

ANNUAL REPORT

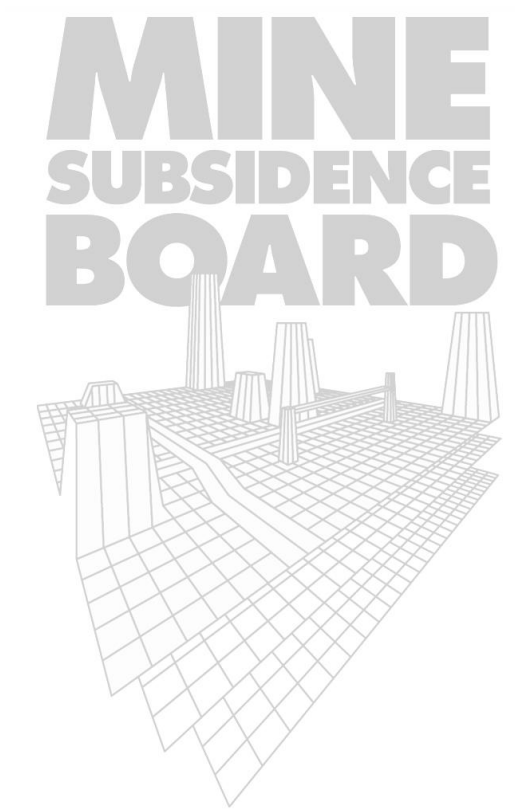
2013-14



The main goals of the Mine Subsidence Board are:

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

(Note: The Mine Subsidence Board is not responsible for approving mining activity.)



Disclaimer and Limitation of Liability

The information contained in this report is provided by The Mine Subsidence Board in good faith. The information is derived from sources believed to be accurate and current at the date indicated in the respective sections of this report. Neither The Mine Subsidence Board nor any of its members or employees give any representation or warranty as to the reliability, accuracy or completeness of the information, nor do they accept any responsibility arising in any way (including by negligence) for errors in, or omissions from, the information.

Mine Subsidence Board Quality Management Policy

The Mine Subsidence Board administers the Mine Subsidence Compensation Act. The Board has two principal functions:

- to provide compensation where improvements on the surface are damaged by mine subsidence following extraction of coal or shale in New South Wales, and
- to control surface development within Mine Subsidence Districts where subdivision of land and all applications to erect or alter improvements require the Board's approval.

The Board's mission is to mitigate the effects of mine subsidence on the community by promoting compatibility between surface developments and underground mining, by restoring damaged improvements and by managing the compensation fund.

The Mine Subsidence Board sets and reviews corporate objectives to satisfy the needs of our stakeholders, who include:

- those affected by mine subsidence
- the community of the NSW coalfields
- the mining industry
- the employees of the Mine Subsidence Board, and
- local and state governments.

We achieve our objectives through:

- innovative and progressive practices
- feedback from our customers
- the expertise and teamwork of our people, and
- a focus on continual improvement in the delivery of high-quality service.

We maintain a Business Management System in accordance with ISO 9001.

By striving for excellence and efficiency we put service and the needs of people first.

G J Cole-Clark

Chief Executive Officer

Brad Mullard, BSc (Chairman)

As Executive Director (Mineral Resources) of the Department of Trade and Investment, Regional Infrastructure and Services, Brad is the nominated Chairman of the Mine Subsidence Board. Brad has held a number of senior positions in government and primary industry. He is also a key member of the National Low Emission Coal Council, the National Carbon Storage Taskforce, and the NSW Clean Coal Council.



Robert Regan

BE(Min) Hons, GAICD
Rob leads Mine Safety Operations branch of the Resources & Energy Division of the Department of Trade and Investment, Regional Infrastructure and Services. Rob is also the Chief Inspector of Coal Mines. He has 43 years' experience in the mining industry, mainly as a senior manager.



Peter Hayes

BE(Min), ME(Min), MBA
Colliery Proprietors' Nominee
Peter was appointed to the Board in 2002. He is a successful manager of mining operations, with vast experience in mine planning and interaction with the community.



Margaret McDonald-Hill

Minister for Mineral Resources' Nominee
Margaret has had an extensive career in local government. She is the independent chair of consultative committees across the state and a member of the Minister's Arbitration Panel.



Jeffrey Maybury

Minister for Local Government's Nominee
Jeff is currently serving his ninth year as a Councillor of Cessnock City Council. He has experience in local government and community issues and was appointed to the Board in 2003.



STRUCTURE AND FUNCTION OF THE BOARD

The Mine Subsidence Board is constituted under the Mine Subsidence Compensation Act 1961 as amended. Membership comprises:

- the Secretary of the Department of Trade and Investment, Regional Infrastructure and Services or their nominee from the Department
- the Chief Inspector of Coal Mines
- a Colliery Proprietors' nominee
- a local government or Department of Planning nominee
- the owners of improvements (the community), represented by a nominee of the Minister for Resources and Energy, and
- a Department of Finance and Services nominee.

In the exercise of its functions, the Board is subject to the control and direction of the Minister.

Two members, the Secretary of the Department of Trade and Investment, Regional Infrastructure and Services and the Chief Inspector of Coal Mines, are ex officio members appointed by the Act. The remaining four members are nominees and are appointed by the NSW Governor for a period of three years.

The Board meets monthly, primarily in Newcastle and Maitland. Meetings are also convened at centres affected by coal mining, where the Board Members inspect various areas of Board activity and meet with local authorities. During the year the Board met at Newcastle and Maitland.

The Mine Subsidence Board

The Mine Subsidence Board is constituted under the Mine Subsidence Compensation Act 1961. In the exercise of their duties and functions, the Board Members are subject to the control and direction of the Minister.

Through the Act, certain duties and functions are delegated to staff of the Mine Subsidence Board. Major items are considered by the Board Members at monthly meetings.

The Budget and Corporate Plan are approved by the Board Members, who receive a monthly report on progress against programs. Operational processes are subject to regular audit and an Audit Committee meets annually.

Code of Conduct

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

FROM THE CEO'S DESK



Mine subsidence has gained a higher profile in recent years. Much of this attention has arisen from the proposed development of high-rise and large-footprint structures over old mine workings or sites that were once set aside from development in recognition of mining concerns.

Importantly, our knowledge of mine subsidence has also evolved extensively over several decades. Much research has been undertaken, including that by private organisations, NSW Trade & Investment, universities and the Mine Subsidence Board. The Board is the leading NSW Government authority on mine subsidence and has a strong knowledge base through its role in administering the Mine Subsidence Compensation Act.

We actively encourage property owners to use the Board's expertise. Most transactions, including feedback, can be completed online, and Board brochures are readily available at www.minesub.nsw.gov.au.

The Board's operations are funded by a compulsory levy on the owners of all registered NSW collieries. Our service is underpinned by Quality Accreditation to International Standard ISO9001:2008.

The Board sets challenging performance targets. This year some 97 per cent of building applications, certificates and subdivisions were processed in less than five working days. Board staff processed about 16,000 transactions, including 4,600 building applications and 335 subdivisions. They handled 362 claims for mine subsidence damage and issued some 10,000 certificates advising property owners that their infrastructure was covered under the Mine Subsidence Compensation Act or had been the subject of a claim.

The Mine Subsidence Board's approval is required for subdivision and surface development in Mine Subsidence Districts. The Board recommends early consultation for developers or planners considering surface development over old mine workings.

Risk analysis of old and abandoned mine workings is imperative. Through the involvement of the Mine Subsidence Board, geotechnical reports have become more structured in their risk analysis. Grouting of old mine workings is being used successfully to mitigate mine subsidence effects. As well, geotechnical and structural computer modelling is being used in designing structures to minimise the risk of damage.

The presence of mine workings does not automatically mean that damage must have been caused by mine subsidence. There are many naturally occurring causes of damage to residential structures. During claims investigations, Board staff try to assist claimants by providing advice on the cause of damage. Around 18 per cent of claims lodged were for damage to structures that were not undermined. Historical data suggests in most cases less

than 25 per cent of residential structures are damaged by mine subsidence and damage is classified as slight and non- structural, consisting of minor cracking to internal linings and movement to external brickwork and around concrete areas.

When future mining is proposed within a finite timeframe, the Board recommends that surface development be staged so that it occurs after mining is complete. In all cases it is important that mine subsidence issues are identified early in the planning process.

The Board continues to work closely with local councils, planning authorities and developers to provide more information and assist with future development plans in areas such as Newcastle, Charlestown and Glendale, and in the southern coalfields of New South Wales.

Research and development into mine subsidence remains an important part of our business. The Board continues to monitor ground vibrations at selected sites. Other ongoing projects are detailed below in this report.

The Mine Subsidence Board has a 24-hour emergency hotline (telephone 1800 248 083) for reporting any danger that may arise from mine subsidence. This year staff responded to 111 elimination-of-danger reports. These generally related to small potholes or surface cracks above areas of abandoned shallow mined workings. The nature of mine subsidence potholes is such that the effects are limited to the immediate area around the pothole. Therefore a mine subsidence pothole can occur beneath a building and cause little or no damage.

During the year there was a subsidence event at Lambton Gardens, a suburb of Newcastle, which affected properties in the area of McCubbin Way and Roberts Circuit. Emergency repairs were completed and regular structural engineering inspections undertaken to ensure that properties remained safe.

Board staff worked closely with the owners, whose assistance was most appreciated. The Board subsequently purchased several properties as a result of mine subsidence damage. The Board is continuing to monitor the area, and following further investigation will consider options for the properties it acquired.

The Mine Subsidence Board is well recognised through its public campaign to raise awareness of the potential dangers from shallow old and abandoned coal mine workings.

The character of Maurie Mole has been the Board's mascot for over 20 years. Our annual competition for children increases awareness of the potential danger from old mine workings.

This year's competition winners and their families enjoyed a great afternoon at the Shortland Wetlands Centre.

It is important to recognise the contributions of Board staff as well as the mining and construction industry participants with whom we work closely. We must also acknowledge the property owners who help us to investigate claims and arrange repairs.

Greg Cole-Clark, B Eng (Min), MBA

CHIEF EXECUTIVE OFFICER

Putting Service and the Needs of People First

A SPOTLIGHT ON THE BOARD'S CORE OPERATIONS

The core operations of the Mine Subsidence Board are:

- managing the Mine Subsidence Compensation Fund. This role mainly covers claims from owners of properties damaged by mine subsidence caused by closed, established or new mining operations
- providing surface development guidelines where mine subsidence occurs or is likely to occur
- arranging repair services where properties are damaged as a result of subsidence, and providing compensation when required
- introducing new districts
- advising those buying, building or renovating in a Mine Subsidence District
- assisting developers with information on design and construction techniques
- approving developments within a Mine Subsidence District, and
- eliminating public danger.

The Mine Subsidence Board's mission is to mitigate the effects of mine subsidence on the community. The Board does this by promoting compatibility between surface developments and underground coal mining and by restoring damaged improvements.

The Board manages this process through the proclamation of Mine Subsidence Districts. Put simply, this means that when building or renovating in such areas, guidelines apply. Developers might need to obtain the Mine Subsidence Board's approval to build or subdivide. If, after Board approval, damage does occur from subsidence due to coal mining, the support and resources of the Mine Subsidence Board are available to assist.

If improvements are constructed without Board approval, they are not eligible for compensation. As well, 15B certificates will be refused, usually meaning that the property cannot be sold in the future.

The Board provides expert advice to property owners, developers, government departments and authorities, local councils, community organisations and industries within Mine Subsidence Districts and throughout New South Wales. The Board's advice aims to make surface development and underground mining compatible.

The Board controls building and other surface development in Mine Subsidence Districts. It sets building and construction requirements that protect structures from the risk of subsidence damage. The requirements cover the nature and class of improvements, including height, type of building materials used and method of construction.

An integral part of the Mine Subsidence Board's charter is community education. The Board conducts regular awareness programs. These give the community information on the Board's services. They provide details and reassurance on the effects of mine subsidence.

The Board communicates with property owners in various ways. These include:

- the mining notification process
- direct contact at Mine Subsidence Board offices
- community events and shows
- participation in Community Consultative Committees
- Pre-Mining Inspections

- Building Applications, and
- general information on districts or on designing for subsidence.

Another vitally important role for the Board is when predicted mine subsidence significantly affects surface improvements. The Board's policy is to offer Pre-Mining Inspections (PMIs) to those properties. This enables the Board's staff to liaise with the community before mining commences.

PMIs are beneficial in establishing the pre- mining condition of structures. The information gathered also provides a useful database. It shows the existing condition, damage, age and location of structures.

