

Annual Report 2020-21



Biodiversity
Conservation
Trust



Acknowledgement of Country

The NSW Biodiversity Conservation Trust acknowledges the Traditional Custodians throughout NSW and recognises their ongoing connection to land, waters, biodiversity and culture. We pay our respects to their Elders past, present and emerging, and commit to genuinely, collaboratively engage and partner with Aboriginal people in the delivery of our private land conservation programs.

Private land within NSW often contains various forms of significant sites and features within the landscape. Aboriginal Cultural Values are connected to Country, including waterways, mountains, wetlands, floodplains, hills, sandhills, rock outcrops and the biodiversity within these geological features. Many of these features are known to have cultural value and contain culturally significant sites. These elements of the landscape can be associated with Dreaming stories and cultural learning.

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Photo by: Joel Stibbard / BCT

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Letter of submission

The Hon Matt Kean MP
Treasurer and Minister for Energy and Environment
GPO Box 5341
SYDNEY NSW 2001

Dear Treasurer

Subject: NSW Biodiversity Conservation Trust Annual Report 2020-21

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 2020 to 30 June 2021. In addition, the report contains the audited financial statements and appendices as required by legislation.

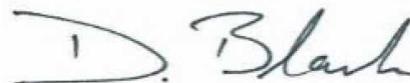
The report also incorporates the Annual Report of the Biodiversity Stewardship Payments Fund for the year ending 30 June 2021, which the BCT is required to provide in its role as fund manager under s6.37(1) of the Biodiversity Conservation Act 2016.

The report was prepared in accordance with the provisions of the Annual Reports (Statutory Bodies) Act 1984, the Government Sector Finance Act 2018, regulations under those Acts and NSW Treasury Circular TC15-19.

Yours sincerely



The Hon. Niall Blair
Chair of the Board of the NSW
Biodiversity Conservation Trust



Mr David Black
Chair of the NSW Biodiversity
Conservation Trust Audit and Risk
Committee

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Message from the Chair



The Hon. Niall Blair

Chair of the Board of the NSW Biodiversity Conservation Trust

I am pleased to present the Annual Report of the NSW Biodiversity Conservation Trust (BCT) for 2020-21.

The BCT continues to partner with landholders across NSW to enhance and conserve biodiversity. This partnership is essential in order for us to achieve our vision of vibrant private land conservation areas that protect our unique and diverse plants and animals.

The role of the BCT and landholders in private land conservation is vital. With more than 70 per cent of the biodiversity of NSW being located on private land, conservation areas managed by private landholders are essential to achieving biodiversity conservation.

Since joining the BCT Board in December 2020, I have been impressed with the progress the BCT is making in supporting and expanding private land conservation in NSW. This report sets out the BCT's achievements in 2020-21.

The BCT is taking an innovative approach to encouraging and supporting landholders to participate in private land conservation. The BCT delivers the NSW Government's investment of \$70 million per annum primarily through its core private land conservation programs. Under these programs, the BCT uses a range of delivery mechanisms to encourage and support landholders to participate in private land conservation, including fixed price offers, conservation tenders, voluntary applications, grants, co-investment partnerships and a revolving fund.

In total, the BCT is currently managing 2085 PLC agreements with

landholders over more than 2.245 million hectares, representing more than 2.8 per cent of the landmass of NSW. The BCT provides financial and technical support to assist these landholders in managing their conservation areas.

The BCT also plays important roles to support the operation of the NSW Biodiversity Offsets Scheme, along with raising awareness about the importance of biodiversity and conservation.

While the BCT has achieved much since its inception in August 2017, we continue to set ambitious targets for ourselves. The BCT's new four-year Business Plan, recently approved by the Minister for Energy and Environment, sets three aspirational aims, which are to:

- enter 400 private land conservation agreements with landholders
- secure 200,000 hectares of new conservation areas
- protect examples of another 50 unique under-represented NSW Landscapes.

I would like to take this opportunity to thank the previous Chair and other members of the BCT Board who left the BCT over this year. Without their vision, enthusiasm and drive, the BCT would not be the thriving organisation it is today. Over the next 12 months I look forward to seeing the BCT, its landholders and our partners continuing to achieve significant and ongoing biodiversity conservation outcomes across our state.

A handwritten signature in black ink, appearing to be 'Niall Blair', written in a cursive style.



Message from the Chief Executive



Paul Elton

Chief Executive
Officer of the
NSW Biodiversity
Conservation Trust

It is with great pride that I reflect on the achievements of the BCT over not just the last 12 months, but over the four years since its creation.

The establishment of the BCT in August 2017 marked the beginning of an important new element to achieve the conservation of biodiversity in NSW. Recognising the importance of private landholders as managers and stewards of our biodiversity, the NSW Government invested significant funds to ensure the biodiversity on private land could be effectively protected and managed.

Four years on, the success of our programs shows that the landowners of NSW were ready to embrace this new approach. Our programs have been fully subscribed and we are building on our early successes with innovative new approaches such as co-investment partnerships.

The success of the BCT is also a testament to the dedication and perseverance of our staff. Over the last 12 months, as the COVID-19 pandemic continued to close borders and shut down cities, our staff persisted in delivering programs, adapting to new ways of working and interacting with our landholders and customers.

Despite these difficulties, the BCT still managed to enter 86 agreements protecting biodiversity on private land, adding 35,800 hectares to the private protected area network in NSW.

On behalf of the BCT Executive, I would like to thank all our staff for their contribution to our success over

the last four years, and the outcomes of the last 12 months. I would also like to thank the BCT Board, including our new Chair, the Hon. Niall Blair, for their commitment, guidance and support.

Finally, I would like to thank the 2085 landholders participating in private land conservation. Without your commitment to conserving and managing the biodiversity on your properties, we would not be able to achieve our goals.

We will continue to work with landholders and our other partners to progress our vision of vibrant private land conservation areas protecting our unique and diverse plants and animals.

2020–21 Highlights

- Since we launched our first programs in March 2018, the BCT has completed **13 conservation tenders** and **four rounds of fixed price offers**.
- So far under our private land conservation (PLC) programs, **285 landholders** have signed or plan to sign a conservation agreement with the BCT, creating **conservation areas across 129,000 hectares**.
- During the 2020–21 financial year, the BCT entered **50 partnership conservation agreements or wildlife refuge agreements**, **17 funded conservation agreements**, and **19 biodiversity stewardship agreements**.
- So far, the BCT's new agreements have sampled **five unrepresented and 86 under-represented NSW landscapes**, exceeding the Biodiversity Conservation Investment Strategy (BCIS) target of 30 by 2023.
- The BCT has previously reported a higher number of threatened species and threatened ecological communities (TECs). An audit revealed that some had been double counted. The BCT has now verified that our new agreements protect **at least 137 unique threatened species and at least eight TECs**. Our new agreements are likely to have protected several more TECs as we have not yet verified the numbers for our partnership conservation agreements or for five of 13 conservation tenders. The BCT will update these numbers once all data has been verified.
- Around **two-thirds* of the BCT's investment in funded conservation agreements is flowing to graziers, farmers or mixed farming enterprises**. This enables these landholders to manage parts of their properties for biodiversity conservation with a diversified source of income.
- During 2020–21, we made payments to funded conservation agreement holders worth **\$5.1 million**, and at 30 June 2021 we had **\$143.3 million** held in trust and invested to support the 152 funded agreements entered (or committed) to date.
- During 2020–21, we made payments to biodiversity stewardship agreement (BSA) holders worth **\$8.9 million**, and at 30 June 2021 we had **\$176.2 million** held in trust and invested to support the 211 BSAs entered to date.
- During 2020–21, we paid **\$1,501,768 in grants** to holders of partnership conservation agreements, across 60,100 hectares of conservation areas.
- So far, **212 developers** have made payments worth **\$48.1 million** into the Biodiversity Conservation Fund (BCF) to transfer their offset obligations to the BCT.
- During 2020–21, the BCT conducted **1,092 site visits** and **7,781 interactions** with our landholders.
- In total, the BCT is now managing **2,085 PLC agreements** with landholders over more than **2.245 million hectares**, representing **2.8 per cent of NSW**.

The BCT's [website](#) provides more information about [getting involved](#), the [outcomes of our private land conservation programs](#), the [outcomes of our Biodiversity Offsets Program](#), and [private land conservation in NSW](#). We also maintain a [public register of agreements](#).

** May vary depending on the landuse type of a successful bid under BCT's Conservation Management Program.*

2020-21 Challenges

Natural disasters

The BCT has provided support to landholders who continue to be affected by the 2019-20 bushfires through our Bushfire Recovery Project. Statewide, 290 of the 2000 properties in the BCT private land conservation network were affected, and the BCT has provided more than \$500,000 in Conservation Partners Grants to landholders with conservation areas affected by fires. Landholders receiving grants can use payments to assist with fencing, erosion control, pest and weed control, and track maintenance. The BCT has collaborated with and facilitated landholder access to other support as well, such as Local Land Services fencing and pest control, and National Parks and Wildlife Service and Rural Fire Service track works.

The BCT has also continued to provide support to landholders affected by the 2017-2019 drought and 2020-21 floods through our Conservation Partners Grants. Eligible landholders were able to access targeted grant funding to assist in restoring the conservation values of impacted properties. The BCT also assisted landholders with ecological and technical advice to help in assessing ecological impacts of natural disasters, and assist with conservation area regeneration, weed management or pest control.

BCT programs can assist in providing a diversified farm income, assisting in mitigating the financial impacts of natural disasters.

COVID-19

The impact of COVID-19, including travel and other restrictions, continued to cause some disruption to BCT business operations. The BCT had to pause or implement additional safety measures for field work in relation to conservation tenders, fixed price offers, applications for agreements and ecological monitoring. COVID-19 also continued to impact BCT events, with field days, conferences and educational events postponed, rescheduled, or redesigned as virtual events.

The BCT has continued to adapt and implement new ways of working in a COVID-19 context as restrictions varied through the year. This included only attending sites with landholder agreement, and continuing to operate under strict field protocols to ensure the health and safety of the staff and landholders.

Funds and investment management

The BCT has continued its role in the prudential management of the Biodiversity Conservation Fund (BCF) and the Biodiversity Stewardship Payments Fund (BSPF), including making full payments to all holders of funded conservation agreements or biodiversity stewardship agreements, where conservation management actions have been completed.

The BCT is continuing to work with the Department of Planning, Industry and Environment to make improvements to the Biodiversity Offsets Payment Calculator and how we manage the adequacy of the BSPF.

About the BCT

The BCT is a statutory, not-for-profit body established under Part 10 of the *Biodiversity Conservation Act 2016* (the Act) to deliver private land conservation programs under Part 5 of the Act. The BCT also has roles in the NSW Biodiversity Offsets Scheme, under Part 6 of the Act.

The BCT is part of the portfolio of the NSW Minister for Energy and Environment (Minister) and is part of the Planning, Industry and Environment cluster.

Our vision

Vibrant private land conservation areas protecting our unique and diverse plants and animals.

Our purpose

Partnering with landholders to enhance and conserve biodiversity.

Our statutory object

The object of the BCT, as stated in the Act, is to protect and enhance biodiversity by:

- Encouraging landowners to enter into co-operative arrangements for the management and protection of the natural environment that is significant for the conservation of biodiversity.
- Seeking strategic biodiversity offset outcomes to compensate for the loss of biodiversity due to development and other activities.
- Providing mechanisms for achieving the conservation of biodiversity.
- Promoting public knowledge, appreciation and understanding of the value of biodiversity and the importance of conserving biodiversity.

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

Landholder Support Program

As at 30 June 2021, the BCT was managing 2085 private land conservation (PLC) agreements with landholders over more than 2.245 million hectares. This represents more than 2.8 per cent of NSW.

These landholders gain access to technical support and information through our staff, our website and other resources. We recognise that every landholder's situation is different, so we tailor our support and are flexible to meet the needs of the business or individual. We provide over the phone support, conduct workshops and field days, encourage local networks, provide newsletters and on-site visits.

In 2020–21, the BCT focused on providing support for landholders impacted by natural disasters: drought, fire and flood. BCT ecologists offered technical knowledge and advice to landholders in conservation ecology and vegetation management. BCT staff demonstrated a continued commitment to landholders, following up with phone calls or site visits.

The BCT continued to develop technical guidelines to assist landholders in managing biodiversity and establishing agreements on their land.

During 2020–21, the BCT finalised the Biodiversity Stewardship Agreement Landholder Guide, Total Fund Deposit Guideline for Biodiversity Stewardship Agreements and the Essential Conservation Fencing Infrastructure - Guidelines, Standards and Cost Benchmarks.

These and other guidelines can be found on the BCT's [website](#).

In 2020–21, the BCT:

- delivered 23 information sessions for landholders across the State, introducing the BCT to rural communities and explaining what we can offer
- supported landholders through 1092 site visits and regular telephone support
- participated in a wide range of events including field days and workshops to share skills and knowledge
- continued to develop a user-friendly website for landholders and other stakeholders to access information on BCT programs, fact sheets and technical guidelines, with more than 36,000 visits to the site.

Grazing management workshop *case study*

In June 2021, the BCT's Central West-Western regional team hosted a workshop for BCT landholders in the area that focused on grazing as a conservation management tool.

The event was held on a property near Narromine NSW, owned by one of nine landholders successful in the BCT's recent Central West Rivers conservation tender. Twenty BCT agreement-holders attended, including others from the Central West Rivers tender, in addition to representatives from Landcare NSW and Local Land Services (LLS).

At the workshop, BCT staff provided information about the use of grazing as a tool for managing biodiversity in a conservation area. Landholders were given resources to assist them to assess and measure the condition of native vegetation in their conservation areas to meet BCT requirements for grazing included in their conservation agreements. Resources included a sward height ruler, quadrat for measuring ground cover, weed handbook and a simple guide to assessing and monitoring native vegetation condition.

BCT ecologists provided presentations on native versus invasive species in the region and led a walk-through of the conservation area on the property, where landholders were able to practice identifying species.

A local representative from LLS also spoke about pest animal management in conservation areas and how LLS can assist landholders with problematic pests.

The workshop was well received, providing landholders with the opportunity to connect with their conservation colleagues in the region and learn more about grazing best practice in their conservation areas.



Species advice for revegetation *case study*

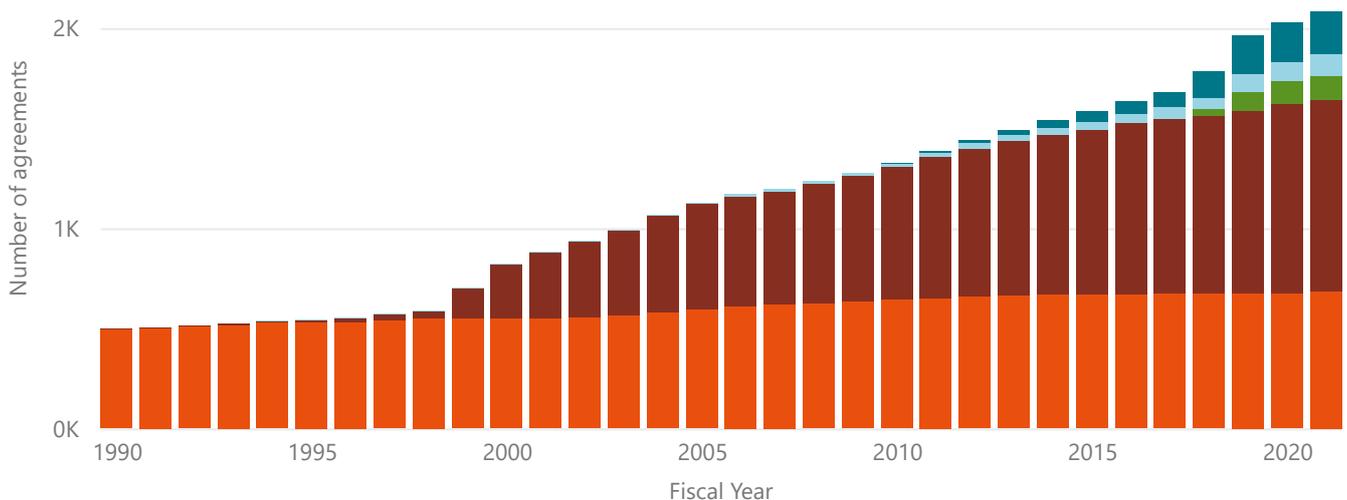
David Sloane signed a recent conservation agreement for his property in the Murray Riverina, which protects endangered inland grey box woodland and adjoining native dog swamp. David has been working with his sister, Helen Huggins, a fellow BCT landholder and renowned conservation ambassador in the Savernake region, to install a new fence with support from his annual management payments.

As part of the Landholder Support Program, BCT staff inspected the completion of the fence and revegetation works and provided advice on new species they discovered germinating in the area. They also recommended additional species to plant to increase biodiversity.

The fence will assist with controlling access of stock grazing to only very short periods when the wetland is dry. David is now working on restoring additional areas of woodland to add to the conservation agreement.

Landholder Support Program *outcomes*

All private land conservation agreements 1990 to current



All PLC agreements managed by the BCT

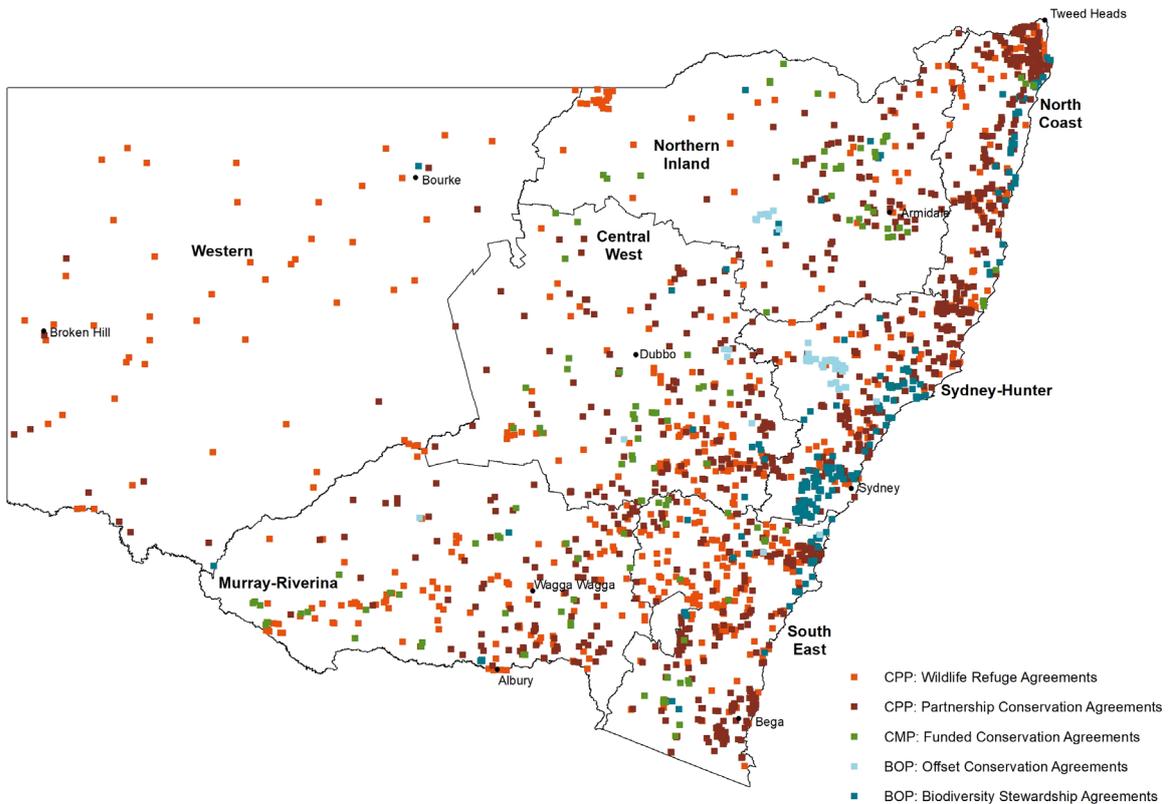
Activity type	Number
CPP: Wildlife refuges (pre-BCT)	677
CPP: Registered property agreements (pre-BCT)	289
CPP: Trust agreements (pre-BCT)	119
CPP: Voluntary conservation agreements (pre-BCT)	428
CPP: Wildlife refuge agreements (BCT)	7
CPP: Conservation agreements (BCT)	126
CMP: Funded, term conservation agreements (BCT)	34
CMP: Funded, in-perpetuity conservation agreements (BCT)	86
BOP: Offset conservation agreements (pre-BCT)	56
BOP: Offset conservation agreements (BCT)	52
BOP: Biodiversity stewardship agreements (pre-BCT)	188
BOP: Biodiversity stewardship agreements (BCT)	23
Total number all agreements	2,085

CPP – Conservation Partners Program

CMP – Conservation Management Program

BOP – Biodiversity Offsets Program

Map of all private land conservation agreements



Landholder support activity

4423

Interactions by email

1631

Interactions by phone

1727

Interactions by other method

642

Total no. site visits to existing landholders

21/565

Total no. of events/landholder attendees

Conservation Management Program

The Conservation Management Program (CMP) aims to encourage and support private landholders in priority investment areas or with conservation assets identified in the Biodiversity Conservation Investment Strategy (BCIS) to participate in private land conservation.

The CMP provides a unique opportunity for participating landholders to diversify their income by conserving and managing native vegetation and biodiversity on their land. The BCT uses four delivery mechanisms under the Conservation Management Program: fixed price offers; conservation tenders; revolving fund; and co-investment partnerships.

Fixed price offers

The BCT offers a fixed price per hectare per annum in priority investment areas, targeting areas within the least protected biological subregions that contain threatened ecological communities, habitat for threatened species or important wetlands. This is the BCT's core mechanism to encourage landholders to consider entering an agreement with the BCT. Landholders can express interest at any time to enter a funded, in-perpetuity conservation agreement. Landholders can also apply for an essential infrastructure grant to assist with establishing a conservation area.

The BCT assesses applications on a value for money basis in one or two batches each year, subject to the available investment budget.

The BCT completed the third and fourth batches of fixed price offers during 2020-21. The third batch resulted in eight in-perpetuity conservation agreements covering 1829 hectares. These conservation areas contain endangered ecological communities such as inland grey box woodland and the critically endangered white box-yellow box-Blakely's red gum grassy woodland, and sample eight NSW landscapes that are not adequately protected within the protected area system.

The fourth batch covered Central and Eastern NSW, and Western Lands Division for the first time, with a minimum size of 500 hectares per property in that region to be conserved and managed for biodiversity. For Central and Eastern NSW, two conservation agreements are being established, covering 185 hectares. For Western Division, two conservation agreements are being established, covering 27,537 hectares. These conservation areas contain the threatened ecological community of white box-yellow box-Blakely's red gum woodland, under-represented landscapes (including Murray Channels and Floodplains; Ursino Sandplains, White Cliffs Tablelands and Downs) and will protect habitat for two endangered species (booroolong frog and southern bell frog).

