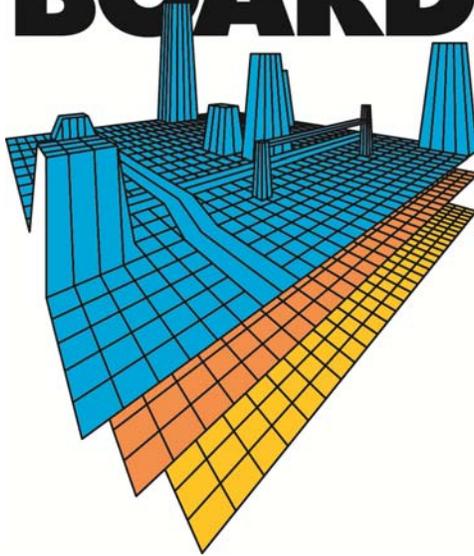


MINE SUBSIDENCE BOARD



Annual Report

2014-15



Contents

Letter of submission to Minister.....	2
About the Mine Subsidence Board	3
Aims and Objectives.....	3
Access.....	4
Management and Structure.....	5
Summary review of operations.....	6
Management and activities	7
Research and Development.....	13
Risk management and insurance activities.....	14
Internal audit and risk management policy attestation	14
Digital information security policy attestation	16
Legal Change	16
Land disposal.....	16
Human Resources	16
Credit card certification	17
Payment of Accounts	17
Time for Payment of Accounts.....	17
Investment Performance	17
Consultants	17
Government Information (Public Access) Act 2009.....	17
Privacy and Personal Information Protection Act (PIIPA).....	17
Public Interest Disclosures	18
Nil to report	18
Exemptions from the Reporting Provisions	18
Budget	19
Audited Financial Statements	20

The Hon Dominic Perrottet MP
Minister for Finance, Services and Property
GPO Box 5341
SYDNEY NSW 2001

Dear Minister

Mine Subsidence Board Annual Report 2014-2015

I would like to submit the annual report for the Mine Subsidence Board (MSB) for the year ended 30 June 2015 for your information and presentation to Parliament.

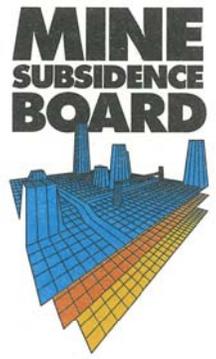
I apologise for the ten month delay in submitting this report. I can assure you the Annual Report for 2015-2016 will be submitted on time.

This report has been prepared in accordance with the Annual Reports (Statutory Bodies) Act 1984, the Public Finance and Audit Act 1983 and regulations under those Acts.

Yours sincerely

Brian Baker
Chairperson, MSB

Rick Still
Board Member, MSB



ABN: 87 445 348 918

NEWCASTLE

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NSW Government Offices
117 Bull Street
Newcastle West 2302
PO Box 488G Newcastle 2300
Telephone: (02) 4908 4300
Facsimile: (02) 4929 1032
DX 4322 Newcastle West

PICTON

100 Argyle Street
Picton 2571
PO Box 40 Picton 2571
Telephone: (02) 4677 1967
Facsimile: (02) 4677 2040
DX 26053 Picton

SINGLETON

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Unit 6, 1 Pitt Street
Singleton 2330
PO Box 524 Singleton 2330
Telephone: (02) 6572 4344
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WYONG

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30 Hely Street
Wyong 2259
PO Box 157 Wyong 2259
Telephone: (02) 4352 1646
Facsimile: (02) 4352 1757
DX 7317 Wyong

HEAD OFFICE

PO Box 488G
Newcastle 2300
Telephone: (02) 4908 4395
Facsimile: (02) 4929 1032



Quality
ISO 9001

SAI GLOBAL

Email

mail@minesub.nsw.gov.au

Web

www.minesub.nsw.gov.au

24 Hour

Emergency Service
Free Call 1800 248 083

About the Mine Subsidence Board

The Mine Subsidence Board (MSB) is responsible for administering the Mine Subsidence Compensation Act 1961. It has three primary functions:

- a) To provide compensation where surface developments are damaged by mine subsidence following extraction of coal or shale in NSW;
- b) To control surface development within Mine Subsidence Districts to minimise liabilities arising from mine subsidence; and
- c) To manage risk associated with mine subsidence including public awareness of mine subsidence.

Aims and Objectives

The MSB sets out to provide the following services:

- Provide a prompt and efficient compensation and/or repair scheme for damage to improvements caused by the extraction of coal
- Eliminate danger to the community from mine subsidence related events.
- Use our risk management expertise to protect the community by reducing future damage from mine subsidence.
- Identify, complete and promote subsidence research programs that meet the existing and future needs of the community and industry.

Access

The MSB maintains four public offices across NSW with its principal office located in Newcastle. All offices are open to the public between 8:30am and 4:30pm Contact details for each office are provided below:

MSB office locations

Newcastle	Address:	Ground Floor NSW Government Offices 117 Bull Street Newcastle West NSW 2302
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Telephone:	(02) 4908 4300
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Picton	Address:	100 Argyle Street Picton NSW 2571
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Telephone:	(02) 4677 1967
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Wyong	Address:	Suite 3, Feldwin Court 30 Hely Street Wyong NSW 2259
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Telephone:	(02) 4352 1646
-------------------	----------------

Singleton	Address:	Unit 6, 1 Pitt Street Singleton NSW 2330
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Telephone:	(02) 6572 4344
-------------------	----------------

Website:	www.minesub.nsw.gov.au
-----------------	--

Email:	mail@minesub.nsw.gov.au
---------------	--

The MSB also provides a 24 hour emergency on call service for the elimination of danger arising from mine subsidence.

Emergency telephone:	1800 248 083
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Management and Structure

Structure of the Board

The Mine Subsidence Board consists of six members:

- the Chairperson who is the Secretary of the Department of Trade and Investment, Regional Infrastructure and Services or their nominee from the Department
- a person nominated by the Minister who the Minister is satisfied has appropriate expertise in coal mine operations
- a Colliery Proprietors' nominee
- a representative of local government nominated by the Minister for Local Government,
- a representative of owners of improvements (the community) nominated by the Minister
- an officer of NSW Public Works who is eligible to be a corporate member of the Institution of Engineers, Australia, nominated by the Minister for Finance, Services & Property.

In the exercise of its duties and functions, the Board members are subject to the control and direction of the Minister and the provisions of the NSW Government Board's and Committees Guidelines. Certain duties and functions are delegated to MSB staff through the Act.

Board meetings

There were six members on the Board during 2014-15. The Board met formally on nine occasions during this period with meetings held in Newcastle, Maitland and Sydney. The Chief Executive Officer and Manager Finance and Administration also attended the meetings.