The Board, through its experienced technical staff, provides a PMI and report at no cost to the owner.

By working with the Board, homeowners and developers can be sure that their homes and structures are safe, serviceable and repairable.

Our Aim and Objectives

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

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

Our Mission Statement

The Board's goal is to mitigate the effects of mine subsidence on the community by promoting compatibility between surface developments and underground coal mining, restoring damaged improvements and managing the compensation fund. The Board has two principal functions, which are highlighted by Sections 12 and 15 of the Mine Subsidence Compensation Act 1961 from which it derives power and authority to:

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

These functions form the Board's Mission and Corporate Objectives incorporated in a Corporate Plan. In the performance of our charter, the Board have as their prime concern the Board's Mission and Corporate Objectives incorporated in a Corporate Plan. In the

performance of our charter, the Board have as their prime concern the welfare and security of the people of NSW coalfields and their properties. A Mine Subsidence District is used to recognise areas where our expertise and service are likely to be in higher demand. With the use of innovative and progressive practices, and the expertise of the organisation, we will ensure that the delivery of high-quality service is continually achieved.

Staff Code of Conduct

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

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

Quality Assurance

The Board has Quality Certification to International Standard ISO 9001:2008. To maintain certification, SAI Global regularly performs external audits of the Board's procedures and performance.

Guarantee of Service

In the performance of our Charter, the Mine Subsidence Board provides the people of New South Wales with quality service delivered in a reliable, responsible and fair manner. Our Guarantee of Service ensures that this statement is fulfilled (see Appendix A).

The Mine Subsidence Board's prime corporate goals are set out below. The Board aims to:

- To provide prompt and efficient compensation or repair of damage to improvements caused by the extraction of coal
- eliminate danger to the community from mine subsidence
- promote compatibility between surface development and underground coal mining
- manage risks and protect the community by reducing future damage from mine subsidence
- identify, complete and promote subsidence research programs that meet the present and future needs of the community and industry
- provide a comprehensive and accessible advisory and technical resources service on mine subsidence and surface development
- increase community knowledge and appreciation of the Board and its functions, and
- manage effectively and achieve the organisation's goals.

Principal and District Officers

- **Chief Executive Officer** – Greg Cole-Clark BE (Min), MBA
- **Secretary and Manager, Finance and Administration** – Vacant
- **Subsidence Risk Engineer** – Peter Evans BE (Hons), CPPD

Acting District Managers

- **Newcastle** – Richard Pickles
- **Wyong**– Paul Gray
- **Singleton** – Troy Atkins

District Managers

- **Picton** – Darren Bullock

CORPORATE PERFORMANCE

Performance Indicators

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

The Board welcomes suggestions from the NSW community. They can provide feedback through the Board's website. Everyone who lodges a claim with the Board can comment through a customer survey.

The Board uses various methods to monitor its performance. Management reports to the Board each month on the implementation of the Corporate Plan.

Internal audits, quality certification audits and customer feedback assist in assessing performance. The Key Performance Indicators (KPIs) relate to the Board's service areas of surface development, claims, and the issuing of Section 15 Certificates, which are generally sought during property conveyancing.

Elimination of danger identifies potholes associated with old shallow mine workings.

The Board's KPI targets are challenging, but were met during the year in all of the six categories.

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

Performance Indicators 2013-14

Services	Number Processed	Performance Measure	Target	2013-2014	2012-2013
Subdivisions	460	Processed within 5 working days	95%	95.4%	97.3%
15B Certificates 15C Certificates	9814 1859		95% 95%	97.0% 98.5%	98.6% 97.5
Building Applications	4786		95%	96.4%	96.9
Claims	327	Claims determined within 30 working days	85%	94.4%	89.7
Elimination of Danger	84	Danger eliminated within 24 hours	100%	100%	100%

Transactions 2013-14

Transaction Type	Newcastle	Picton	Singleton	Wyong	Total
Building Application 2012-13	2687	1391	130	578	4786
	2585	1227	237	570	4619
Subdivisions 2012-13	250	147	23	40	460
	204	70	25	16	422
Certificates 15B 2012-13	6211	1276	463	1864	9814
	5651	1174	358	1632	8815
Certificates 15C 2012-13	993	376	127	362	1859
	849	435	155	336	1775
Claims 2012-13	197	104	35	22	411
	189	133	23	17	362
Elimination of Danger 2012-13	62	0	21	1	84
	83	0	28	0	111

Certificates

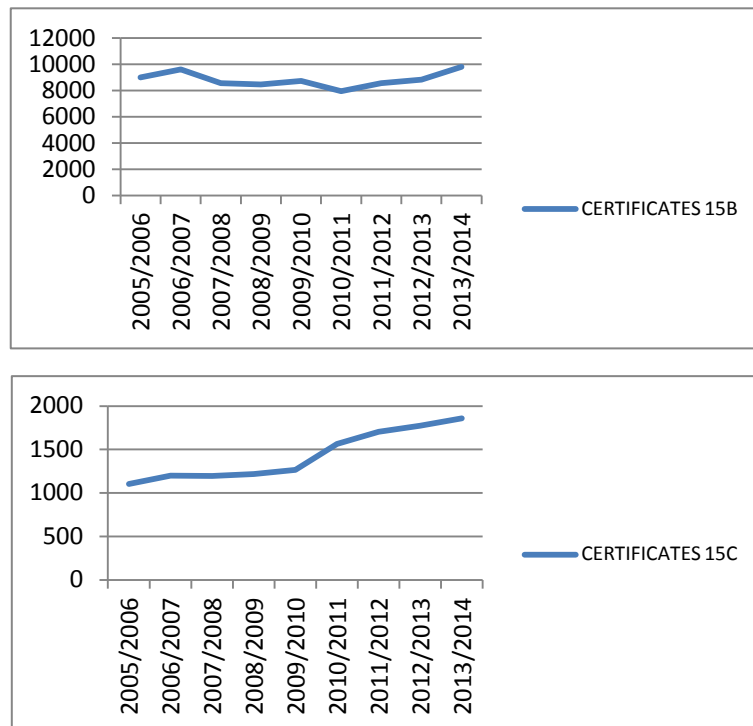
The Board protects home buyers by providing certificates under Section 15 of the Mine Subsidence Compensation Act 1961.

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

The Section 15B Certificate certifies compliance with the requirements of the Act on the specified improvements or subdivisions. The certificate guarantees that compensation will be paid for any mine subsidence damage. The certificate also states whether a claim has been paid for subsidence damage to a property.

Section 15C Certificate – Certifies whether or not a claim has been paid in respect of mine subsidence damage to a property.

Certificate Graphs



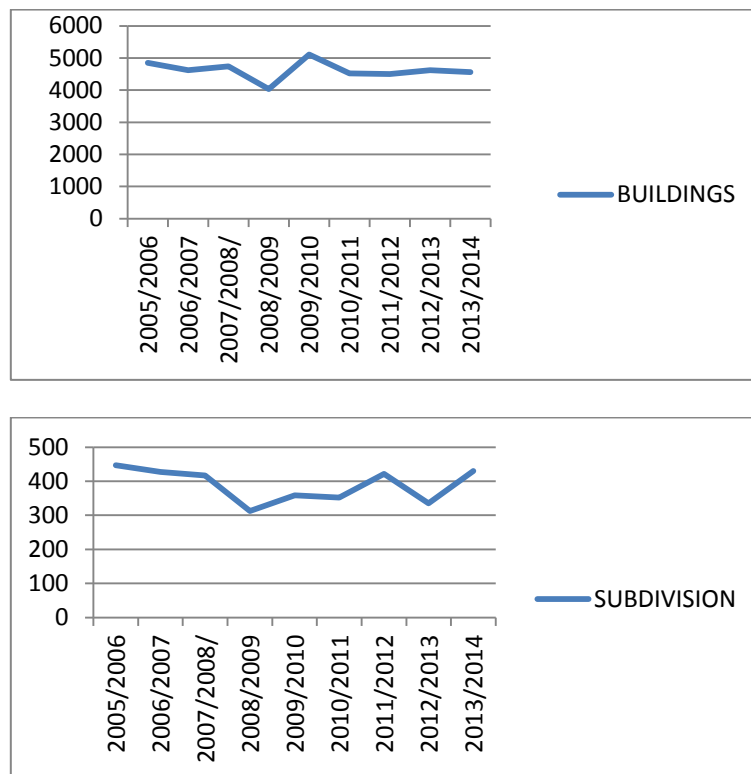
Building and Subdivision Applications—Surface Development

Owners of properties in proclaimed Mine Subsidence Districts must obtain approval to erect improvements or subdivide land. The Board issues guidelines for building and provides subsidence design parameters for major structures within Mine Subsidence Districts.

The Board considers building and subdivision applications within Mine Subsidence Districts for approval and gives consideration to Draft Local Environmental Plans for concurrence or objection, as required by the Environmental Planning and Assessment Act.

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

Surface Development



Compensation

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

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

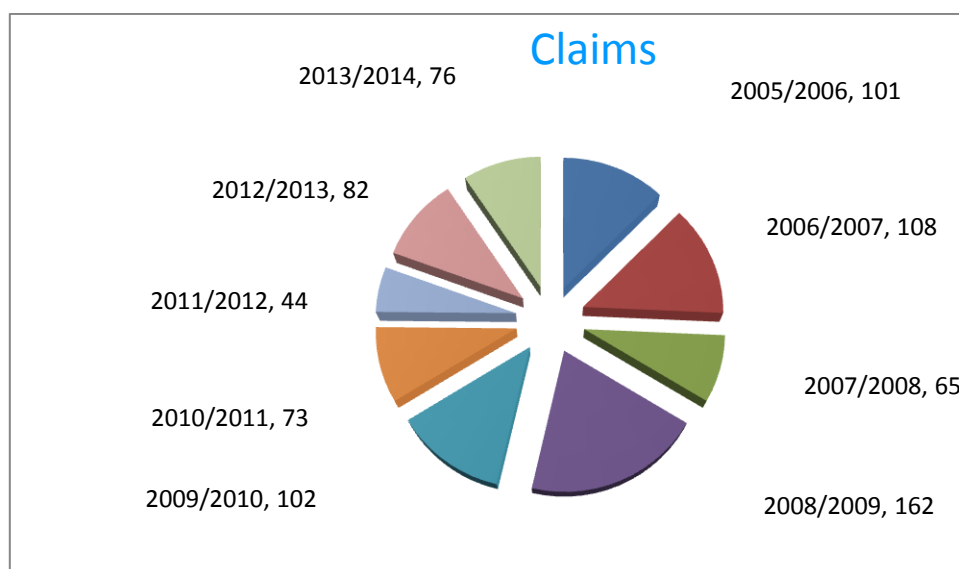
When the Board purchases a dwelling, it may be rented until subsidence is completed, at which time appropriate repairs are carried out and the property is sold. Such dwellings are leased to tenants at fair market rent.

Owners of improvements may appear before the Board, seeking a review of a Board decision. They also have a right of appeal, under Section 12B of the Act, in the Land and Environment Court, against a decision of the Board on whether damage has been caused by mine subsidence, or about the amount of compensation payable. The Board may arrange for Alternate Dispute Resolution procedures to assist in resolving a claim.

An owner only needs to believe that their property may have incurred mine subsidence damage to lodge a claim under the Mine Subsidence Compensation Act. All claims are investigated by qualified staff with experience in building.

The presence of mine workings does not mean that there must be mine subsidence damage. There are many naturally occurring causes of damage to residential structures. During claims investigation, Board staff try to assist claimants by advising on the cause of damage.

Claims



Around 25 per cent of claims received are for properties that have not been undermined. The Board refuses claims when investigation shows that a structure is located over fully extracted old mine workings that subsided before the structure was built, or overlies first workings that have not subsided.

Experience shows that in general less than 25 per cent of residential structures have been damaged by current mining and that most damage is cosmetic and non-structural.

CLAIMS				
YEAR	ACCEPTED	REFUSED	NOT UNDERMINED	TOTAL
2005/2006	101	150	42	293
2006/2007	108	165	33	306
2007/2008	65	153	49	267
2008/2009	162	140	56	358
2009/2010	102	213	64	379
2010/2011	73	286	55	414
2011/2012	44	210	43	297
2012/2013	82	235	45	362
2013/2014	76	222	55	353

REVIEW OF BOARD OPERATIONS

The Mine Subsidence Board's offices are in the coalfield areas of New South Wales, in Newcastle, Picton, Singleton and Wyong. The offices are easily accessible to residents and developers affected by mine subsidence in these areas.