The fifth batch will be completed in 2021-22. Expressions of interest for the sixth batch are open until March 2022.

Conservation tenders

The BCT uses conservation tenders to target priority investment areas and conservation assets listed in the Biodiversity Conservation Investment Strategy (BCIS). Each year, the BCT may call for landholders in priority 1 to 3 investment areas, or other locations containing conservation assets, to express interest in participating in a conservation tender. Landholders can offer to enter an in-perpetuity or term (minimum 15 years) agreement.

In 2020-21, the BCT completed three conservation tenders. The Southern Highlands koala habitat tender, delayed following the 2019-20 bushfires, resulted in seven conservation agreements covering 2579 hectares. The area covered by these agreements contains important koala habitat and includes locally significant, preferred feed trees. By securing koala habitat on private land, the agreements improve connectivity and facilitate movement between formal reserves.

Royland, near Armidale, joins the BCT through a fixed price offer case study

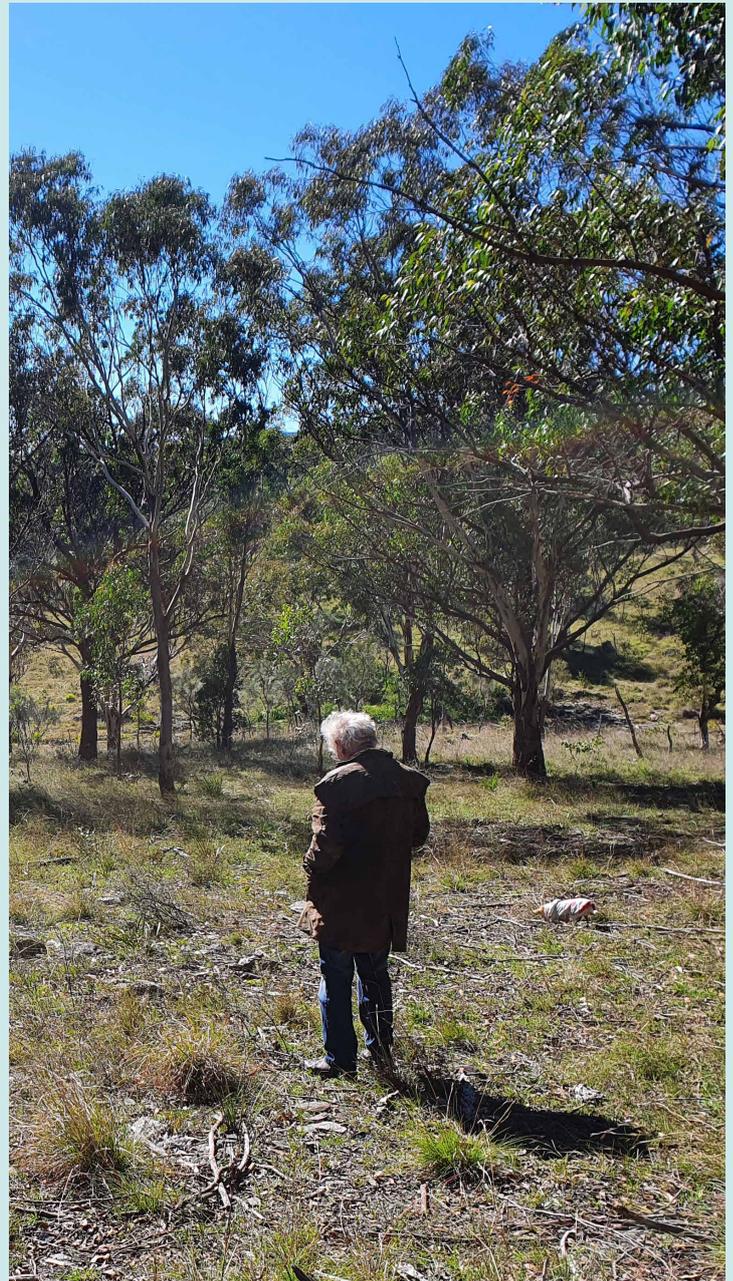
Rob and Wendy Gribble have recently signed a conservation agreement for their property Royland, as part of the BCT's fixed price offer.

Royland is situated on Dyers Range south east of Armidale. Rob and Wendy frequently visit the property and, travelling across from the coast, they enjoy the change in scenery and special sights like the wedge-tailed eagles soaring across the escarpment. Royland contains critically endangered grassy box woodland that provides habitat for a range of threatened species such as the nationally endangered spotted-tailed quoll (*Dasyurus maculatus*).

The conservation agreement will guarantee Rob and Wendy a fixed payment each year, for the continued protection and management of their conservation area, including control of invasive weeds and pest animals.

Rob and Wendy say it is a 'great result to know that the flora and fauna on Royland will be permanently looked after under the conservation agreement.'

The BCT looks forward to continuing this partnership with Rob and Wendy. A part of this will be continued support, advice and site visits.



The Southern Highlands koala population has been identified as a high priority for investment because it represents the largest known population of koalas in southern NSW, comprising around 10 per cent of the total NSW population. The BCT has invested \$28.7 million to fund the annual conservation management payments to these landholders.

The snow gum woodland and grassland tender (north) resulted in six conservation agreements covering 944 hectares. The tender focused on conserving remnant patches of the critically endangered snow gum woodlands and grasslands within the Yass Valley, Goulburn Mulwaree, Queanbeyan Palerang and Upper Lachlan local government areas.

The Northern Inland floodplains tender resulted in nine conservation agreements covering 27,821 hectares. The new conservation areas contain important habitat for a number of threatened species, particularly wetland-dependant bird species such as the bush stone curlew and the barking owl. These agreements will help conserve threatened ecological communities such as coolibah-black box woodland, brigalow woodland, weeping myall woodland and Mitchell grass grasslands.

Another four tenders commenced during the year for plains-wanderer habitat, snow gum woodlands and grasslands (south), Lower Clarence Valley, and Paroo and Warrego Rivers. These tenders will be completed in 2021-22.



A koala habitat success story in the Southern Highlands *case study*

In 1978, five families banded together to purchase a 100-hectare bush property near Mittagong in the Southern Highlands. Now, more than 40 years later, three generations of landholders are protecting and enjoying its biodiversity.

The company, formed by the five families when they purchased the land, meets regularly to discuss its management. In 2020, the company agreed to bid in the BCT's Southern Highlands koala habitat conservation tender and found out later that year that they were successful. This means that habitat for koalas and threatened species such as the yellow-bellied glider, spotted-tailed quoll, scarlet robin and glossy black-cockatoo are protected in-perpetuity by a conservation agreement registered on the title of the land.



This agreement comes with ongoing annual management payments, which will be used to fix fencing, control weeds and address a wild pig problem, as well as other management activities.

Habitat loss, through urban development and vegetation clearing, as well as the need to connect small populations, was a significant driver for running a conservation tender in the Southern Highlands. The intention was to create a network of conservation areas on private lands which would be protected in-perpetuity and provide safe havens for koalas to shelter, forage and move between.

Revolving fund

The revolving fund is used opportunistically to purchase high conservation value properties. The BCT then sells these properties to buyers willing to enter a conservation agreement or biodiversity stewardship agreement. All property purchases under our revolving fund must meet strict business case requirements and are approved by the BCT Board.

Properties currently available for purchase from the BCT are advertised on our website and through local real estate agents. During the year, the BCT bought two properties and sold (or 'revolved') two properties for which the new owners have entered conservation agreements, securing 1170 hectares under the CMP. As at 30 June 2021, the revolving fund was holding four properties for sale, totalling 2271 hectares proposed for conservation under the CMP.

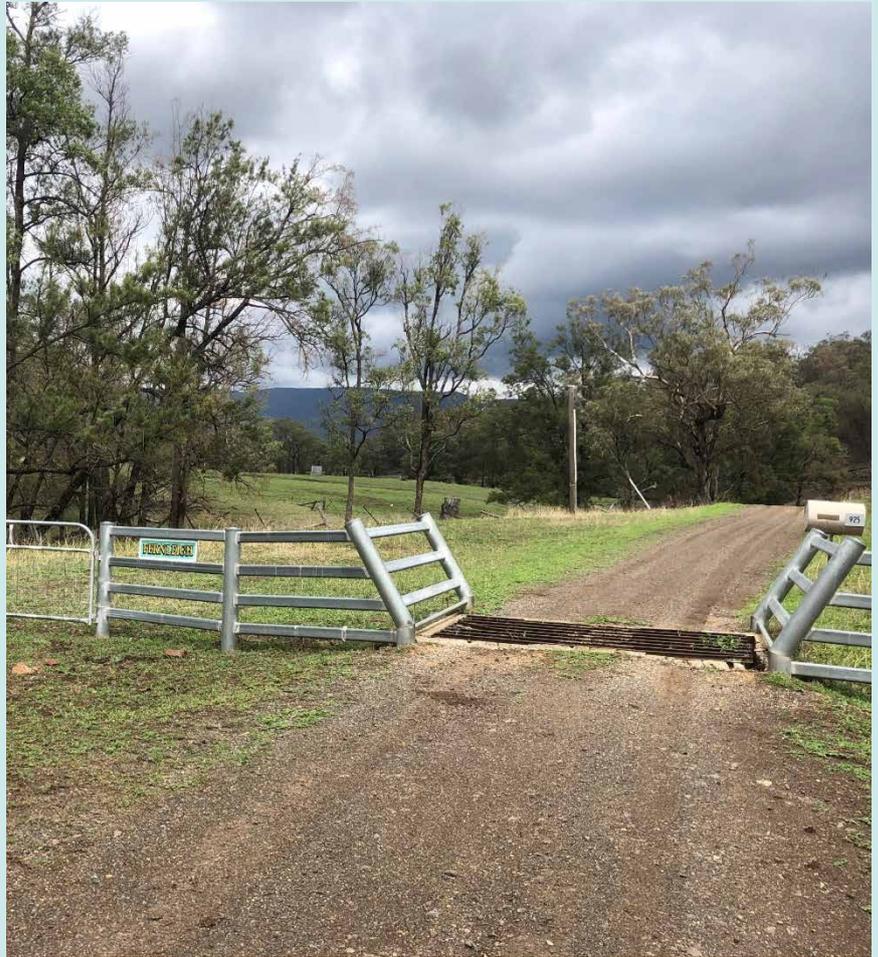
Fernleigh ‘revolved’ case study

Fernleigh is the fifth property to be bought and sold through the BCT. This property now has a permanent conservation area, protecting the land’s biodiversity in-perpetuity.

Mal Coleman, Fernleigh’s new owner, agreed to purchase the property and enter a conservation agreement with the BCT. The agreement includes annual funding for managing Fernleigh for biodiversity conservation outcomes. Mr Coleman says he could not be happier with his purchase.

“I’m a regenerative farmer so was interested in a property with good soil carbon and a healthy ecosystem,” said Mr Coleman.

“I couldn’t imagine anything better than a conservation agreement with annual funding that will improve my agricultural output while providing important habitat for native wildlife.”



Co-investment partnerships

In April 2020, the BCT launched a new delivery pathway for private land conservation called co-investment partnerships. The core purpose of this new mechanism is to attract third-party investors to partner with the BCT and landholders to achieve large-scale, high-value private land conservation outcomes and complementary socio-economic outcomes.

The BCT will consider participating in projects sponsored by landholders and co-investors on merit, on a case-by-case basis, through an expression of interest and business case process.

For example, the BCT may enter a partnership with a proposed landholder and a co-investor, where a proposed buyer (for example, an Indigenous corporation) proposes to manage some identified high conservation value land for conservation, a co-investor (for example, a conservation non-government organisation) proposes to use philanthropic capital to assist the proposed landholder to procure the land and take some proportion of it out of production, and the BCT will bring the benefits of the protection of a statutory agreement and annual conservation management payments.

During 2020-21, the BCT received two expressions of interest for co-investment partnerships. The proposed partners have been invited to develop and submit a detailed business case.

Conservation Management Program *outcomes*

New conservation agreements (number/hectares/dollars invested) cumulative

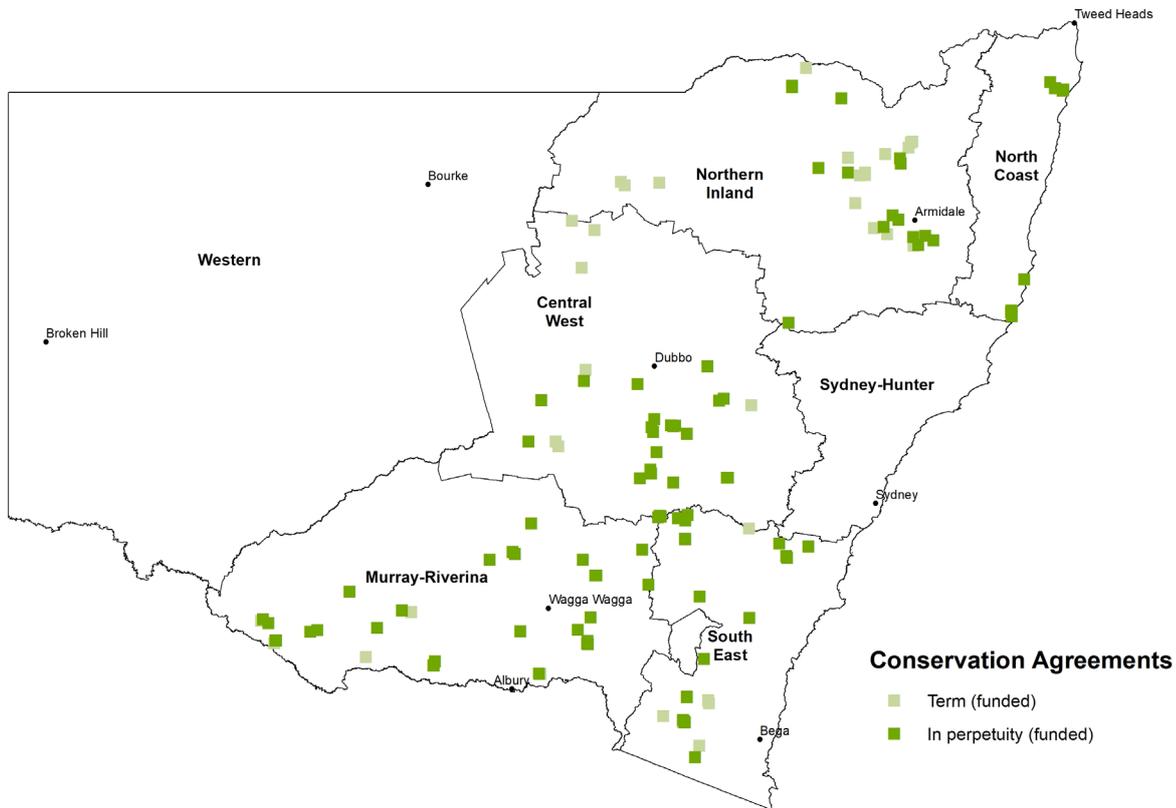


CMP activity

Aug 2017 to current

Activity type	Number
Conservation agreements signed by CEO/approved by BCT Board	120/152
Total hectares under conservation agreements (term/in-perpetuity)	11,329/25,920
Total number of properties revolved under a funded conservation agreement	4
Fixed price rounds underway/completed	1/4
Conservation tenders underway/completed	2/13
Under-represented landscapes sampled	52
Unrepresented landscapes sampled	4
Threatened ecological communities protected	8
Threatened species protected	88
Priority investment areas 1, 2 & 3 area (ha) protected	28,477

Map of new conservation agreements



Key performance indicators

5

Unrepresented landscapes sampled*

\$143.3m

Assets held to support CAs*

86

Under-represented landscapes sampled*

\$5.1m

Conservation management payments made in the last 12 months

*across Conservation Management and Conservation Partners Programs

The BCT has previously reported a higher number of threatened species and threatened ecological communities (TECs). An audit revealed that some had been double counted. The BCT has now verified that our new agreements protect at least 137 unique threatened species and at least 8 TECs. The BCT will update these numbers once all data has been verified.

Conservation Partners Program

The Conservation Partners Program (CPP) is for landholders wishing to permanently protect and conserve biodiversity on their land. Landholders who are not seeking or not eligible for conservation management payments under the CMP can apply to enter an in-perpetuity conservation agreement at any time.

All landholders with a partnership agreement with the BCT can apply at any time for a conservation partners grant, to assist them to maintain the ecological values of their properties. For example, a landholder may need funding to manage a pest or weed outbreak or to repair a fence to manage stock. Landholders who participate in the Wildlife Land Trust program run by Humane Society International can also apply for BCT grants. From 1 February 2021 the BCT has funded the Community Environment Network to provide grants directly to members of its Land for Wildlife Program.

The BCT uses five delivery mechanisms under the CPP: landholder applications for wildlife refuge agreements, landholder applications for partnership conservation agreements, revolving fund, third-party funded agreements, and conservation partners grants.



Buddha Dhamma Conservation *case study*

In 2017, Ajahn Khemavaro*, the abbot monk from Wat Buddha Dhamma, purchased a 500-hectare ex-logging property, next to Dorrigo National Park on the North Coast. The purchase was made through the Wat Buddha Dhamma monastery as a place for meditation, where monks could visit periodically for periods of quiet reflection.

Together with the BCT, Ajahn has set up a unique conservation area as part of a new in-perpetuity conservation agreement under the Conservation Partners Program. The area had to accommodate a series of meditation platforms and similar infrastructure where visiting monks could experience the landscape and wildlife with minimum impact.

The property is home to a variety of threatened species, including the spotted-tail quoll and greater glider, houses old-growth forests and even a threatened ecological community (montane peatlands and swamps of the New England Tableland, NSW North Coast, Sydney Basin, South East Corner, South Eastern Highlands and Australian Alps).

**Ajahn is the Thai name given to any abbot of a Buddhist monastery. It translates in English as “professor” or “teacher”. For the purpose of this case study the word Ajahn is used instead of a first name.*

Landholder applications for wildlife refuge agreements

In 2020-21, the BCT:

- received nine applications from landholders for wildlife refuge agreements
- entered three wildlife refuge agreements with landholders across 155 hectares.

Landholder applications for partnership conservation agreements

In 2020-21, the BCT:

- received 118 applications from landholders for partnership conservation agreements
- entered 47 conservation agreements under the CPP with landholders across 25,051 hectares.

Revolving fund

In 2020-21, the BCT sold one revolving fund property, securing 210 hectares via a conservation agreement under the CPP. Three of the properties held by the revolving fund included a total of 128 hectares proposed for conservation under the CPP.

Conservation partners grants

The BCT's conservation partners grants are designed to assist private land conservation 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 all landholders with an agreement with the BCT or who participate in the Humane Society International program, which does not include annual conservation management payments. The BCT also supports the Community Environment Network to provide grants directly to members of the Land for Wildlife Program.

In 2020-21, the BCT:

- entered 112 new grant agreements, with a further 53 grant applications being assessed, including 16 applications from fire-impacted sites
- paid \$1,501,768 in grant payments to support landholders, which included some special additional payments to support bushfire recovery.

Grant funding for flood damage in the Mid North Coast *case study*

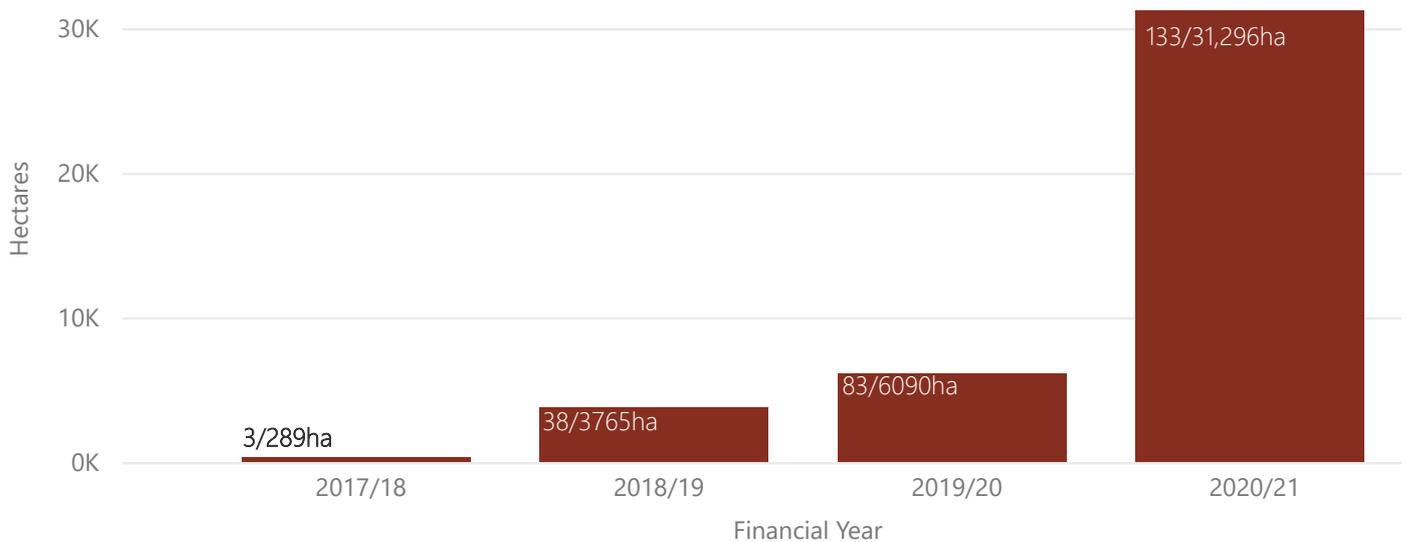
Ross Moylan, his wife Shari Keeper, and his sister Lyn Moylan, own Kenwood, a property in Lansdowne on the Mid Coast region. Kenwood previously had a wildlife refuge agreement in place, but they upgraded this to a conservation agreement in 2020 to better protect the rainforest gullies that run up to cliffs and caves on the edge of the adjacent Coorabakh National Park.

Unfortunately, during the heavy rainfall and floods that hit the region in early 2021, a landslide occurred during the night between the two houses, destroying a rainforest gully and forcing Ross to run across it to rescue his sister. The damage resulting from the landslide opened the property up for further erosion and had a significant impact on surrounding biodiversity.

Ross asked the BCT for assistance with erosion control so the area could be rehabilitated. The BCT funded works run by the Soil Conservation Service to stabilise the damaged agreement area under a conservation partners grant, which was approved and signed in June 2021. As this is a natural disaster grant, the three years of funding will be used up front to support the critical needs of the landholders.