Board members and attendance

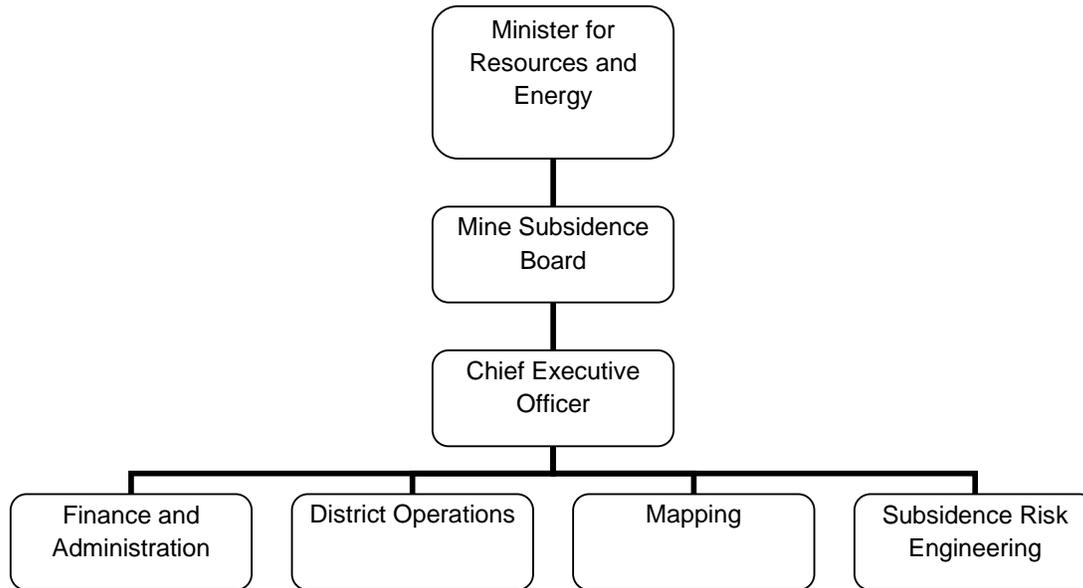
Board members	Meetings	
	Eligible	Attended
Brad Mullard. Chairperson.* BSc December 2008. Term expired October 2014.	2	2
Kylie Hargreaves, Chairperson.* Appointed October 2014. Term open.	7	7
Margaret MacDonald-Hill. Appointed November 2007. Term expires June 2017	8	9
Peter Hayes. BE(Min), ME(Min), MBA Appointed 2002. Term expires January 2016.	6	9
Daniel Thompson. BAppSc, PHS Appointed October 2014. Term expires October 2017.	5	7
Rob Regan. BE(Min) Hons, GAICD Appointed 2003. Term expires June 2015.	9	9
Rick Still. BE (Civil). Appointed November 2014. Term expires November 2017.	7	7

**Kylie Hargreaves replaced Brad Mullard as Chairperson in October 2014*

Senior Officers

Name	Role
Greg Cole-Clark (departed June 2015)	Chief Executive Officer
Kylie Hargreaves (from June 2015)	Acting Chief Executive Officer

Organisation chart



Summary review of operations

The MSB processed approximately 18,000 transactions during 2014-15, representing an increase of 12.5% from 2013-14. A total of 5,405 building applications and 428 subdivisions were processed during the period.

During 2014-15, the MSB also processed 417 claims for mine subsidence damage and issued 11,652 certificates to current and prospective property owners advising whether a property was covered for compensation under the Act or had been the subject of a claim.

Ensuring community safety through the elimination of public danger arising from mine subsidence is a core responsibility of the MSB. During 2014-15, the MSB attended to 96 elimination of danger reports representing an increase of 14.29% from 2013-14.

Public awareness of mine subsidence and the role of the MSB was a key focus during the reporting period. The MSB participated in a number of community events with mascot 'Maurie Mole' also making appearances to increase safety awareness amongst children. These activities were complemented by television, radio and print advertising.

On 30 March 2015, the Independent Commission Against Corruption (ICAC) commenced a public inquiry as part of an investigation underway into allegations concerning former MSB Picton office district manager, Darren Bullock. The inquiry was ongoing as at 30 June 2015.

In May 2015, the MSB commissioned an external review of its procurement system and called for tenders for a comprehensive Forensic Audit. The MSB will consider the findings and recommendations of the review and audit once received.

Management and activities

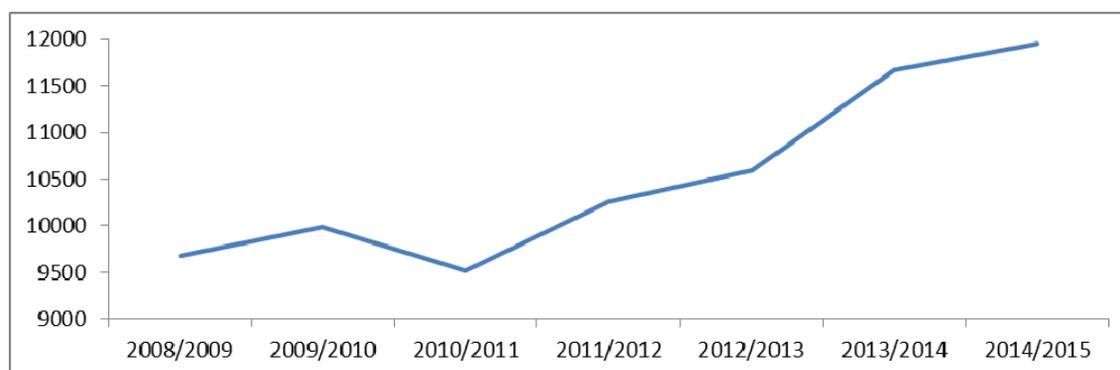
Certificates

The MSB plays an integral role in protecting home buyers by providing certificates under Section 15 of the Mine Subsidence Compensation Act 1961.

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

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

Number of applications for certificates received over time



Building and Subdivision Applications – Surface Development

The MSB is responsible for assessing surface development and subdivision proposals within Mine Subsidence Districts to minimise liabilities arising from mine subsidence damage.

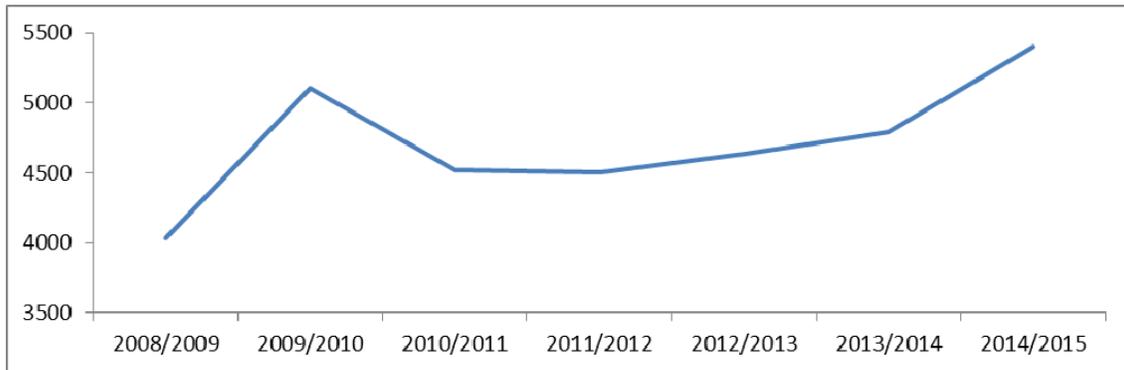
Owners of properties in proclaimed Mine Subsidence Districts must obtain approval from the MSB to erect improvements or subdivide land.

The MSB may require applicants to meet a number of conditions as a requirement of any development approval. Approval conditions vary depending on a number of factors including the cost and complexity of the development and the risk of mine subsidence.

Major and complex development proposals are considered and assessed by the MSB's Subsidence Risk Engineer. Conditions imposed on these developments can include the need to remove the risk of subsidence or confirm, through geotechnical investigations, that the mine workings are long-term stable.