Property owners can readily find details of the role of the Mine Subsidence Board and information on mine subsidence on the Board's website.

Claim applications, requests for guidelines, tender information for repair contracts and provision for feedback on service provided are also available from the website.

Surface development and mining advice

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

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

During the year, staff discussed developers' proposals to erect high-rise structures over existing mine workings. The developers undertook extensive geotechnical investigations to establish the condition and long-term stability of the abandoned mine workings that underlie sections of the development sites. In some cases, the Board asked independent experts to review the geotechnical reports submitted by the applicants as a condition of Board approval.

The Board liaises closely on such projects with developers, mining companies and local councils as well as state and federal government organisations.

Expert advice

The Board provides expert advice to property owners, government departments and authorities, local councils and community organisations and industries within Mine Subsidence Districts and throughout New South Wales. The advice aims to make surface development and underground mining compatible. To this end, the Board controls building and other surface development in Mine Subsidence Districts. It sets building and construction requirements that provide protection from subsidence damage. These cover the nature and class of improvements, including height, type of building materials used and method of construction.

Stop-work notice

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

Elimination of danger

One of the Board's important roles is the elimination of public and private danger caused by mine subsidence

Community liaison

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

The Mine Subsidence Board's CEO met with many groups and organisations throughout the year, including:

- the Chair of the Interagency Committee for Subsidence Management Plan
- the Hunter Mine Subsidence Working Group (Department of Premier and Cabinet)
- the Hunter Expressway Expert Panel
- the RMS HW2–Hume Highway Steering Committee for Southern Coalfields
- the Chair of the Northern and Southern Development and Liaison Committees (DARZL)
- the Chair of Mine Subsidence Technological Society (Engineers Australia)
- a member of the Lake Macquarie City Council Infrastructure Group, and
- a member of the Hunter and Central Coast Regional Managers Network.

The Board's Newcastle staff met with these groups:

- the RMS F3 Link Road Extension Committee
- Hunter Water Corporation
- Roads and Maritime Services
- National Parks and Wildlife Service, and
- Newcastle and Lake Macquarie City Councils.

The Board's Picton staff met with these groups:

- the Appin Area Community Working Group
- the Tahmoor Colliery Community Consultative Committee

- the Roads and Maritime Services Technical Committee
- the Sydney Water Technical and Steering Committee
- the SCA Technical Committee, and
- representatives of local coal mines.

The Board's Wyong staff met with these groups:

- the Wallarah 2 Community Reference Group, and
- the Central Coast Regional Co-ordination Management Group.

The Board's Singleton staff met with these groups:

- Lithgow, Singleton, Cessnock and Muswellbrook Councils, and
- representatives of local coal mines.

Through the supply of promotional materials, brochures or small monetary donations, the Board assists community groups such as schools and sporting and community organisations.

OFFICES AT A GLANCE

NEWCASTLE

The Board's Newcastle office is within the State Government Offices in Bull Street, Newcastle. The office consists of one Acting District Manager and four District Supervisors.

Two supervisors are now on permanent relief as the Acting District Managers at Wyong and Singleton. Their positions have been filled by David Sedgman and John McCarthy from Hays and Forsythes recruitment agencies. The Newcastle office has provided temporary relief to the Wyong and Singleton offices. The Newcastle office has four Clerical Officers, three to carry out office duties and the fourth to handle project work and fulfil office duties if one of the other three are away.

The Newcastle office manages the Board's operations in the cities of Lake Macquarie and Maitland as well as Newcastle.

The Board has seven proclaimed Mine Subsidence Districts within these city boundaries. Most properties within the Mine Subsidence Districts have been undermined by old abandoned mine workings, are currently being undermined, or will be undermined in the future.

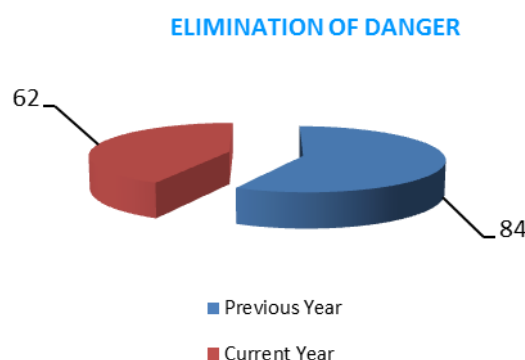
The Newcastle office has responded to 62 Elimination of Danger submissions and determined a further 185 claims for damage this year.

On the evening of the 27 May 2014, the Board received a callout for a large subsidence under the corner of a house at 14 Lambton Parade, Swansea Heads, south of Newcastle. The event created great media and public interest. Repairs were completed at the end of August 2014.

Following the stabilisation of survey results in the Lambton Gardens subsidence area, tenders were being prepared at the end of the financial year for eight properties to be repaired on the fringes of the affected area. Geotech investigation and drilling took place from mid-August 2014. Grouting was required to stabilise the workings before further repairs on the other 11 affected properties could continue. Most properties, including the Board-purchased homes, were completed during the year.

Major building projects continue to be submitted within the Newcastle and Lake Macquarie areas. Projects with a total value of approximately \$300 million were approved by the Board for the Newcastle Office during the year. The Newcastle office processed 2687 building applications.

Comparing stats from 2012-2013 and 2013-2014:



Major Projects Approved

The Board approved the projects listed below during the year

- 20-storey and 14-storey mixed residential and commercial, 386 King St, Newcastle
- Glendale Transport Interchange
- Newcastle University Inner City Campus 401–419 Hunter Street, Newcastle
- Aquatic and leisure facility, 17 Mulbinga Street, Charlestown
- Up to four-storey aged care facility, 40 Burton Road, Mount Hutton
- Up to 11-storey residential units, 23 Steel Street, Newcastle West
- 57-dwelling medium-density development, 40 Pacific Highway, Jewells
- 53-dwelling medium-density development, Stockton Street, Morisset
- 3-storey Paediatric Intensive Care Unit, John Hunter Hospital
- 9-storey residential units, 12 Dudley Road, Charlestown
- 4-storey residential units, 24 Wood Street, Newcastle West
- 9-Nine storey hotel, 313–317 Wharf Road, Newcastle
- Compost facility, Wilton Road, Awaba
- 4-storey mixed residential and commercial, 267 King Street, Newcastle
- 4-storey residential units, 78 Frederick Street, Merewether

Transactions

During the year developments and property sales increased in Mine Subsidence Districts.

Although the number of claims and elimination of dangers decreased, there were several major claims this year.

All KPI targets were achieved this year with the exception of subdivisions. Several major residential developments were jointly lodged as subdivision and building applications and therefore could not be processed within the KPI period (five days) because of their financial value and limits on delegation.

Repair services completed

Repairs were completed by the Board's contractors to properties in the suburbs of Adamstown Heights, Black Hill, Blackalls Park, Cardiff South, Dudley, Fletcher, Lambton, Macquarie Hills, Mandalong, Merewether, New Lambton, North Lambton, Rankin Park, Swansea Heads, Tighes Hill, Wallsend and Waratah.

Major Projects and Investigations: Newcastle

Newcastle and Honeysuckle areas

Developers are continuing to propose multi-storey developments for properties in the Newcastle and Honeysuckle city areas. Extensive geotechnical investigations have to be undertaken to establish the condition and the long-term stability of the old abandoned mine workings which underlie these sites.

Charlestown CBD Area

The redevelopment of the Charlestown CBD area is continuing, with extensive geotechnical investigations being undertaken to establish the condition and the long-term stability of the old abandoned mine workings which underlie the sites.

A number of high-rise developments have been completed and others are still under construction and in the approval process. The District Office is still fielding questions about high-rise development within this area.

Advice to applicants on building in other areas

The Board advised councils and developers on how to address mine subsidence issues for properties outside the Mine Subsidence Districts. Areas include parts of Newcastle, Beresfield, Maitland, Rutherford, Tenambit, Gillieston Heights and Louth Park. Old abandoned shallow mining exists in parts of these areas and may affect future development proposals.

General

The office is fielding an increasing number of requests to subdivide existing shallowly undermined lots for unit development. The Board considers each request on its merits and on mining implications, but refuses most. The Board is considering a letter to councils and a revised pothole guideline as the best way to address this issue because of councils' reduced lot sizes.

The Board has received several requests for further subdivision of shallowly undermined sites in Fletcher. The Board is considering geotechnical investigations and grouting proposals.

Mine Subsidence Districts

District	Proclamation Date	Comments
Newcastle	01-07-1961	The Newcastle District covers densely populated residential and commercial areas within the City of Newcastle. Major high rise and high density infill development continues to grace our desks. The push for further subdivision of existing lots, particularly shallowly mined areas provides many daily challenges. New residential areas are being developed to the west between Wallsend and Minmi some of which also contain shallow workings.
East Maitland	15-03-1974	The East Maitland District covers parts of Ashtonfield and the western side of East Maitland. These areas are undermined by old abandoned workings. New residential subdivisions are being developed within these areas.
Lake Macquarie	18-05-1962	The Louth Park, Gillieston Heights and Rutherford areas are located adjacent to the District. These areas are shallowly undermined. Large subdivisions have been approved or proposed for these areas with the Board providing recommendations for avoiding or remediating these areas. The Lake Macquarie District covers densely populated residential and commercial areas within the suburbs of Charlestown and Glendale. The District covers the eastern side of Lake Macquarie from Highfields to Belmont and borders the lake from Valentine to Barnsley.
Lake Macquarie No1 Ext	25-07-1969	Major high rise developments have been constructed and further are planned for the Charlestown area. New residential areas are being developed to the west between Edgeworth and Cameron Park. The Lake Macquarie No1 Ext. District covers Boolaroo to Blackalls Park side of Lake Macquarie. New residential subdivisions are being developed within these areas. Current mining exists in these areas with possible future mining.
Killingworth Wallsend	08-04-1971	The Killingworth Wallsend District covers the areas of Sea Hampton, West Wallsend, Mt Sugarloaf, Fairley, Killingworth and Wakefield. Old and current mining exists in this district. New residential areas are being developed along the eastern side of the District.
Swansea North Entrance	03-03-1972	The Swansea North Entrance District covers parts of the areas of Swansea, Nords Wharf, Murrays Beach and Catherine Hill Bay that are administrated by this Office. Major large subdivisions have been approved or proposed for these areas.
Mandalong	09-04-1997	The Mandalong District covers Mandalong to Morisset in the east and Durren to the west. New residential subdivisions are being developed within these areas. Current mining is taking place and future mining is being planned.

PICTON

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

Two claims were received in the Wollongong area this year. The central area of Southern Coalfields contains four areas of active longwall mining, with mining concentrated around Tahmoor, Thirlmere and Douglas Park.

Appin and Westcliff Collieries are longwall mining to the west and north of Appin township. Tahmoor Colliery commenced mining at Thirlmere in 2004 with LW 22. To date there have been 778 claims. Of these, 202 have been refused and 371 have been completed. Board is working closely with Tahmoor Coal on monitoring the mining process and its effects on improvements. Currently 46 projects are under way or out to tender.

The Picton Office has rebuilt or is in the process of rebuilding 19 homes in Tahmoor and one at Douglas Park.

Berrima Colliery has been put under Care & Maintenance. Four claims are being completed now to finalise all works in Joadja.

The Board is currently undertaking pre-mining inspections of Tahmoor Colliery's Longwall 28 and 29. A total of 556 PMIs have been carried out to date. This will minimise the Board's

risk on possible repairs post-mining. PMIs also give a better understanding of the relationship between mining and surface improvements.

During the year there was a 21 per cent decline in claims received due to Tahmoor's longwalls moving north of the built-up area. BHPIC are also mining in rural surroundings.

Building applications increased by 44 per cent and subdivision approvals by 30 per cent. This was largely due to urban expansion around Narellan, Mount Annan and Spring Farm. A total of 300 lots have been developed north of Appin and building applications are increasing with recent sales at Bingara Gorge.

Certificates and enquiries remained comparable to the previous financial year.

Performance Indicators

Transactions:	Monthly Stats	Performance Measure	Target KPIs	Actual KPIs	YTD Stats
Claims:	5	Within 30 working days	85%	91.3%	103
Elimination Danger	0	Within 24 hours	100%	100%	0
BAs	101	Within 5 working days	95%	99.0%	1391
Subs	12	Within 5 working days	85%	99.3%	147
Certificates	156	Within 5 working days	95%	98.5%	1652

The Picton Office had many enquiries during the year due to Longwall mining at Tahmoor. These were made over the counter and by phone.

Actual KPIs were all above target figures.

Many urgent repairs were carried out during the year by MSB contractors.