Conservation Partners Program *outcomes*

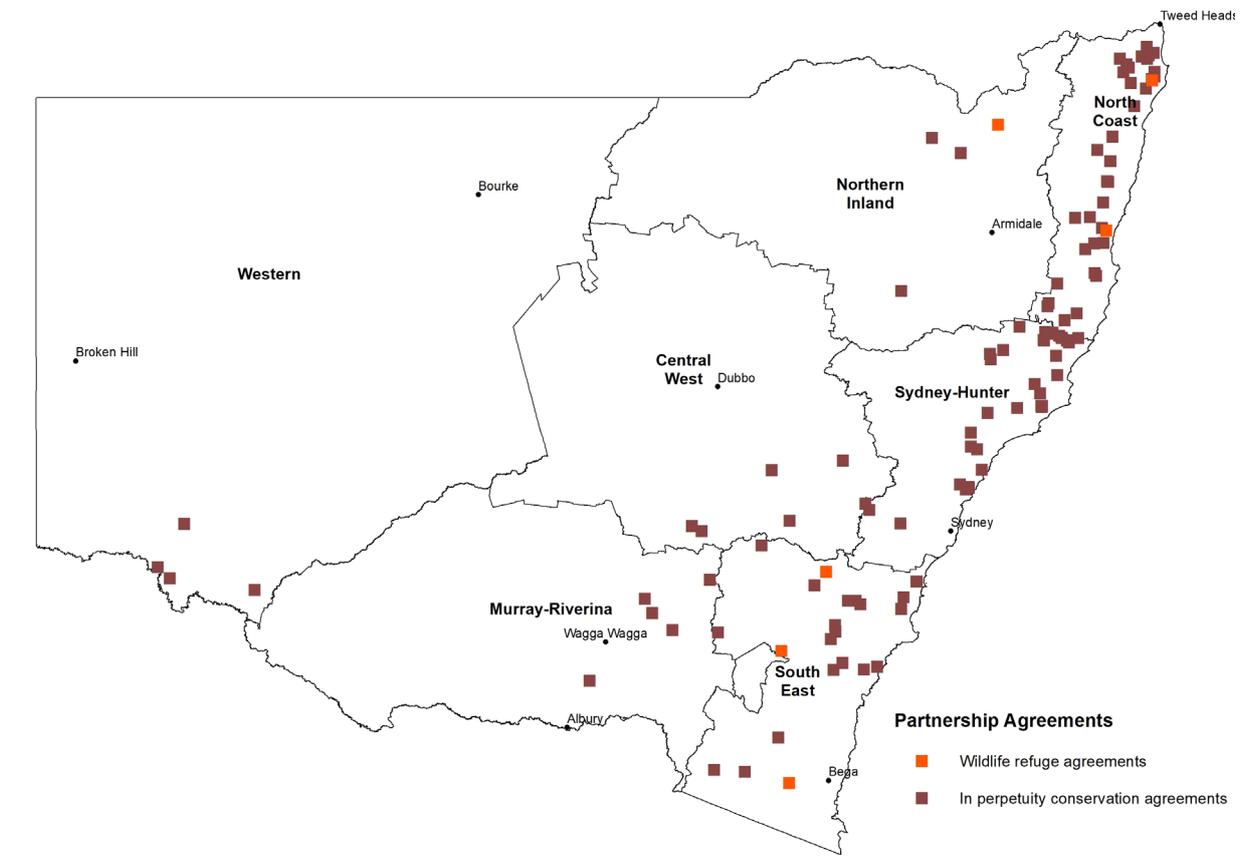
New conservation and wildlife refuge agreements (number/ hectares)



Conservation Partners Program activity

Activity type	Number
New partnership conservation agreements (PCA)	126
New wildlife refuge agreements (WRA)	7
Total hectares under partnership conservation and wildlife refuge agreements	31,296
Total number of applications (PCA/WRA)	224/23
Total number of properties revolved under a PCA	2
Unrepresented landscapes sampled	1
Under-represented landscapes sampled	34
Threatened species protected	49
Priority investment areas 1, 2 & 3 area (ha) protected	20,636

Map of new conservation and wildlife refuge agreements



Conservation partners grants

255

Grants issued

53

Grant applications being assessed

\$2.7m

Value of grants paid

\$4.4m

Value of grants approved

60.1K_{ha}

Area in receipt of grants

Biodiversity Offsets Program

Under our Biodiversity Offsets Program (BOP), the BCT delivers a range of services to support the NSW Biodiversity Offsets Scheme (BOS), administered by the Department of Planning, Industry and Environment (DPIE).

Facilitating supply of biodiversity credits

Landholders wishing to participate in the biodiversity credit market can apply to the BCT to enter a biodiversity stewardship agreement (BSA). In addition to permanently protecting an area of land, a BSA enables biodiversity credits to be generated which may then be used by the landholder for their own offset obligation, or sold to a developer, the BCT, or any other interested party. Once the credits are sold (or retired), BSA holders receive in-perpetuity annual biodiversity stewardship payments to manage and improve the land and biodiversity on the stewardship site. They may also make a profit from the sale of credits. The BCT ensures compliance through review of annual reports and site inspections.

Generating credits at Craigend case study

“Selling biodiversity credits has given us the freedom to look after the land in the way we’ve always hoped to.”

Bill and Elizabeth Inglis own and live at Craigend, a dairy farm in western Sydney. In 2017, they signed a biobanking agreement and have not looked back. The sale of biodiversity credits through this agreement avoided them needing to sell the land once they stepped back from some of their farm work. A sale would have meant breaking a fifth-generation line on Bill’s side – Craigend was granted to his great-great-great grandfather in 1832 and has stayed in the family since.



Bill grew up on Craigend. He has fond memories of the bush on the property and he gradually became more interested in conserving these areas alongside the maintenance of the farm.

“When I came across biobanking, I realised there was a way I could control lantana and other weeds while still letting the edges of the bush grow back without slashing,” Bill said.

Bill and Elizabeth are now in the process of expanding their stewardship site to generate more credits and their children want to continue their legacy.

Securing biodiversity offsets

The BCT acts as a market intermediary. Developers with an offset obligation can make a payment into the Biodiversity Conservation Fund (BCF) at a price set by the Biodiversity Offset Payment Calculator. If developers choose to pay into the BCF, the obligation to procure biodiversity offsets transfers to the BCT. This enables developers to proceed with the development while allowing the BCT to bundle offset obligations and secure strategic biodiversity offset outcomes. The BCT takes a strategic approach to acquitting offsets obligations, including acquisition of a portfolio of biodiversity credits for future use.

In 2020-21, the BCT received 104 payments from developers for biodiversity offset obligations into the BCF worth \$26.156 million, representing 2788 ecosystem credits and 3645 species credits.

The BCT is also funded by government to procure offsets under various place-based biodiversity offset schemes, such as the Growth Centres Biodiversity Offset Program which operates in western Sydney.

The BCT runs biodiversity credit tenders and fixed price offers, including targeted offers where there are limited credits available on the market.

In 2020-21, the BCT retired 1821 Biodiversity Assessment Method equivalent credits to meet 63 offset obligations and partially meet two obligations, with all meeting like-for-like offset rules under the Biodiversity Conservation Regulation 2017.

The BCT uses six delivery mechanisms under the Biodiversity Offsets Program: landholder applications for offset conservation agreements; landholder applications for biodiversity stewardship agreements; biodiversity credit fixed price offers; biodiversity credit tenders; revolving fund; and biodiversity conservation actions.

Landholder applications for offset conservation agreements

In 2020-21, the BCT:

- received four applications for offset conservation agreements
- signed 14 offset conservation agreements.

Landholder applications for biodiversity stewardship agreements (BSAs)

In 2020-21, the BCT:

- continued the ongoing management of 211 BSAs
- received 48 BSA applications
- signed 19 new BSAs
- completed 206 BSA site visits.

Biodiversity credit fixed price offers

In 2020-21, the BCT introduced an open fixed price offer mechanism to buy credits to meet obligations taken on through payments into the Biodiversity Conservation Fund.

Biodiversity credit tenders

In 2020-21, the BCT ran one biodiversity credit tender.

Revolving fund

The BCT may use its revolving fund to acquire properties that can supply biodiversity credits that the BCT needs to acquire and retire. The BCT did not use this mechanism during 2020-21.

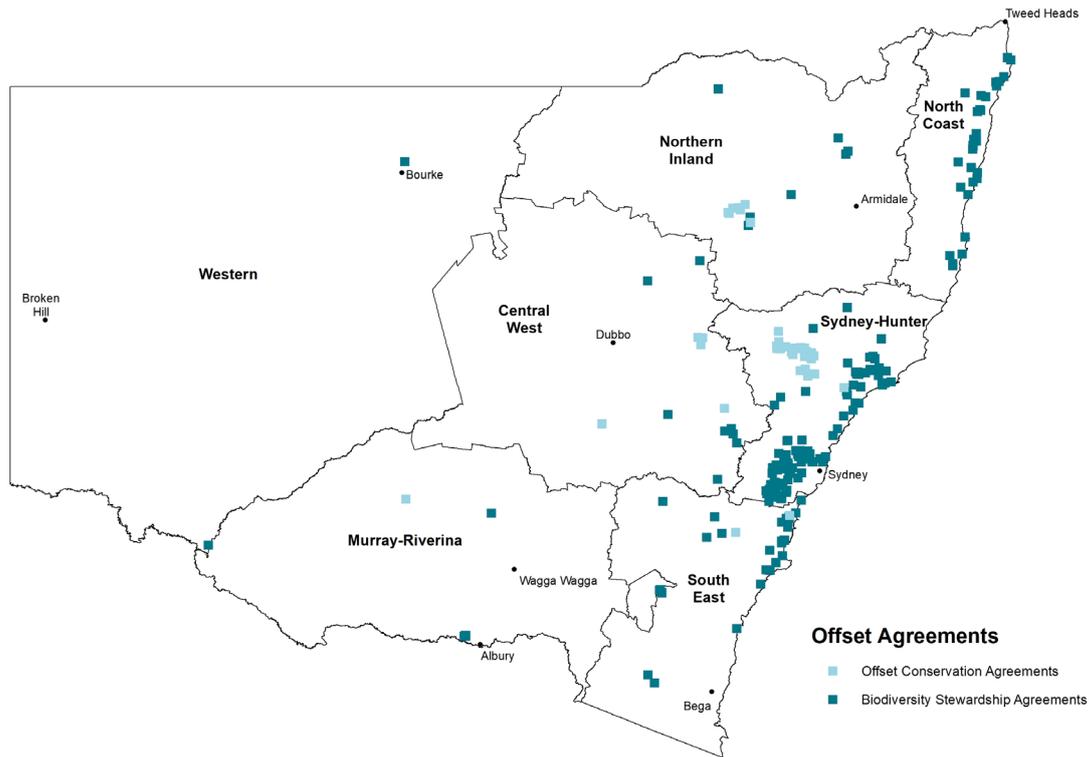
Biodiversity conservation actions

The BCT may on occasion fund biodiversity conservation actions to acquit biodiversity offset obligations. The BCT did not use this mechanism during 2020-21.

Biodiversity Offsets Program *outcomes*

Facilitating supply of biodiversity credits

Map of biodiversity stewardship agreements (BSAs)



108

No. of signed offset CAs

211

No. of signed BSAs (60 applications in progress)

\$176.2m

Assets held by Biodiversity Stewardship Payments Fund

38.1K_{ha}

Area of Offset CAs

27.5K_{ha}

Area of signed BSAs

\$8.9m

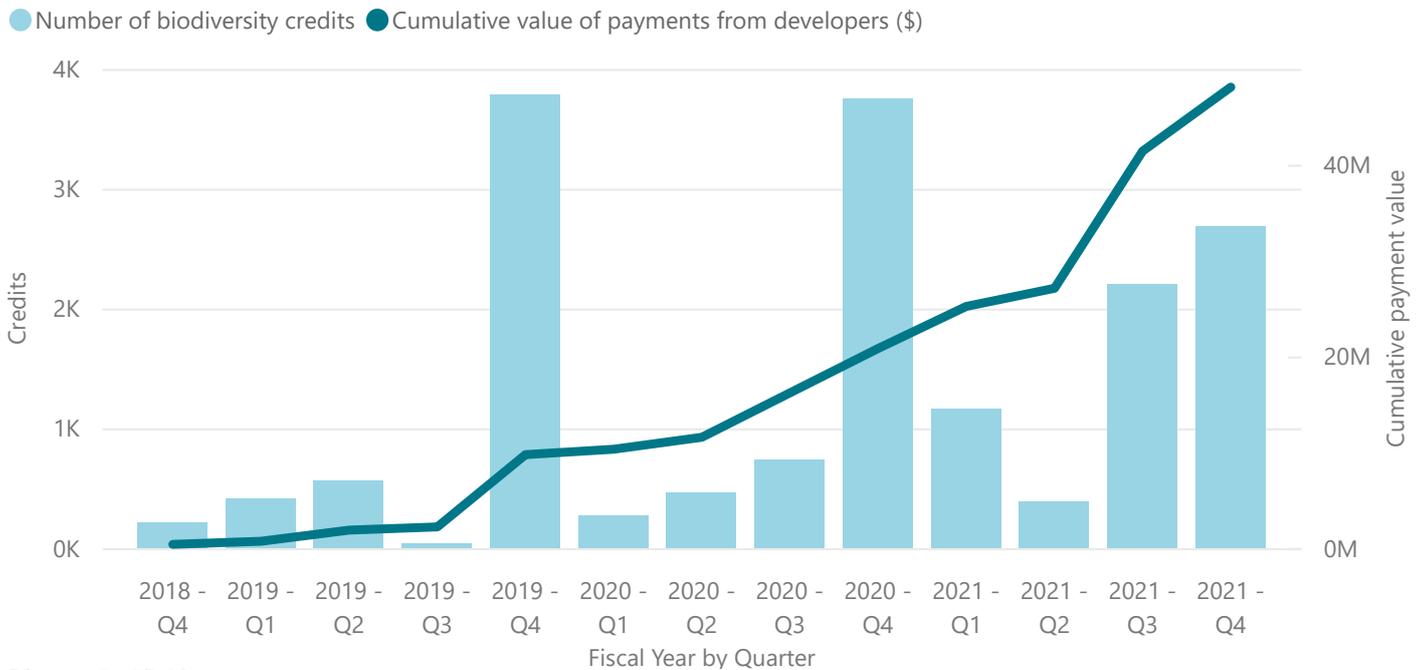
Biodiversity stewardship payments made in last 12 months

Other statistics (since 25 August 2017)

No. of Offset CAs signed by the BCT	52
No. of BSAs signed by the BCT	23

Securing biodiversity credits under the Biodiversity Offsets Scheme (BOS)

Developer payments into the Biodiversity Conservation Fund (BCF)



Key statistics (since 25 August 2017)

Fiscal Year by Quarter

No. of developer payments into the BCF	212
Value of developer payments into BCF (exGST)	\$48.1m
Offset obligations (no./credits/dollar value) acquitted, acquired or pending acquisition (%)	43/34/34
Offset obligations (no./credits/dollar value) held by BCT (%)	57/66/66
No. of offset obligations held*	516
No. of offset obligations met	82
Offset obligations met under like-for-like rules	100%
Total allocation to BCT for government offset delivery (budget)	\$6.0m [^]
Value of government offsets secured (actuals)	\$2.6m [~]
No. of tenders underway/completed	0/5
No. of fixed price offers underway/completed	2/4

* Each payment may comprise one or more offset obligations (types of biodiversity credits)

[^] \$5.6m Growth Centres and \$400k seed project for Cumberland Plain Conservation Plan

[~] \$2.4m spent for Growth Centres, \$3.2m to be carried over to 21/22 to purchase credits from a pending BSA site

Biodiversity Conservation Education Program

One of the BCT's four statutory objects is 'promoting public knowledge, appreciation and understanding of biodiversity, and the importance of conserving biodiversity'.

From its commencement on 25 August 2017, the BCT has been building and implementing its education role through communication, engagement, and landholder support activities, including field visits, information events, and technical workshops. In 2019, the BCT Board approved a Biodiversity Conservation Education Strategy (2019-2021) to direct a strategic, designed and prioritised approach to our investment in biodiversity education projects. In 2021, the BCT Board approved the creation of a Biodiversity Conservation Education Program (BCEP) to better reflect the specific and wide-reaching work being undertaken.

The BCT has formed partnerships and collaborations to best design and deliver targeted projects under its Education Program. The BCT's educative role in biodiversity conservation continues to focus on the role of private land conservation.

Under our Education Program, the BCT has formed successful partnerships with Landcare NSW, the Australian Museum, and specialist community groups and non-government organisations such as Petaurus Education Group, to deliver educational programs and resources to children and adults. Through these partnerships, the BCT has created a range of niche resources, showcasing private land conservation as part of the solution in conserving biodiversity.

Conservation Champions project

Our Conservation Champions project is the result of one of our successful partnerships, co-designed and co-delivered with [Petaurus Education Group](#). The project promotes the importance of biodiversity conservation to regional school students and their wider regional communities. The project introduces the next generation of landholders to private land conservation through a series of hands-on activities in the classroom and in the field, accompanied by a range of teaching resources.

Since its inception, the project has reached more than 1700 students across the State with this unique learning opportunity and provided 125 teachers with professional learning opportunities so they can continue to teach the content in years to come. The creation of our online 'Interactive Unit on Conservation' resource has expanded the reach of the project, with teachers across the State able to access the free resource and continue teaching the content in the future. We have also had interest from universities who are keen to use the modules for first year environmental science and agriculture courses. The project has also created a series of animations, case study readers, teachers' resources and activity sheets for students across the State, as well as field days at agreement-holder's properties.

Support for the Conservation Champions project continues to be overwhelmingly positive, with feedback from students, teachers and landholders showing that the project is uniquely valuable, emphasising the effectiveness of field days and celebration events as mechanisms to increase the awareness and appreciation of biodiversity and biodiversity conservation.

In addition, in 2020-21, the BCT:

- collaborated with the Australian Museum to finalise the development of the Biodiversity on my Land Museum in a Box targeting Kindergarten to Year 8 school students.
- produced a series of conservation management videos for landholders participating in private land conservation that provides best practice management advice to landholders, which complement the BCT's conservation management guidelines.
- delivered 12 regional workshops from June 2020 as part of the BCT-Landcare NSW partnership, to build understanding between BCT and Landcare regions to complement each other's knowledge and skills (due to COVID-19 restrictions, ten of these workshops were held online).

Conservation management videos *case study*

During the COVID-19 restrictions, the BCT looked for new ways to reach landholders. The BCT's conservation management video series was created as a one-to-many channel to strengthen capacity building. The series is a new offering for landholders participating in or considering private land conservation.

The videos provide best practice management advice to landholders and are designed to complement the BCT's conservation management guidelines. The video series features BCT staff from across the state and covers a range of management topics, including native vegetation restoration, recovering from a fire event, grazing for conservation, artificial hollows, essential fencing and monitoring.

Conservation Champions goes to Belltrees *case study*

In early June 2021 the BCT's Conservation Champions project visited a conservation site near Taree. Seventy-five Year 9 students attended two field days at a Lansdowne property in the Sydney Hunter Region. The students participated in hands-on activities led by ecologists, BCT staff, Indigenous rangers, and Landcare staff. Activities included soil sampling, freshwater macro-invertebrate testing, bird surveys, Indigenous Caring for Country, and ground cover diversity.

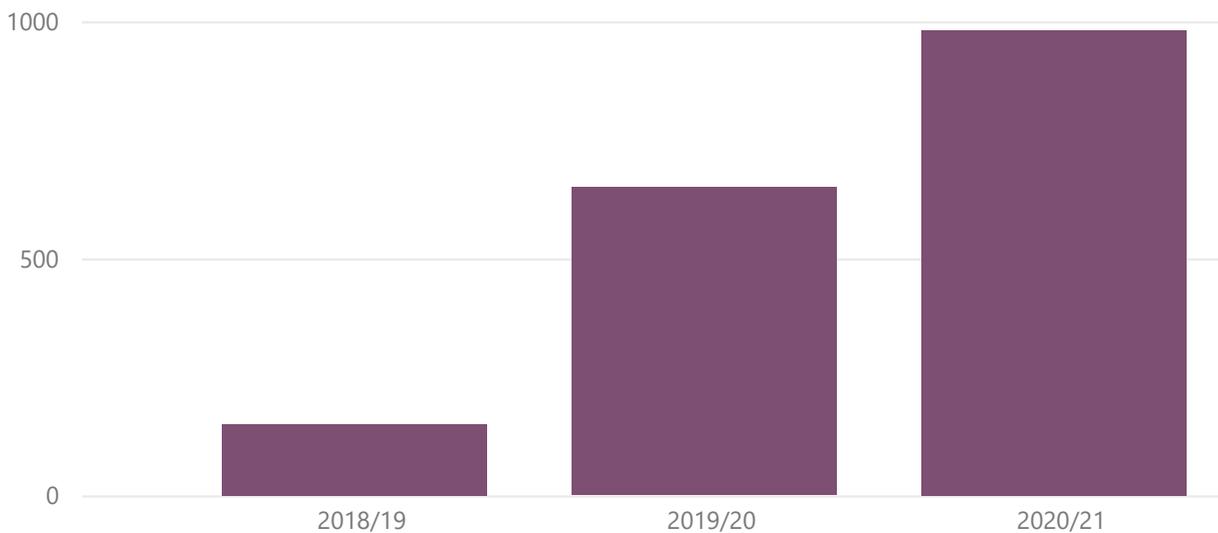
Landholder Dr Mike Richardson spoke to the students of his love for ornithology and of his life's work protecting and enhancing the sub-tropical rainforest of Belltrees. The students left the event feeling more connected to their local biodiversity and the champions like Mike who have done so much in their lifetime. The students involved in the project were captured in a powerful documentary the BCT made about Mike Richardson and Belltrees.



This documentary shows the lightbulb moments for these students as they learn from Mike and develop a love for the natural world.