The MSB is an approval authority under the Environmental Planning and Assessment Act and accordingly Councils are required to seek general terms of approval from the MSB for development applications submitted under Integrated Development process. The MSB also gives consideration to Draft Local Environmental Plans for concurrence or objection as required by the Environmental Planning and Assessment Act.

Number of building applications received over time



Compensation

The MSB is responsible for providing compensation where surface developments are damaged by mine subsidence following the extraction of coal or shale.

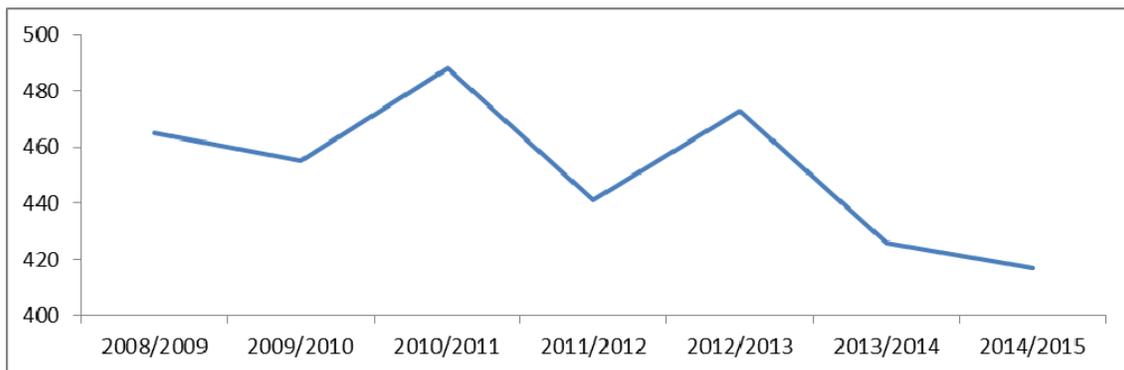
The owners of improvements damaged by mine subsidence can lodge claims for compensation with the MSB.

The MSB compensates owners of improvements, provided that, if located in a Mine Subsidence District, the improvements have been constructed in accordance with the MSB's approval, or existed prior to proclamation of the district.

Compensation may be provided through monetary compensation or by giving effect to repairs. Repairs are carried out by qualified tradespersons contracted by the MSB. The MSB consults property owners throughout repair works, including on the preparation of a scope of works.

Repairs were carried out to properties in areas of current and historical mining during 2014-15, including Adamstown Heights, Black Hill, Broke, Cardiff, Fletcher, Lambton, Mandalong, Merewether, New Lambton, North Lambton, Rankin Park, Swansea Heads, Tahmoor, Thirlmere, Wallsend, and Waratah.

Number of claims received over time



Elimination of danger

The MSB provides a 24 hour emergency on-call service for the elimination of danger arising from mine subsidence. Elimination of danger events are potholes caused by old shallow mine workings. These potholes can present a significant safety risk to the community. Reports relating to the elimination of danger must be addressed within 4 hours.

The MSB attended to 96 elimination of danger reports during 2014-15. The majority of elimination of danger events were safety remediated by securing the site and filling the pothole with low-strength concrete.

Public Awareness

The MSB is also responsible for managing risks associated with mine subsidence through public awareness.

Throughout the 2014-15 reporting year, a number of platforms were used to increase public awareness of mine subsidence and the role and services of the MSB including advertising through local television, radio, and newspapers.

The MSB attended community activities during the year with MSB staff participating in interactive displays at the Camden Show, the Newcastle Home Show, and the Housing Institute of Australia Home Ideas Open Day.

Safety awareness is promoted through the MSB's mascot 'Maurie Mole'. Maurie Mole made a number of public appearances during 2014-15 including the Camden Show, the Newcastle Home Show, and at the Hunter Region Botanic Gardens.

Complementary publications that were available to the public via the MSB website during 2014-15, included:

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

Corporate Performance

MSB's Key Performance Indicators (KPIs) relate to its core service areas of surface development, claims, elimination of danger, and the issuing of Section 15 Certificates.

Performance Indicators 2014 / 2015

Services	Number Processed	Performance Measure	Target	2014 / 2015	2013 / 2014	2012 / 2013
Subdivisions	428		95%	92%	95%	97%
15B Certificates	9794	Processed within 5 working days	95%	97%	97%	99%
15C Certificates	1858		95%	96%	99%	98%
Building Applications	5405		95%	96%	96%	97%
Claims	417	Claims determined within 30 working days	85%	91%	94%	90%
Elimination of Danger	96	Danger eliminated within 24 hours	100%	99%	100%	100%

Number of transactions per office 2014-15

Transaction Type	Newcastle	Picton	Singleton	Wyong	Total
Building Applications	2873	1651	103	778	5405
2013-2014	2687	1391	130	578	4786
Subdivisions	263	120	11	34	428
2013-2014	250	147	23	40	460
Certificates 15B	6244	1466	140	1944	9794
2013-2014	6211	1276	463	1864	9814
Certificates 15C	1036	466	140	356	1998
2013-2014	993	376	127	362	1858
Claims	281	84	37	15	417
2013-2014	197	104	35	22	358
Elimination of Danger	65	0	31	0	96
2013-2014	62	0	21	1	84

Newcastle Operations

The Newcastle office services the Lake Macquarie, Maitland and Newcastle communities. There are seven proclaimed Mine Subsidence Districts within these city boundaries.

Staff responded to 65 Elimination of Danger events and determined 281 claims for damage during 2014-15.

Survey results show that subsidence has stabilised at Lambton Gardens following major subsidence events in 2012 and 2014. Following an initial geotechnical investigation in July 2014 and the completion of emergency grouting in December 2014, a remediation strategy was formulated. A planned grouting program was tendered and awarded in March 2015 with work completed in mid June 2015.

There were 2873 building applications processed during 2014-15 including the approval of major developments totaling approximately \$447.3 million in value.

Statistical comparison 2013-14 & 2014-15:

Certificate Applications	Increased 1.05%
Building Applications	Increased 6.92%
Subdivision applications	Increased 5.2%
Claims	Increased 42.64%
Eliminations of Danger Claims	Increased 4.84%

Staff met with the following groups during 2014-15:

- Newcastle City Council
- Lake Macquarie City Council
- National Parks
- Collieries within the Newcastle region (Abel, Awaba, Mandalong, Mannering, Myuna, Newstan, Tasman, West Wallsend)

Picton Operations

The Picton office services communities in the Southern Coal Fields. This includes coastal areas that can be affected by old abandoned shallow mine workings and central areas which were subject to active longwall mining during 2014-15.

Tahmoor Coal commenced mining at Thirlmere and Tahmoor in 2004. and there had been 822 claims received for this area at the end of the reporting year. Of these claims, a total of 423 had been completed and a further 212 refused at 30 June 2015.

Comparison of statistics from 2013-14 & 2014-15:

Certificate Applications	Increased 16.95%
Building Applications	Increased 18.69%
Subdivision applications	Decreased 18.37%
Claims	Increased 19.23%
Eliminations of Danger Claims	NA

Wyong Operations

The Wyong office provides services to the communities to the south of Newcastle and on the Central Coast including Swansea, North Entrance, Wyong and Hue Hue.

Staff processed 778 Building Applications, 34 subdivision applications, and 2300 applications for certificates during 2014-15. 16 claims for mine subsidence damage were also determined during the reporting period.