Statistical Comparison 2012/13 and 2013/14	
Claims down by	21%
Building Applications up	44%
Subdivisions up by	30%
Certificates down by	0.5%

SINGLETON

The Singleton District Office manages the operation of the Patrick Plains, Muswellbrook, Mitchells Flat, Tomalpin and Lithgow Mine Subsidence Districts.

Outside of these districts there are vast areas of abandoned and active mines that are not in a Mine Subsidence District but still overseen from the Singleton office.

West of the Lithgow district there is active mining at Ulan, Rylstone, Kandos, Cullen Bullen, Capertee and Lisdale, and east of Lithgow at Clarence.

Outside of the Tomalpin district there is shallow abandoned mining under Heddon Greta, Stanford Merthyr, Pelaw Main, Weston, Abermain, Cessnock and all the suburbs to the south of Cessnock down to Quorrobolong.

Austar have completed their Stage 2 mine plan and have begun their Stage 3 plan, which is a further 11 longwall panels under rural land at Quorrobolong. To the north-west of Cessnock there is abandoned mining at Greta, Leconfield and North Rothbury.

The Gunnedah Basin has a mix of abandoned mining in Gunnedah and active mining in Boggabri, Gunnedah and Werris Creek.

Yearly statistics

During the year claims increased by 57 percent, mainly due to a surge of damage to properties over abandoned workings in the Hunter Coalfields and Lithgow areas. Although the volume of claims increased, 77 per cent of claims were refused and 23 per cent were accepted,

Elimination of Dangers decreased by 31 per cent during the year, mainly due to lower rainfall and some previous success in alleviating problem areas.

Muswellbrook Common continues to be a problem area. Three seams of shallow mining failed in the top and middle seams. Spontaneous combustion is prevalent in most events. The major hole and all small holes and cracks were filled to try and starve the source of oxygen.

The Board achieved mixed results in this area.

Board staff visited the Gloucester area to fill a collapsed shaft that dated back to mining in the 1920s. During heavy rain the whole earth-filled shaft dropped about 10 metres.

Subdivisions increased during the year by 67 per cent. Building applications rose by 11 per cent, mainly due to the increase in development in the Muswellbrook Shire.

Enquiries and the issuing of Certificates through the Singleton office this year remained fairly constant.

This year and the year ahead

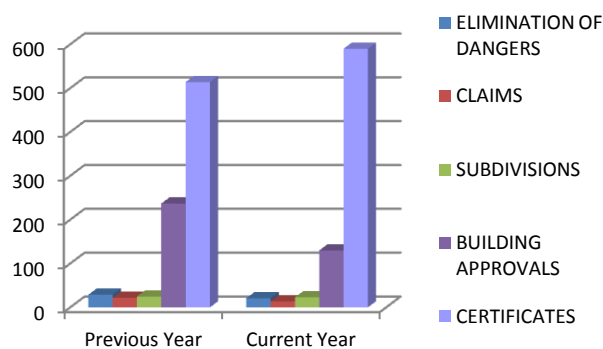
During the year the number of large BAs for supporting infrastructure to the mining industry decreased. Hard economic times and a fall in coal prices were affecting the industry and projects were being shelved awaiting better times.

While the new Hunter Expressway from West Wallsend to Branxton was under construction, Board CEO Greg Cole- Clark regularly attended meetings about filling of the old shallow workings at Greta and Stanford Merthyr. Two additional applications for grouting of the workings and construction of a new roundabout and road at Stanford Merthyr were approved.

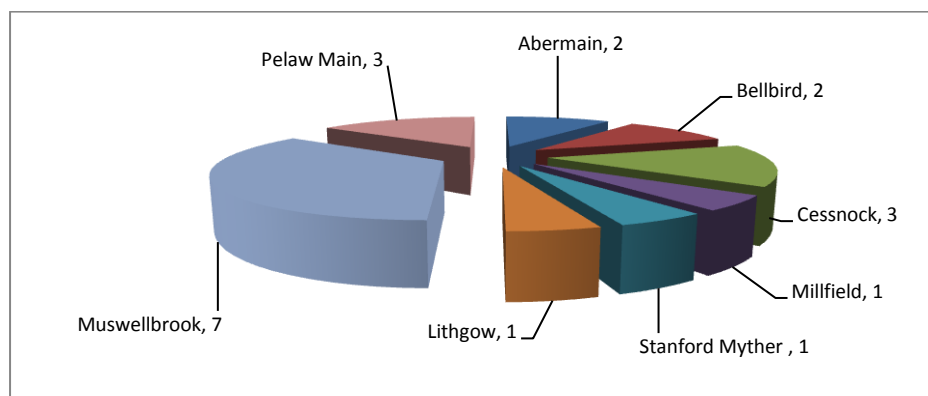
The Board's Singleton Office, particularly Susan Allan and Troy Atkin, continued to provide outstanding service to the people of the Coalfields, Hunter Valley, Lithgow and Gunnedah Areas.

The Singleton Office continued to receive many appreciative comments about its helpfulness and response to people from the many communities that the office serves.

Performance Indicators



Elimination of Danger



WYONG

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

The Board is reviewing its areas of operations with the goal of redefining its surface development guidelines to better comply with current mining operations.

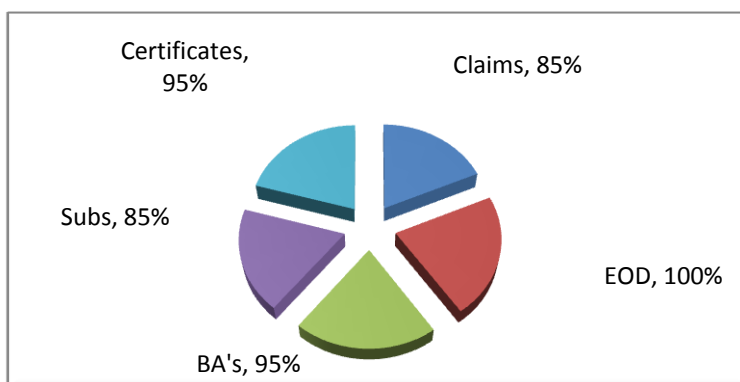
The Wyong office is working closely with the various collieries and the community on the compatibility of surface improvements and future mining in the Wyong Mine Subsidence District.

Chain Valley and Mannering Collieries have been extracting coal in areas not encumbered by surface improvements. Both collieries are seeking approval to significantly extend the life of their operations.

The number of claims received shows the mining operations in progress.

The Wyong office staff worked throughout the year to maintain a high standard of customer service and performance.

Performance Indicators



Risk Management Services

The Board liaises with collieries when planned or current mining could affect surface structures. Meetings are held with these collieries to discuss their mining layout for the next five years as well as their long-term mining plans. Potential problems relating to surface development and conflicts with mining are identified and steps put in place to manage possible subsidence.

Where appropriate, the condition of structures before mining is assessed. Mitigation works to eligible structures can be implemented by the Board in conjunction with the owners of improvements when such works would reduce the total prospective liability of the Mine Subsidence Compensation Fund.

Annually, the Board reviews surface structures that will be undermined in the next three years to

Various unit developments – Wadalba and Hamlyn Terrace ensure mine subsidence effects are managed and to assess the potential liability for damage.

MAJOR DEVELOPMENTS

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

It is generally a requirement of approval that a number of conditions be met by the applicant, including the need to remove the risk of subsidence or to confirm, through geotechnical investigations, that the workings are long-term stable. Applicants usually engage the services of experienced geotechnical engineering consultants to carry out this work. Drill holes may be required to provide supporting information. In some cases, structures may need to be relocated or the development timing staged to address mining issues.

The Board is increasing the use of computer-aided modelling to determine the risk of mine subsidence and assess the behaviour of a structure should mine subsidence occur.

A significant number of major developments were approved throughout NSW Mine Subsidence Districts, proving residential and commercial development can work hand-in-hand with mine subsidence.

Building Guidelines

The Board first introduced a set of graduated building guidelines for residential construction in July 2001.

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

Surface Development

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

The Board liaises regularly with applicants and design engineers, providing advice on the effect of subsidence on structures and techniques that may be useful in design.

The Board's Development Application and Rezoning Liaison (DARZL) Committee considers applications in areas where there may be issues between surface development and proposed mining. The committee can consider the details of proposed developments and gain insight into mine planning below the sites to achieve compatibility. Regular attendees at these committee meetings include representatives from the Department of Primary Industries, Mineral Resources, mining companies, local councils and the Board.

Pre-Mining Inspections

Where predicted mine subsidence is to have a significant effect on surface improvements it is the Board's policy to offer Pre-Mining Inspections (PMIs) of those properties. The inspections are beneficial in establishing the pre- mining condition of structures. The information gathered also provides a useful database of the typical performance of structures measured by existing condition, damage, age and location.

PMIs are completed at no cost to the owner and a report is provided. Originally contracted out, the Board now completes much of this work using its experienced technical staff. The inspections also enable prior consultation with the community.

Mine Subsidence Risk Engineering

Risk engineering plays a key role in supporting the Board's core functions including the assessment of its claims and building applications. By identifying potential risks, the Board is better able to implement appropriate controls and treatments to improve its decision-making and more effectively manage its potential liability under the Act.

Many factors contribute to the success of risk engineering. AS/NZS ISO 31000 provides a guide to the principles for successfully managing risks. However, the Board applies these principles in the assessment of claims and building applications and as an integral part of its strategic planning, strategic management and everyday activities. This is mainly achieved through an integration of risk management processes in the Board's Policy and Procedure Manual for its day-to-day activities. This ensures risk management is consistent across the Board and ensures efficiency, consistency and the reliability of results.

Therefore, successful risk management requires the involvement of all Board officers. The Board's Subsidence Risk Engineer's role is primarily to provide specialist engineering advice within this risk management framework to enhance the Board's everyday activities. In 2013–14 the Subsidence Risk Engineer's main activities included:

- assessment of claims and building applications for major projects
- financial risk and liability – reducing the Board's risk and liability from future claims under the Mine Subsidence Act, and
- research and development – identifying, completing and promoting research that meets the existing and future needs of the community and industry.

A paper was presented at the 2014 Mine Subsidence Technical Society (MSTS) conference by the Subsidence Risk Engineer titled “Case Study: Residential Building Damage – Reactive Soils or Shallow Mine Workings?”

This paper concluded with Risk Assessment Models for:

- Shallow Mine Workings (< 30m), and,
- Mine Subsidence Assessment Methodology.

Other technical papers being developed over the past 12 months included:

- Quantifying the risk of potholes in the Hunter
- Relationship between potholes and rainfall
- Lambton Gardens Subsidence Case Study
- M1 Freeway Up-sidence Case Study, and
- Update: Analysis of Vibration Data 1995 to 2014.

Technical support

Technical support assists the Board’s CEO, District Managers and officers with technical advice, claim assessments, review of development applications, technical engineering advice and preventive works.

Technical support also assists:

- external entities including collieries, developers, and the community with mine subsidence issues and building applications, and
- the CEO on legal, budget, risk, quality, cost, IT, and procurement issues.

Vibration monitoring program

Ground vibrations due to mine subsidence can potentially cause damage to infrastructure and result in a claim under the Mine Subsidence Act. The Board has implemented a vibration monitoring program in sensitive areas to assist with the analysis of claims and to keep the community informed of the nature of ground vibrations.

The Mine Subsidence Board has been conducting vibration monitoring at various locations since April 1989. The Board is monitoring ground vibrations at seven locations across the Hunter coal fields (Refer to table below).

The Board’s strategic approach is to establish a Vibration Monitoring Station when there is a defined risk, community need or sensitive issue. Monitoring provided by the Board is often but not always supplementary to monitoring conducted by the colliery.

Once a Vibration Monitoring Station has been established, the effectiveness of its location is managed. It may be necessary to relocate the monitor if mining activities move away and into other sensitive areas.

Quality accreditation

The Board is implementing Business Management System procedures including participation in management meetings, reviews and audits, to maintain the Board's Quality Accreditation in accordance with ISO 9001. The process includes maintenance of the Board's Equipment Register and ongoing calibration.

Mapping

The Board's computer mapping is unique. The digital databases held are fundamental in the decision-making processes for the assessment of claims and the development of building guidelines in Mine Subsidence Districts throughout New South Wales.

The Mine Subsidence Board's mapping staff have invested considerable time in the validation of historic maps and the digital capture of the historic mining records held by the Minerals & Energy branch of the Department of Trade and Investment, Regional Infrastructure and Services. The Board receives updates on the progress of mining from operating mines. This has resulted in the development of a comprehensive record of current and historic mining that can be accessed by the latest computer technology; these databases represent a significant asset to the Board and the state.