Biodiversity Conservation Education Program *outcomes*

Total students engaged



Key performance indicators

172

Teachers reached for professional development

936

Students involved in "Biodiversity on my Land" lessons

18

Conservation Champions in-field learning days

766

Students involved in Conservation Champions

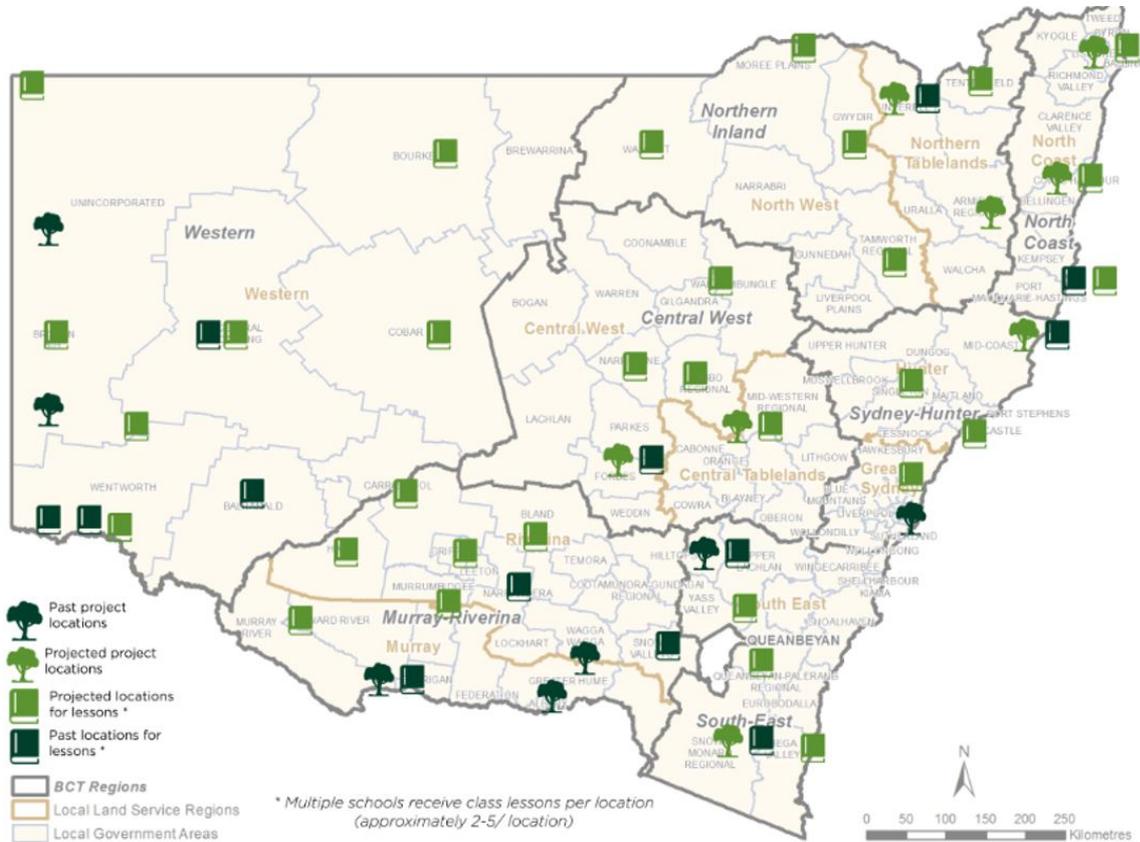
177

Stakeholder and community groups engaged

12

Interactive student resources & games created

Conservation Champions past and projected reach



Biodiversity Conservation Education Program activity

Key Statistics	Number
No. Conservation Champion landholder case studies created	7
No. of "Biodiversity on my Land" classes taught	40
Animations targeting primary students	2
No. of free education posters created	10
Bio Bites created during lockdown for raising public awareness of biodiversity conservation	6
Conservation Management Videos developed	2
Conservation Management tools developed	2
Students that found interactive unit engaging (%)	100

Funds and investment management

Biodiversity Conservation Fund

The BCT manages and controls the Biodiversity Conservation Fund (BCF) in accordance with a Risk Appetite Statement and a Funds and Investment Management Framework, approved by the BCT Board.

The BCF is used for all the BCT's purposes, other than amounts required to be paid into or out of the BSPF or the BCT Public Fund.

The BCT holds cash within the BCF for the following purposes:

- government grants and Biodiversity Offsets Scheme (BOS) fee revenues received to pay for BCT personnel services and operating expenses
- government grants used for expenditures on the BCT's Education Program and conservation partners grants
- government grants used to acquire and retire biodiversity credits under place-based offset schemes (currently the Western Sydney Growth Centres Program, the North Cooranbong Program, and, in prospect, the Cumberland Plain Conservation Plan)
- cash provisions for payables.

Assets held for funded conservation agreements

The BCT also holds assets within the BCF for the purposes of funded conservation agreements.

Note 26 in the BCT's financial statements shows that, as at 30 June 2021, the BCT held assets worth \$89.2 million to support active conservation agreements. The BCT experienced a more positive investment return outlook compared to the prior year as the economy recovered from the downturn caused by the COVID-19 pandemic. The total adequacy ratio of the BCF for the assets held for funded conservation agreements (signed and unsigned) as at 30 June 2021, based on the current Treasury Corporation long-term forecast investment return rate of 6.1 per cent, is approximately 125 per cent.

The BCT made \$5.1 million in annual conservation management payments to funded conservation agreement holders during 2020-21.

Assets held for acquiring biodiversity offsets

Section 6.30 of the Biodiversity Conservation Act 2016 provides that a 'person who is required under this or any other Act to retire biodiversity credits may satisfy that requirement by instead paying an amount into the BCF determined in accordance with the offsets payment calculator.'

Section 6.31 requires the BCT 'to apply the amount paid into the BCF, towards securing biodiversity offsets determined in accordance with the regulations in substitution for the relevant number and class of biodiversity credits otherwise required to be retired.'

Section 6.32 states that the 'Minister is to establish an offsets payment calculator for the purpose of determining the amount that may be paid into the BCF.'

The BCT therefore also holds, within the BCF, cash payments received from developers under section 6.30 to transfer an obligation to acquire and retire biodiversity credits (or equivalent biodiversity offsets) to the BCT. These are accounted for as provisions in the BCT's balance sheet.

At the start of the financial year, on 1 July 2020, the BCT held 96 payments for 213 outstanding credit obligations (9284 biodiversity credits) worth \$28.19 million (net of BCT fees).

During the financial year, the BCT:

- received 104 payments from developers worth \$26.156 million (net of BCT fees), transferring 276 offset obligations (6433 biodiversity credits) to the BCT
- acquitted, or purchased credits to acquit, 98 offset obligations and partially acquitted a further five obligations (2946 biodiversity credits) from developer payments of \$10.007 million.

At 30 June 2021, the BCT held 178 payments from developers worth \$44.925 million for 392 unacquitted offset obligations (12,771 biodiversity credit obligations). This included obligations held from previous financial years. The BCT currently has agreements in place to purchase credits to acquit more than 90 of these offset obligations.

Note 19 in the BCT's financial statements shows that the provision for unacquitted credit obligations was revalued at 30 June 2021 to determine what the BCT may now expect to pay to acquit these credit obligations. The provision was assessed to now be worth \$44.925 million, an increase, or forecast loss to the BCT, of \$10.91 million relative to the payments made of \$34.015 million.

The BCT will continue to work closely with the Department of Planning, Industry and Environment to ensure the Biodiversity Offset Payment Calculator sets appropriate prices for payments into the BCF to secure like-for-like offsets.

Biodiversity Stewardship Payments Fund

The BCT manages and controls the Biodiversity Stewardship Payments Fund (BSPF) in accordance with a Risk Appetite Statement and a Funds and Investment Management Framework approved by the BCT Board.

When a landholder with a biodiversity stewardship agreement (BSA) sells their biodiversity credits, a total fund deposit (TFD) is transferred into the BSPF. Once a landholder has met the TFD requirement, they retain any additional proceeds for the sale of the credits.

Section 6.21 of the Biodiversity Conservation Act 2016 states 'total fund deposit for a site means an amount determined (subject to the regulations) by the Environment Agency Head as the present value of the total of all scheduled management payments in respect of the site (under the BSA) during the life of the agreement. The present value is to be determined by applying the discount rate determined and published by the Environment Agency Head from time to time.'

The TFD requirement is written into the BSA. It is calculated by working out the present value of all future BSA payments to in-perpetuity using a discount rate determined and published by the Environment Agency Head.

The BCT, as the fund manager for the BSPF, is responsible for investing the monies held in the BSPF. Investment proceeds must be retained in the BSPF.

The monies and proceeds from investment are used by the BCT to make the annual stewardship payments owed to the landholder under the terms of the BSA, subject to management actions being carried out.

As at 30 June 2021, the BCT as fund manager held \$176.2 million in trust in the BSPF - invested in Treasury Corporation Investment Management funds - to fund the annual stewardship payments to landholders. The BCT made \$8.9 million in annual biodiversity stewardship payments to 130 active BSA holders during 2020-21.

Note 27 in the BCT's financial statements shows that the BSPF's predicted total adequacy ratio (for active and passive BSAs together) as at 30 June 2021, based on the latest Treasury Corporation forecast investment return rate of 5.8 per cent, is approximately 112 per cent.

Engaging with our partners, customers and stakeholders

Communications and media

During 2020-21, the BCT:

- developed a steadily growing social media presence, including more than 7500 Facebook followers
- worked towards launching its LinkedIn page early in 2021-22, including developing a plan for content initially focusing on program news and job opportunities.

The Minister for Energy and Environment, the Hon. Matt Kean, released five media releases about the BCT:

1. the outcomes of the Central West Rivers priority landscapes and the Southern Highlands koala habitat conservation tenders
2. the opening of three new conservation tenders in the second half of 2020 (Murray-Riverina – plains wanderer, South East – snow gum grassy woodlands and grasslands, and Northern Inland – floodplains)
3. appointment of three new members to the BCT Board
4. announcement of three new conservation tenders for 2021 (Lower Clarence Valley – floodplains, Wetlands and the coastal emu, the Paroo and Warrego catchments – wetlands, floodplains and artesian spring communities, and Snowy Monaro – critically endangered ecological communities)
5. appointment of the new BCT Board Chair.

The BCT had more than 30 media mentions during the financial year.

Landcare NSW

Following recognition that Landcare NSW already worked with the BCT in many regions of NSW, the BCT formally established a long-term partnership with Landcare NSW in 2020 to fund a series of local projects and activities supporting conservation on private land. The partnership is known as the *Landcare supporting and connecting the NSW private land conservation community project*, and facilitates collaboration between BCT regional staff and local Landcare groups across the State.

The key objectives of the project are to:

- foster understanding and build capacity so the BCT and local Landcare groups can continue to complement each other's knowledge and skills and work together
- strengthen biodiversity conservation knowledge with landholders through communication and education initiatives, delivered through grant funding to eligible groups
- increase participation of landholders in private land conservation.

Local Landcare groups that choose to participate will be eligible for grant funding to deliver activities supporting private land conservation. The partnership will also assist Landcare groups and local landholders to better understand the BCT, our programs and agreements, and the importance of private land conservation in NSW.

The project team (Landcare NSW and BCT) ran a series of regional workshops from June 2020, aiming to build understanding between BCT and Landcare regions to complement each other's knowledge and skills. Due to COVID-19 restrictions, most of these workshops were delivered through an online platform, however despite this they were well attended by Landcare staff, particularly Local and Regional Landcare Coordinators, and regional BCT staff.

Using the input from these workshops, the project team designed a regional funding model over the summer, which opened for Landcare region applications in April 2021. There were 11 Landcare regions interested in moving to the application stage (fully subscribed). Applications were co-designed with BCT regional staff to ensure they were suited to BCT needs and submitted to Landcare NSW at the end of May.

Land for Wildlife and Wildlife Land Trust

Landholders wishing to conserve habitat for wildlife can apply to enter a BCT wildlife refuge agreement. The BCT also encourages landholders to consider the Wildlife Land Trust program run by Humane Society International or the Land for Wildlife program run by Community Environment Network (CEN). Members of the Wildlife Land Trust program can apply for a BCT conservation partners grant at any time, while the BCT supports (from 1 February 2021) CEN to provide grants directly to members of Land for Wildlife Program. The BCT supports this work with memoranda of understanding with Humane Society International and Community Environment Network, and funding to the Community Environment Network to implement the Land for Wildlife program.

Local Land Services

The BCT continues to build our relationship with Local Land Services (LLS) to achieve positive outcomes in projects that complement the work of both organisations. We work with LLS in our regions, particularly in designing and promoting tenders and fixed price offers. We consider local referrals from LLS regarding land use and management options for landholders.

In 2019-20, we partnered with LLS to plan for the plains-wanderer conservation tender and the North Coast koala tender; we have also actively engaged with Western LLS in designing our fixed price offers. The plains-wanderer and snow gum woodlands and grasslands (south) tenders commenced in 2020-21 and will be completed in 2021-22.

Customer service

The BCT continued to place a strong focus on customer service during 2020-21. We aim to provide positive experiences that make it easy for people to engage with the BCT in private land conservation.

During 2020-21 the BCT experienced an overall increase in enquiries from new customers about our programs, with a doubling of enquiries about the Biodiversity Offsets Program. We ran our first landholder survey, reaching out to existing landholders and those that have participated in our programs to enable us to learn and adapt.

The high level of engagement in our initial landholder survey indicates it is important for the BCT to establish a mechanism for receiving feedback from our customers. The BCT established a Customer and Landholder Feedback Committee in March 2021. This internal committee aims to: open channels of communication for feedback from customers through various sources; provide a forum to 'hear' feedback from our landholders and customers; inform tools or processes to manage the expectations of customers; and inform adaptive management of programs, delivery mechanisms, policy settings and operating models across BCT.

The BCT continues to utilise many communication channels to engage customers, including our website, email, post, face-to-face, phone and social media. Our Guarantee of Service sets out timeframes within which customers can expect a response from the BCT, regardless of how the enquiry is received. We also continue to work with other responsible organisations and agencies to make sure referrals are followed up.

The BCT's Customer Service Charter outlines how we work with customers and what they can expect when contacting the BCT. We have implemented steps this year to improve customer service response times including updating our procedures for staff responding to our point of entry email info@bct.nsw.gov.au and phone line: 1300 992 688. Whether customers are existing or new to the BCT we strive to be responsive, flexible, reliable and respectful.

Investing in our staff and systems

In 2020-21, the BCT:

- constructed and launched our own staff intranet, Mycelium, which enables staff to easily access resources and documents
- created BCT staff noticeboards using MS Workplace, to open a pathway for two-way staff communication
- improved training, functionality and uptake of the BCT's customer relationship management (CRM) system
- facilitated virtual bi-annual all-staff meetings and regular all-staff webinars, providing an opportunity for regional and metropolitan staff to connect and engage in knowledge sharing, understanding the different business areas and preparing for future activities
- continued our strong focus on staff wellbeing in the context of the COVID-19 pandemic.

BCT Aboriginal Engagement Action Plan

The BCT recognises that Aboriginal people's cultural obligation of caring for Country overlaps with the BCT's core business of biodiversity conservation. BCT's landholder survey showed that three per cent of survey respondents identify as Aboriginal or Torres Strait Islander.

The BCT has engaged two Senior Aboriginal Engagement Officers to support development and delivery of the BCT Aboriginal Engagement Action Plan. The plan seeks to increase participation in BCT programs and support two-way learning. The plan has three key focus areas:

- building and maintaining relationships with Aboriginal landholders, communities, and stakeholders
- working through the barriers and enablers to facilitate Aboriginal participation in BCT programs and building cultural competency of BCT staff
- strengthening our communication and engagement with existing and prospective Aboriginal landholders.

Key achievements during 2020-21 include:

- updating BCT agreement templates to acknowledge Aboriginal Cultural Values associated with biodiversity values, and how these values may be associated with Dreaming stories and cultural learning
- building the cultural competency of BCT staff about cultural values associated with biodiversity, and about Aboriginal land ownership and governance structures
- engaging Aboriginal designers to develop animations and artwork to assist BCT engagement and two-way learning activities.

Ecological monitoring

The BCT established an Ecological Monitoring Module (EMM) in 2019-20. The EMM includes the monitoring and evaluation of ecological outcomes from the BCT's investment in private land conservation. The module responds to and aligns with the BCT's overarching Monitoring, Evaluation and Reporting (MER) Framework.

The objectives of the EMM are to:

- collect and analyse data, informing evaluation and reporting of ecological outcomes against relevant BCT objectives and demonstrating return on investment
- enable evaluation of management effectiveness and test assumptions about improvement in biodiversity values, the security of those values, and the relationships between different indicators of ecological integrity
- support broader evaluation of the outcomes of the Biodiversity Conservation Act 2016 (including input to the DPIE Biodiversity Indicator Program)
- collate and manage ecological data so that it is accessible, reliable, useful, and can support the BCT reporting requirements.

In 2020-21, the first full year of EMM on-ground implementation, 309 baseline full floristic vegetation condition plots at 61 agreement sites (funded conservation agreement and biodiversity stewardship sites) have been established by BCT staff, with associated data collated. In addition, 71 baseline plots at control sites (generally on public land) have been established across NSW.

The EMM Operational Manual has been published on the BCT website, including detailed guidance on EMM implementation. A statewide stratification and power analysis has been completed, which has informed targets for establishing control sites. Development of data collection and management tools to support the EMM is well underway and expected to be completed by spring 2021.

As of March 2021, an ecological monitoring program consistent with the EMM will be included in all new biodiversity stewardship agreement management plans. The BCT has delivered a series of field based and online training sessions attended by 142 participants. This series involved capacity building for ecological consultants and Biodiversity Assessment Method accredited assessors in developing and implementing monitoring plans.

Ecological Monitoring Module field days *case study*

In April-July 2021, BCT ecologists and field staff ran a series of field days for Biodiversity Assessment Method (BAM) accredited assessors across the State. The purpose of these field days was to introduce assessors to the BCT's newly developed Ecological Monitoring Module (EMM) and Operational Manual. As of March 2021, assessors will incorporate the BCT's new monitoring requirements into their management plans when developing applications for a biodiversity stewardship agreement (BSA).



Launched in 2019, the statewide module is designed to monitor change in response to conservation management across private land conservation agreement sites and the broader private land conservation network. The BCT ran eight EMM field days covering Wagga Wagga, Queanbeyan, Sydney, Central Coast, Newcastle and Coffs Harbour, providing training to more than 200 assessors. These events provided a platform for BCT staff, ecologists and representatives from other government agencies, such as Local Land Services, to come together to talk about monitoring best practice on BSA sites. As the EMM continues, the BCT will build a comprehensive baseline of data for many of the ecosystems and species protected through private land conservation agreements.

Annual Financial Statements

For the year ended 30 June 2021



INDEPENDENT AUDITOR'S REPORT

Biodiversity Conservation Trust

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Biodiversity Conservation Trust (the Trust), which comprise the Statement by the Members of the Trust, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, 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:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Trust's financial position, financial performance and cash flows.

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 (including Independence Standards)' (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.

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, the GSF Act, GSF Regulations and Treasurer's Directions. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

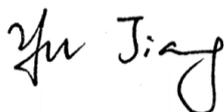
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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.

The scope of my audit does not include, nor 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.



Reiky Jiang
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 September 2021
SYDNEY

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Biodiversity Conservation Trust

Statement by Members of The Trust

For the year ended 30 June 2021

Pursuant to section 7.6(4) of the Government Sector Finance Act 2018 ('the Act'), I state that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the Government Sector Finance Regulation 2018 and the Treasurer's directions, and
- present fairly the Biodiversity Conservation Trust's financial position, financial performance and cash flows.



Hon Niall Blair

Chairperson

Board of the Biodiversity Conservation Trust

28 September 2021

Biodiversity Conservation Trust
Statement of Comprehensive Income
For the year ended 30 June 2021

		Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
	Notes			
Continuing operations				
Expenses excluding losses				
Operating expenses				
Personnel services	2(a)	14,594	14,682	12,919
Other operating expenses	2(b)	8,787	14,127	12,704
Depreciation expense	2(c)	151	86	110
Grants and subsidies	2(d)	6,677	9,492	5,846
Finance costs	2(e)	12	6	9
Developers' payment provision remeasurement (loss)	2(f)	585	-	11,494
TOTAL EXPENSES EXCLUDING LOSSES		30,806	38,393	43,082
Revenue				
Sale of goods and services from contracts with customers				
		-	(6)	-
Interest revenue	3(a)	81	4,546	346
Grants and contributions	3(b)	80,231	76,122	73,075
Other revenue	3(c)	1,541	1,259	705
Unrealised gain/(loss) from TCorpIM funds measured at fair value through profit or loss	3(d)	15,291	-	(3,379)
Retained taxes, fees and fines		-	(23)	-
TOTAL REVENUE		97,144	81,898	70,747
Operating result		66,338	43,505	27,665
Gain/(loss) on disposal	4(a)	148	-	291
Gain on developers' payment acquittals	4(b)	1,976	-	620
Net result	21(a)	68,462	43,505	28,576
Other comprehensive income		-	-	-
Total other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		68,462	43,505	28,576

The accompanying notes form part of these financial statements.

Biodiversity Conservation Trust
Statement of Financial Position
As at 30 June 2021

	Notes	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	6	78,648	81,084	37,571
Financial assets at fair value	7	127,368	76,153	76,153
Receivables	8	66	73	72
Current assets - land and buildings held for sale	10	8,851	9,696	9,696
Inventories	11	25,651	26,406	26,406
Total current assets		240,584	193,412	149,898
Non-current assets				
Plant and equipment	12	84	67	67
Intangibles	13	686	-	-
Right of use assets	14a	381	215	217
Total non-current assets		1,151	282	284
Total assets		241,735	193,694	150,182
LIABILITIES				
Current liabilities				
Payables	17	2,367	1,933	1,933
Contract liabilities	9	6,042	290	290
Borrowings	18	137	105	112
Provisions	19	44,925	28,191	28,191
Total current liabilities		53,471	30,519	30,526
Non-current liabilities				
Payables	17	32	-	28
Borrowings	18	252	124	110
Provisions		-	29	-
Total non-current liabilities		284	153	138
Total liabilities		53,755	30,672	30,664
Net assets		187,980	163,022	119,518
EQUITY				
Accumulated funds		187,980	163,022	119,518
Total equity		187,980	163,022	119,518

The accompanying notes form part of these financial statements.

Biodiversity Conservation Trust
Statement of Changes in Equity
For the year ended 30 June 2021

	Notes	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2020		119,518	119,518
Net result for the year		68,462	68,462
Other comprehensive income			
Net increase / (decrease) in property, plant and equipment		-	-
Total other comprehensive income		-	-
Total comprehensive income for the year		68,462	68,462
Balance at 30 June 2021		187,980	187,980

	Notes	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2019		90,942	90,942
Net result for the year		28,576	28,576
Other comprehensive income			
Net increase / (decrease) in property, plant and equipment		-	-
Total other comprehensive income		-	-
Total comprehensive income for the year		28,576	28,576
Balance at 30 June 2020		119,518	119,518

The accompanying notes form part of these financial statements.

Biodiversity Conservation Trust
Statement of Cash Flows
For the year ended 30 June 2021

		Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
	Notes			
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel services		(13,642)	14,682	(11,675)
Grants and subsidies		(6,677)	9,492	(5,846)
Other operating expenses		(10,038)	14,127	(8,892)
Growth Centres credits		(2,649)	-	(7,350)
Purchase of biodiversity credits as inventory		-	-	(12,277)
Purchase of biodiversity credits for acquittals		(8,002)	-	(2,241)
Total Payments		(41,008)	38,301	(48,281)
Receipts				
Sale of goods and services		-	(6)	-
Developers payments - biodiversity credits		28,772	-	11,805
Other receipts		9,461	1,236	4,335
Interest received		81	4,546	346
Grants and contributions		79,567	76,122	72,317
Total Receipts		117,881	81,898	88,803
NET CASH FLOWS FROM OPERATING ACTIVITIES				
	21a	76,873	43,597	40,522
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property held for sale		3,365	15,000	3,143
Proceeds from sale of plant and equipment		70	-	-
Purchases of property held for sale and plant and equipment		(2,474)	(15,000)	(6,611)
Purchase of Intangible assets	13	(686)	-	-
Net purchase of financial assets	21b	(35,924)	-	(79,532)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(35,649)	-	(83,000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of lease liability	14b	(147)	(84)	(107)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(147)	(84)	(107)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS				
		41,077	43,513	(42,585)
Opening cash and cash equivalents		37,571	37,571	80,156
CLOSING CASH AND CASH EQUIVALENTS	6	78,648	81,084	37,571

The accompanying notes form part of these financial statements.