Statistical comparison 2013-14 & 2014-15:

Certificate Applications	Decreased 3.32%
Building Applications	Increased 34.60%
Subdivision applications	Decreased 15%
Claims	Decreased 31.82%
Eliminations of Danger Claims	Decreased 100%

Singleton Operations

The MSB Singleton office services the Patrick Plains, Muswellbrook, Mitchells Flat, Tomalpin, and Lithgow Mine Subsidence Districts as well as surrounding areas outside of declared districts where there are abandoned mine workings and there was active mining during 2014-15.

Elimination of Danger reports within the area covered by the Singleton office increased significantly during 2014-15 due to heavy rainfall events in areas where there are abandoned mine workings at shallow depths. There was also an increase in the number of claims received throughout the area during the period.

The Singleton office experienced notable decreases in general enquiries received and applications for subdivisions, building applications and certificates during 2014-15.

Statistics comparison 2013-14 & 2014-15:

Certificate Applications	Decreased 76.27%
Building Applications	Decreased 20.77%
Subdivision Applications	Decreased 52.17%
Claims	Increased 5.71%
Eliminations of Danger Claims	Increased 47.62%

Staff met with the following groups during 2014-15:

- Bulga Coal
- Singleton Council
- Muswellbrook Council

Research and Development

MSB participates in research and development programs to increase knowledge relating to mine subsidence and meet the future needs of both the community and industry.

There were a number of research and development activities underway at 30 June 2015 including case studies on mine subsidence at Lambton Gardens and the M1 Freeway.

The Lambton Gardens Mine Subsidence Case Study was developed in consultation with Douglas Partners and Tandem Consulting Engineers. The case study is comprised of two parts being Part A: Geotechnical Study of the Mine Subsidence Event and Part B: Forensic Study of Building Damage. The objectives of this research project are to:

- Document the mine subsidence event and behaviour of building damage;
- Analyse and comment on the likely structural cause of building damage; and
- Compare the performance of building types due to mine subsidence.

The M1 Freeway Case Study is an internal geotechnical study of the mine subsidence event. The objective of the research is to improve the MSB's understanding of how geological anomalies affect mine subsidence and the cause and impact of up-sidence.

The findings and recommendations from these research programs will be considered by the MSB once complete.

The MSB also developed two public brochures based on findings of previous research and development programs during 2014-15.

A brochure on 'Mine Subsidence Ground Vibrations and Residential Housing' was developed during the reporting period as a direct outcome of previous research that examined the Impact of Mine Subsidence Ground Vibrations and a ten year review of the MSB's customer survey results.

A brochure on 'Foundation Movement and Residential Housing' was developed during the reporting period based on findings of previous research that examined the public's understanding of the likely causes of building damage other than mine subsidence.

Risk management and insurance activities

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

Internal audit and risk management policy attestation

Internal Audit and Risk Management Statement for the 2014-2015 Financial Year for the Mine Subsidence Board

I, Brian Baker, am of the opinion that the Mine Subsidence Board has internal audit and risk management processes in operation that are, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, Brian Baker, am of the opinion that the internal audit and risk management processes for the Mine Subsidence Board depart from the following core requirements set out in Treasury Circular NSW TC 09/08 and that (a) the circumstances giving rise to these departures have been determined by the Portfolio Minister and (b) the Mine Subsidence Board has is implementing the following practicable alternative measures that will achieve a level of assurance equivalent to the requirement:

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
Core Requirement 2.1: An internal audit function has been established and maintained	Machinery of Government and Senior Executive changes arising during 2014-15 meant that the MSB's internal audit function was not executed during the reporting period. A comprehensive internal audit and review of policies and procedures is to be undertaken during 2015-16.
Core Requirement 2.2: The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	As above.
Core Requirement 2.3: The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	As above.
Core Requirement 3.1: An independent Audit and Risk Committee with appropriate expertise has been established	Machinery of Government and Senior Executive changes arising during 2014-15 meant that the MSB's Audit and Risk Committee was not executed during the reporting period. It is intended that the MSB will transition to a department led Audit and Risk Committee during 2015-16.
Core Requirement 3.2: The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	As above.
Core Requirement 3.3: The Audit and Risk	As above.

Committee has a Charter that is consistent with the content of the 'model charter'	
--	--

These processes, including the practicable alternative measures being implemented, provide a level of assurance that will enable the senior management of the Mine Subsidence Board to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with exceptions with the policy to the Treasury on behalf of the Treasurer.

Brian Baker
Chairperson
Mine Subsidence Board

Digital information security policy attestation

Digital Information Security Annual Attestation Statement for the 2014-2015 Financial Year for the Mine Subsidence Board

I, Brian Baker, am of the opinion that the Mine Subsidence Board had an Information Security Management System in place during the 2014-2015 financial year that is consistent with the Core Requirements set out in the *NSW Government Digital Information Security Policy*.

The controls in place to mitigate identified risks to the digital information and digital information systems of Mine Subsidence Board are adequate.

There is no agency under the control of the Mine Subsidence Board which is required to develop an independent ISMS in accordance with the *NSW Government Digital Information Security Policy*.

Brian Baker
Chairperson
Mine Subsidence Board

Legal Change

The Mine Subsidence Compensation Act 1961 was amended during 2014-15. The changes were not subject to proclamation as at 30 June 2015.

Land disposal

The MSB did not dispose of any land greater than \$5 million in value during 2014-15. Documents relating to land disposal can be obtained under the *Government Information (Public Access) Act 2009*.

Human Resources

There were 20 full-time employees of the Department of Trade and Investment, Regional Infrastructure and Services (NSW Trade & Investment) and an additional 11 temporary staff employed through casual labour working at the MSB at 30 June 2015.

Number of full-time employees working at MSB by category

Categories	2012-2013	2013-2014	2014-2015
Corporate services	4	4	6
Technical services	16	15	7
Customer services	8	9	7
Total	28	28	20

MSB staff were employed by NSW Trade & Investment during the reporting period and as such were subject to all of its employment conditions. For information related to personnel and industrial relations policies and practices, please refer to NSW Trade & Investment's 2014-15 Annual Report.

There were no exceptional movements in wages, salaries or allowances for employees of NSW Trade & Investment working at the MSB during 2014-15.

Credit card certification

In accordance with Treasurer's Directions and Premier's Memoranda, the Secretary certified that corporate credit card use in NSW Trade & Investment during 2014-15 has been in accordance with established government requirements and practices.

Payment of Accounts

The MSB paid \$13,544,873 million worth of accounts on approximately 2,285 invoices during 2014-15. Of these, 98.73% were paid on time, the balance being either invoices in dispute or instances where the original invoices were not received.

Time for Payment of Accounts

The MSB had no invoices overdue for more than 60 days and paid no penalty interest during 2014-15.

Investment Performance

Investment performance was monitored monthly through comparison of key performance indicators, such as portfolio average maturity, average portfolio volatility, maturity dissection and accrued capital profit or loss during the reporting year. MSB's investment portfolio was managed by AMP during 2014-15. During this period, the portfolio returned 4.31% compared to the Treasury Corporation Strategic Cash benchmark of 2.88% as at 30 June 2015.

Consultants

The total amounts paid or becoming payable to consultants engaged by the MSB during the financial year was \$0 (2014: \$0).

