforms across government. He was instrumental in designing the role of the Biodiversity Conservation Trust, the private land conservation program and the biodiversity offsets scheme.

Dr Carolyn Davies

Director Programs

B.Nat.Res(Hons) M.Econ M.Train.Dev PhD GAICD

Carolyn has 25 years' experience in state and federal governments and tertiary institutions working in the fields of water management, water and energy savings and environmental programs.

Her most recent roles are Director of OEH's Environmental Programs Branch from 2013 to 2016, and during 2017 leading the OEH's Private Land Conservation Branch, including responsibility for preparing for the establishment of the BCT.

Carolyn was appointed Director Programs of the BCT in September 2017.

Alan Goodwin

Director Regional Delivery

AFSM

Alan Goodwin has extensive experience in land and conservation management and is currently the BCT's Director, Regional Delivery. As part of the executive team, Alan is focused on aligning strategic and operational outcomes through executive leadership.

Prior to the BCT, Alan held the positions of Regional Director and then Chief Fire Officer with the Victorian Department of Environment, Land, Water and Planning. Alan also worked for the Department of Natural Resources and Environment, followed by several years with Forestry Tasmania.

Alan has 30 years' experience of working with state, national and international industry and government agencies in public land, environmental and emergency management in shaping government policy. Alan is also the proud recipient of the Australian Fire Service Medal in recognition as a distinguished member of the Australian Fire Services.

Staff profile by employment basis

As at 30 June 2019:

The following table does not include Senior Executives.

	2017-18		2018-19	
Level	Male	Female	Male	Female
Permanent full time	25	26	24	31
Permanent part time	1	9	1	8
Temporary full time	3	1	3	4
Temporary part time	0	1	0	1
Contract - Senior Executive Service (SES)	0	0	0	0
Contract - non-SES	0	0	0	0
Training positions	0	0	0	0
Retained staff	0	0	0	0
Casual	0	0	0	0
Board Member	5	2	7	2
Total	34	39	35	46

Exceptional movements in remuneration

A salary increase of 2.5% effective in the first full pay period of July 2019 was paid to clerical officers in accordance with the *Crown Employees (Public Sector - Salaries 2017) Award*.

Workforce diversity

Overall diversity

Respect is a core value of the BCT Culture Vision - we aim to promote and maintain an environment where colleagues, landholders and stakeholders feel valued and safe. The BCT Board is committed to building a workforce that is reflective of the wider community and values the principles of equity and diversity.

This year a respectful workplace action plan was drafted to complement the Department's Respectful Workplace Policy 2015 and related statement and procedures, as well as the Code of Ethics and Conduct 2015. The action plan aims to raise awareness to ensure that staff are familiar with their rights and responsibilities in maintaining a respectful workplace. The BCT takes a proactive approach to promote a safe and open organisational culture of inclusion, where diversity is valued, discrimination is prevented and we raise concerns when we witness or experience intolerance. This is underpinned by training and resources including the mandatory training *Workplace Bullying* module as well as processes and tools to identify, mitigate, and address issues.

The BCT is guided by the Department of Planning and Environment (DPE) Multicultural Plan 2018 - 2021 and DPE Disability Inclusion Action Plan 2015-2019. In 2018-19 the BCT undertook recruitment in roles identified for Aboriginal and Torres Strait Island candidates as well as recruitment targeted to people with disability. All staff were recruited using the NSW Government Capability Framework.

The BCT accesses diversity initiatives and resources from Cluster Corporate Services Diversity team including Cluster Women in Senior Leadership Mentoring Program and training programs. Staff are encouraged to be involved with networks including the DPIE Aboriginal Network, Spokeswomen's Program, Cluster Rainbow Connection (LGBTIQ+ community), Cluster Disability Employee Network, and the Young Professionals Network.

In 2018-19 the BCT hosted an R U OK? Day event to raise awareness and promote resources to support colleagues experiencing mental health conditions. We also hosted an event to promoting International Day Against Homophobia, Biphobia and Transphobia.

This year the BCT offered ongoing employment to a staff member who commenced last year as an intern via CareerSeekers, a non-profit organisation supporting Australia's humanitarian entrants into professional careers.