The Board's mapping data includes up-to-date cadastral and topographic information and proposed land subdivisions as well as aerial photography and satellite imagery over areas of interest to the Board. Surface infrastructure can be underlaid by current mining records supplied by active mines and the historic coal mining records (some dating back over 150 years).

The Board continually investigates areas to determine the extent of any uncharted mine workings. The Board holds a database of boreholes and geotechnical records to further validate its historical mining records and update its risk management strategies. Potholes and shafts when located are measured and recorded in the mapping databases. This enables further validation of the old mining maps, thus giving greater confidence in decision-making.

The Graphical Information System software employed by the Board's mapping section is essential in the investigation of claims, the development of surface building guidelines and the production of maps for displays. Mine Subsidence District maps are currently available on the Board's website at www.minesub.nsw.gov.au. Maps showing surface development categories for the Newcastle Central Business District have been recently added.

Currently the Board is updating the mapping system using the latest internet technology; this will speed up the computer mapping system and allow deployment of mobile devices to its field staff.

The Board is continually striving to improve the mapping services available to the public via the website.

Repairs and Services

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

Around Newcastle, the damage we cover is related primarily to subsidence from shallow abandoned mine workings. This results in either localised depressions or potholes in the ground surface. They are generally repaired by filling with concrete. Contractors or agencies such as councils, water authorities, and gas suppliers carry out the repairs. The Board pays the full cost of repairs. During the past year, the Board attended to 111 potholes. The Board's 24-hour emergency free call telephone number (1800 248 083) is available to report any dangers arising from mine subsidence.

The Public Face of the Mine Subsidence Board

The public face of the Board plays an integral role in educating home owners, developers, and pre-school and school-age children on the various roles and services offered by the Board.

The Board's character "Maurie Mole", used to promote safety awareness, is a household name in many coal-mining areas of New South Wales. Laurie Mole has been used in the Hunter Valley to promote safety awareness associated with old, shallow mine workings for 20 years and was introduced to the Southern Coalfields in mid 2006.

During the year, Laurie Mole appeared at:

- the Camden Show
- the Newcastle Home Show, and
- Maitland Gaol Christmas Danger Awareness Event.

The Laurie Mole 2013 Danger Awareness campaign at the Old Maitland Gaol was a great success. The event was held on a Sunday in early December as suggested by community feedback. Some 30 families enjoyed a wonderful afternoon.

Photos were taken of all winners with Laurie Mole, as well as several others during the event itself. All images were uploaded onto the Board's website, where winners were able to select and receive their personal images.

Numerous calls were made to the competition hotline. The campaign ran across the three commercial television stations in the Newcastle Region.

The Laurie Mole General Awareness Campaign continued in the Hunter and Central Coast areas throughout the year, as did specifically targeted school holiday advertising.

The Board continued its program of community education and support in areas where there were mine subsidence issues.

Strategic advertising of the Board's role and services targets areas where mining is under way or will occur in the immediate future. The Board uses various promotional and marketing avenues to advise people of its activities. Campaigns closely focus on the people most affected.

The Board has two purpose-built permanent displays at the Narellan Build N Design Centre and the HIA Home Ideas Centre in Newcastle.



Publications

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

- Mine Subsidence: A Community Guide
- Annual Report
- Buying Property and Building in a Mine Subsidence District
- Guide to Designing for Mine Subsidence
- Designing for 'Pothole' Subsidence
- Claiming for Mine Subsidence Damage
- Mine Subsidence Claims: Appeal Rights and Review Procedures
- Guarantee of Service
- A Guide for Council Staff
- Residential Pavement Repairs

Liaison, Communication and Working Parties

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

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

We also provide information on mine subsidence and the Board's role when undertaking Pre-Mining Inspections.

The Board meets with other state and local government bodies to allow the exchange of information and identification of issues in particular areas. Regular meetings are held with the Department of Trade and Investment, Regional Infrastructure and Services, local government bodies, and mining companies.

This provides an opportunity to discuss short-term and longer-term mining plans so that any issues can be considered during strategic planning for surface development.

The Board attends Planning Focus Meetings, which consider mining and other issues during the early stages of mine planning. It is also represented at Commissions of Inquiry when mine subsidence is an issue.

Properties and Investment Performance

At 30 June 2014, the Board held 21 properties valued at \$9.1 million. Properties are purchased as a result of mine subsidence claims in accordance with the Mine Subsidence Compensation Act. The board's practice is to restore these properties to a marketable condition and sell them once the effects of subsidence have been remedied.

During the year two properties were purchased and one property was sold.

Deemed Approvals

Some minor items of household change do not need Board approval before council processing. Where a council does not require a building application, deemed approval is given. Some of these items include carports, above-ground pools, garden sheds and fences (a full list can be provided by contacting the Mine Subsidence Board or from the Board's website).

Payment Performance

The Board processed approximately 2200 invoices during the year. A total of 95 per cent were paid on time, the balance being either invoices in dispute, or instances where the original invoices were not received. No invoice reached 60 days overdue and no penalty interest became due or was paid.

Investment performance is monitored monthly through comparison of key performance indicators such as portfolio average maturity, average volatility, maturity dissection and accrued capital profit and loss. The return is measured against an index of 40 per cent 90-day Bank Bill/60 per cent UBS Composite All Maturities, for the monthly Board meeting. The portfolio (before fees and taxes) returned 4.96 per cent for 2013–14 compared with the benchmark of 4.72 per cent

For annual report purposes, Treasury has advised us to use their hourglass index of 40 per cent UBS Bank Bill Index/60 per cent UBS 0+yr Australian Government Bond Index. For 2013–14 the Board's portfolio returned 4.96 per cent compared with the nominated government benchmark of 4.61 per cent. The key difference between the performance of the two benchmarks was that the Treasury benchmark did not have corporate securities that had performed better than government securities over the previous year.

Participation in Policy

Formulation

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

Significant Judicial Decisions

There were three significant judicial decisions made during the year, on legal action involving Jemena, Venn and Neale.

Changes in Legislation

No changes were made to relevant legislation.

Internal Audit

The Board uses the NSW Government's IAB Assurance and Advisory Services for its internal audit.

Risk Management and Insurance

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

Waste Reduction and Purchasing

As a small agency, the Mine Subsidence Board is required to report on the Government's Waste Reduction and Purchasing Plan (WRAPP), tri- annually and in its annual report.

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

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

Electronic Service

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

Human Resources

The total number of staff employed at 30 June 2014 was 29, comprising:

Location	Male	Female
Head Office	5	3
Newcastle	6	4
Wyong	2	1
Picton	4	2
Singleton	1	1
Total	18	11

Due to a number of retirements there were five vacant positions at the end of the year, for which replacements were being sought. Some positions were being filled on a temporary basis.

All human resources administration was transferred to Department of Trade and Investment in Orange from 1 October 2013.

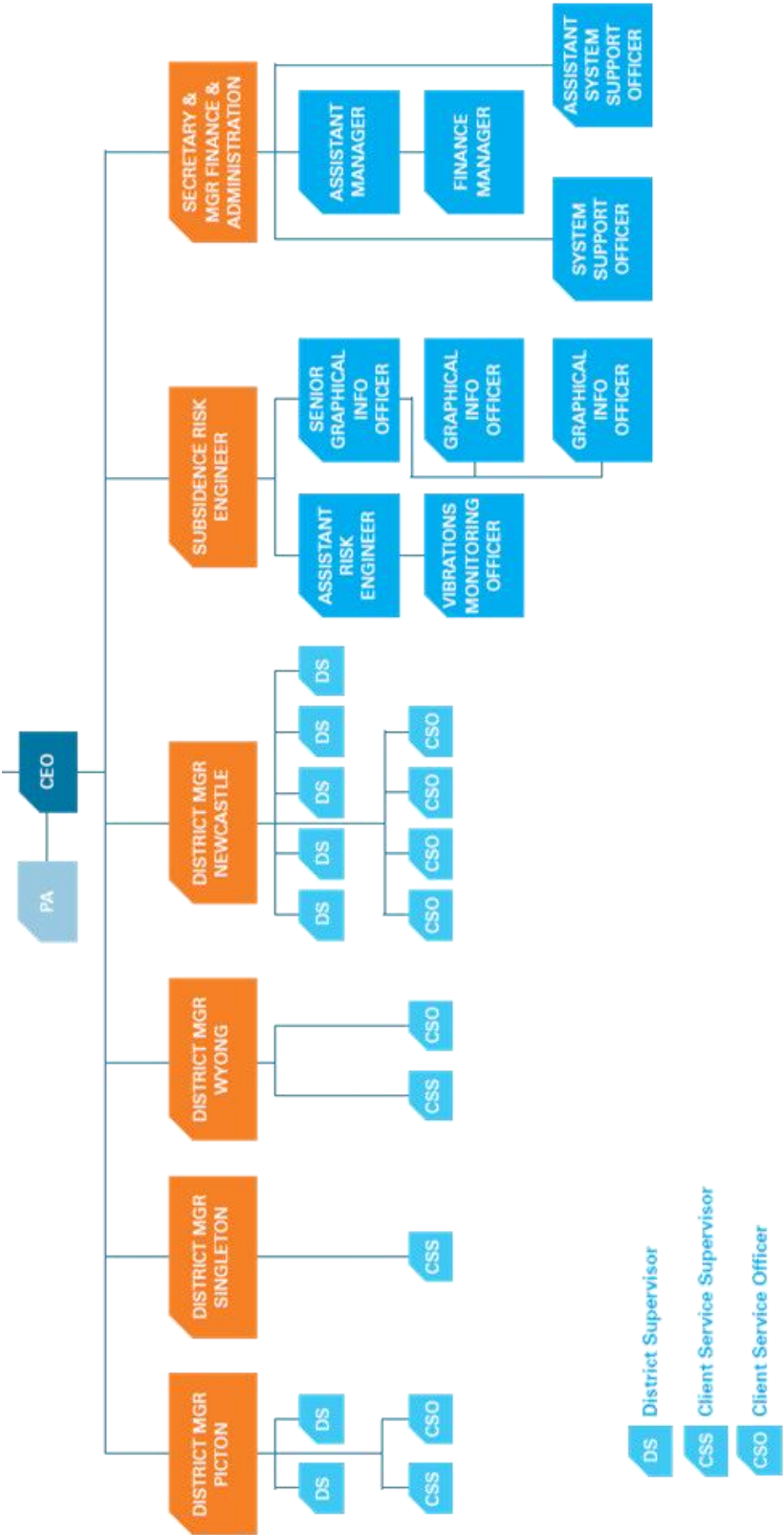
Staff Training

In-house and external training courses included SAP training, Height Safety training and attendance at an ESRI Conference.

Work Health And Safety

Work Health and Safety (WH&S) is included on the agenda for each District meeting. Staff can submit an improvement request for any issue relating to WH&S and are encouraged to report any urgent issues as required.

MINE SUBSIDENCE BOARD



Multicultural Policies and Services Program

As a guarantee of service, the Board offers free-of-charge interpreter services through the Community Relations Commission for people of non-English-speaking background.

Interpreter availability signs are displayed in public areas of each of the Board's offices and are printed in different languages.

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

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

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

Availability of Annual Report

As the Board's Statement of affairs under the Freedom of Information Legislation forms part of this report, sufficient copies are available to cater for demand of that Statement of Affairs. Copies are provided to designated institutions as required by the Government guidelines for Access to Published Information. The annual Report is available on the Board's website (www.minesub.nsw.gov.au). In line with the Mine Subsidence Board's commitment to the environment and modern practices, the 2013–14 Annual report is available electronically.

Government Information (Public Access) Act 2009 NO 52

With the introduction of the Government Information (Public Access) Act 2009 (the GIPA Act) from the 1 July 2010, the Department of Trade & Investment, Regional Infrastructure and Services consolidated the Right to information functions of a number of former agencies and divisions including the Mine Subsidence Board.

The GIPA Act encourages the active release of information by agencies and responding to requests for information formally where appropriate. Guidelines and authorisations to staff have been issued to increase the range of information able to be accessed without the need for a formal application under the GIPA Act. This includes managers regularly assessing information for which they are responsible for publication on the departmental website, where it may be useful or of interest to the public.

Further information is available from the Right to Information Officer at:

Mine Subsidence Board PO Box 488G NEWCASTLE NSW 2300

Before making an application, applicants should contact the Board, as some of the information sought may be available as part of the Board's free community service.

One request was made under the GIPA Act during the year.