During 2014-15, the MSB partnered with a local public relations firm, Eclipse Media, to promote the role of the MSB in providing compensation for mine subsidence damage. The same firm also coordinated the MSBs safety awareness campaign. The MSB paid a total of \$287,279.00 for these services which included promotional merchandise, printing of brochures, and television, radio and newspaper advertising.

Government Information (Public Access) Act 2009

NSW Trade & Investment consolidated the Right to Information functions of a number of agencies and divisions, including the MSB, on 1 July 2010 following the introduction of the Government Information (Public Access) Act 2009. Please refer to NSW Trade & Investment's 2014-15 Annual Report for details on any access applications concerning the MSB received during the period.

Privacy and Personal Information Protection Act (PPIPA)

The MSB has a Privacy Management Plan which identifies how it complies with the requirements of Privacy and Personal Information Protection Act 1998 (PPIPA). The plan has been submitted to the Privacy Commissioner.

There were no reviews conducted by or on behalf of the MSB under Part 5 of the PPIPA during the reporting period.

Public Interest Disclosures

As staff were employees of NSW Trade & Investment, the MSB adopted the department's Public Interest Disclosures Reporting Policy and Procedure during the reporting period. Please refer to NSW Trade & Investment's 2014-15 Annual Report for details on actions taken to ensure staff awareness of responsibilities under s6E (1)(B) of the Public Interest Disclosures Act 1994

No public officials made a Public Interest Disclosure to the MSB during the reporting period. The MSB did not receive or finalise any Public Interest Disclosures during 2014-15.

Nil to report

The MSB had nil to report on the following statutory requirements during the 2014-15 financial year:

- Promotion
- Disclosure of Controlled Entities
- Disclosure of Subsidiaries
- Funds granted to non-government community organisations
- Agreements with Multicultural NSW
- Numbers and remuneration of senior executives
- Implementation of Price Determination
- Liability management performance
- Consumer Response
- Economic or other factors affecting achievement of operational objectives

Exemptions from the Reporting Provisions

As a small statutory body, the MSB is only required to report on a triennial basis in relation to:

- Multicultural policies and services program
- Work Health & Safety
- Disability inclusion action plans
- Workforce diversity

Events after the reporting period

There were no events after 30 June 2015 which significantly affected, or may significantly affect the operations, the results of those operations, or the state of affairs of the MSB in future years.

Budget

MINE SUBSIDENCE BOARD
BUDGETED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2015

	Budget 2014/15 \$	Budget 2015/16 \$
INCOME		
Contributions from Colliery Proprietors	20,000,000	20,000,000
Interest on Investments	4,575,000	4,300,000
Miscellaneous	562,260	578,535
Profit on Realisation of Investments	500,000	400,000
Gain\Loss on Revaluation	(900,000)	(1,300,000)
Proceeds on Sale of Non-Recurrent Assets	10,000	10,000
Totals	24,747,260	23,988,535
EXPENDITURE		
Elimination of Danger	500,000	515,000
Claims:	15,000,000	15,000,000
Preventative Works	800,000	824,000
Totals	16,300,000	16,339,000
Other Expenses		
Salaries & Associated Charges	2,992,507	3,082,282
Employer Contribution to Superannuation	240,000	247,200
Fees for Services Rendered	1,303,000	1,342,090
Board Fees & Entertainment	46,100	46,100
Audit Fee	42,400	42,400
Printing, Stores & Stationery	249,500	256,985
Rent	227,600	234,428
Other Expenses	632,250	651,218
Depreciation	140,000	144,200
Bad Debts	0	0
Written Down Value Asset Disposal	51,000	52,530
Long Service Leave Expense	115,000	118,450
Annual Leave Expense	175,000	180,250
Totals	6,214,357	6,398,133
TOTAL EXPENDITURE	22,514,357	22,737,133
OPERATING RESULT - Surplus/(Deficit)	2,232,903	1,251,402
RETAINED EARNINGS AT BEGINNING OF YEAR	74,031,971	76,264,874
RETAINED EARNINGS AT END OF YEAR	76,264,874	77,516,276

**Mine Subsidence Board
Audited Financial Statements
For the year ended 30 June 2015**



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 2015, 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 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

The Board's Responsibility for the Financial Statements

The members of the Board are responsible for preparing 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 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 an 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 management, 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 carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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

30 November 2015
SYDNEY

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

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 2015 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 2015, 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.



Brian Baker
Chairman



Rick Still
Board Member

Signed at Sydney and dated this 9th day of November 2015.

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

Statement of Comprehensive Income

	Note	Actual 2015 \$'000	Actual 2014 \$'000
Expenses excluding losses			
Operating expenses			
Employee related expenses	2(a)	1,631	2,033
Other operating expenses	2(b)	23,746	32,433
Depreciation	2(c)	120	185
TOTAL EXPENSES EXCLUDING LOSSES		25,497	34,651
Revenue			
Investment revenue	3(a)	3,879	4,327
Fees	3(b)	22,540	27,587
Other income	3(c)	512	779
Total Revenue		26,931	32,693
Gain/(loss) on disposal of plant and equipment	4(a)	-	11
Gain/(loss) on defined benefit plan	4(b)	(1,724)	(117)
Gain/(loss) on inventory	2(e)	15	60
Net Result		(275)	(2,004)
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		(275)	(2,004)

The accompanying notes form part of these financial statements

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

Statement of Financial Position

	Note	Actual 2015 \$'000	Actual 2014 \$'000
ASSETS			
Current assets			
Cash & cash equivalents	5	56,353	42,342
Receivables	6	1,010	208
Financial assets at fair value	8	58,691	61,139
Total current assets		<u>116,054</u>	<u>103,689</u>
Non-current assets			
Inventories	7	8,979	8,676
Property, plant & equipment	9	319	439
Total non-current assets		<u>9,298</u>	<u>9,115</u>
TOTAL ASSETS		<u>125,352</u>	<u>112,804</u>
LIABILITIES			
Current liabilities			
Payables	10	875	476
Provisions	12	30,092	17,264
Other liabilities	11	-	-
Total current liabilities		<u>30,967</u>	<u>17,740</u>
Non-current liabilities			
Provisions	12	19,049	19,453
Total non-current liabilities		<u>19,049</u>	<u>19,453</u>
TOTAL LIABILITIES		<u>50,016</u>	<u>37,193</u>
NET ASSETS		<u>75,336</u>	<u>75,611</u>
EQUITY			
Accumulated funds		<u>75,336</u>	<u>75,611</u>
TOTAL EQUITY		<u>75,336</u>	<u>75,611</u>

The accompanying notes form part of these financial statements

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

Statement of Changes in Equity

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2014	<u>75,611</u>	<u>75,611</u>
Net Result for the Year	(275)	(275)
Total comprehensive income for the year	<u>(275)</u>	<u>(275)</u>
Balance at 30 June 2015	<u>75,336</u>	<u>75,336</u>
Balance at 1 July 2013	<u>77,615</u>	<u>77,615</u>
Net Result for the Year	(2,004)	(2,004)
Total comprehensive income for the year	<u>(2,004)</u>	<u>(2,004)</u>
Balance at 30 June 2014	<u>75,611</u>	<u>75,611</u>

The accompanying notes form part of these financial statements

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

Statement of Cash Flows

	Note	Actual 2015 \$'000	Actual 2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		(2,402)	(2,033)
Other expenses		(14,130)	(37,183)
Purchase of inventories		(883)	(1,221)
Total Payments		(17,415)	(40,437)
Receipts			
Fees		23,991	30,428
Sale of Inventories		530	345
Investment revenue		3,857	4,304
Other income		314	203
Total Receipts		28,692	35,280
NET CASH FLOWS FROM OPERATING ACTIVITIES	14(b)	11,277	(5,157)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant & equipment	4	-	11
Proceeds from the sale/maturity of investments		149,517	191,139
Purchase of property, plant & equipment		-	(102)
Purchase of investments		(146,783)	(186,776)
NET CASH FLOWS FROM INVESTING ACTIVITIES		2,734	4,272
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
NET INCREASE (DECREASE) IN CASH		14,011	(865)
Opening cash & cash equivalents		42,342	43,207
CLOSING CASH & CASH EQUIVALENTS	14(a)	56,353	42,342

The accompanying notes form part of these financial statements

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

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 2015 have been authorised by the directors of the Board on 11th day of November 2015.