Trends in the representation of workforce diversity groups

As at 30 June 2019:

The following table does not include Board members.

Workforce Diversity Group	Benchmark (2017-2018)	2017-18	2018-19
Women in Senior Leadership	50.0%*	33.0%*	33.3%
Aboriginal and/or Torres Strait Islander People	3.0%**	1.5%	2.67%
People whose First Language Spoken as a Child was not English	23.2%***	6.0%	5.33%
People with a Disability	5.6%****	3.0%	2.67%
People with a Disability Requiring Work-Related Adjustment	N/A	0.0%	0.0%

*The benchmark of 50 per cent for representation of women across the sector is intended to reflect the gender composition of the NSW community. Note that the per centage for 2017-18 has been re-adjusted to reflect only SEB1 and above positions (the previous figure included management level positions).

**The *NSW Working together for a better future*: the NSW Public Sector Aboriginal Employment Strategy 2019-2025 sets an aspirational target that Aboriginal employees represent 3% of all staff in non-executive salary classes.

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

****Family and Community Services set a target of 5.6 per cent of all staff with a disability or those requiring work-related adjustment to be reached by 2027.

Multicultural engagement

BCT will commence reporting on multicultural engagement in 2019-20. BCT is guided by the DPE Multicultural Plan 2018 - 2021 and 5.3% per cent of staff note that the first language they spoke as a child was not English.

Disability action plan

BCT will commence reporting on disability inclusion in the workplace and services in the community in 2019-20. BCT is guided by the DPE Disability Inclusion Action Plan 2015-2019.

This year BCT conducted targeted recruitment for candidates with disability. Approximately 3 per cent of staff note they have disability. BCT staff are preparing to relocate to Parramatta from Sydney CBD. The relocation plan takes into account workplace adjustments and the needs of people with disability to ensure the new workspace is suitable. Workplace adjustments can include but is not limited to physical attributes, disability, injury or illness and includes both temporary or permanent conditions.

Indigenous employment and development

The BCT conducted targeted recruitment for Aboriginal and/or Torres Strait Island people. BCT has approximately 3 per cent of staff who identify as Aboriginal and/or Torres Strait Island people. BCT's Employee Assistance Provider is able to assist Aboriginal and Torres Strait Island staff in a culturally safe way.

This year we co-developed a Cultural Appreciation Training program with an Aboriginal owned and operated training organisation. The program be rolled out in 2019/20.

Online Aboriginal and Torres Strait Island Cultural Awareness training is available for all BCT staff and were developed in consultation with Aboriginal staff.

BCT staff participated in a range of activities to celebrate and learn about NAIDOC (National Aborigines and Islanders Day Observance Committee) and this year's theme 'Voice. Treaty. Truth. Let's work together.'

Gender equity

In 2018-19, 59% per cent of staff identify as female. The BCT continued to support and participate in the Planning and Environment Cluster Women in Senior Leadership Mentoring Program; two staff members are involved. The program is designed to build talent pipeline to meet the Premier's Priority of 50 per cent of women in senior leadership roles by 2025.

This year the BCT staff participated in Spokeswomen, an employee led network that provides training, support, networking opportunities and advocates for women's issues in the workplace. This is in line with the NSW Public Service Commission (PSC) and as part of the NSW Premier's Strategy for gender equity. BCT staff participated in the following Spokeswomen programs:

One staff member attended the 'Women in Leadership' two-day training program. The course is designed to develop women's leadership and management skills to move into people leader roles and make a positive impact in their organisation and their life.

One staff member attended the Springboard Program. The four workshops develop non-management staff to achieve their career potential, have greater influence at work and be empowered to create the future they want.

The BCT is proud that two female and one male staff were nominated for Spokeswomen award in recognition of International Women's Day.

Work health and safety

The BCT is committed to improving Work Health and Safety (WHS). The BCT WHS Committee started in November 2018, founded on Executive-approved terms of reference. Representatives contribute from all BCT regions and branches as well as the Executive. This year the committee focused on developing WHS policies, procedures and field safety

processes. An internal audit on WHS compliance was undertaken and the committee will be instrumental in implementing recommendations during 2019-20.