1. Summary of significant accounting policies

(a) Reporting entity

Biodiversity Conservation Trust (BCT) is a statutory body representing the Crown in right of the State of New South Wales (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 and control the Biodiversity Stewardship Payments Fund (BSPF). The BCT is appointed as the Fund Manager. With the commencement of the BC Act, the BSPF replaced the Biobanking Trust Fund. The BCT invests the total fund deposits received to support biodiversity stewardship agreements in TCorpIM funds. Monies 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 27.

Under the BC Act, the BCT manages and controls the Biodiversity Conservation Fund (BCF). These funds are restricted in that they can only be used to deliver private land conservation programs. Refer note 16 and note 26. The BCT received approval from the NSW Treasurer on 29 January 2021 to continue to invest its assets held in trust in TCorpIM funds, pending the outcomes of any review of the Land Management and Biodiversity Conservation reforms that may impact on the BCT's investment requirements, or otherwise have material financial implications for the State.

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 Department of Planning, Industry and Environment (DPIE) 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 28 September 2021.

(b) Basis of preparation

The BCT is a going concern (refer note 1(i)) and its financial statements are general purpose financial statements, which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Government Sector Finance Act 2018 (GSF Act)*
- Treasurer's Directions issued under the GSF Act.

Plant and equipment, assets held for sale and financial assets at fair value are measured using the fair value basis. 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
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. The GST 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 reclassified the below comparative information during 2020-21 following a review in accordance with TPP19-04.

The current year unrealised gain / (loss) from TCorpIM funds measured at fair value through profit and loss, and the 2019-20 comparative figure, have been reclassified as revenue item in Statement of Comprehensive Income. Refer note 3(d). In 2019-20 the unrealised gain / (loss) from TCorpIM funds measured at fair value through profit and loss was classified as other gains / (losses).

(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.

As disclosed in the 2020-21 NSW State Budget Papers, the total operations of the BCT contribute to the State outcome: *Connecting communities to resilient and sustainable energy and local environments*. Refer note 5.

(g) Treatment of biodiversity credit purchases as inventory

Developers may satisfy their offset obligations by purchasing biodiversity credits in the market and applying to DPIE to retire those credits; or by paying into the Biodiversity Conservation Fund and moving the obligation to acquire and retire biodiversity 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 or net realisable value in accordance with AASB 102.

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

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

Effective for the first time in FY2020-21

AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 is effective for the BCT from 1 July 2020. At the same time, NSW Treasury Policy and Guideline Paper TPP 06-8: Accounting for Privately Financed Projects (TPP 06-8) was withdrawn effective from 1 July 2020.

Service Concession Arrangements are contracts between an operator and a grantor, where the operator provides public services related to a service concession asset on behalf of the grantor for a specified period of time and manages at least some of those services.

Where AASB 1059 applies, the grantor recognises the service concession asset when the grantor obtains control of the asset and measures the service concession asset at current replacement cost. At the same time the grantor recognises a corresponding financial liability or unearned revenue liability or a combination of both.

The adoption of AASB 1059 did not have an impact on the BCT.

Issued but not yet effective

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

The following new Accounting Standards have not been applied and are not yet effective (NSW Treasury mandate TC 20-08):

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*
- AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
- AASB 2014-10 *Amendments to Australian Accounting Standards: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*

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 the BCT's accounting.

(i) Impact of COVID-19 on Financial Reporting for 2020-21

Although COVID-19 has not resulted in any significant impact on the BCT's operations as it is funded by cluster grants from DPIE, it has slightly impacted on timing for various tenders and reduced the number of face-to-face interactions with landholders. It has not impacted the value of BCT's assets.

(j) Deemed appropriations

The BCT manages and controls the Biodiversity Conservation Fund which is a special deposits account established under section 10.16 of the BC Act into which is paid all of the money that is expended by the BCT in the exercise of its functions. The BCT also manages the Biodiversity Stewardship Payments Fund which is another special deposits account established under section 6.34 of the BC Act where total fund deposits are paid in respect of the transfer or retirement of biodiversity credits. BCT therefore does not have any deemed appropriations and hence no disclosure under section 4.7 of the GSF Act on movement of deemed appropriations is required.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2021

2. Expenses

Operating expenses

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

(a) Personnel services expenses

	2021	2020
	\$'000	\$'000
Salaries and wages (including annual leave)	12,160	10,515
Superannuation - defined contribution plans	1,114	939
Long service leave	628	781
Workers' compensation insurance	48	25
Payroll tax and fringe benefits tax	644	659
	14,594	12,919

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

(b) Other operating expenses

	2021	2020
	\$'000	\$'000
Biodiversity projects – contractors	639	246
Insurance	50	40
Fees and services	2,788	2,707
Corporate service fees*	1,425	1,425
Biodiversity credits for immediate retirement**	2,408	6,682
Fleet costs	47	26
Advertising, publications and printing	257	78
Travel costs	294	512
Legal costs	152	170
Auditor's remuneration (audit of the financial statements)	68	67
Maintenance	43	83
Expenses relating to short term leases	20	22
Other occupancy costs	132	89
General administration	464	557
	8,787	12,704

*BCT received and paid for corporate, finance and human resources services from the Department of Planning, Industry and Environment.

** The Department of Planning, Industry and Environment commissions and funds the BCT to purchase biodiversity credits for retirement under various place-based biodiversity offset schemes. Refer note 3.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2021

2. Expenses (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 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) Lease expense

The BCT recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments are not included in the measurement of the lease liability. These payments are recognised in the period in which the event or condition that triggers those payments occurs.

(c) Depreciation expense

	2021	2020
	\$'000	\$'000
Depreciation:		
Plant and equipment	14	7
Right-of-use asset	137	103
	151	110

For recognition and measurement policies on depreciation refer to note 12 and note 14.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2021

2. Expenses (cont'd)

(d) Grants and subsidies

	2021	2020
	\$'000	\$'000
Payments to landholders	6,677	5,846
	6,677	5,846

These payments include \$5.09 million (2020: \$4.88 million) in annual payments to landholders with funded conservation agreements with the BCT, \$1.50 million (2020: \$0.87 million) in conservation partners grants to landholders with partnership conservation agreements with the BCT or to landholders participating in the Land for Wildlife or Wildlife Land Trust programs, \$0.01 million (2020: \$0.07 million) in management funding payments to landholders with contracts entered with the former Nature Conservation Trust (NCT) and \$0.08 million (2020: \$0.03 million) in grants under the BCT's Education Strategy.

Recognition and measurement – grants and subsidies

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

(e) Finance costs

	2021	2020
	\$'000	\$'000
Interest expense from lease liabilities	12	9
	12	9

Recognition and measurement – finance costs

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

(f) Developer payment provision remeasurement (loss)

	2021	2020
	\$'000	\$'000
Developer payment provision remeasurement (loss)	585	11,494
	585	11,494

The BCT obtained the most up-to-date market values for all 12,771 Biodiversity Assessment Method (BAM) species and ecosystems credits that constitute its outstanding developer obligations using the Biodiversity Offsets Payments Calculator (BOPC 2.03 - unpublished). The total of these market value estimates is then compared to the total provisions in the ledger net of administration fees. The BOPC derives estimated market values based on recent trades or on trades of groups of similar credits where there are no recent trades, on a like-for-like credit basis.

Recognition and measurement – developers' payment provision remeasurement (loss)

Where the total estimated market values of credits are higher than the provisions recorded in the ledger, the provisions are increased, and the corresponding expense recorded in the Statement of Comprehensive Income. Provisions are recorded net of administration fees which are treated as other revenue.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2021

3. Revenue

(a) Interest revenue

	2021 \$'000	2020 \$'000
Interest income	81	346
	81	346

Recognition and measurement – interest revenue

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired.

(b) Grants and contributions

	2021 \$'000	2020 \$'000
Personnel services assumed by the Crown Entity	664	758
Grants without sufficiently specific performance obligations*	79,567	72,317
	80,231	73,075

* As at 30 June 2021, the BCT received grants of \$50.0 million (2020: \$50.0 million) from the Climate Change Fund, \$20.4 million (2020: \$15.2 million) of NSW Government funding through the Department of Planning, Industry and Environment, \$5.93 million (2020: \$7.08 million) from the Western Sydney Growth Centres program, \$2.83 million (2020: nil) from the North Cooranbong Offsets Program and \$0.40 million (2020: nil) from the Cumberland Plains Conservation Program.

Recognition and measurement – grants and contributions

Grants are received by the BCT to support its service delivery objectives and the funding agreements typically specify the purpose of the grants.

Revenue from funding without sufficiently specific performance obligations is recognised when the BCT obtains control over the granted assets (i.e. cash received). Where the total funding amount in a contract is not allocated to distinct milestones/performance obligations and specifies purpose only, revenue is recognised when the BCT obtains control over the funds (i.e. cash received).

No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. This is based on past experience and terms specified in the contract.

The BCT did not have any revenue from grants with sufficiently specific milestones/performance obligations (as defined in the accounting standards).

Biodiversity Conservation Trust
Notes to the financial statements
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3. Revenue (cont'd)

(c) Other revenue

	2021	2020
	\$'000	\$'000
NCT funding agreements transferred to BCT	11	65
Administration fees - developers' payments	1,141	370
BSAs / CAs application fees	172	75
BSAs annual reporting fees	193	162
Miscellaneous	24	33
	1,541	705

Recognition and measurement

(i) NCT funding agreements

The former Nature Conservation Trust (NCT) received funding from external sources that had specific performance obligations in their funding agreements to deliver biodiversity benefits by entering management funding contracts. This funding was recognised as a liability upon receipt and is recognised as revenue when performance obligations are met. Refer notes 9 and 24.

(ii) Administration fees – developers' payments

Developers opting to pay into the BCF to acquit their offset obligations pursuant to Section 6.30 of the BC Act pay an administration fee calculated through the BOPC to cover BCT's costs. This fee is included in the total developer payment and is recorded as other revenue.

(d) Unrealised gain/(loss) from TCorpIM funds

	2021	2020
	\$'000	\$'000
Unrealised gain/(loss) from TCorpIM Funds	15,291	(3,379)
	15,291	(3,379)

Recognition and measurement

Unrealised gains or losses from TCorpIM funds are derived from the change in value of investment units, notwithstanding any additional investments and/or withdrawals for a period. The earnings figures are clearly indicated in TCorp's monthly statements for each investment facility.

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4. Gain / (loss) on disposal, developers' payments

(a) Gain / (loss) on disposal

	2021	2020
	\$'000	\$'000
Proceeds from disposal of current/non-current assets:		
Land and buildings held for sale	3,365	3,143
Plant and equipment	70	-
Carrying value of current/non-current assets disposed of:		
Land and buildings held for sale	(3,251)	(2,852)
Plant and equipment	(36)	-
Net gain on disposal	148	291

(b) Gain/(loss) on developers' payments acquittals

	2021	2020
	\$'000	\$'000
Developers' payments	10,007	3,312
Less: Inventory offset (Note 19)	(756)	(655)
Less: Costs of offset biodiversity credits purchased (Note 19)	(7,275)	(2,037)
Net gain on developers' payments (Note 19)	1,976	620

5. State Outcomes delivered by the Planning, Industry and Environment cluster

State Outcome: Connecting communities to resilient and sustainable energy and local environments

Description of the State Outcome: Protecting and preserving the quality of our environment via active stewardship to support a healthy New South Wales while securing an affordable, reliable and sustainable energy future.

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).

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2021

6. Current assets – cash and cash equivalents

	2021	2020
	\$'000	\$'000
Cash at bank and on hand	75,832	34,764
TCorpIM Cash Fund	2,816	2,807
	78,648	37,571

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank and on hand and TCorpIM Cash Fund. As at 30 June 2021, the BCT holds 3,013,433 units in the TCorpIM Cash Fund priced at \$0.934 per unit.

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.

	2021	2020
	\$'000	\$'000
Cash and cash equivalents (per statement of financial position)	78,648	37,571
Closing cash and cash equivalents (per statement of cash flows)	78,648	37,571

Refer notes 16 and 26 for details on restricted assets. Refer note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current assets – financial assets at fair value

	2021	2020
	\$'000	\$'000
TCorpIM Funds - Long Term Growth Fund	127,368	76,153
	127,368	76,153

Details regarding market risk are disclosed in note 22.

Recognition and Measurement

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by TCorp. As at 30 June 2021, the BCT holds 124,840,156 units in the TCorpIM Long Term Growth Fund at \$1.020 per unit.

Classification and measurement

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value under AASB 9.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model under AASB 9. TCorpIM Funds are managed and their performance is evaluated on a fair value basis and therefore the business model is neither to hold these to collect contractual cash flows nor to sell the financial asset. Hence, these investments are mandatorily required to be measured at fair value through profit or loss.

A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in net results and presented net within other gains/(losses), except for TCorpIM Funds that are presented as part of the operating result due to a net unrealised loss incurred during any year.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2021

8. Current assets – receivables

	2021	2020
	\$'000	\$'000
Sale of goods and services	63	8
GST	-	61
Prepayments	3	3
	66	72

Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in note 22.

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.

Impairment

The BCT holds receivables with the objective of collecting the contractual cash flows and therefore measures them at net realisable value less any impairment. The BCT assesses the collectability of its receivables based on business and economic conditions including the impact of COVID-19 and recent natural disasters and considering the following:

- increased credit risk associated with debtors as a result of poor trading conditions
- higher receivables balances (i.e. exposure at default) due to recent credit deferment policies of government and/or late payment
- lost time value of money, if contractual payment dates are extended or amounts are expected to be received later than when contractually due.

As at 30 June 2021, the BCT believes that these conditions have not significantly affected the collectability of its receivables.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2021

9. Contract assets and liabilities

	2021	2020
	\$'000	\$'000
Contract Liabilities:		
Cumberland Plain Conservation Plan (CPCP)	5,763	-
NCT	279	290
	6,042	290

Recognition and Measurement – contract assets and liabilities

BCT does not have contract assets as at 30 June 2021 and 30 June 2020.

Contract Liabilities

Cumberland Plain Conservation Plan (CPCP): The BCT received funding in the last quarter of 2020-21 under the Cumberland Plain Conservation Plan for the specific purpose of acquiring specific units of Cumberland Plain Woodland and Shale Sandstone Transition Forest biodiversity credits. These credits are expected to be acquired and retired in 2021-22.

NCT: This is consideration received in advance from the previous NCT in respect of funding agreements transferred to the BCT that include performance obligations to deliver biodiversity benefits through associated management actions. As at 30 June 2021, the BCT has 13 (FY19-20: 15) of these contracts remaining. Revenue from these contracts is recognised as corresponding obligations are performed or delivered. Refer note 3(c)(i) and note 24(b).

These remaining obligations from the previous NCT have been presented as contract liabilities as at 30 June 2021 and 30 June 2020 in accordance with AASB 15.

	2021	2020
	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	11	65
Transaction price allocated to the remaining performance obligations from contracts with customers	6,042	290

10. Current assets – land and buildings held for sale

	2021	2020
	\$'000	\$'000
Land and buildings	8,851	9,696
	8,851	9,696

Under its programs, the BCT acquires high conservation value land and then sells the land (and any associated buildings) to a buyer willing to enter either a funded or partnership conservation agreement.

Recognition and measurement – current assets – land and buildings held for sale

At 30 June 2021, the BCT held five parcels of land (and any associated buildings) classified as land held for sale (30 June 2020: 7 parcels), where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Land and buildings held for sale are 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 and buildings held for sale are assessed annually and any loss is expensed in the Statement of Comprehensive Income. Refer note 15. The BCT intends to sell all five parcels of land (and any associated buildings) held at 30 June 2021 in the following year.

Biodiversity Conservation Trust
Notes to the financial statements
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11. Current assets – inventories

	2021	2020
	\$'000	\$'000
Held for distribution		
Biodiversity credits	25,651	26,406
	25,651	26,406

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 or net realisable value in accordance with AASB 102.

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

	Plant and equipment	Total
	\$'000	\$'000
At 1 July 2019 - fair value		
Gross carrying amount	100	100
Accumulated depreciation and impairment	(52)	(52)
Net carrying amount	48	48

Year ended 30 June 2020

Net carrying amount at beginning of year	48	48
Additions	26	26
Disposals	-	-
Depreciation expense	(7)	(7)
Net carrying amount at end of year	67	67

At 1 July 2020 - fair value

Gross carrying amount	120	120
Accumulated depreciation and impairment	(53)	(53)
Net carrying amount	67	67

Year ended 30 June 2021

Net carrying amount at beginning of year	67	67
Additions	67	67
Disposals	(36)	(36)
Depreciation expense	(14)	(14)
Net carrying amount at end of year	84	84

At 30 June 2021 - fair value

Gross carrying amount	98	98
Accumulated depreciation and impairment	(14)	(14)
Net carrying amount	84	84

12. 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. the 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 per cent (2020: 6.7 to 7.7 per cent).

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

(vi) Right-of-Use Assets acquired by lessees

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The BCT has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained at Note 14.

Service concession assets

Service concession arrangements (SCAs) are contracts between a grantor and an operator where an operator provides public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and manages at least some of those services. The BCT has no arrangements that fall within the scope of AASB 1059.

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

(vii) 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.

(viii) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of assets* is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. 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.

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.

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13. Non-current assets – intangibles

	Software \$'000	Total \$'000
At 1 July 2019 - fair value		
Gross carrying amount	-	-
Accumulated depreciation and impairment	-	-
Net carrying amount	-	-
Year ended 30 June 2020		
Net carrying amount at beginning of year	-	-
Additions	-	-
Amortisation expense	-	-
Net carrying amount at end of year	-	-
At 1 July 2020 - fair value		
Gross carrying amount	-	-
Accumulated depreciation and impairment	-	-
Net carrying amount	-	-
Year ended 30 June 2021		
Net carrying amount at beginning of year	-	-
Additions*	686	686
Amortisation expense	-	-
Net carrying amount at end of year	686	686
At 30 June 2021 - fair value		
Gross carrying amount	686	686
Accumulated amortisation and impairment	-	-
Net carrying amount	686	686

*These relate to on-going software infrastructure development projects for the Biodiversity Offsets System, BCT Spatial Infrastructure and customer relations management software.

Recognition and measurement – intangibles

The BCT recognises intangible assets only if it is probable that future economic benefit will flow to the BCT and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market for the BCT's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

Software

The useful lives of software assets are assessed to be finite. Software assets are subsequently measured at fair value only if there is an active market. As there is no active market for the BCT's intangible software assets, the assets are carried at cost less any accumulated amortisation and impairment losses. The BCT's software assets are amortised using the straight-line method over a period of four years. Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

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14. Leases

The BCT leases various properties, equipment and motor vehicles. Lease contracts are typically made for fixed periods of one to five years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The BCT does not provide residual value guarantees in relation to leases.

The BCT has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new.

(a) Right-of-use assets under leases

The following tables present right-of-use assets that do not meet the definition of investment property.

	Buildings	Plant and equipment	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2020	40	177	217
Additions	-	301	301
Depreciation expense	(35)	(102)	(137)
Balance at 30 June 2021	5	376	381

	Buildings	Plant and equipment	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2019	75	160	235
Additions	-	85	85
Depreciation expense	(35)	(68)	(103)
Balance at 30 June 2020	40	177	217

(b) Lease liabilities

The following table presents liabilities under leases

	2021	2020
	\$'000	\$'000
Balance at 1 July	222	235
Additions	313	85
Interest expenses	12	9
Payments	(158)	(107)
Balance at 30 June	389	222

The following amounts were recognised in the Statement of Comprehensive Income during the year:

	2021	2020
	\$'000	\$'000
Depreciation expense of right-of-use assets	137	103
Interest expense on lease liabilities	12	9
Expense relating to short-term leases	20	-
Variable lease payments, not included in the measurement of lease liabilities	147	97
Total amount recognised in the statement of comprehensive income	316	209

The BCT had total cash outflows for leases of \$0.18 million in FY2020-21 (FY2019-20: \$0.11 million).

14. Leases (cont'd)

Recognition and measurement

The BCT assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. The BCT recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The BCT recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer ii below), adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and equipment 4 to 5 years
- Buildings 2 to 3 years.

If ownership of the leased asset transfers to the BCT at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. 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. 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 the net result.

ii. Lease liabilities

At the commencement date of the lease, the BCT recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable
- variable lease payments that depend on an index or a rate
- amounts expected to be paid under residual value guarantees
- exercise price of a purchase options reasonably certain to be exercised by the BCT
- payments of penalties for terminating the lease, if the lease term reflects the BCT exercising the option to terminate.

14. Leases (cont'd)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the BCT's leases, the lessee's incremental borrowing rate is used, being the rate that the BCT would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The BCT's lease liabilities are included in borrowings.

iii. Short-term leases and leases of low-value assets

The BCT applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

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15. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in 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 22 for further disclosures regarding fair value measurements of financial assets.

(a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
30 June 2021	\$'000	\$'000	\$'000	Fair Value \$'000
Land and buildings held for sale (note 10)	-	8,851	-	8,851
	-	8,851	-	8,851

	Level 1	Level 2	Level 3	Total
30 June 2020	\$'000	\$'000	\$'000	Fair Value \$'000
Land and buildings held for sale (note 10)	-	9,696	-	9,696
	-	9,696	-	9,696

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

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15. 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
Current assets-land and buildings held for sale	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 2021 was completed by management based on an assessment of market movement by an independent valuer and no adjustment for impairment was needed because market values were higher than the carrying amounts.

16. Restricted assets

	2021	2020
	\$'000	\$'000
Cash (BCF)	75,319	34,030
TCorpIM Cash Fund	2,816	2,807
TCorpIM Long Term Growth Fund	127,368	76,153
Restricted assets	205,503	112,990

Cash refers to the BCF bank account balance and is deemed as a restricted asset as these funds can only be used for the specific purposes of the BCT's private land conservation and biodiversity offset programs. Refer note 6. TCorpIM Cash Fund is included in cash and cash equivalents in the statement of financial position per TPP 20-09. This is deemed as a restricted asset as these funds can only be used for the specific purposes of the BCT's private land conservation programs. The TCorpIM Long Term Growth Fund is deemed a restricted asset as it is used to fund BCT's funded conservation agreements. Refer note 7.