Basis of Preparation

The entity's financial statements are general purpose financial statements which have been prepared on an accrual basis 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.

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.

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

1. Summary of Significant Accounting Policies (cont.)

(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 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.

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

1. Summary of Significant Accounting Policies (cont.)

(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 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.

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

1. Summary of Significant Accounting Policies (cont.)

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 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 \$5000 is capitalised.

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

1. Summary of Significant Accounting Policies (cont.)

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	15%

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.

(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

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

1. Summary of Significant Accounting Policies (cont.)

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 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.

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

1. Summary of Significant Accounting Policies (cont.)

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*.

(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 Note 16 for further disclosures regarding fair value measurements of financial and non-financial assets.

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

1. Summary of Significant Accounting Policies (cont.)

(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 2014-15
The accounting policies applied in 2014-15 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, AASB 2014-1 (part E), AASB 2014-7 (1st January 2018) and AASB 2013-9 (part C), AASB 2014-8 regarding financial instruments (1st January 2015);
- AASB 2015 and AASB 2014-5 regarding revenue from contracts with customers (1st January 2017);
- AASB 2014-4 regarding acceptable methods of depreciation/amortisation (1st January 2016);
- AASB 2015-2 (1st January 2016) regarding amendments to AASB 101 disclosure initiatives;
- AASB 2015-3 regarding materiality (1st July 2015);

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

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

2. Expenses

	2015 \$'000	2014 \$'000
<i>(a) Employee related expenses</i>		
Salaries & wages (includes annual leave)	1,956	2,076
Other movements in superannuation and defined benefit funds	(418)	(292)
Long service leave	(23)	111
Workers compensation insurance	7	9
Payroll tax & fringe benefits tax	109	129
Total Employee related expenses	<u>1,631</u>	<u>2,033</u>
<i>(b) Other Operating Expenses</i>		
Auditor remuneration – audit of the financial statements	80	46
Advertising	1	160
Fees for services rendered	1,255	918
Bad debt expense	-	520
Contractors	844	707
General - bank fees	374	65
Motor vehicle	75	76
Printing & postage	39	37
Operating lease rental expenses	301	257
Stores	25	56
Subsidence claims (Note 2(d))	20,455	29,328
Subsidence preventative works	(60)	(116)
Insurance	15	21
Telephone & utilities	251	195
Board fees	16	17
Property expenses	46	118
Property commissions (Sales and Rental)	20	13
Travel expenses	9	15
	<u>23,746</u>	<u>32,433</u>

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

2. Expenses (cont.)

	2015 \$'000	2014 \$'000
<i>(c) Depreciation & Amortisation Expense:</i>		
Computer	72	104
Plant & Equipment	16	39
Motor Vehicles	32	42
	120	185
 <i>(d) Subsidence Claims:</i>		
Claims Expenditure	20,455	29,328
	20,455	29,328
 <i>(e) (Gain)/loss on:</i>		
<i>Profit on sale of inventory:</i>	(65)	-
<i>Loss on revaluation/(writeback on revaluation)</i>	50	(60)
	(15)	(60)

3. Revenue

<i>(a) Investment revenue</i>		
Interest received from		
Financial assets at fair value through Profit and Loss	3,857	4,304
Rental Income	22	23
	3,879	4,327
 <i>(b) Fees</i>		
Colliery Contributions	22,001	27,066
<i>Fees from issuance of certificates , Mine Compensation Act 1961:</i>		
Section 15b certificates	494	477
Section 15c certificates	45	44
	22,540	27,587
 <i>(c) Other Income</i>		
Net gain on financial assets at fair value through Profit and Loss – held for trading	286	599
Bank Interest & Miscellaneous Income	226	180
	512	779

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

4. Other Gain/(Losses)

	2015 \$'000	2014 \$'000
<i>(a) Net profit/(loss) on disposal of plant & equipment</i>		
Carrying value on disposal	-	(14)
Less proceeds on disposal	-	25
Net profit/(loss) on disposal of plant & equipment	-	11
 <i>(b) Net profit/(loss) on defined benefit plan</i>		
Net profit/(loss) on actuarial assessment of defined benefit plan	(1,724)	(117)

5. Cash and Cash Equivalents

	<i>Note</i>		
Cash at bank and on hand	14(a)	9,513	6,360
Short term deposits	14(a)	46,840	35,982
		56,353	42,342

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

6. Receivables

GST refundable	144	208
Colliery Contributions	866	-
	1,010	208

7. Inventory

Non current		
Properties held for resale at net realisable value	8,979	8,676
Carrying value at the beginning of the year	8,676	7,741
Additions	883	1,220
Disposals	(530)	(345)
Net increase/(write down) in value	(50)	60
Carrying value at the end of the year	8,979	8,676

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

8. Financial Assets at Fair Value

	<i>Note</i>	2015 \$'000	2014 \$'000
Investments classified as			
Held for trading at fair value through profit or loss	16(a)	58,691	61,072
Interest rate futures	16(a)	-	67
		<u>58,691</u>	<u>61,139</u>
Held for trading at fair value through statement of profit or loss comprise:			
Government & semi government bonds (fixed interest)		36,163	37,385
Corporate bonds – listed entities (fixed interest)		22,528	23,687
Interest Rate Futures		-	67
		<u>58,691</u>	<u>61,139</u>

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

	2015 \$'000	2014 \$'000
Computer equipment at cost	895	895
Less accumulated depreciation	(840)	(768)
Net carrying amount	<u>55</u>	<u>127</u>
General plant & equipment at cost	562	562
Less accumulated depreciation	(551)	(535)
Net carrying amount	<u>11</u>	<u>27</u>
Motor vehicles at cost	374	374
Less accumulated depreciation	(121)	(89)
Net carrying amount	<u>253</u>	<u>285</u>
Total property, plant & equipment net carrying amount	<u>319</u>	<u>439</u>

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

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

9. Property, Plant and Equipment (cont.)

	Computer Equipment \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Total \$'000
2015				
Carrying amount at the beginning of the year	127	27	285	439
Additions at cost	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(72)	(16)	(32)	(120)
Carrying amount at the end of the year	55	11	253	319
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

10. Payables

	2015 \$'000	2014 \$'000
Fees for services rendered	734	138
Employee related services payable	110	148
Audit fee payable	31	43
Trade and other payables	-	147
	875	476