Mine Subsidence Board
Annual Financial Statements
For the year ended 30 June 2014

Table of Contents

Independent Auditor's Report.....	p.41
Statement by Members of the Board.....	p.42
Statement of Comprehensive Inc.....	p.43
Statement of Financial Position.....	p.44
Statement of changes in Equity.....	p.45
Statement of Cash Flows.....	p.46
Notes to the Financial Statements.....	p.47



INDEPENDENT AUDITOR'S REPORT

Mine Subsidence Board

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Mine Subsidence Board (the Board), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Board
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence 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, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

David Nolan
Director, Financial Audit Services

20 October 2014
SYDNEY

Mine Subsidence Board Annual Financial Statements
for the year ended 30 June 2014

Statement by members of the Board

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

1. In our opinion, the accompanying financial statements and notes thereto present a true and fair view of the financial position of the Mine Subsidence Board as at 30 June 2014 and the results of its operations for the year then ended.
2. The financial statements and notes thereto comply with applicable Australian Accounting Standards, the Public Finance and Audit Act 1983, and the Public Finance and Audit Regulation 2010, and Treasurer's Directions.

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



Robert Regan
Board Member



Peter Hayes
Board Member

Signed at Newcastle and dated this 20th day of October 2014.

Statement of Comprehensive Income

		Actual 2014 \$'000	Actual 2013 \$'000
	Note		
Expenses excluding losses			
Operating expenses			
Employee related expenses	2(a)	2,033	2,263
Other operating expenses	2(b)	32,433	10,295
Depreciation	2(c)	185	187
TOTAL EXPENSES EXCLUDING LOSSES		34,651	12,745
Revenue			
Investment revenue	3(a)	4,327	4,490
Fees	3(b)	27,587	19,612
Other income	3(c)	779	209
Total Revenue		32,693	24,311
Gain/(loss) on disposal of plant and equipment	4	11	5
Gain/(loss) on defined benefit plan	4	(117)	2,775
Gain/(loss) on inventory	2	60	
Net Result		(2,004)	14,346
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		(2,004)	14,346

The accompanying notes form part of these financial statements

Statement of Financial Position

		Actual 2014 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
	Note			
ASSETS				
Current assets				
Cash & cash equivalents	5	42,342	43,207	39,193
Receivables	6	208	365	34
Financial assets at fair value	8	61,139	64,912	62,022
Total current assets		103,689	108,484	101,249
Non-current assets				
Inventories	7	8,676	7,741	3,545
Property, plant & equipment	9	439	536	601
Total non-current assets		9,115	8,277	4,146
TOTAL ASSETS		112,804	116,761	105,395
LIABILITIES				
Current liabilities				
Payables	10	476	265	359
Provisions	12	17,264	21,549	22,324
Other liabilities	11	-	76	-
Total current liabilities		17,740	21,890	22,683
Non-current liabilities				
Provisions	12	19,453	17,256	19,443
Total non-current liabilities		19,453	17,256	19,443
TOTAL LIABILITIES		37,193	39,146	42,126
NET ASSETS		75,611	77,615	63,269
EQUITY				
Accumulated funds		75,611	77,615	63,269
TOTAL EQUITY		75,611	77,615	63,269

The accompanying notes form part of these financial statements

Statement of Changes in Equity

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2013	77,615	77,615
Net Result for the Year	(2,004)	(2,004)
Total comprehensive income for the year	(2,004)	(2,004)
Balance at 30 June 2014	75,611	75,611
Balance at 1 July 2012	63,269	63,269
Net Result for the Year	14,346	14,346
Total comprehensive income for the year	14,346	14,346
Balance at 30 June 2013	77,615	77,615

The accompanying notes form part of these financial statements

Statement of Cash Flows

		Actual 2014 \$'000	Actual 2013 \$'000
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		(2,033)	(2,263)
Other expenses		(37,183)	(12,536)
Purchase of inventories		(1,221)	(4,196)
Total Payments		(40,437)	(18,995)
Receipts			
Fees		30,428	21,318
Sale of Inventories		345	-
Investment revenue		4,304	4,439
Other income		203	138
Total Receipts		35,280	25,895
NET CASH FLOWS FROM OPERATING ACTIVITIES	14(b)	(5,157)	6,900
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant & equipment	4	11	183
Proceeds from the sale/maturity of investments		191,139	210,937
Purchase of property, plant & equipment		(102)	(299)
Purchase of investments		(186,776)	(213,707)
NET CASH FLOWS FROM INVESTING ACTIVITIES		4,272	(2,886)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
NET INCREASE (DECREASE) IN CASH		(865)	4,014
Opening cash & cash equivalents		43,207	39,193
CLOSING CASH & CASH EQUIVALENTS	14(a)	42,342	43,207

The accompanying notes form part of these financial statements

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

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

The Board is a New South Wales Government agency and is a not for profit entity.

These financial statements for the year ended 30 June 2014 has been authorised by the directors of the Board on 20th day of October 2014.

Basis of Preparation

The entity's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the Public Finance and Audit Act 1983 and Regulation and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Assets (or disposal groups) held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

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

Statement of Compliance

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

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

Income, expenses and assets are recognised net of any amounts of GST, except that:

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

1. Summary of Significant Accounting Policies (cont.)

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

(b) Insurance

The Board's insurance coverage is provided through the New South Wales Treasury Managed Fund Scheme of self insurance for Government Agencies. The expense (premium) is determined by the fund manager based on past claims experience.

(c) Income Recognition

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

Contributions – are generally recognised as revenue when the Board obtains the right to receive the contribution. The right to receive colliery contributions is based upon the date that the contributions are gazetted by the Department of Trade and Investment, Regional infrastructure and Services.

Rendering of Services – revenue from certificate fees is recognised when the certificate application is received.

Interest – interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.

Sales of Inventory – surpluses from sales of inventory are offset against claims expenses in the year of sale, to cover write down charges to claims expense in the year of acquisition, in order to recognise the difference between values as if not damaged by subsidence, to value as-is. The Board is of the opinion that any surpluses arising on sale of inventory are due to differences between the initial valuation of the inventory based on an assessment of subsidence damage and subsequent rectification work performed. As the initial difference between purchase price and valuation is taken up as a claim expense, it is felt that any change in this valuation on realisation reflects a variation in claim expenses, not income and thus is more in the nature of a movement in a valuation allowance. Offsetting of assets and valuation allowances is consistent with AASB 101.

(d) Cash and Cash Equivalents

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

(e) Loans and Receivables

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

1. **Summary of Significant Accounting Policies (cont.)**

the amounts receivable. Any changes are accounted for in the statement of comprehensive income when impaired, derecognised or through the amortisation process.

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

(f) *Inventories*

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

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

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

(g) *Investments*

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

Investments at *fair value through profit or loss* – the Board subsequently measures investments classified as 'held for trading' or designated upon initial recognition 'at fair value through profit or loss' at fair value. Financial assets are classified as being 'held for trading' if they are acquired for the purpose of short term profit making, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Gains or losses arising from changes in fair value on these assets are included in the statement of comprehensive income.

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

Held-to-Maturity Investments – non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Board has the positive intention and ability to hold to maturity are classified as 'held-to- maturity'. These investments are measured at amortised cost

1. Summary of Significant Accounting Policies (cont.)

using the effective interest rate method. Changes are recognised in the statement of comprehensive income when impaired, derecognised or through the amortisation process.

Available-for-Sale Investments – any residual investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value directly in equity until such time as they are disposed or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income. However, interest calculated using the effective interest method and dividends are recognised in the net result of the year.

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

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

(h) Impairment of Financial Assets

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

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

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

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as 'available-for-sale', which must be made through the reserve.

Reversals of impairment losses on financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

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

A financial asset is derecognised when and where the contractual rights to the cash flows from the financial asset expire or the asset is transferred to another party whereby the Board no

1. Summary of Significant Accounting Policies (cont.)

longer has any significant continuing involvement in the risks and benefits associated with the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires. 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.

(j) Property, Plant and Equipment

Plant and Equipment - is measured on the cost basis less depreciation and impairment losses as a surrogate for fair value. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts

Capitalisation threshold - plant and equipment costing at least \$500 is capitalised.

Subsequent Costs - the cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Board and its cost can be measured reliably. The costs of day-to-day servicing of plant and equipment are recognised in the statement of comprehensive income as incurred.

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

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

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

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

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

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

1. Summary of Significant Accounting Policies (cont.)

(k) Payables

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

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

(l) Employee related expenses

All personnel employed by the Board are seconded to it from the Department of Trade and Investment, Regional Infrastructure and Services.

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

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

Long-term annual leave that is not expected to be taken within 12 months is measured at the present value of the amounts expected to be paid when the liabilities are settled in accordance with AASB 119 Employee Benefits. The amounts expected to be paid are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

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

Long Service Leave

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

The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for long term employment benefits and measured as the present value of expected future payments to be made in respect of services provided up to the reporting date in accordance with AASB 119 Employee Benefits. Consideration is given to expected future salary and wage levels, experience of employment departures and periods of service. Expected future payments are discounted using market yields at the reporting date on

1. Summary of Significant Accounting Policies (cont.)

national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(l) Employee related expenses (cont.)

Superannuation

Employees are entitled to benefits on retirement, disability, or death, from superannuation plans. Employer contributions are recognised as an expense through the profit and loss in the period to which they relate. Unremitted employer superannuation obligations and employee superannuation contributions at reporting date are recognised as liabilities.

Several employees are members of Defined Benefit Superannuation Schemes under which the employer has an obligation to provide a benefit based on applying a percentage of the employee's final salary against benefit points accumulated. The organisation recognises its obligations under these schemes as a provision Employer's Contribution to Superannuation. This provision is adjusted on an annual basis using the actuarial assessment of future obligations provided by the actuaries of the superannuation schemes.

(m) Other Provisions

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

Claims

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

Preventative Works

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

(n) Income Tax

No provision for income tax has been raised as the Board is exempt from income tax under Section 50-25 of the

Income Tax Assessment Act 1997.

1. Summary of Significant Accounting Policies (cont.)

(o) Critical Accounting Estimates & Judgements

Claims are carried in today's repair cost dollars, based upon estimates by staff or experts in that area. New South Wales Treasury mandates are followed where the Standard provides alternative methods.

(p) 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.

(q) Fair value hierarchy

A number of the entity's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. 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, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets / liabilities that the entity 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 entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Refer to Note 16 for further disclosures regarding fair value measurements of financial and non-financial assets.

(r) Accumulated Funds

The category "Accumulated Funds" includes all current and prior period retained funds.

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

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year.

(ii) Issued but not effective

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

The following new Australian Accounting Standards have not been applied and are not yet effective:

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments (1 January 2015);
- AASB 2012-3 regarding offsetting financial assets and financial liabilities (1 January 2014);
- AASB 1031 Materiality (1 January 2014);

1. Summary of Significant Accounting Policies (cont.)

- AASB 1055 and AASB 2013-1 regarding budgetary reporting (1 July 2014);
- AASB 2013-9 regarding the conceptual framework, materiality and financial instruments (1 January 2015).

It is considered that the adoption of these standards and interpretations in future periods will have no material financial impact on the financial statements of the Board.

- (iii) In accordance with a Treasury directive, the Board has amended its accounting for its defined benefit obligations in accordance with the revised AASB 119 “Employee Benefits”. Please refer to Note 21 for the impact of this change to the comparative figures.