17. Current / Non-current liabilities – payables

	2021	2020
	\$'000	\$'000
Current		
Creditors	548	442
Personnel services	1,769	1,491
GST	50	-
	2,367	1,933

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17. Current / Non-current liabilities – payables (cont'd)

	2021	2020
	\$'000	\$'000
Non-current		
Personnel services	32	28
	32	28

Personnel services (current) relate to the amount payable to DPIE for employee entitlements of \$1.59 million (2020: \$1.37 million) and accrued salaries of \$0.18 million (2020: \$0.12 million). Non-current personnel services liabilities of \$0.03 million (2020: \$0.03 million) relate to the non-current portion of employee long service leave entitlements. Refer note 2(a).

Details regarding liquidity risk, including a maturity analysis of the above payables, are disclosed in note 22.

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.

18. Current / Non-current liabilities – borrowings

	2021	2020
	\$'000	\$'000
Current borrowings		
Lease liability (see Note 14)	137	112
	137	112
Non-current borrowings		
Lease liability (see Note 14)	252	110
	252	110

Recognition and measurement – borrowings

Borrowing represents interest bearing lease liabilities.

Financial liabilities at amortised cost

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

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18. Current / Non-current liabilities – borrowings (cont'd)

Changes in liabilities arising from financing activities

	Leases	Total liabilities
	\$'000	from financing
		activities
		\$'000
1 July 2019	-	-
Recognised on adoption of AASB 16	235	235
Adjusted 1 July 2019	235	235
Cash flows	(107)	(107)
New leases	85	85
Interest expenses	9	9
30 June 2020	222	222
Cash flows	(158)	(158)
New leases	313	313
Interest expenses	12	12
30 June 2021	389	389

19. Current liabilities – provisions

	2021	2020
	\$'000	\$'000
Current		
Developers' payments - biodiversity credits	44,925	28,191
	44,925	28,191

Movements in provisions (other than employee leave benefits)

	2021	2020
	\$'000	\$'000
Movements in the provision during the financial year are set out below:		
Carrying amount at 1 July	28,191	9,278
Less: amounts acquitted against inventory	(756)	(655)
Less: amounts acquitted from direct purchase of credits	(7,275)	(2,037)
Less: net profit on acquittals (refer note 4b)	(1,976)	(620)
Additional developers' payments received	26,156	10,731
Loss from developers' payments remeasurement	585	11,494
Carrying amount at 30 June	44,925	28,191

Recognition and measurement – provisions

(i) *Developers' payments - biodiversity credits*

Under Section 6.30 of the *Biodiversity Conservation Act 2016* (the BC Act), a person (typically a developer) who is required to retire biodiversity credits may satisfy that requirement by instead paying an amount into the Biodiversity Conservation Fund (BCF). If that amount is paid into the BCF, the developer's requirement to retire biodiversity credits is satisfied.

Under Section 6.31 of the BC Act, the BCT is to apply the amount paid into the BCF towards securing biodiversity offsets determined in accordance with the regulations in substitution for the relevant number and class of biodiversity credits otherwise required to be retired (by the developer).

Biodiversity Conservation Trust
Notes to the financial statements
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19. Current liabilities – provisions (cont'd)

A provision is recognised when funds are received from developers under Section 6.30 of the BC Act. 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. The outstanding developer obligations are revalued or remeasured using the Biodiversity Offsets Payment Calculator (BOPC 2.03 - unpublished) to reflect the estimated cost to procure these biodiversity credits. Increases in estimated costs from this remeasurement amounted to \$0.6 million (FY2019-20: \$11.5 million), recorded as an expense in the Statement of Comprehensive Income. Refer note 2(f).

20. Contingent liabilities and assets

A contingent liability is a potential liability that may occur depending upon the outcome of uncertain future events. The BCT is not aware of any contingent liabilities at 30 June 2021 (nil as at 30 June 2020).

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 2021 (nil as at 30 June 2020).

21. Cash Flows

(a) Reconciliation of cash flows from operating activities

	2021	2020
	\$'000	\$'000
Net cash from operating activities	76,873	40,522
Depreciation	(151)	(110)
Finance costs	(12)	(9)
(Decrease)/increase in receivables	(7)	(332)
(Increase)/decrease in payables	(439)	291
(Decrease)/increase in inventories	(755)	10,505
(Increase)/decrease in provisions	(16,734)	(18,913)
(Increase)/decrease in contract liabilities	(5,752)	(290)
Gain/(loss) on disposal of assets held for sale and PPE	148	291
Unrealised gain/(loss) from TCorpIM Funds measured at fair value	15,291	(3,379)
Net result	68,462	28,576

(b) Net purchase of financial assets

	2021	2020
	\$'000	\$'000
Increase in TCorpIM LTGF funds	51,215	76,153
Unrealised (gain)/losses for the period	(15,291)	3,379
Net purchase of financial assets per statement of cash flows	35,924	79,532

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2021

22. 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 BCT Board 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) (a) Financial instrument categories

Financial Assets	Note	Category	Carrying	Carrying
			Amount	Amount
			30 June 2021	30 June 2020
Class:			\$'000	\$'000
Cash and cash equivalents	6	N/A	78,648	37,571
Receivables ¹	8	Receivables (at amortised cost)	63	8
Financial assets at fair value	7	Fair value through profit or loss - mandatory classification	127,368	76,153
Financial Liabilities			\$'000	\$'000
Class:				
Payables ²	17	Financial liabilities (at amortised cost)	2,349	1,961
Borrowings	18	Financial liabilities (at amortised cost)	389	222

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.

22. Financial instruments (cont'd)

(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.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System as well as deposits in the TCorpIM Cash Fund. 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

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 2021 (and 30 June 2020) 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 2021 was 8.01% (2020: 9.08%). The rate of interest is determined by the Office of State Revenue.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2021

22. Financial instruments (cont'd)

(c) Financial risks (cont'd)

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

	Weighted average effective int. rate	\$'000						
		Nominal amount	Interest Rate Exposure			Maturity Dates		
			Fixed interest rate	Variable interest rate	Non- interest bearing	< 1 yr	1 - 5 yrs	> 5 yrs
2021								
Payables	-	2,349	-	-	2,349	2,317	32	-
Borrowings	4.18%	389	389	-	-	137	252	-
		2,738	389	-	2,349	2,454	284	-
2020								
Payables	-	1,961	-	-	1,961	1,933	28	-
Borrowings	2.37%	222	222	-	-	112	110	-
		2,183	222	-	1,961	2,045	138	-

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.

(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 funds. 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 timeframe 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. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +0.05% or -0.05% is used (2020: +0.05% or -0.25%), 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.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2021

22. Financial instruments (cont'd)

(c) **Financial risks (cont'd)**

(iii) **Market risk (cont'd)**

	Carrying amount \$'000	-0.05% Profit \$'000	Equity \$'000	+0.05% Profit \$'000	Equity \$'000
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30 June 2021

Financial assets:

Cash in bank	75,832	(38)	(38)	38	38
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	Carrying amount \$'000	-0.25% Profit \$'000	Equity \$'000	+0.05% Profit \$'000	Equity \$'000
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30 June 2020

Financial assets:

Cash in bank	34,764	(87)	(87)	17	17
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The interest rate implicit in the lease (borrowings) is fixed for each capitalised lease agreement and is therefore not exposed to interest rate risk.

TCorpIM Funds

Exposure to 'other price risk' primarily arises through the investment in the TCorpIM funds, which are held for strategic rather than trading purposes. The BCT has no direct equity investments. The BCT holds units in the following TCorpIM funds:

Facility	Investment Sectors	Investment Horizon	30 June 2021	30 June 2020
Cash Fund	Cash, money market instruments	Up to 1.5 years	2,816	2,807
Long Term Growth Fund	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	127,368	76,153

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

Investment in the TCorpIM funds limits the entity's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

TCorp provides sensitivity analysis information for each of the investment management funds, using historically based volatility information collected over a ten-year period, quoted at two standard deviations (i.e. 95% probability). The TCorpIM Funds are measured at fair value through profit or loss and therefore any change in unit price impacts directly on net results. A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from TCorpIM Funds Statement).

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2021

22. Financial instruments (cont'd)

(c) Financial risks (cont'd)

TCorpIM Funds (cont'd)

		Impact on net result / equity	
		2021	2020
		\$'000	\$'000
TCorpIM funds - Cash Fund	+/-1.0%	28	+/- 1.4% 39
TCorpIM funds - Long Term Growth Fund	+/-9.9%	12,609	+/-10.4% 7,920

23. 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 Officer) is:

	2021	2020
	\$'000	\$'000
Short-term employee benefits		
Salaries	660	693
Other monetary allowances	-	-
Non-monetary benefits	-	-
Total remuneration	660	693

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 KMP and NSW Treasury and transactional reviews undertaken, the BCT did not enter any transactions with key management personnel, their close family members and any entities controlled or jointly controlled thereof during the year.

- b. Related party transactions

As at 30 June 2021, the BCT received grants of \$50.0 million (2020: \$50 million) from the Climate Change Fund, \$20.41 million (2020: \$15.24 million) of NSW Government funding through the Department of Planning, Industry and Environment, \$5.93 million (2020: \$7.08 million) from the Western Sydney Growth Centres program, \$0.4 million (2020: \$ Nil) from the Cumberland Plains Conservation Program and \$2.83 million (2020: \$ Nil) from the North Cooranbong Offsets Program. These 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 DPIE.

As at 30 June 2021, the BCT paid \$1.42 million (2020: \$1.42 million) to the Department of Planning, Industry and Environment for corporate, finance and human resources 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.

24. Commitments for expenditure

- (a) Conservation agreements: Under *the Biodiversity Conservation Act 2016*, BCT can enter 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 2021, the BCT had entered 120 funded conservation agreements with landholders. In addition, the BCT had offered or committed to enter a further 31 funded conservation agreements which had not been signed by the landholders as at 30 June 2021, but which are likely to be signed in the next financial year. The BCT sets aside and invests in various assets to support these agreements. The BCT uses these assets and investment or other earnings on those assets to make the annual conservation management payments to the agreement holders. 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 2020-21 financial year total \$9.01 million. Refer note 26.
- (b) Management funding contracts: The previous 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 bind the BCT to provide financial assistance in accordance with the agreed schedule. There are currently 13 (2020: 15) such agreements with a total outstanding obligation of \$0.28 million (2020: \$0.29 million). Refer notes 3(c) and 9.
- (c) Cumberland Plain Conservation Plan: BCT has received \$5.76 million funding in the last quarter of 2020-21 under the Cumberland Plain Conservation Plan for the specific purpose of acquiring specific units of Cumberland Plain Woodland and Shale Sandstone Transition Forest biodiversity credits. These credits are expected to be acquired and retired in 2021-22, subject to NSW Government approval of the Plan. Refer note 9.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2021

25. 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.

	\$m
Net result	
Actual operating surplus was \$68.5 million compared to budget of \$43.5 million - a favourable variance of \$25.0 million.	
The above variance was driven primarily by the unbudgeted gain from TCorp investments and lower than budgeted purchases of Growth Centres credits and other operating expenses.	
Expenses:	
Lower than budgeted operating expenses by \$5.4 million, lower grants and subsidies by \$2.8 million, partly offset by higher charges for depreciation, finance costs (leases) and unbudgeted developers' provision loss of (\$0.6) million.	7.6
Revenues and gains:	
Lower than budgeted revenues and investment earnings by (\$0.05) million, offset by unbudgeted gain from TCorp investments of \$15.3 million, gain on developers' payments acquittals of \$2.0 million and gain on disposal of vehicles of \$0.1 million.	17.4
Total Net Result	25.0
Assets and liabilities	
Actual net assets of \$187.9 million against the budget of \$163.0 million – a favourable variance of \$24.9 million	
<i>Total actual assets of \$241.7 million against a budget of \$193.7 million giving a favourable variance of \$48.0 million</i>	
- Higher than budgeted balance in TCorp investments by \$51.2 million due in part to favourable earnings, higher plant & equipment, Intangibles and ROU assets by \$0.8 million, offset by lower balances in cash and cash equivalents, receivables and inventories of (\$4.0) million.	48.0
<i>Total liabilities of \$53.8 million against a budget of \$30.7 million, resulting in an unfavourable variance of \$23.1 million</i>	
- Mainly due to higher than budgeted developers' contributions to offset their biodiversity obligations recorded as provisions by (\$16.7) million, receipt of Cumberland Plain Conservation Plan funding for credits acquisition of (\$5.8) million and increases in payables and lease liabilities of (\$0.6) million.	(23.1)
Total Net Assets	24.9
Cash Flow	
Closing cash of \$78.6 million against a budget of \$81.1 million giving an unfavourable variance of \$2.5 million	
Cash flows from Operating Activities:	
Higher than budgeted total receipts of \$36 million mainly due to higher than budgeted developers' payments, other receipts, Growth Centre grants and unbudgeted receipt of CPCP funding. Offset by higher than budgeted total payments of \$2.8 million.	33.2
Cash flow from Investing Activities:	
Higher than budgeted purchase of financial assets (TCorp) – (\$35.9) million, purchase of intangibles (\$0.7) million; offset by higher net proceeds from sale of PPE of \$1.0 million.	(35.6)
Cash flow from Financing Activities:	
Higher than budgeted lease liability (AASB 16) payments	(0.1)
Total Net Cash flow	(2.5)

26. 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 assets held in the Biodiversity Conservation Fund (BCF).

On 29 January 2021, the BCT received approval from the NSW Treasurer to continue investing its assets held in trust in Treasury Corporation Investment Management Funds (TCorpIM funds), pending the outcomes of any review of the Land Management and Biodiversity Conservation reforms that may impact on the BCT's investment requirements, or otherwise have material financial implications for the State.

From time to time, the BCT also invests in other assets, primarily biodiversity credits or real property. Some of these assets are also recognised as part of the assets supporting funded conservation agreements. When investing in other assets, the BCT aims to achieve a rate of return no less than the rate being earned on funds invested in TCorpIM funds. For the purposes of the analysis below, it is assumed that all investments earn the same rate of return, being the TCorpIM funds' forecast rates.

These assets and the proceeds from investment or other earnings from these assets 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 2021 using risk-free rates and at a range of discount rates the BCT Board considers reasonably possible, assuming that all future conservation management actions are undertaken in accordance with agreements and therefore all future management payments are to be made on time. The discount rates used have regard to the fact that a majority of these agreements are for an in-perpetuity term and in-perpetuity investments are highly sensitive to movements in discount rates.

As at 30 June 2021, the BCT had entered 120 funded conservation agreements with landholders.

In addition, the BCT has offered or committed to enter a further 31 funded conservation agreements, which had not yet been signed by the landholders as at 30 June 2021, but which are likely to be signed in the next financial year.

Tables 26.1 and 26.2 show the PV-CAPs and net position against the assets, at a range of discount rates, as at 30 June 2021 for signed and registered agreements and for unsigned agreements respectively.

Biodiversity Conservation Trust
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26. Future payments under funded conservation agreements (cont'd)

Table 26.1 – PV-CAPs for signed and registered conservation agreements at a range of nominal discount rates*

Assets	Nominal discount rate	Estimated PV-CAPs	Adequacy	Adequacy %
\$89.2 million	3.00%	\$223.1 million	-\$133.9 million	40%
	Risk-free rates	\$172.8 million	-\$83.6 million	52%
	3.50%	\$155.7 million	-\$66.5 million	57%
	4.00%	\$121.6 million	-\$32.4 million	73%
	4.50%	\$100.9 million	-\$11.7 million	88%
	5.00%	\$86.9 million	\$2.3 million	103%
	5.50%	\$76.8 million	\$12.4 million	116%
	6.00%	\$69.0 million	\$20.2 million	129%
	6.50%	\$62.9 million	\$26.3 million	142%
	7.00%	\$57.9 million	\$31.3 million	154%
7.50%	\$53.8 million	\$35.4 million	166%	

Table 26.2 – PV-CAPs for unsigned conservation agreements at a range of nominal discount rates*

Assets	Nominal discount rate	Estimated PV-CAPs	Adequacy	Adequacy %
\$54.1 million	3.00%	\$129.0 million	-\$74.9 million	42%
	Risk-free rates	\$101.1 million	-\$47.0 million	54%
	3.50%	\$91.0 million	-\$36.9 million	59%
	4.00%	\$71.8 million	-\$17.7 million	75%
	4.50%	\$60.1 million	-\$6.0 million	90%
	5.00%	\$52.1 million	\$2.0 million	104%
	5.50%	\$46.3 million	\$7.8 million	117%
	6.00%	\$41.9 million	\$12.2 million	129%
	6.50%	\$38.4 million	\$15.7 million	141%
	7.00%	\$35.5 million	\$18.6 million	152%
7.50%	\$33.1 million	\$21.0 million	163%	

*The following assumptions and calculations are made for tables 26.1 and 26.2: an assumed future inflation rate of 2.0% per annum; risk-free rates for all future years are derived from spot redemption yields of publicly traded Commonwealth bonds as at 30 June 2021. The longest maturity government bonds typically have maturities to 30 years from the valuation date, so an assumption is required for long-term risk-free rates after 30 years. A long-term risk-free forward rate of 4% per annum has been adopted for this purpose; and the percentage adequacy is calculated as the assets divided by estimated present value of payments.

**Risk-free rates used for discounting future cash flows vary from 0.1% per annum to 4% per annum depending on the timing of the cash flow. A single flat discount rate of 3.3% per annum produces approximately the same valuation result as the risk-free rates.

One rate included in tables 26.1 and 26.2 (3%) is 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 2.0%) and that therefore the estimates of present values at these rates are considered conservative.

Based on the latest actuarial report, and based on investment strategies being used by the BCT, the total adequacy ratio for the assets held for funded conservation agreements (signed and unsigned) as at 30 June 2021 is 125 per cent. This was calculated using a discount rate of 5.83%, which is based on the latest TCorp investment return forecasts for the two TCorpIM funds (weighted by the proportions invested in the two funds) net of a provision of 0.11% for Fund Manager fees.

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

As demonstrated in tables 26.1 and 26.2, the BCF 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 for funded conservation agreements 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:

- receives updated TCorp projections on investment returns and volatility
- receives 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.

27. 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).

<u>Movement in Funds</u>		
	2021	2020
	\$'000	\$'000
Balance at start of the period	141,567	122,379
Add: receipts (TFDs) by the Fund	20,082	28,710
Add: earnings on invested amounts in the Fund	23,613	(1,119)
Less: annual management payments	(9,036)	(8,403)
Less: remuneration of the fund manager*	-	-
Balance invested in the Fund	176,226	141,567

* The BCT has decided to waive its fund manager fee in 2019-20 and 2020-21, to support the fund's adequacy.

<u>Statement of Financial Position</u>		
	2021	2020
	\$'000	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	3,341	2,557
Short term deposits	10,171	8,887
Total cash and cash equivalents	13,512	11,444
Financial assets at fair value		
TCorplM Long Term Growth Fund	162,750	130,123
Total financial assets at fair value	162,750	130,123
Total current assets	176,262	141,567
LIABILITIES		
Current liabilities		
Accrued expenses	36	-
Total current liabilities	36	-
Net assets	176,226	141,567

Biodiversity Conservation Trust
Notes to the financial statements
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27. Funds, assets and future payments of the Biodiversity Stewardship Payments Fund (BSPF) (cont'd)

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 for Energy and 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 performance of its duties as Fund Manager.

Monies held in the BSPF are invested in the following three TCorpIM funds:

Facility	Investment Sectors	Investment Horizon	30 June 2021	30 June 2020
Cash facility	Cash, money market instruments	Up to 1.5 years	10,171	8,887
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	162,750	130,123

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

Investment in the TCorpIM funds 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.

If a biodiversity stewardship site account has an operational deficit greater than 20 per cent (i.e. an adequacy ratio of less than 80%), 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 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.

The assets held in the BSPF, along with the investment earnings on those assets invested in NSW Treasury Corporation investment management funds (TCorpIM funds), are 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 biodiversity stewardship management actions.

The BCT commissioned actuarial advice to calculate the present value of the future biodiversity stewardship agreement payments (PV-BSAPs) as at 30 June 2021 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 to be 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.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2021

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

BSPF assets for active BSAs consist of balances in TCorp and Westpac as at 30 June 2021 of \$161.4 million and \$1.76 million, respectively.

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 27.1 shows the PV-BSAPs, net positions and adequacy ratios relative to the assets held as at 30 June 2021.

Table 27.1 – PV-BSAPs, net positions and adequacy ratios for active biodiversity stewardship agreements at a range of nominal investment return rates*

Assets	Nominal discount rate	Estimated PV-BSAPs	Adequacy	Adequacy %
\$163.1 million	3.00%	\$425.1 million	-\$262.0 million	38%
	Risk-free rates	\$326.6 million	-\$163.4 million	50%
	3.50%	\$295.8 million	-\$132.7 million	55%
	4.00%	\$230.8 million	-\$67.7 million	71%
	4.50%	\$191.5 million	-\$28.4 million	85%
	5.00%	\$165.1 million	-\$2.0 million	99%
	5.50%	\$146.1 million	\$17.1 million	112%
	6.00%	\$131.6 million	\$31.5 million	124%
	6.50%	\$120.3 million	\$42.9 million	136%
	7.00%	\$111.1 million	\$52.0 million	147%
	7.50%	\$103.5 million	\$59.6 million	158%

BSPF assets for inactive BSAs is a projected figure consisting of balances (partial TFD payments made) held in TCorp and Westpac as at 30 June 2021 of \$11.54 million and \$1.53 million respectively, plus \$92.43 million of expected total fund deposit (TFD) payments, assuming these were all paid in as at 30 June 2021.

For inactive BSAs—where an agreement has been signed and passive management requirements are in place but where the full total fund deposit has not yet been received, biodiversity stewardship payments are not yet being made and active management is not yet required—Table 27.2 shows the PV-BSAPs, net positions and adequacy ratios relative to the expected assets for these BSAs.

Biodiversity Conservation Trust

Notes to the financial statements

For the year ended 30 June 2021

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

Table 27.2 – PV-BSAPs, net positions and adequacy ratios for inactive biodiversity stewardship agreements at a range of nominal investment return rates*

Expected Assets	Nominal discount rate	Estimated PV-BSAPs	Adequacy	Adequacy %
\$105.5 million	3.00%	\$300.3 million	-\$194.8 million	35%
	Risk-free rates	\$231.3 million	-\$125.8 million	46%
	3.50%	\$210.0 million	-\$104.5 million	50%
	4.00%	\$164.6 million	-\$59.1 million	64%
	4.50%	\$137.2 million	-\$31.7 million	77%
	5.00%	\$118.8 million	-\$13.2 million	89%
	5.50%	\$105.5 million	\$0.0 million	100%
	6.00%	\$95.4 million	\$10.1 million	111%
	6.50%	\$87.5 million	\$18.0 million	121%
	7.00%	\$81.1 million	\$24.4 million	130%
	7.50%	\$75.8 million	\$29.7 million	139%

*The following assumptions and calculations were made for tables 27.1 and 27.2: an assumed future inflation rate of 2.0% per annum; risk-free rates for all future years are derived from spot redemption yields of publicly traded Commonwealth bonds as at 30 June 2021. The longest maturity government bonds typically have maturities to 30 years from the valuation date, so an assumption is required for long-term risk-free rates after 30 years. A long-term risk-free forward rate of 4% per annum has been adopted for this purpose; and the percentage adequacy is calculated as the assets divided by estimated present value of payments.