11. Other liabilities

Fees in advance	-	-
	-	-

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

12. Provisions

	<i>Note</i>	2015 \$'000	2014 \$'000
Current			
Employee related services (L S L)	12(b)	932	1,013
Employee related services (Annual Leave)	12(b)	230	253
Employers contribution to superannuation (defined benefit funds)	13(a)	7,310	6,259
Claims	12(a)	20,120	7,459
Preventative works	12(a)	1,500	2,280
		<u>30,092</u>	<u>17,264</u>
Non-Current			
Claims	12(a)	17,038	17,918
Preventative Works	12(a)	1,996	1,521
Employee related services (L S L)	12(b)	15	14
		<u>19,049</u>	<u>19,453</u>

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

	2015 \$'000	2015 \$'000	2014 \$'000	2014 \$'000
	Claims	Preventative Works	Claims	Preventative Works
Opening balance as at 1 July:	25,377	3,801	26,345	4,346
Additional provisions	24,484	181	8,925	21,026
Amounts used	(8,568)	(478)	(9,172)	(21,558)
Unused amounts reversed	(4,135)	(8)	(721)	(13)
Closing balance as at 30 June:	<u>37,158</u>	<u>3,496</u>	<u>25,377</u>	<u>3,801</u>
Split between				
Current	20,120	1,500	7,459	2,280
Non-Current	17,038	1,996	17,918	1,521
	<u>37,158</u>	<u>3,496</u>	<u>25,377</u>	<u>3,801</u>

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

12. Provisions

	<i>Note</i>	2015 \$'000	2014 \$'000
Current			
Employee related services (L S L)	12(b)	932	1,013
Employee related services (Annual Leave)	12(b)	230	253
Employers contribution to superannuation (defined benefit funds)	13(a)	7,310	6,259
Claims	12(a)	20,120	7,459
Preventative works	12(a)	1,500	2,280
		<u>30,092</u>	<u>17,264</u>
Non-Current			
Claims	12(a)	17,038	17,918
Preventative Works	12(a)	1,996	1,521
Employee related services (L S L)	12(b)	15	14
		<u>19,049</u>	<u>19,453</u>

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

	2015 \$'000	2015 \$'000	2014 \$'000	2014 \$'000
	Claims	Preventative Works	Claims	Preventative Works
Opening balance as at 1 July:	25,377	3,801	26,345	4,346
Additional provisions	24,484	181	8,925	21,026
Amounts used	(8,568)	(478)	(9,172)	(21,558)
Unused amounts reversed	(4,135)	(8)	(721)	(13)
Closing balance as at 30 June:	<u>37,158</u>	<u>3,496</u>	<u>25,377</u>	<u>3,801</u>
Split between				
Current	20,120	1,500	7,459	2,280
Non-Current	17,038	1,996	17,918	1,521
	<u>37,158</u>	<u>3,496</u>	<u>25,377</u>	<u>3,801</u>

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

12. Provisions (cont.)

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

	Note	2015 \$'000	2014 \$'000
Provisions (Long service leave)		947	1,027
Provisions (Annual leave)		230	253
Employee related services - salaries	10	110	148
Employee related services - superannuation accrual (defined benefit funds)		7	6
		1,294	1,434

13. Post Employment Benefit Obligations

The Board recognises the amounts in note 12 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 six 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>	(96)	(23)	6,378	6,259
Current service cost	93	23	115	231
Net Interest on the net defined benefit liability/(asset)	(5)	(1)	227	221
Actual return on Fund assets less Interest income	(157)	(38)	(764)	(959)
Actuarial (gains)/losses arising from changes in demographic assumptions	2	-	12	14
Actuarial (gains)/losses arising from changes in financial assumptions	58	19	1,547	1,624
Actuarial (gains)/losses arising from liability experience	61	(20)	45	86
Effects of transfers in/out due to business combinations and disposals	(60)	(18)	(88)	(166)
Employer contributions	-	-	-	-
<i>Net Defined Benefit Liability/(Asset) at end of year</i>	(104)	(58)	7,472	7,310

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

13. Post Employment Benefit Obligations (cont.)

(b) Reconciliation of the Fair Value of Fund Assets

	SASS \$000's	SANCS \$000's	SSS \$000's	Total \$000's
Fair value of Fund assets at beginning of the year	2,297	541	9,742	12,580
Interest income	80	19	341	440
Actual return on Fund assets less Interest income	157	38	764	959
Employer contributions	60	18	88	166
Contributions by participants	36	-	49	85
Benefits paid	(571)	(64)	(572)	(1,207)
Taxes, premiums & expenses paid	(10)	8	29	27
Fair value of Fund assets at end of the year	2,049	560	10,441	13,050

(c) Reconciliation of the Defined Benefit Obligation

	SASS \$000's	SANCS \$000's	SSS \$000's	Total \$000's
Present value of defined benefit obligations at beginning of the year	2,201	518	16,120	18,839
Current service cost	93	23	115	231
Interest cost	75	18	568	661
Contributions by participants	36	-	49	85
Actuarial (gains)/losses arising from changes in demographic assumptions	2	-	12	14
Actuarial (gains)/losses arising from changes in financial assumptions	58	19	1,547	1,624
Actuarial (gains)/losses arising from liability experience	61	(20)	45	86
Benefits paid	(571)	(64)	(572)	(1,207)
Taxes, premiums & expenses paid	(10)	8	29	27
Present value of defined benefit obligations at end of the year	1,945	502	17,913	20,360

(d) Reconciliation of the effect of the Asset Ceiling

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

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

13. Post Employment Benefit Obligations (cont.)

(e) Fair value of Fund assets

All Pooled Fund assets are invested by SAS trustee Corporation (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 2015

Asset category	Total (\$'000)	Quoted prices in active markets for identical assets	Significant observable inputs	Unobservable inputs
		Level 1 (A\$'000)	Level 2 (A\$'000)	Level 3 (A\$'000)
Short Term Securities	2,641	96	2,545	-
Australian Fixed Interest	2,657	1	2,639	17
International Fixed Interest	1,004	-	1,004	-
Australian Equities	10,407	9,899	504	4
International Equities	13,111	9,963	2,585	563
Property	3,453	948	719	1,786
Alternatives	7,170	622	3,020	3,528
Total*	40,443	21,529	13,016	5,898

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

Short Term Securities	6.5%
Australian Fixed Interest	6.6%
International Fixed Interest	2.5%
Australian Equities	25.7%
International Equities	32.4%
Property	8.6%
Alternatives	17.7%
Total	100.0%

*Additional to the assets disclosed above, at 30 June 2015 Pooled Fund has provisions for receivables/ (payables) estimated to be around \$1.74 billion, giving an estimated assets totalling around \$42.2 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.

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

13. Post Employment Benefit Obligations (cont.)

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.

The fair value of the Pooled Fund assets, as at 30 June 2015, includes \$209.2 million in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

- GPNSW occupies part of a property owned by the Pooled Fund with a fair value of \$159 million (30 June 2014: \$153 million).
- NSW Ambulance occupies part of a property 50% owned by the Pooled Fund with a fair value of \$204 million (30 June 2014: \$205 million).

(g) Significant Actuarial Assumptions at the Reporting Date

As at	30-Jun-15
Discount rate	3.03% pa
Salary increase rate (excluding promotional increases)	2.50% 2015/16 to 2018/19; 3.50% 2019/20; 3.00% 2021/22 to 2024/25; 3.50% pa thereafter
Rate of CPI increase	2.50% 2015/16; 2.75% 2016/17 & 2017/18; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2012 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

(h) Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2015 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2015.