2. Expenses

	2014 \$'000	2013 \$'000
<i>(a) Employee related expenses</i>		
Salaries & wages (includes annual leave)	2,076	2,069
Other movements in superannuation and defined benefit funds	(292)	(44)
Long service leave	111	122
Workers compensation insurance	9	11
Payroll tax & fringe benefits tax	129	105
Total Employee related expenses	2,033	2,263
<i>(b) Other Operating Expenses</i>		
Auditor remuneration – audit of the financial statements	46	49
Advertising	160	153
Fees for services rendered	918	887
Bad debt expense	520	-
Consultants	-	-
Contractors	707	402
General - bank fees	65	1
Motor vehicle	76	63
Printing & postage	37	78
Operating lease rental expenses	257	277
Stores	56	124
Subsidence claims (Note 2(d))	29,328	7,454
Subsidence preventative works	(116)	481
Insurance	21	21
Telephone & utilities	195	181
Board fees	17	20
Property expenses	118	84
Property commissions (Sales and Rental)	13	5
Travel expenses	15	15
	32,433	10,295

2. Expenses (cont.)

	2014 \$'000	2013 \$'000
(c) <i>Depreciation & Amortisation Expense:</i>		
Computer	104	100
Plant & Equipment	39	54
Motor Vehicles	42	33
	185	187
(d) <i>Subsidence Claims:</i>		
Claims Expenditure	29,328	7,454
	29,328	7,454
(e) <i>Write back of Inventory:</i>	(60)	-

3. Revenue

(a) <i>Investment revenue</i>		
Interest received from		
Financial assets at fair value through Profit and Loss	4,304	4,439
Rental Income	23	51
	4,327	4,490
(b) <i>Fees</i>		
Colliery Contributions	27,066	19,149
Fees from issuance of certificates , <i>Mine Compensation Act 1961:</i>		
Section 15b certificates	477	421
Section 15c certificates	44	42
	27,587	19,612
(c) <i>Other Income</i>		
Net gain on financial assets at fair value through Profit and Loss – held for trading	599	123
Bank Interest & Miscellaneous Income	180	86
	779	209

4. Other Gain/(Losses)

	2014 \$'000	2013 \$'000
(a) Net profit/(loss) on disposal of plant & equipment		
Carrying value on disposal	(14)	(178)
Less proceeds on disposal	25	183
Net profit/(loss) on disposal of plant & equipment	11	5
(b) Net profit/(loss) on defined benefit plan		
Net profit/(loss) on actuarial assessment of defined benefit plan	(117)	2,775

5. Cash and Cash Equivalents

	Note		
Cash at bank and on hand	14(a)	6,360	2,149
Short term deposits	14(a)	35,982	41,058
		42,342	43,207

Refer to Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6. Receivables

GST refundable	208	171
Colliery Contributions	-	194
	208	365

7. Inventory

Non current		
Properties held for resale at net realisable value	8,676	7,741
Carrying value at the beginning of the year	7,741	3,545
Additions	1,220	4,196
Disposals	(345)	-
Net increase/(write down) in value	60	-
Carrying value at the end of the year	8,676	7,741

8. Financial Assets at Fair Value

		2014	2013
	Note	\$'000	\$'000
Investments classified as			
Held for trading at fair value through profit or loss	16(a)	61,072	64,897
Interest rate futures	16(a)	67	15
		61,139	64,912
Held for trading at fair value through statement of profit or loss comprise:			
Government & semi government bonds (fixed interest)		37,385	38,231
Corporate bonds – listed entities (fixed interest)		23,687	26,666
Interest Rate Futures		67	15
		61,139	64,912

Refer to Note 16 for further information regarding fair value measurement, credit risk, liquidity risk and market risk from financial instruments.

9. Property, Plant and Equipment

	2014	2013
	\$'000	\$'000
Computer equipment at cost	895	872
Less accumulated depreciation	(768)	(664)
Net carrying amount	127	208
General plant & equipment at cost	562	563
Less accumulated depreciation	(535)	(497)
Net carrying amount	27	66
Motor vehicles at cost	374	318
Less accumulated depreciation	(89)	(56)
Net carrying amount	285	262
Total property, plant & equipment net carrying amount	439	536

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

9. *Property, Plant and Equipment (cont.)*

	Computer Equipment \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Total \$'000
2014				
Carrying amount at the beginning of the year	208	66	262	536
Additions at cost	23	-	79	102
Disposals	-	-	(14)	(14)
Depreciation expense	(104)	(39)	(42)	(185)
Carrying amount at the end of the year	127	27	285	439
2013				
Carrying amount at the beginning of the year	218	127	256	601
Additions at cost	111	-	201	312
Disposals	(21)	(7)	(163)	(191)
Depreciation expense	(100)	(54)	(33)	(187)
Carrying amount at the end of the year	208	66	262	536

10. *Payables*

	2014 \$'000	2013 \$'000
Fees for services rendered	138	88
Employee related services payable	148	124
Audit fee payable	43	41
Trade and other payables	147	12
	476	265

11. *Other liabilities*

Fees in advance	-	76
	-	76

12. Provisions

		2014	2013
	<i>Note</i>	\$'000	\$'000
Current			
Employee related services (L S L)	12(b)	1,013	1,166
Employee related services (Annual Leave)	12(b)	253	230
Employers contribution to superannuation (defined benefit funds)	12(b)	6,259	6,706
Claims	12(a)	7,459	9,447
Preventative works	12(a)	2,280	4,000
		17,264	21,549
Non-Current			
Claims	12(a)	17,918	16,898
Preventative Works	12(a)	1,521	346
Employee related services (L S L)	12(b)	14	12
		19,453	17,256

(a) Movements in each of the provisions other than Employee Related Services Payable are set out below

	2014	2014	2013	2013
	\$'000	\$'000	\$'000	\$'000
	Claims	Preventative Works	Claims	Preventative Works
Opening balance as at 1 July:	26,345	4,346	25,794	4,874
Additional provisions	8,925	21,026	8,046	13
Amounts used	(9,172)	(21,558)	(7,354)	(557)
Unused amounts reversed	(721)	(13)	(141)	16
Closing balance as at 30 June:	25,377	3,801	26,345	4,346
Split between				
Current	7,459	2,280	9,447	4,000
Non-Current	17,918	1,521	16,898	346
	25,377	3,801	26,345	4,346

12. Provisions (cont.)

(b) Aggregate Employee Related Services payable and on-costs

	Note	2014 \$'000	2013 \$'000
Provisions (Long service leave)		1,027	1,178
Provisions (Annual leave)		253	230
Employee related services - salaries	10	148	124
Employee related services - superannuation accrual (defined benefit funds)		6	6,706
		1,434	8,238

13. Post Employment Benefit Obligations

The Board recognises the amounts in note 13 for personnel services liability, being under funded superannuation liability for Department of Trade and Investment, Regional Infrastructure and Services staff seconded to the Board.

Staff seconded to the Board participates in a number of the closed New South Wales public sector superannuation schemes all of which are defined benefits schemes. The schemes are only open to existing employees and all of the schemes are closed to new members.

The superannuation liability includes pension obligations for retired staff. As at reporting date there were seven ex-staff receiving a pension from the funds.

(a) Reconciliation of the Net Defined Benefit Liability/(Asset)

	SASS \$000's	SANCS \$000's	SSS \$000's	Total \$000's
<i>Net Defined Benefit Liability/(Asset) at start of year</i>	(49)	7	6,748	6,706
Current service cost	85	24	121	230
Net Interest on the net defined benefit liability/(asset)	(3)	0	254	251
Past service cost	0	0	0	0
(Gains)/losses arising from settlements	0	0	0	0
Actual return on Fund assets less Interest income	(273)	(45)	(535)	(853)
Actuarial (gains)/losses arising from changes in demographic assumptions	0	0	0	0
Actuarial (gains)/losses arising from changes in financial assumptions	65	28	642	735
Actuarial (gains)/losses arising from liability experience	158	(16)	(760)	(618)
Adjustment for effect of asset ceiling	0	0	0	0
Employer contributions	(78)	(21)	(93)	(192)
<i>Net Defined Benefit Liability/(Asset) at end of year</i>	(95)	(23)	6,377	6,259

13. Post Employment Benefit Obligations (cont.)

(b) Reconciliation of the Fair Value of Fund Assets

	SASS	SANCS	SSS	Total
	\$000's	\$000's	\$000's	\$000's
<i>Fair value of Fund assets at beginning of the year</i>	1,924	515	8,860	11,299
Interest income	72	20	331	423
Actual return on Fund assets less Interest income	273	45	535	853
Employer contributions	78	21	93	192
Contributions by participants	36	0	52	88
Benefits paid	(70)	(68)	(144)	(282)
Taxes, premiums & expenses paid	(16)	8	15	7
<i>Fair value of Fund assets at end of the year</i>	2,298	541	9,742	12,580

(c) Reconciliation of the Defined Benefit Obligation

	SASS	SANCS	SSS	Total
	\$000's	\$000's	\$000's	\$000's
<i>Present value of defined benefit obligations at beginning of the year</i>	1,875	522	15,608	18,005
Current service cost	85	24	121	230
Interest cost	69	20	585	674
Contributions by participants	36	0	52	88
Actuarial (gains)/losses arising from changes in demographic assumptions	0	0	0	0
Actuarial (gains)/losses arising from changes in financial assumptions	65	28	642	735
Actuarial (gains)/losses arising from liability experience	158	(16)	(760)	(618)
Benefits paid	(70)	(68)	(144)	(282)
Taxes, premiums & expenses paid	(16)	8	15	7
<i>Present value of defined benefit obligations at end of the year</i>	2,202	518	16,119	18,839

(d) Reconciliation of the effect of the Asset Ceiling

	SASS	SANCS	SSS	Total
	\$000's	\$000's	\$000's	\$000's
<i>Accrued benefits</i>	-	-	-	-
<i>Net market value of Fund assets</i>	-	-	-	-
<i>Net (surplus)/deficit</i>	-	-	-	-

13. Post Employment Benefit Obligations (cont.)

(e) Fair value of Fund assets

All Pooled Fund assets are invested by STC at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

As at 30 June 2014

Asset category	Total (\$'000)	Quoted prices in active markets for identical assets Level 1 (A\$'000)	Significant observable inputs Level 2 (A\$'000)	Unobservable inputs Level 3 (A\$'000)
Short Term Securities	2,453	1,573	880	-
Australian Fixed Interest	2,365	11	2,354	-
International Fixed Interest	881	-	881	-
Australian Equities	11,739	11,494	241	3
International Equities	10,953	8,173	2,781	-
Property	3,273	894	692	1,687
Alternatives	6,329	565	4,897	867
Total*	37,993	22,710	12,726	2,557

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

Short Term Securities	6.5%
Australian Fixed Interest	6.2%
International Fixed Interest	2.3%
Australian Equities	30.9%
International Equities	28.8%
Property	8.6%
Alternatives	16.7%
Total	100.0%

13. Post Employment Benefit Obligations (cont.)

*Additional to the assets disclosed above, at 30 June 2014 Pooled Fund has provisions for receivables/(payables) estimated to be around \$2.2 billion, giving an estimated assets totalling around \$40.2 billion.

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this levels are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

(f) Fair value of entity's own financial instruments

The disclosures below relate to total assets of the Pooled Fund.

As at 30 June 2014, the fair value of the Pooled Fund assets include \$173.9 million in NSW government bonds.

(g) Significant Actuarial Assumptions at the Reporting Date

As at	30-Jun-14
Discount rate	3.57% pa
Salary increase rate (excluding promotional increases)	2.27% pa to 30 June 2015, then 2.5% pa to 30 June 2018, 3.0% pa from 1 July 2018 to 30 June 2023, and 3.5% pa thereafter
Rate of CPI increase	2.5% pa
Pensioner mortality	As per the 2012 Actuarial Investigation of the Pooled Fund

(h) Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2014 under several scenarios is presented below.

13. **Post Employment Benefit Obligations (cont.)**

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	Base Case	Scenario A	Scenario B
	\$000's	\$000's	\$000's
		-1.0% discount rate	+1.0% discount rate
Discount rate	3.57%	2.57%	4.57%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	18,839	21,857	16,417
	Base Case	Scenario C	Scenario D
		+0.5% rate of CPI increase	-0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	18,839	20,123	17,678
	Base Case	Scenario E	Scenario F
	\$000's	\$000's	\$000's
		+0.5% salary increase rate	-0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A\$)	18,839	18,986	18,703
	Base Case	Scenario G	Scenario H
		+5% pensioner mortality rates	-5% pensioner mortality rates
Defined benefit obligation (A\$)	18,839	18,658	19,031

13. Post Employment Benefit Obligations (cont.)

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

(i) Asset-liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements.

(j) Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

(k) Surplus/ deficit

The following is a summary of the 30 June 2014 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS \$000's	SANCS \$000's	SSS \$000's	Total \$000's
Accrued benefits	1,994	439	8,739	11,171
Net market value of Fund assets	(2,297)	(541)	(9,742)	(12,580)
<i>Net (surplus)/deficit</i>	(303)	(102)	(1,003)	(1,409)

(l) Contribution recommendations

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
2.1	2.5	1.6

(m) Economic assumptions

Weighted-Average Assumptions

Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate (excluding promotional salary increases)	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018, then 4.0% thereafter
Expected rate of CPI increase	2.5% pa

13. Post Employment Benefit Obligations (cont.)

(n) Expected contributions

	SASS \$000's	SANCS \$000's	SSS \$000's	Total \$000's
	Financial Year to 30 June 2015	Financial Year to 30 June 2015	Financial Year to 30 June 2015	Financial Year to 30 June 2015
Expected employer contributions	74	23	83	181

(o) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 14 years.