**Risk-free rates used for discounting future cash flows vary from 0.1% per annum to 4% per annum depending on the timing of the cash flow. A single flat discount rate of 3.3% per annum produces approximately the same valuation result as the risk-free rates.

One rate included in tables 27.1 and 27.2 (3%) is 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 2.0%) and that therefore the estimates of present values at these rates are considered conservative.

Based on the latest actuarial report, and based on the current investment strategies deployed, the BSPF's total adequacy ratio for active and inactive BSAs as at 30 June 2021 is 112 per cent. The adequacy ratio for active BSAs is 118% and for passive BSAs is 105%. These ratios were calculated using a discount rate of 5.74%, which is based on the latest TCorp investment return forecasts for the two TCorpIM funds (weighted by the proportions invested in the two funds) net of a provision of 0.11% for Fund Manager fees.

As demonstrated in tables 27.1 and 27.2, the BSPF may have lower adequacy under certain investment return scenarios. 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. Given this volatility, the BCT will continue to work with the Department of Planning, Industry and Environment, NSW Treasury, the Minister and the NSW Government to explore options and implement any agreed measures to strengthen the adequacy position of the fund.

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
- receives 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.

28. Events after the reporting period

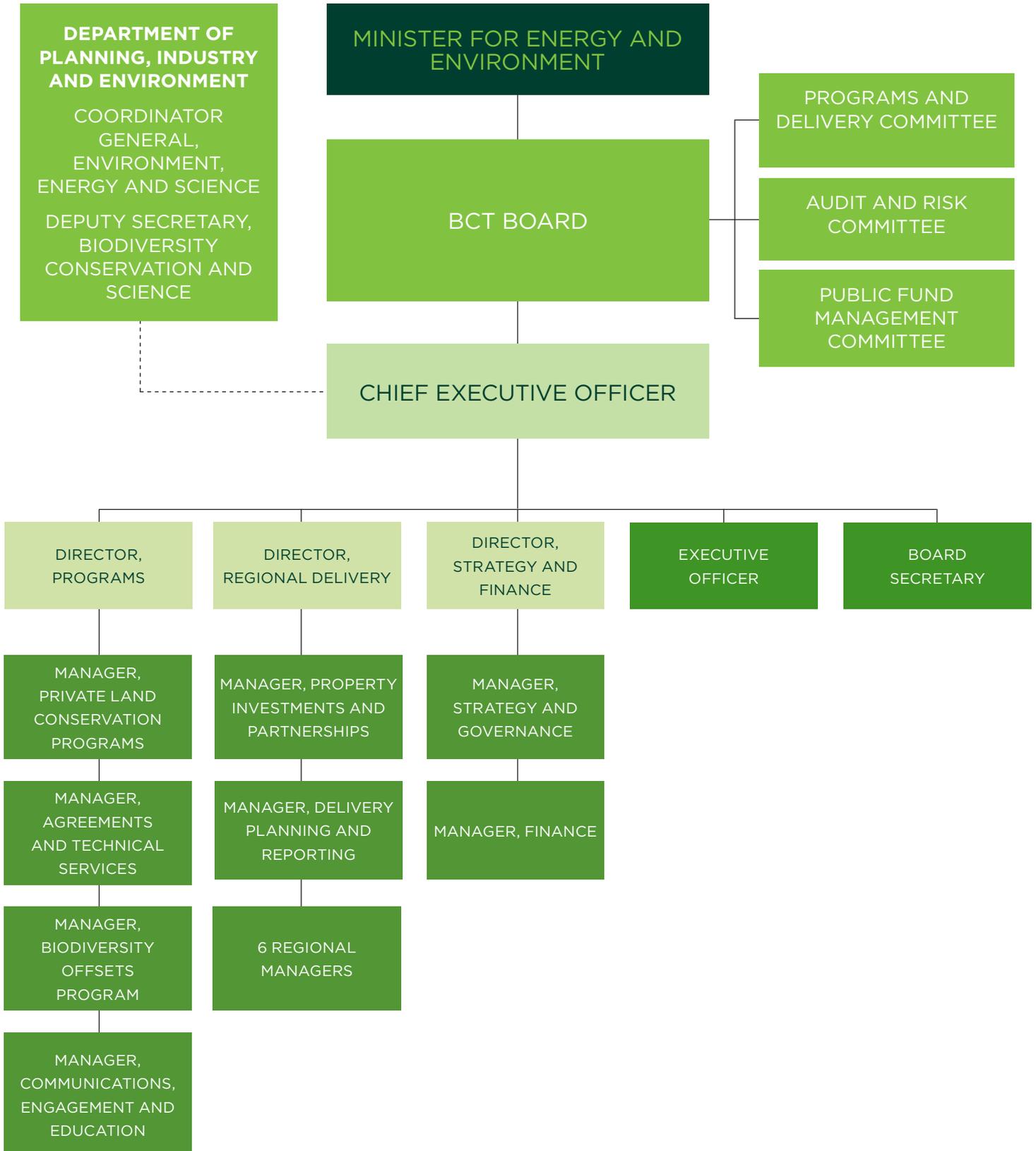
There are no other known events that would impact on the state of the BCT or have a material impact on the financial statements.

End of audited financial statements.

Appendices

Organisational structure

The BCT organisation structure consists of the BCT Board, managing the affairs of the BCT as set out in the Biodiversity Conservation Act 2016, the BCT Chief Executive Officer, with support from the Director Regional Delivery, Director Programs, Director Strategy and Finance and a team of staff located across NSW.



Governance

BCT Board

The BCT Board is directly accountable to the Minister and operates pursuant to 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 Board is constituted under Part 10.3 of the Biodiversity Conservation Act 2016. The Board must consist of no fewer than five and no more than 11 members appointed by the Minister.

Method of appointment

Schedule 8 Clause 2 of the Biodiversity Conservation Act 2016 provides that the members of the BCT Board must collectively possess the following skills:

- 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.

In 2020-21, two members' appointments expired, two members resigned, one member was reappointed, and three new members were appointed to the Board. The appointments were made pursuant to the *Biodiversity Conservation Act 2016*. The new appointments and one reappointment were made by the Minister following consultation with the Minister for Planning and Public Spaces and the Minister for Agriculture and Western New South Wales, and NSW Government approval processes.

BCT Board members as at 30 June 2021

The Hon Niall Blair Member Dec 2020-May 2021; Chairperson from May 2021



Niall Blair is a highly skilled professional with more than 20 years' experience across the government and private sectors, specialising in risk management, agribusiness and sustainability. He holds a Masters of Occupational Health and Safety from the University of Newcastle and a Bachelor of Horticultural Science from the University of Western Sydney. Mr Blair is Professor of Food Sustainability at Charles Sturt University. He is also Chairman of Elf Farm Supplies Pty Ltd and Non-Executive Director of White Prince Mushrooms Pty Ltd. Mr Blair is a passionate advocate for the food and fibre production sectors, with notable achievements in areas such as waste reduction, animal welfare, social licence, climate change and global markets.

Prior to these roles, Mr Blair served as a senior member of the NSW Parliament for nine years. During his tenure he was appointed NSW Minister for Primary Industries, Water, Lands, Trade and Industry and Deputy Leader of the Government in the Legislative Council.



Virginia Malley Deputy Chairperson

Virginia Malley has 35 years' experience in the financial and environmental sectors with expertise in environmental and financial markets, stewardship, risk management, corporate governance and regulatory compliance.

Ms Malley is the Chair of the Review Panel of the Australian Carbon Industry Code of Conduct, Chair of the Future Super Risk Committee, Chair of Pinnacle Fund Services Compliance Committee, non-executive director of Perpetual Equity Investment Co Ltd and a non-executive director of Perpetual Superannuation Ltd. She was previously a board member of the Clean Energy Regulator, Morphic Ethical Equities Fund Ltd and the Nature Conservation Trust of NSW.

In her executive career, Ms Malley was the Chief Risk Officer at Macquarie Funds Management Group, overseeing risk management of portfolios worth more than \$85 billion and invested in clean technologies, publicly traded debt securities, listed equities, derivatives, currencies and private equity.

Ms Malley 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.



Dr David Freudenberger Member

David Freudenberger has a distinguished ecological research and leadership record of excellence. He has over 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 (Commonwealth Scientific and Industrial Research Organisation), as well as delivery of enduring natural resource management strategies and outcomes on-ground (Greening Australia).

Dr Freudenberger was a Senior Lecturer at the Australian National University (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.



Mr John Pierce AO Member

John Pierce has more than 30 years' experience in economics, public policy and finance, governance and industry reform. He has extensive experience as a senior advisor to governments in the areas of fiscal, energy and climate change policies.

Mr Pierce holds a Bachelor of Commerce in Economics, with Honours from the University of NSW and was a Visiting Scholar at Boston University during 2004-2005, where he worked on the intergenerational fiscal and economic impacts of demographic change.

He is currently Adjunct Professor of Economics at Griffith University.

Mr Pierce was Chairman of the Australian Energy Market Commission and is a former Secretary of the Federal Department of Resources, Energy and Tourism. Prior to that, Mr Pierce was Chairman of NSW Treasury Corporation and served for more than a decade as NSW Treasury Secretary.



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 a particular passion for education and social welfare.

Mr Taylor is a member of several boards including the University of Technology Sydney, The Aboriginal and Torres Strait Islander Healing Foundation, Wentwest Limited and the Indigenous advisory firm, Moreton Consulting. 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.



Ms Káren Zirkler Member

Káren Zirkler has spent her life on the land. Having grown up on grain-growing farms in North West NSW, she is now an executive director of a family grazing operation in the New England, focused on implementing regenerative practices.

Ms Zirkler has a Bachelor of Science in Australian Environmental Studies, with First Class Honours from Griffith University. She has 30 years' experience working in agricultural extension and Landcare, through various roles with the Queensland Department of Primary Industries, Griffith University, Edith Cowan University, and currently as the CEO of Southern New England Landcare Ltd.

Ms Zirkler brings strong lived experiences, abilities and insights into communicating with, engaging, and resourcing landholders and other stakeholders. In addition, she has an expansive rural and regional network and first-hand experience of key issues currently affecting rural communities.

BCT Board members whose appointments expired, or who resigned or retired during 2020-21

The Hon Robert Hill AC Chairperson to December 2020

Robert Hill is a Barrister and Solicitor and was a Senator in South Australia from 1981-2006, serving as Leader of the Government in the Senate, Minister for the Environment and Minister for Defence.

After leaving Parliament, Mr Hill served as Australia's Ambassador to the United Nations in New York.

Mr Hill returned to Australia and 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. Mr Hill chairs the Cooperative Research Centre on Low Carbon Living at the University NSW, is on the Asia Pacific Board of The Nature Conservancy and a Governor of WWF Australia.

Ms Renata Brooks Member to December 2020

Renata Brooks is currently Deputy Chair of the Fisheries Research and Development Corporation, an Australian Fisheries Management Authority Commissioner and a member of the NSW Joint Regional Planning Panel for the Southern region. She also undertakes policy and program reviews through her consulting business, Stratagem Design Solutions.

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.

Ms Brooks holds an Honours Degree in Veterinary Science from the University of Sydney, a Graduate Certificate in Bioethics from the University of Technology, Sydney and is a Graduate and Fellow of the Australian Institute of Company Directors.

Dr Neil Byron Member to August 2020

Neil 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 directed the commission's environmental economics program. Previous appointments include: Bureau of Agricultural Economics in Canberra; teaching resource and environmental economics and development economics at ANU; Chief Technical Adviser of a United Nations Project in Dhaka, Bangladesh; and Assistant Director General of the Centre for International Forestry Research, based in Indonesia. Dr Byron has also consulted internationally in the design and evaluation of rural development projects since 1980.

Since 2008, Dr Byron has been an Adjunct Professor in Environmental Economics at the ANU then at the University of Canberra. 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 and amendments to the Local Land Services Act. In 2012-13, Dr Byron chaired the independent review of the Oil Product Stewardship Scheme for the Australian Government. Dr Byron is a Fellow of the Australian Institute of Company Directors. He has been a non-executive Director of Alluvium Consulting since 2015, a plantation forestry company in New Zealand (2008 to 2011), and the Earthwatch Institute Australia (2010-16).

The Hon Gary Nairn AO Member to August 2020

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, 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 Chairman of the Northern Territory Planning Commission and a Board member of the NT Environment Protection Authority from 2013 to 2017; Chairman of the Tasmanian Spatial Information Council from 2010 to 2016; National Chairman of the Spatial Industries Business Association from 2012 to 2014; and has been the Chairman of the Advisory Committee for the Centre for Spatial Data Infrastructure at Melbourne University since 2011. He was appointed Chairman of the Mulloon Institute in January 2016 after serving as a member of its Advisory Council. He joined the Board of the NSW Biodiversity Conservation Trust in August 2017. 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.

Frequency of meetings

The BCT Board Charter notes that the Board is expected to meet six times each year. Additional meetings may be convened as necessary and out-of-session decisions are made as agreed by the Chairperson. The Board met six times in 2020-21 and there were two out-of-session meetings.

Due to changes in membership between August and December 2020, some members were only scheduled to attend a reduced number of meetings as listed below.

Name	Position	Term of appointment	Meeting attendance
The Hon Robert Hill AC	Chairperson	25 Aug 2017 – 24 Aug 2020 Resigned Dec 2020	3 of 3 scheduled meetings 1 of 1 OOS meetings
Ms Virginia Malley	Deputy Chairperson A/Chairperson Dec 20-May 21	25 Aug 2017 – 24 Aug 2022	6 of 6 scheduled meetings 1 of 2 OOS meetings (apology 15/10/20)
The Hon Niall Blair	Member from Dec 20-May 21 Chairperson from May 21	14 Dec 2020 – 24 Aug 2024	3 of 3 scheduled meetings 1 of 1 OOS meetings
Dr Neil Byron	Member	11 Oct 2018 – 24 Aug 2022 Resigned Aug 2020	1 of 1 scheduled meetings
Ms Renata Brooks	Member	25 Aug 2017 – 31 Dec 2020	3 of 3 scheduled meetings 1 of 1 OOS meetings
Dr David Freudenberger	Member	Reappointment: 14 Dec 2020 – 24 Aug 2023 Original appt: 11 Oct 2018 – 24 Aug 2020	3 of 4 scheduled meetings (apology 21/08/20) 1 of 1 OOS meetings
Mr Duncan McGregor	Independent Member	25 Aug 2017 – 24 Aug 2022	6 of 6 scheduled meetings (apology 28/2/20) 2 of 2 OOS meetings
The Hon Gary Nairn AO	Member	25 Aug 2017 – 24 Aug 2020	0 of 1 scheduled meetings (apology 21/08/20)
Mr John Pierce AO	Member	14 Dec 2020 – 24 Aug 2024	3 of 3 scheduled meetings 1 of 1 OOS meetings
Mr Russell Taylor AM	Member	25 Aug 2017 – 24 Aug 2022	4 of 6 scheduled meetings (apologies 09/10/20 + 26/8/21) 2 of 2 OOS meetings
Ms Káren Zirkler	Member	14 Dec 2020 – 24 Aug 2023	3 of 3 scheduled meetings 1 of 1 OOS meetings

Senior Executive team

The BCT Chief Executive Officer is accountable to the Board for BCT operations and to the Deputy Secretary Biodiversity Conservation and Science within DPIE for employment and administrative purposes. In 2020-21, the Chief Executive Officer was supported by the Director Programs, Director Regional Delivery and Director Strategy and Finance.

Paul Elton Chief Executive Officer

In July 2017, Paul Elton was appointed Executive Director (CEO) of the NSW BCT. Paul commenced his career in the private sector and has since had 24 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 Department of Premier and Cabinet. He then spent four years working with the Department of Prime Minister and Cabinet supporting the Council of Australian Governments Reform Council.

In NSW, Paul has worked across numerous sectors. Throughout his career, Paul has had a significant focus on environmental 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 (OEH). 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.

Carolyn Davies Director Programs

Carolyn Davies 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 holds a Bachelor of Natural Resources, Masters of Economics, Masters of Training and Development, and a Doctorate in Water Management.

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

Alan Goodwin Director Regional Delivery

Alan Goodwin's career spans 30 years and includes extensive experience in land and conservation management. Alan has had an extensive career with the Victorian Department of Environment, Land, Water and Planning (DELWP), including as Regional Director and as Chief Fire Officer.

Before joining DELWP in 2003, Alan commenced his career with the Department of Natural Resources and Environment, followed by several years with Forestry Tasmania. Alan was appointed Director Regional Delivery of the BCT in November 2017.

Emily McCosker Director Strategy and Finance

Emily commenced her career as a policy graduate at the NSW Environment Protection Authority. Her 20-year career in the NSW public sector has included policy and governance roles across a range of portfolios including the environment, consumer affairs, criminal justice and government procurement.

Emily holds a Bachelor of Arts with Honours in Government, Master of International Development and Graduate Certificate in United States Studies.

Emily joined the BCT in 2018 as Manager Strategy and Governance and was appointed to the role of Director Strategy and Finance in February 2021.

Our staff

The BCT consists of four main functional areas, including the Office of the Chief Executive, Regional Delivery Branch, Programs Branch and Strategy and Finance Branch. The BCT head office is located in Parramatta, with staff located in seven regions across NSW to help support and work with local landholders, communities and stakeholders.

Office of the Chief Executive

The Office of the Chief Executive includes Executive and Board support.

Programs Branch

The Programs Branch facilitates the BCT's private land conservation programs and manages the BCT's offset obligations in line with legislative requirements. The Programs Branch is responsible for leading operational policies, guidelines, monitoring and delivery of technical services to support BCT programs and agreements of properties. The Programs Branch also includes Communications, Engagement and Education.

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. The Regional Delivery Branch is responsible for the ongoing management and support of existing agreements, including technical support, monitoring agreements and compliance requirements. Regional Delivery staff also participate in community engagement and education activities across NSW.

Strategy and Finance Branch

The Strategy and Finance Branch performs business-enabling functions, including financial management, funds and investment management, strategy, business planning, reporting, governance, risk, conformance, audit, and staff services and support.

Board sub-committees

Audit and Risk Committee

The Audit and Risk Committee (ARC) provides independent assistance and assurance to the Board by monitoring, reviewing and providing advice on governance, financial management, risk management, conformance, internal and external audit, and external accountability. Staff from the Audit Office of NSW and the BCT's internal auditors regularly attend meetings.

Method of appointment

Under the ARC Charter, the Board appoints the Chairperson and members of the ARC, consisting of at least three members, and no more than five members. Members are appointed for an initial period not exceeding three years, after which they are eligible for an extension or reappointment for a further two terms, subject to a performance review by the Board (noting that a total term on the ARC will not exceed nine years). At least one member of the ARC must have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public-sector environment. In 2020-21 the ARC consisted of between three and four BCT Board members and Mr David Black, an independent, non-Board member.

In addition, BCT ARC members are assessed and qualified by NSW Treasury under the *Prequalification Scheme, Audit and Risk Committee Independent Chairs and Members*.

David Black Independent member (to March 2021); Independent Chair (from March 2021)

Before retiring as a Partner from Deloitte in 2016, David spent 25 years working in the UK and Australia. During that time David worked with clients, including in the government sector, on complex accounting, internal and external auditing, risk management, corporate governance and due diligence engagements.

David is a Fellow of Chartered Accountants Australia and New Zealand, a Fellow of the Institute of Chartered Accountants in England and Wales, has a Bachelor of Arts (Honours) in Economics, a Masters of Business Administration, and is a Graduate of the Australian Institute of Company Directors.

David currently sits on one other government sector audit committee serving as the independent member and is a non-executive director and audit committee member on an ASX-listed company.

Frequency of meetings

The ARC Charter notes that the ARC will meet at least four times per year, and a special meeting may be held to review the BCT's annual financial statements. The ARC met seven times in 2020-21 and there were no out-of-session meetings.

Due to changes in membership between August and December 2020, some members were only scheduled to attend a reduced number of meetings as listed below.

Name	Position	Term of appointment	Meeting attendance
Ms Renata Brooks	Chairperson to Dec 2020	25 Aug 2017 - 31 Dec 2020	4 of 4 scheduled meetings
Mr David Black	Independent Board Member Member to March 2021 Chairperson from March 2021	13 April 2018 - 24 Aug 2023	7 of 7 scheduled meetings
Dr Neil Byron	Member	11 Oct 2018 - 24 August 2022 Resigned Aug 2020	2 of 2 scheduled meetings
Ms Virginia Malley	Independent Member	25 Aug 2017 - 24 Aug 2022	7 of 7 scheduled meetings
Mr Duncan McGregor	Independent Member	25 Aug 2017 - 24 Aug 2022	7 of 7 scheduled meetings
Mr John Pierce AO	Member	14 Dec 2020 - 24 Aug 2024	3 of 3 scheduled meetings

Programs and Delivery Committee

The Programs and Delivery Committee (PDC) provides advice to the Board by considering BCT management recommendations on program design and planning, program delivery and BCT performance.

Method of appointment

The BCT Board established the PDC as a sub-committee pursuant to clause 29 of the BCT Board Charter. Under the PDC Charter, the Board appoints the Chairperson and members of the PDC, consisting of at least three members, and no more than five members.

Frequency of meetings

The PDC Charter notes that the committee will meet at least four times each year, preceding each of the major quarterly Board meetings; either in person or via videoconference. The PDC met four times in 2020-21 and there were no out-of-session meetings.

Due to changes in membership between August and December 2020, some members were only scheduled to attend a reduced number of meetings as listed below.

Name	Position	Term of appointment	Meeting attendance
Ms Virginia Malley	Chairperson	25 Aug 2017 – 24 Aug 2022	4 of 4 scheduled meetings 1 of 1 OOS meeting
The Hon Niall Blair	Member	14 Dec 2020 – 24 Aug 2024	2 of 2 scheduled meetings
Dr David Freudenberger	Member	Reappointment: 14 Dec 2020 – 24 Aug 2023 Original appt: 11 Oct 2018 – 24 Aug 2020	2 of 3 scheduled meetings (apology 17/08/2020)
The Hon Robert Hill AC	Member	25 Aug 2017 – 24 Aug 2022 Resigned Dec 2020	1 of 2 scheduled meetings (apology 25/11/2020)
The Hon Gary Nairn AO	Member	25 Aug 2017 – 24 Aug 2020	1 of 1 scheduled meetings
Mr Russell Taylor AM	Member	25 Aug 2017 – 24 Aug 2022	3 of 4 scheduled meetings (apology 23/02/2021)
Ms Káren Zirkler	Member	14 Dec 2020 – 24 Aug 2023	2 of 2 scheduled meetings

Public Fund Management Committee

The Public Fund Management Committee (PFMC) is responsible for managing the BCT Public Fund, which involves compliance with requirements of the Biodiversity Conservation Act 2016, including: maintaining a not-for-profit status; ensuring specified money and property 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.