Many staff participated in the BCT 'Wellbeing in the workplace' lunch and learn session. The session focused on physical, psychological, intellectual, and social wellbeing and, linking in to RUOK? Day, included a conversation with a Department of Planning and Environment representative on mental health. The voluntary and free Quadrivalent influenza vaccination was offered to all staff during April and May. All staff and their family are also able to access *Fitness Passport*, a low cost, flexible gym and pool membership program at a selection of fitness facilities.

Although the BCT is not required to report on WHS matters until 2019-20, it is worth noting that in its second reporting year there were 13 reported WHS incidents with over a third related to insect interactions. Other incidents included minor vehicle and traffic events, cuts from field work, food poisoning, and dehydration.

Procedures are in place to address these matters including guidelines for protecting against insect bites, correct application of chemical treatments, and working in extreme weather conditions. The fieldwork First Aid Kit now includes hydrating powder. All staff received communication on these procedures as reminder of their importance and mitigating activity.

One negative interaction occurred indirectly (via social media) with a member of the public and staff. The BCT drew on a policy on aggressive behaviour to ensure relevant action took place which included interaction with the NSW Police and a debrief process with staff and the BCT Board. The BCT also held an internal debrief with the staff involved resulting in some meaningful immediate corrective actions.

Industrial relations

In 2018-19, the BCT was able to raise industrial relation matters to the OEH Joint Consultative Committee (JCC). Consultation between BCT and unions in the newly formed Department of Planning, Industry and Environment (DPIE) continues through the Environment, Energy and Science Joint Consultative Committee (EES JCC) and the overarching DPIE JCC.

Managing misconduct and employment tribunal matters

The BCT adheres to the OEH Code of Ethics and Conduct 2016, and the DPE Managing Misconduct and Serious Misconduct 2015.

BCT had no Industrial Relations Commission (IRC) nor NSW Civil and Administrative Tribunal (NCAT) matters.

No misconduct matters were raised.

Workplace grievances

Respect is a core value of the BCT Culture Vision, we aim to promote and maintain an environment where we all feel valued and safe in a workplace that is respectful and welcoming.

BCT adheres to the DPE Respectful Workplace Policy 2015 as the primary process for resolving workplace grievances. This year the BCT developed a respectful workplace action plan and staff are currently being consulted on the draft. Implementation is scheduled to occur in 2019-20.

No workplace grievance matters were raised.

Funding and expenditure

Internal Audit and Risk Management Attestation for the 2018-19 Financial Year for the NSW Biodiversity Conservation Trust

I, the Honourable Robert Hill, Chair of the Board of the NSW Biodiversity Conservation Trust, am of the opinion that the NSW Biodiversity Conservation Trust has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the Internal Audit and Risk Policy for the NSW Public Sector, specifically:

Core Requirements	Compliant, non-compliant or in transition
1. Risk Management	
Core Requirement 1.1: The agency head is ultimately responsible and accountable for risk management in the agency.	Compliant
Core Requirement 1.2: A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO31000:2009.	Compliant
2. Internal Audit	
Core Requirement 2.1: An internal audit function has been established and maintained.	Compliant
Core Requirement 2.2: The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing.	Compliant
Core Requirement 2.3: The agency has an Internal Audit Charter that is consistent with the content of the 'model charter.' Committee	Compliant
3. Audit and Risk Committee	

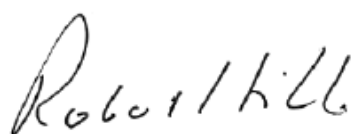
Core Requirement 3.1: An independent Audit and Risk Committee with appropriate expertise has been established.	Compliant
Core Requirement 3.2: The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.	Compliant
Core Requirement 3.3: The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.	Compliant

Membership

The chair and members of the Audit and Risk Committee are:

- Independent Chair, Ms Renata Brooks, appointed 21 September 2017 to 24 August 2020
- Independent Member, Mr David Black, appointed 13 April 2018 to 24 August 2020
- Independent Member, Dr Neil Byron, appointed 11 October 2018 to 24 August 2022
- Independent Member, Ms Virginia Malley, appointed 21 September 2017 to 24 August 2022
- Independent Member, Mr Duncan McGregor, appointed 21 September 2017 to 24 August 2022

These processes demonstrate that the NSW Biodiversity Conservation Trust has established and maintained frameworks, including systems, processes and procedures for appropriately managing audit and risk within the NSW Biodiversity Conservation Trust.