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.

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

13. Post Employment Benefit Obligations (cont.)

	Base Case \$000's	Scenario A \$000's	Scenario B \$000's
		-1.0% discount rate	+1.0% discount rate
Discount rate	3.03%	2.03%	4.03%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	20,360	23,832	17,589

	Base Case \$000's	Scenario C \$000's	Scenario D \$000's
		+0.5% rate of CPI increase	-0.5% rate of CPI increase
Discount rate	as above	as above above rates plus	as above above rates plus
Rate of CPI increase	as above	0.5%	0.5%
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	20,360	21,828	19,030

	Base Case \$000's	Scenario E \$000's	Scenario F \$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\$)	20,360	20,521	20,204

	Base Case \$000's	Scenario G \$000's	Scenario H \$000's
		+5% pensioner mortality rates	-5% pensioner mortality rates
Defined benefit obligation (A\$)	20,360	20,138	20,596

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

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

13. Post Employment Benefit Obligations (cont.)

(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. No explicit asset-liability matching strategy is used by the Trustee.

(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.

The next triennial review as at 30 June 2015 the report is expected to be released by the end of 2015.

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 2015 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 *	1,688	414	8,972	11,074
Net market value of Fund assets	(2,049)	(560)	(10,441)	(13,050)
<i>Net (surplus)/deficit</i>	(361)	(146)	(1,469)	(1,976)

* There is no allowance for a contribution tax provision within the Accrued Benefits figure for AAS 25. Allowance for contributions tax is made when setting the contribution rates.

(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	2.50%	1.6

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

13. Post Employment Benefit Obligations (cont.)

(m) Economic assumptions

The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

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

(n) Expected contributions

	SASS \$000's	SANCS \$000's	SSS \$000's	Total \$000's
Expected employer contributions	75	21	78	174

(o) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 14.6 years.

Profit and Loss Impact

	SASS \$000's	SANCS \$000's	SSS \$000's	Total \$000's
Current service cost	93	23	115	231
Net interest	(5)	(1)	227	221
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
Defined benefit cost	88	22	342	452

Other Comprehensive Income

	SASS \$000's	SANCS \$000's	SSS \$000's	Total \$000's
Actuarial (gains) losses on liabilities	121	(1)	1,604	1,724
Actual return on Fund assets less Interest income	(157)	(38)	(764)	(959)
Adjustment for effect of asset ceiling	-	-	-	-
Total re-measurement in Other Comprehensive Income	(36)	(39)	840	765

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

14. Cash Flow Information

	Note	2015 \$'000	2014 \$'000
<i>(a) Reconciliation of cash</i>			
Cash at bank and on hand	5	9,513	6,360
Short term investments	5	46,840	35,982
		<u>56,353</u>	<u>42,342</u>
<i>(b) Reconciliation of net cash provided by operating activities</i>			
Net Result of the Year		(275)	(2,005)
Depreciation	2(c)	120	185
Actuarial movement in superannuation		1,052	117
Net (gain)/loss on financial assets	3(c)	(286)	(599)
Net (gain)/loss on disposal of property, plant & equipment	4	-	(11)
Changes in assets and liabilities:			
Decrease/(increase) in receivables		(802)	157
Decrease/(increase) in inventory		(303)	(935)
Increase/(decrease) in payables		398	211
Increase/(decrease) in provisions		11,373	(2,201)
Increase/(decrease) in other liabilities		-	(76)
Net cash provided by operating activities		<u>11,277</u>	<u>(5,157)</u>

15. Commitment for Expenditure

The Board has entered into commercial property leases for its offices at Singleton and Wyong. These leases have three year terms with options to renew for a further period of three years. Picton office is currently on a month by month lease agreement.

Future minimum commitments under these non cancellable operating leases at 30 June 2015 not provided for and payable are as follows:

	2015 \$'000	2014 \$'000
Operating Lease commitments		
Less than 1 year	70	70
Greater than 1 year but less than 5 years	7	34
Total (including GST)	<u>77</u>	<u>104</u>

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 \$183,493 inclusive of GST (2014: \$124,608 inclusive of GST).

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

15. Commitment for Expenditure (cont)

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.

(a) Carrying amount of each category of financial instrument

	Note	Category	2015 \$'000	2014 \$'000
<i>Financial assets</i>				
Cash & cash equivalents	5	n/a	56,353	42,342
Receivables	6	Loans and receivables (at amortised cost)	866	-
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		58,691	61,072
Held for trading - derivatives	8		-	67
Total financial assets			<u>115,910</u>	<u>103,481</u>
<i>Financial liabilities</i>				
Trade & other payables	10		875	476
Total financial liabilities			<u>875</u>	<u>476</u>

Note – the receivables value excludes statutory receivables of \$Nil (2014: \$Nil) which are not classified as financial instruments.

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

16. Financial Instruments (cont.)

(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.

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 Risk

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

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
2015		
Trade and other payables	875	875
2014		
Trade and other payables	476	476

(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.

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

16. Financial Instruments (cont.)

(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:

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
2015					
<i>Cash & cash equivalents</i>					
Cash at bank	2.0%	9,513	-	-	-
Short term investments - discounted securities	-%	-	-	-	-
<i>Investments at fair value</i>					
Government & semi government bonds	4.57%	-	7,702	16,464	19,699
Corporate bonds & interest rate futures	5.51%	-	6,120	22,528	-
Bank bills	1.18%	-	33,018	-	-
		9,513	46,840	38,992	19,699
2014					
<i>Cash & cash equivalents</i>					
Cash at bank	2.00%	6,360	-	-	-
Short term investments - discounted securities	-%	-	-	-	-
<i>Investments at fair value</i>					
Government & semi government bonds	4.85%	-	-	18,750	18,635
Corporate bonds & interest rate futures	5.77%	-	20,902	21,784	1,903
Bank Bills	1.61%	-	15,080	-	-
		6,360	35,982	40,534	20,538

(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.

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

16. Financial Instruments (cont.)

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.

	Interest Rate	Interest Rate Risk			
		Result	Equity	Result	Equity
		+100 points	+100 points	-100 points	-100 Points
		\$'000	\$'000	\$'000	\$'000
2015					
Cash & cash equivalents					
Cash at bank	2.0%	-	-	-	-
Short term investments - discounted securities	-%	-	-	-	-
Investments at fair value					
Government & semi government bonds	4.57%	1,609	-	(1,609)	-
Corporate bonds	5.51%	1,353	-	(1,353)	-
Bank bills	1.18%	35	-	(35)	-
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)	-

(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:

**Mine Subsidence Board
Annual Financial Statements
for the year ended 30 June 2015**

16. Financial Instruments (cont.)

Class	Classification according to fair value hierarchy			2015 Total Carrying Amount \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Available-for-sale securities	58,691	-	-	58,691
Derivatives used for hedging	-	-	-	-
Floating Rate notes	-	-	-	-
Total	58,691	-	-	58,691

Class	Classification according to fair value hierarchy			2014 Total Carrying Amount \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'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

17. Contingent Liabilities and Assets

The Board has received claims for compensation up to 30 June 2015 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.

18. Consultants

The total amounts paid or becoming payable to consultants engaged by the Board during the financial year was \$0 (2014: \$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 (2014: \$0).

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.

END OF AUDITED FINANCIAL STATEMENTS