Method of appointment

Under the terms of reference, the BCT Board appoints the Chairperson and three members of the PFMC. There are currently no members appointed to the PFMC and the Audit and Risk Committee is acting as the PFMC.

Frequency of meetings

The BCT has not yet received any donations into the BCT Public Fund. No meetings were held in 2020-21. Once donations are received, the PFMC will meet twice each year, and additionally if required. The Chairperson may call meetings at any time and if requested to do so by the Board or another PFMC member.

BCT committees and representation

BCT Executive Committee

The BCT Executive Committee is 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 are consistent with formal delegations for decision-making.

Method of appointment

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

Frequency of meetings

As per the terms of reference, the BCT Executive Committee are to meet every month, except for months in which a BCT Board meeting is held. In 2020-21, the BCT Executive Committee met seven times.

Name	Position	Term of appointment	Meeting attendance
Paul Elton	Chairperson	25 August 2017 - ongoing	7 of 7 meetings
Carolyn Davies	Member	25 August 2017 - ongoing	7 of 7 meetings
Alan Goodwin	Member	1 November 2017 - ongoing	7 of 7 meetings
Emily McCosker	Member	12 October 2020 - ongoing	5 of 5 meetings

Work Health and Safety Committee

The Work Health and Safety (WHS) Committee is an advisory joint forum of managers and staff, monitoring the effectiveness of WHS management systems and processes, aiming to develop effective workplace solutions. The WHS Committee reports to the Executive Committee and prepares quarterly reports for the ARC.

Method of appointment

The WHS Committee members are appointed through internal expressions of interest and selected to represent all BCT regions and branches. In 2020-21, 11 members served on the WHS Committee. Due to staff retirement, redeployment and secondment, by financial year end the WHS Committee consisted of nine members however agreed quorum was still present. BCT plans to refresh the WHS Committee for 2021-22.

Frequency of meetings

The WHS Committee meeting frequency in 2020-21 remained the same as 2019-20 as the committee was well established and functioning efficiently. In 2020-21, the WHS Committee met five times.

Name	Position	Term of appointment	Meeting attendance
Alan Goodwin	Chairperson	31 Oct 2018 - 27 July 2021	4 of 5 meetings
Angela Goodfellow	Member	31 Oct 2018 - 27 July 2021	5 of 5 meetings
Stephen Bladwell	Member	31 Oct 2018 - 27 July 2021	5 of 5 meetings
Kathryn Collins	Member	31 Oct 2018 - 27 July 2021	3 of 5 meetings
Wendy Wildermoth	Proxy for K Collins	N/A	1 of 5 meetings
Scott Jaensch	Member	31 Oct 2018 - 27 July 2021	3 of 5 meetings

Name	Position	Term of appointment	Meeting attendance
Kevin Chaplin	Proxy for S Jaensch	N/A	1 of 5 meetings
Cassie Douglas	Member	31 Oct 2018 - 27 July 2021	3 of 5 meetings
Simone Garwood	Member	30 Nov 2018 - 27 July 2021	2 of 5 meetings
Paul O'Keefe	Member	30 Nov 2018 - 27 July 2021	1 of 5 meetings
Paula Pollock	Member	30 Nov 2018 - 27 July 2021	4 of 5 meetings
Sarah Sahlqvist	Proxy for P Pollock	N/A	1 of 5 meetings
Christine Lee	Member	23 Jan 2020 - 27 July 2021	3 of 5 meetings
Nicoletta Volonte	Member	23 Jan 2020 - 27 July 2021	4 of 5 meetings
Tania Rose	Proxy for N Volonte	N/A	1 of 5 meetings

Work Health and Safety at the BCT

The BCT has completed implementation of the recommendations from an internal audit commissioned in 2019-20. The BCT proceeded to develop a WHS implementation plan in order to continually improve the WHS systems and processes. The BCT encouraged staff to participate in the DPIE Health and Wellbeing Program focusing on physical, psychological, intellectual and social wellbeing. A member of staff has undergone training to represent BCT within this program as a Health and Wellbeing Ambassador.

The BCT has developed guidelines and procedures to address common WHS issues and staff receive consistent reminders to emphasise the importance of safety when conducting BCT work. All WHS procedures are accessible on the BCT's intranet, *Mycelium*, and updated regularly.

In 2020-21, there were a total of 21 reported WHS incidents, none of which resulted in injury-time off. A number of incidents related to driving: near misses, minor accidents and damage to vehicles done during fieldwork. As such the BCT Board endorsed a Defensive Driving program to be implemented. Planning in two phases: online (all staff) and in-person (staff travelling for BCT business) began in 2020-21 with implementation in 2021-22. In-person training will be contingent on COVID-19 pandemic conditions across NSW.

On 1 September 2020, DPIE launched a new WHS incident reporting platform (CAMMS) to replace Worksafe Online. The BCT transitioned to using this platform which has increased reporting and analysing capabilities. It is expected the BCT will benefit from these capabilities in 2021-22.

The BCT's commitment to WHS was further strengthened to ensure regional staff were able to continue working within bushfire-affected landscapes. Protocols for assessing safety of burned sites continue to be implemented to protect staff from hazards if entering these sites.

Similarly, protocols for working during the COVID-19 pandemic were utilised and refined throughout 2020-21. The BCT adapted to new ways of working due to the COVID-19 pandemic to reduce risk to staff. These adaptations included landholder-free site visits, checklists to ensure COVID-safe practices whilst on site and in the office and a risk-based approval process. Throughout the pandemic, the BCT Executive has issued regular updates and clear instructions to BCT staff. At all times, the BCT has adhered to DPIE and NSW Health guidelines. COVID-19 will continue to be a WHS challenge in 2021-22 and the BCT will remain agile in its response.

Throughout the year, despite extraordinary conditions, WHS programs have continued to be implemented. A trial of two-way GPS communication devices is underway in response to the BCT increasing its presence in remote Western NSW landscapes. This trial aims to ensure the BCT has best practice field safety protocols and equipment in place. Planning and rollout of Defensive Driving courses started in 2020-21 in order to reduce driving risks and incidents.

Ethics and integrity

In 2020-21, DPIE launched the Ethics Portal which provides an on-line, centralised and up-to-date resource for all employees to declare and comply with their obligations under the Code of Ethics and Conduct.

In its development, the DPIE Ethics Branch undertook comprehensive consultation and engagement with all the business units within the Cluster to ensure the Ethics Portal was both accessible and relevant to the compliance needs to all employees across the Department. The Ethics Portal has strengthened reporting capabilities to ensure the Department is committed to the highest standards of ethical conduct and integrity.

The Code of Ethics and Conduct underpins DPIE's compliance framework, which was supported by:

- the new Ethics Portal which manages declarations concerning conflicts of interest, Code of Ethics and Conduct, senior executive private interests, and gifts, benefits and hospitality, as well as approvals of secondary employment
- a Fraud and Corruption Control Framework and Policy
- a Public Interest Disclosures Policy and Procedure (which includes access to an anonymous reporting tool)
- a Lobbying of Government Officials Policy
- training and resources to assist with the management of ethics related workplace issues.

DPIE worked in collaboration with the NSW Ombudsman to ensure a robust framework that supports staff to raise workplace concerns and make reports of wrongdoing.

BCT staff complete all declarations and management of conflicts of interest through the DPIE Ethics Portal.

Legislation and legal changes

The BCT was constituted with the commencement of the *Biodiversity Conservation Act 2016* on 25 August 2017. The BCT also operates in accordance with the Biodiversity Conservation Regulation 2017 and the Biodiversity Conservation (Savings and Transitional) Regulation 2017.

In 2020-21, there were no amendments to the *Biodiversity Conservation Act 2016*. There were no legislative or judicial decisions affecting the BCT or our landholders.

The regulations relevant to the BCT were:

- Biodiversity Conservation Amendment (COVID-19) Regulation 2020
- Biodiversity Conservation Amendment (Exemptions) Regulation 2020
- Biodiversity Conservation Legislation Amendment Regulation 2020
- Biodiversity Conservation Amendment (Cetacea) Regulation 2021.

Public interest disclosures

Under the *Public Interest Disclosures Act 1994*, each public authority is required to prepare an annual report on their obligations under this Act. BCT information is captured in the DPIE Annual Report as all Public Interest Disclosures are managed centrally by the Department.

Privacy management

Under Clause 6 of the Annual Reports (Departments) Regulation 2010, the BCT must provide a statement of its actions to comply with the requirements of the *Privacy and Personal Information Protection Act 1998* (PPIP Act). The BCT must also provide statistical details of any reviews conducted by or on behalf of the Department, under Part 5 of the PPIP Act. The BCT complies with the DPIE Privacy Management Plan, which outlines how the Department and its cluster agencies comply with the principles of the PPIP Act and the *Health Records and Information Privacy Act 2002*. Officers in DPIE's Information Access & Privacy unit also provide specialist privacy advice and training to departmental cluster staff. In 2020-21, the BCT received no applications for review under Part 5 of the PPIP Act.

Standing Order 52

During the reporting period, the NSW Legislative Council compelled the BCT to produce documents for one standing order 52 in relation to Biobanks.

Public access to information

Under Schedule 3 of the Government Information (Public Access) Regulation 2018, the BCT is a subsidiary agency for the purposes of the *Government Information (Public Access) Act 2009*. Therefore, all statistical information about access applications required to be included in an annual report regarding the BCT, in compliance with s125 of the *Government Information (Public Access) Act 2009* and Clause 8 of the Government Information (Public Access) Regulation 2018, is included in the Annual report for DPIE.

The BCT's Agency Information Guide is available on the BCT website.

External complaints

The DPIE Complaint Management Policy and the DPIE Unreasonable Complainant Conduct Policy provide guidance for staff. The BCT has established processes to handle public feedback and complaints with efficiency and courtesy. In 2020-21, the BCT received 14 complaints that were recorded in our Customer Relationship Management (CRM) system. It should be noted that positive feedback is likely to be provided informally directly to staff members and would therefore not be captured in the CRM. The BCT ensures that all complaints are assessed and resolved in a responsive manner and has implemented a Customer Service Charter and Guarantee of Service. More information is available on the BCT's website.

Any complaints about the BCT received through the DPIE Feedback Assist platform are managed under DPIE's complaint handling process and are included in the Department's statistical information.

BCT staff overseas travel

There was no overseas travel by BCT staff in 2020-21 due to international border closures as a result of the COVID-19 pandemic.

Human Resources

Number of officers and employees by category with previous year comparison

	2020-21	2019-20
Ongoing	96	86
Temporary	8	6
Executive	4	3
Total	108	95

NB: Headcount data reported at end of reporting period

Number of of Senior Executives

	2019-20			2020-21		
	Male	Female	Total	Male	Female	Total
Band 4 Secretary	-	-	-	-	-	-
Band 3 Group/Deputy Secretary	-	-	-	-	-	-
Band 2 Executive Director	1	-	1	1	-	1
Band 1 Director	1	1	2	1	2	3
Total	2	1	3	2	2	4

NB: These are Senior Executive statistics as of 30 June 2021. This data is based solely on senior executives in their substantive role and band level.

BCT average remuneration of Senior Executives

	Range 2019-20 (\$)	Average remuneration 2019-20 (\$)	Range 2020-21 (\$)	Average remuneration 2020-21 (\$)
Band 4 Secretary	-	-	-	-
Band 3 Deputy Secretary	-	-	-	-
Band 2 Executive Director	268,001 - 337,100	337,100	-	345,528
Band 1 Director	187,900 - 268,000	251,808	213,702- 274,686	243,302

Note: 8.3 per cent of BCT employee-related expenditure in 2020-21 was related to Senior Executives.

Staff profile by employment basis

BCT staff comply with DPIE personnel policies and practices. The following table does not include Senior Executives. The table provides a comparison of three years with the addition of a third non-binary column in 2020-21 to capture staff who do not identify with traditional genders (male/female).

Employment type	2018-19		2019-20		2020-21		
	Male	Female	Male	Female	Male	Female	Non-binary
Permanent full time	25	26	24	31	36	38	-
Permanent part time	1	9	1	8	1	12	-
Temporary full time	3	1	3	4	3	3	1
Temporary part time	-	1	-	1	1	1	-
Contract - non-SES	-	-	-	-	-	-	-
Training positions	-	-	-	-	-	-	-
Retained staff	-	-	-	-	-	-	-
Casual	-	-	-	-	-	-	-
Board Member	5	2	6	2	6	2	-
Total	34	39	34	46	47	56	1

Exceptional movements in remuneration

There were no exceptional movements in wages, salaries or allowances in 2020-21.

Workforce diversity

Trends in the representation of workforce diversity groups

The following table does not include Board members.

Workforce Diversity Group	Benchmark	2019-20	2020-21
People identifying as women	50%	57%	56%
People identifying as Aboriginal and/or Torres Strait Islander people	3.3%	3.16%	2.78%
People whose first language spoken as a child was not English	23.2%	5.26%	3.7%
People identifying as having a disability	5.6%	2.11%	2.11%
People with a Disability Requiring Work-Related Adjustment	N/A	N/A	N/A

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

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

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

Note 4: In December 2017 the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: [Jobs for People with Disability: A plan for the NSW public sector](#). The benchmark for 'People with disability requiring work-related adjustment' was not updated.

Trends in the distribution index for workforce diversity groups

Workforce Diversity Group	Benchmark	2019-20	2020-21
Workforce diversity group	100	88	89
People identifying as Aboriginal and/or Torres Strait Islander people	100	N/A	N/A
People whose first language spoken as a child was not English	100	N/A	N/A
People identifying as having a disability	100	N/A	N/A
People with a Disability Requiring Work-Related Adjustment	100	N/A	N/A

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

Note 2: The distribution index is not calculated when the number of employees in the workforce diversity group is less than 20 or when the number of other employees is less than 20.

Workforce diversity strategies

All workforce diversity strategies and achievements for the BCT now fall under DPIE and will be reported in the DPIE Annual Report 2020-21.

Multicultural engagement

All multicultural plan initiatives for the BCT now fall under DPIE and will be reported in the DPIE Annual Report 2020-21.

Disability inclusion action plan

All disability inclusion action plan initiatives for the BCT now fall under DPIE and will be reported in the DPIE Annual Report 2020-21.

Indigenous employment

In 2020-21, the BCT continued to facilitate a Cultural Appreciation Training program with an Aboriginal-owned and operated training organisation (NITES). Online Aboriginal and Torres Strait Islander cultural awareness training is also available for all BCT staff. BCT staff participated in a range of activities during NAIDOC week to celebrate and learn about the history, culture and achievements of Aboriginal and Torres Strait Islander peoples.

Gender equity

The BCT continued to support and participate in the Women in Senior Leadership Mentoring Program, with two staff members involved. The program is designed to build a talent pipeline to meet the Premier's Priority of 50 per cent of women in senior leadership roles by 2025. BCT staff participated in Spokeswomen, an employee-led network that provides training, support, and 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.

Managing misconduct, industrial relations and employment tribunal matters

The BCT adheres to the DPIE Code of Ethics and Conduct 2020, and the DPIE Managing Misconduct and Serious Misconduct policy 2015. No misconduct matters were raised during 2020-21.

The BCT has the option to raise industrial relations matters to DPIE through the Environment, Energy and Science Joint Consultative Committee and the overarching DPIE Joint Consultation Committee. The BCT had no Industrial Relations Commission (IRC) nor NSW Civil and Administrative Tribunal (NCAT) matters during 2020-21.

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. The BCT adheres to the DPIE Respectful Workplace Policy as the primary process for resolving workplace grievances. There were no formal workplace grievance matters raised in 2020-21.

Audit and risk management

The BCT complied with the Internal Audit and Risk Management Policy for the NSW Public Sector TPP15-03. The ARC provides independent assistance to the BCT Board by monitoring, reviewing and providing advice about the BCT's 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, designed to manage BCT risks and achieve its objectives, are operating in an efficient, effective and ethical manner. The internal audit function also assists management in improving the BCT's business performance.

The Manager Strategy and Governance acts as the Chief Audit Executive and oversees the internal audit function, with the role being accountable to the Chief Executive Officer and the Chair of the ARC. NTT Australia Digital Pty Ltd (formerly Oakton Services Pty Ltd) was the BCT's internal audit service provider to 30 June 2021, engaged from the NSW Government pre-qualified scheme via tender process.

The 2021-22 Annual Internal Audit Plan was developed and approved within the context of the 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 2020-21, the BCT completed internal audits on risk maturity, stakeholder relationship management, cluster shared services, information management and customer relationship management, the Funds Investment Management Framework and grants management. Internal audit reports are submitted through the Chief Audit Executive to the ARC. All audit recommendations are recorded in an audit recommendations tracker which is reported quarterly to the ARC.

Risk

Risk management is crucial to organisational resilience. The BCT continued to work with NTT Australia Digital Pty Ltd to improve the BCT's Risk Management Framework against best practice and NSW Treasury requirements. The BCT is committed to improving overall risk management maturity from repeatable/systematic to systematic/embedded over the next two to three years, based on NSW Treasury Risk Management Standards and Guidance. A roadmap and detailed implementation plan has been developed to achieve this.

Consultancies

There were no consultancies of up to \$50,000 or more in 2020-21.

Insurance

Consistent with NSW Government policies, the BCT, BCT staff and volunteers were fully covered for the legal liability to any third party arising out of BCT operations including, but not limited to, workers compensation, public liability, professional indemnity, product liability, directors and officers liability, personal accident, accident during travel, property damage and motor vehicle cover under the Treasury Managed Fund through the NSW Self Insurance Corporation (iCare).

Major capital works

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 2020-21.

Internal Audit and Risk Management Attestation for the 2020-21 Financial Year for the NSW Biodiversity Conservation Trust

I, The Hon. Niall Blair, 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 seven (7) core requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements	Compliant, non-compliant or in transition
1. Risk Management Framework	
Core Requirement 1.1: The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency	Compliant
Core Requirement 1.2: The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018	Compliant
2. Internal Audit Function	
Core Requirement 2.1: The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose	Compliant
Core Requirement 2.2: The Accountable Authority shall ensure that the operation of the internal audit function is consistent with the International Standards for Professional Practice for Internal Auditing	Compliant
Core Requirement 2.3: The Accountable Authority shall ensure that the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
3. Audit and Risk Committee	
Core Requirement 3.1: The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
Core Requirement 3.2: The Accountable Authority shall ensure 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 during the 2020-21 financial year were:

- Independent Chair, Ms Renata Brooks, appointed 25 August 2017 to 31 December 2020
- Independent Chair, Mr David Black, appointed Chair from March 2021 to 24 August 2023
- Independent Member, Mr David Black, appointed 13 April 2018 to March 2021
- Member, Dr Neil Byron, appointed 11 October 2018 to 24 August 2022, resigned August 2020
- Independent Member, Ms Virginia Malley, appointed 25 August 2017 to 24 August 2022
- Independent Member, Mr Duncan McGregor, appointed 25 August 2017 to 24 August 2022
- Member, Mr John Pierce AO, appointed 14 December 2020 to 24 August 2024



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. Niall Blair

Chair of the Board of the NSW Biodiversity Conservation Trust

Date: 31 August 2021

Agency Contact Officer

Daniel Brake, Chief Audit Executive



Cyber Security Annual Attestation Statement for the 2020-2021 Financial Year for Department of Planning Industry and Environment

I, Jim Betts, am of the opinion that the Department of Planning Industry and Environment (DPIE) have managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy and in alignment with DPIE's enterprise risk management framework.

Governance is in place to manage the cyber security maturity and initiatives of DPIE. Risks to the information and systems of DPIE have been assessed and are managed. There exists a current cyber incident response plan for DPIE which has been tested during the reporting period.

The DPIE 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 2020/2021 financial year (Certificate Number: IS 645082).

The DPIE Corporate Services has a Cyber Security Strategy in place to ensure continuous improvement and management of cyber security governance and resilience.

This attestation covers the following departments and agencies:

- Department of Planning, Industry and Environment
- Aboriginal Housing Office
- Biodiversity Conservation Trust
- Boundaries Commission
- Cape Byron Reserve Trust
- Coffs Coast Regional Park Trust Board
- Dumaresq-Barwon Border Rivers Commission
- Environmental Trust
- Lands Administration Ministerial Corporation
- Local Government Grants Commission
- Local Government Remuneration Tribunal
- National Parks under Part 4A
- NSW Land and Housing Corporation
- Office of Strategic Lands (Planning Ministerial Corporation) (Corporation Sole)
- Regional Planning Panels (Northern, Southern, Western Hunter and Central Coast)
- Sydney District Planning Panels (Eastern City, North, South, Central City, West)
- Threatened Species Scientific Committee
- Water Administration Ministerial Corporation

Jim Betts

Secretary

NSW Department of Planning, Industry and Environment

Date: 07/09/2021

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	5,754,135	386,983	5,574	2,360	6,691
December	4,908,075	82,877	9,479	2,255	5,272
March	35,872,271	415,999	43,502	6,849	183,281
June	17,385,288	681,333	15,450	5,963	52,196
Small business suppliers					
September	42,762	41,447	58,608	-	-
December	71,763	9,155	-	-	-
March	28,080	16,656	237.82	-	-
June	26,99	52,404	-	-	-

Accounts due or paid within each quarter

Measure	Sep 2020	Dec 2020	Mar 2021	Jun 2021
All suppliers				
Number of accounts due for payment	449	520	546	726
Number of accounts paid on time	409	506	480	668
Actual percentage of accounts paid on time (based on number of accounts)	91.0%	97.3%	87.9%	92.0%
Dollar amount of accounts due for payment	6,154,221	5,001,955	36,521,904	17,385,228
Dollar amount of accounts paid on time	5,754,135	4,908,075	35,372,271	16,630,284
Actual percentage of accounts paid on time (based on \$)	93.4%	98.1%	96.8%	95.6%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-
Small business suppliers				
Number of accounts due for payment to small businesses	15	15	4	6
Number of accounts due to small businesses paid on time	8	9	1	1
Actual percentage of small business accounts paid on time (based on number of accounts)	53.3%	60.0%	25.0%	16.6%
Dollar amount of accounts due for payment to small businesses	142,818	80,918	41,974	52,431
Dollar amount of accounts due to small businesses paid on time	42,762	71,763	25,080	26.99
Actual percentage of small business accounts paid on time (based on \$)	30.0%	88.6%	59.7%	0%
Number of payments to small business for interest on overdue accounts	-	-	-	-
Interest paid to small businesses on overdue accounts	-	-	-	-

Grants

In 2020-21, the BCT granted \$137,500 to the Community Environment Network (CEN) to support delivery of Land for Wildlife programs including CEN providing grants to their members.

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