The Hon. Robert Hill AC

Chair of the Board of the NSW Biodiversity Conservation Trust

Date: 13 September 2019

Agency Contact Officer

Emily McCosker, Chief Audit Executive

02 8289 6734

Audit and risk management

The BCT's Audit and Risk Committee (ARC) complies with the requirements of the NSW Treasury Policy TPP15-03. The ARC provides independent assistance to the BCT Board by monitoring, reviewing and providing advice about BCT governance processes, risk management and control frameworks, and its external accountability obligations.

Internal audit

The BCT internal audit function provides an independent and objective review and advisory service to provide assurance to the Board and the ARC, that the BCT's financial and operational controls are designed to manage the BCT's risks and achieve its objectives, and are operating in an efficient, effective and ethical manner. It also assists management in improving the BCT's performance.

The Manager Strategy and Governance acts as the Chief Audit Executive (CAE) and oversees the internal audit function, with the role accountable to the Chief Executive Officer and the Chair of the ARC. Oakton Services Pty Ltd is the internal audit service provider sought from the NSW Government pre-qualified scheme. Internal audit reports are submitted through the CAE to the ARC.

This year the internal audit plan of the BCT was reviewed resulting in a risk-based Strategic Internal Audit Plan 2018/19 – 2021/22. The strategy and supporting annual internal audit plans are comprehensively reviewed each year to cater for changes in the operating environment and identify appropriate audits. Annual internal audit plans are endorsed by the ARC and approved by the Board.

In 2018-19, three internal audits were undertaken, providing insight into the Biodiversity Stewardship Payments Fund, work health and safety, and program/project management. The program audit report was submitted to the ARC outside of this financial year. Risks are controlled through the implementation of agreed recommendations which are monitored by the ARC and reported to the Board.

Risk

During the year the BCT strengthened its risk management – a crucial element of organisational resilience. Oakton Services Pty Ltd was contracted to facilitate the review of the Risk Management Framework against better practice and NSW Treasury requirements. This included a strategic workshop with the ARC and risk awareness training sessions for BCT staff. Following ARC and Board approval, the BCT is committed to improving its overall risk maturity from repeatable/systematic to systematic/embedded over the next two to three years, based on NSW Treasury Standards and Guidance. To achieve this a roadmap and detailed implementation plan has been developed.

A significant update to the BCT Risk Appetite Statement, a key component of the organisational Risk Management Framework, was endorsed by the Board this year, following recommendation by the ARC. The introduction of a 'six capitals' approach focuses risk tolerance on the areas of social and relationship, financial, human, natural, intellectual, and manufactured capital. Each capital may have several enterprise-level risks with the appetite for each risk being conservative, neutral, or open.

**Cyber Security Annual Attestation & Evidence of Certification Statement for
the 2018/2019 Financial Year for**

Biodiversity Conservation Trust.

I, Paul Elton, am of the opinion that Biodiversity Conservation Trust had an Information Security Management System in place via Planning, Industry and Environment Cluster Corporate Services during the 2018/2019 financial year that is consistent with the Mandatory requirements set out in the NSW Government Cyber Security Policy and have managed cyber security risks in a manner consistent with this policy.

Risks to the information and systems of Department of Planning Industry and Environment have been assessed and are managed.

Governance is in place to manage the cyber-security maturity and initiatives by Department of Planning Industry and Environment.

There exists a current cyber incident response plan for Department of Planning Industry and Environment which has been tested during the reporting period.

Planning and Environment Cluster Corporate Services has maintained certified compliance with ISO 27001 Information technology - Security techniques - Information security management systems - Requirements by an Accredited Third Party (BSI) during the 2018/2019 financial year (Certificate Number is IS 645082).