Profit and Loss Impact

	SASS \$000's	SANCS \$000's	SSS \$000's	Total \$000's
	Financial Year to 30 June 2014	Financial Year to 30 June 2014	Financial Year to 30 June 2014	Financial Year to 30 June 2014
Current service cost	85	24	121	230
Net interest	(3)	0	254	251
Past service cost	0	0	0	0
(Gains)/Loss on settlement	0	0	0	0
<i>Defined benefit cost</i>	82	24	375	481

Other Comprehensive Income

	SASS \$000's	SANCS \$000's	SSS \$000's	Total \$000's
	Financial Year to 30 June 2014	Financial Year to 30 June 2014	Financial Year to 30 June 2014	Financial Year to 30 June 2014
Actuarial (gains) losses on liabilities	223	12	(118)	117
Actual return on Fund assets less Interest income	(273)	(45)	(535)	(853)
Adjustment for effect of asset ceiling	0	0	0	0
<i>Total re-measurement in Other Comprehensive Income</i>	(50)	(33)	(653)	(736)

14. Cash Flow Information

		2014	2013
	Note	\$'000	\$'000
<hr/>			
(a) Reconciliation of cash			
Cash at bank and on hand	5	6,360	2,149
Short term investments	5	35,982	41,058
		<hr/>	<hr/>
		42,342	43,207
<hr/>			
(b) Reconciliation of net cash provided by operating activities			
Net Result of the Year		(2,005)	14,346
Depreciation	2(c)	185	187
Actuarial movement in superannuation		117	(2,775)
Net (gain)/loss on financial assets	3(c)	(599)	(123)
Net (gain)/loss on disposal of property, plant & equipment	4	(11)	(5)
Changes in assets and liabilities:			
Decrease/(increase) in receivables		157	(331)
Decrease/(increase) in inventory		(935)	(4,196)
Increase/(decrease) in payables		211	(94)
Increase/(decrease) in provisions		(2,201)	(185)
Increase/(decrease) in other liabilities		(76)	76
Net cash provided by operating activities		<hr/>	<hr/>
		(5,157)	6,900
<hr/>			

15. **Commitment for Expenditure**

The Board has entered into commercial property leases for its offices at Picton, Singleton and Wyong. These leases have three year terms with options to renew for a further period of three years.

Future minimum commitments under these non cancellable operating leases at 30 June 2014 not provided for and payable are as follows:

	2014	2013
	\$'000	\$'000
Operating Lease commitments		
Less than 1 year	70	66
Greater than 1 year but less than 5 years	34	5
Total (including GST)	104	71

In regards to the Board's Newcastle offices this is under a tenancy agreement memorandum. The occupation under this memorandum is in perpetuity and is subject to a notice period of 18 months being provided by the Board should the Board decide to relocate. Commitments under this agreement for the next 12 months are \$124,608 inclusive of GST (2013: \$124,608 inclusive of GST).

The Board is not aware of any capital commitments of a material nature as at reporting date other than those already provided for under the Payables and Provisions outlined in notes 10 and 12.

16. **Financial Instruments**

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

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

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

16. Financial Instruments (cont.)

(a) Carrying amount of each category of financial instrument

			2014	2013
	Note	Category	\$'000	\$'000
<i>Financial assets</i>				
Cash & cash equivalents	5	n/a	42,342	43,207
Receivables	6	Loans and receivables (at amortised cost)	-	194
Financial assets at fair value through the statement of comprehensive income		At fair value through profit and loss – classified as held for trading		
Held for trading - investments	8		61,072	64,897
Held for trading - derivatives	8		67	15
Total financial assets			103,481	108,313
<i>Financial liabilities</i>				
Trade & other payables	10		476	265
Other liabilities	11		-	76
Total financial liabilities			476	341

Note – the receivables value excludes statutory receivables of \$Nil (2013: \$171,000) which are not classified as financial instruments

(b) Credit Risk

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

Credit risk arises from financial assets of the Board. No collateral is held by the Board nor has it granted any financial guarantees. Credit risk associated with the Board's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

(c) Receivables

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

16. Financial Instruments (cont.)

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

(d) Liquidity Risks

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. The table below summarises the maturity profile of the Board's financial liabilities together with the interest rate exposure.

(e) Maturity analysis and interest rate exposure of financial liabilities

	Non Interest Bearing \$'000	Less than 1 year \$'000
2014		
Trade and other payables	476	476
2013		
Trade and other payables	265	265

(f) Market Risk

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

(g) Interest rate risk

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

16. Financial Instruments (cont.)

Financial Asset	Weighted Average Interest Rate	Variable Interest Rate \$'000	Less than 1 yr \$'000	Greater than 1 yr but less than 5 yrs \$'000	Greater than 5 yrs \$'000
2014					
<i>Cash & cash equivalents</i>					
Cash at bank	-%	6,360	-	-	-
Short term investments - discounted securities	-%	-	-	-	-
<i>Investments at fair value</i>					
Government & semi government bonds	-%	-	-	18,750	18,635
Corporate bonds & interest rate futures	-%	-	20,902	21,784	1,903
Bank bills	-%	-	15,080	-	-
		6,360	35,982	40,534	20,538
2013					
<i>Cash & cash equivalents</i>					
Cash at bank	3.00%	2,148	-	-	-
Short term investments - discounted securities	3.73%	-	15,036	-	-
<i>Investments at fair value</i>					
Government & semi government bonds	4.99%	-	1,284	17,307	20,924
Corporate bonds & interest rate futures	3.69%	-	18,762	24,814	1,852
Bank Bills	2.81%	-	5,990	-	-
		2,148	41,072	42,121	22,776

(h) Sensitivity analysis

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

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

16. Financial Instruments (cont.)

Interest Rate Risk					
	Interest Rate	Result +100 points \$'000	Equity +100 points \$'000	Result -100 points \$'000	Equity -100 Points \$'000
2014					
Cash & cash equivalents					
Cash at bank	2.00%	-	-	-	-
Short term investments - discounted securities	-%	-	-	-	-
Investments at fair value					
Government & semi government bonds	4.85%	1,542	-	(1,542)	-
Corporate bonds	5.77%	939	-	(939)	-
Bank bills	1.61%	25	-	(25)	-
2013					
Cash & cash equivalents					
Cash at bank	3.00%	21	-	(21)	-
Short term investments - discounted securities	3.73%	150	-	(150)	-
Investments at fair value					
Government & semi government bonds	4.99%	13	-	(13)	-
Corporate bonds	3.69%	188	-	(188)	-
Bank bills	2.81%	60	-	(60)	-

(i) Fair Value

The recognised fair values of financial assets and liabilities are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements.

Level 1 – fair values that reflect unadjusted quoted prices in active markets for identical assets/liabilities;

Level 2 – fair values that are based on inputs that are directly or indirectly observable for the asset/liability (other than unadjusted quoted prices); and

Level 3 – fair values that are derived from data not observable in a market.

According to the above hierarchy, the fair values of each class of asset/liability recognised at fair value are as follows:

16. Financial Instruments (cont.)

Class	Classification according to fair value hierarchy			2014 Total Carrying Amount \$'000
	Level 1	Level 2		
	Level 3			
	\$'000	\$'000		
	\$'000			
Financial assets				
Available-for-sale securities	61,072	-	-	61,072
Derivatives used for hedging	67	-	-	67
Floating Rate notes	-	-	-	-
Total	61,139	-	-	61,139

Class	Classification according to fair value hierarchy			2013 Total Carrying Amount \$'000
	Level 1	Level 2		
	Level 3			
	\$'000	\$'000		
	\$'000			
Financial assets				
Available-for-sale securities	64,897	-	-	64,897
Derivatives used for hedging	15	-	-	15
Floating Rate notes	-	-	-	-
Total	64,912	-	-	64,912

17. Contingent Liabilities and Assets

The Board has received claims for compensation up to 30 June 2014 and subsequent to balance date. These claims are only accepted as a liability when a decision is made by the Board (or a delegate) after an assessment by the Board's technical staff or experts in that area of work.

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

Legal proceedings in the Supreme Court by Jemena Gas Networks may result in a financial impact; however, at this point in time the Board is not in a position to quantify the extent of this impact. The Board believes that any additional disclosure of this matter at this point at this stage may prejudice the position of the Board in any future legal action.

18. Consultants

The total amounts paid or becoming payable to consultants engaged by the Board during the financial year was \$0 (2013: \$0).

19. Directors Benefits

The amount of emoluments or other benefits paid or due and payable, directly or indirectly, to directors of the Board, but not including amounts paid by way of salary to full-time directors of the Board amounted to \$0 (2013: \$252).

20. Events After the Reporting Period

There has not been any matter or circumstances that have arisen since the end of the financial year, which significantly affected, or may significantly affect, the operations of the Board, the results of those operations or these state of affairs of the Board in future years.

21. Changes in Accounting Estimates

The revised AASB 119 Employee Benefits ("AASB 119") has resulted in a contributions tax provision being included in the net defined benefit superannuation liability.

As a result of this change in accounting estimate, the net assets of the Board were overstated by \$1,407,000 as at 30 June 2012 and overstated by \$944,000 as at 30 June 2013. The net result for the year ended 30 June 2013 was understated by \$463,000.

The Board has processed these changes and the necessary disclosures have been made as required by AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors as follows:

- The amount of the correction has been applied to each financial statement line item
- Corrections have been made to the Statement of Financial Position as at 30 June 2012 showing the line items impacted by the change in accounting estimate.
- Corrections have been made to the Statement of Comprehensive Income, Statement of Financial Position and Statement of Equity for the year ended 30 June 2013 showing the line items impacted by the change in accounting estimate.

	2012	\$'000	
	\$'000	Change in	2012
	Previously	Accounting	\$'000
	Reported	Estimate	Restated
Statement of Financial Position			
Provisions	(20,917)	(1,407)	(22,324)
Total Current Liabilities	(21,276)	(1,407)	(22,683)
Total Liabilities	(40,719)	(1,407)	(42,126)
Net Assets	64,676	(1,407)	63,269
Total Equity	64,676	(1,407)	63,269

21. Changes in Accounting Estimates (cont.)

	2013 \$'000	2013 \$'000	2013 \$'000
	Previously Reported	Change in Accounting Estimate	Restated
Statement of Comprehensive Income			
Gain on defined benefit plan	2,312	463	2,775
Surplus / (Deficit) For Year	13,883	463	14,346
Total Comprehensive Income for the Year	13,883	463	14,346
Statement of Financial Position			
Provisions	(20,605)	(944)	(21,549)
Total Current Liabilities	(20,946)	(944)	(21,890)
Total Liabilities	(38,202)	(944)	(39,146)
Net Assets	78,559	(944)	77,615
Total Equity	78,559	(944)	77,615
Statement of Changes In Equity			
Comprehensive Income			
Total equity as at 30 June 2012	64,676	(1,407)	63,269
Surplus / (Deficit) for year	13,883	463	14,346
	78,559	(944)	77,615

END OF AUDITED FINANCIAL STATEMENTS

GUARANTEE OF SERVICE: COMMITMENT TO IMPROVING OUR SERVICES

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

- All staff taking responsibility for ensuring a high standard of service
- Adoption of quality management principles
- The provision of information brochures detailing the Board's services
- Liaising with the community through public forums, displays and residents meetings
- Encouraging feedback from the community
- Maintaining an up-to-date technical base
- To ensure this commitment is met, significant initiatives have been put in place.

STANDARD OF SERVICE

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

STANDARD OF BEHAVIOUR

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

Courteous telephone techniques will be utilised at all times.

COMMUNITY RELATIONS

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

PREMINING INSPECTIONS

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

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

INFORMATION

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

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

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

SUGGESTIONS AND COMPLAINTS

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

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

A 24 HOUR EMERGENCY SERVICE IS AVAILABLE IN ALL DISTRICTS.

TELEPHONE 1800 248 083 (FREECALL)

Email mail@minesub.nsw.gov.au Web www.minesub.nsw.gov.au

NEWCASTLE

Ground Floor NSW Government Offices

117 Bull Street, Newcastle 2300

Telephone: [02] 4908 4300

Facsimile: [02] 4929 1032

PICTON

100 Argyle Street, Picton 2571

Telephone: ;[02] 4677 1967

Facsimile: [02] 4677 2040

SINGLETON

The Central Business Centre Unit 6, 1 Pitt Street, Singleton 2330

Telephone: ;[02] 6572 4344

Facsimile: [02] 4677 2040

WYONG

Suite 3, Feldwin Court 30 Hely Street, Wyong 2259

Telephone: [02] 4352 1646

Facsimile: [02] 4352 1757