Paul Elton
Chief Executive Officer

Biodiversity Conservation Trust

Date: 16 August 2019

Consultants

Consultancies of \$50,000 or more

There were no consultancies of \$50,000 or more in 2018-19.

Consultancies of value less than \$50,000

Consultancy category	Cost (\$) inc GST
Program	
O'Connor Marsden & Associates	2,645.50
Graz Prophet Consulting	3,423.75
Umwelt (Australia) Pty Ltd	10,777.58
Total number of individual consultancies with a value less than \$50,000	16,846.83

Insurance

Areas of risk and related insurance costs (exc GST)	2018-19 (\$)
Workers compensation	-
Public liability	1,100
Property	1,870
Motor vehicles	2,330
CTP Vehicle Insurance	8,791
Miscellaneous (fire-fighting fund)	-
Miscellaneous (other)	250
Total	14,341

Major capital works 2016-17

Land disposal

There was no land disposal of value greater than \$5,000,000 that would have required disposal by way of public auction or tender in 2018-19.

Payment of accounts

Quarterly aged analysis – account values (\$)

Quarter	Current (i.e. within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 61 and 90 days Overdue	More than 90 days Overdue
All suppliers					
September	673,115	58,435	329	-	50
December	1,471,188	17,455	14,114	1,542	892
March	595,647	25,936	1,663	379	1,081
June	1,041,045	109,834	957	53	57,214
Small business suppliers					
September	2,681	1,403	-	-	-
December	5,077	-	-	-	-
March	9,403	21	-	-	-
June	5,301	-	-	-	-

Accounts due or paid within each quarter

Measure	Sep 2018	Dec 2018	Mar 2019	Jun 2019
All Suppliers				
Number of accounts due for payment	590	766	558	588
Number of accounts paid on time	534	732	520	558

Actual percentage of accounts paid on time (based on number of accounts)	90.5%	95.6%	93.2%	94.9%
Dollar amount of accounts due for payment	731,929	1,505,190	624,705	1,209,103
Dollar amount of accounts paid on time	673,115	1,471,188	595,647	1,041,045
Actual percentage of accounts paid on time (based on \$)	92.0%	97.7%	95.3%	86.1%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

Accounts due or paid within each quarter: small business suppliers

Measure	Sep 2018	Dec 2018	Mar 2019	Jun 2019
Small business suppliers				
Number of accounts due for payment to small businesses	4	4	7	2
Number of accounts due to small businesses paid on time	3	4	5	2
Actual percentage of small business accounts paid on time (based on number of accounts)	75.0%	100.0%	71.4%	100.0%
Dollar amount of accounts due for payment to small businesses	4,084	5,077	9,443	5,301
Dollar amount of accounts due to small businesses paid on time	2,681	5,077	9,403	5,301
Actual percentage of small business accounts paid on time (based on \$)	65.6%	100.0%	99.6%	100.0%
Number of payments to small business for interest on overdue accounts	-	-	-	-
Interest paid to small businesses on overdue accounts	-	-	-	-

Grants

In 2018-19, the BCT granted \$40,000 to the Community Environment Network to support delivery of Land for Wildlife programs.

Index

Aims and objectives	13-14	Office addresses and contact numbers (access)	2
Budgets	74-75, 77, 98-99	Organisational chart	59-60
Business and service hours (access)	2	Overseas travel (promotion)	114
Charter	13	Payment of accounts	126-127
Consultants	125	Public interest disclosures	112
Consumer response	113	Privacy management	112-113
Contents and index	4, 128	Risk management and insurance activities	94-97, 123, 125
Cyber security	124	Senior executive service statistics	114-115
Disability inclusion action plan	118-119	Summary review	5-8, 13-18
Employment statistics	116	Time for payment of accounts	126
External production costs	128	Website address	2
Financial statements	67-105	Workforce diversity	117
Funds granted	127	Workplace health and safety	119-120
Government Information (public access)	113		
Human resources	116-120		
Identification of audited financial statements	72, 105		
Internal audit and risk management policy attestation	121-122		
Investment	102		
Land disposal	126		
Legal change	112		
Letter of submission	3		
Management and activities	15-57		
Management and structure	61-64, 106-111, 115-116		
Multicultural policies and services program	118		

