

Annual Report 2021-22



Biodiversity
Conservation
Trust



Photographic Credits

Cover image: Threatened gang gang cockatoo
(*Callocephalon fimbriatum*)

Photo by: James Lidsey / BCT

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Letter of submission

The Hon James Griffin MP
Minister for Environment and Heritage
Member for Manly
52 Martin Place
Sydney NSW 2000

Dear Minister

Subject: NSW Biodiversity Conservation Trust Annual Report 2021-22

The Biodiversity Conservation Trust (BCT) received advice from the Audit Office of NSW regarding delays to our audited financial statements, impacting our submission of the BCT Annual Report for 2021-22.

Appropriate applications were made to NSW Treasury in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, and we received an extension from 31 October 2022 to 30 November 2022.

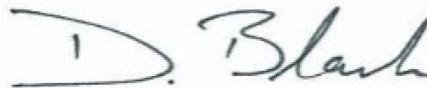
We are pleased to submit the BCT Annual Report for your presentation to the NSW Parliament. This report provides a summary of our services, achievements and performance for the period 1 July 2021 to 30 June 2022. In addition, the report contains the BCT audited financial statements and appendices as required by legislation.

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

Yours sincerely,



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



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

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Acknowledgement of Country

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

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





Message from the Chair



The Hon. Niall Blair

Chairperson of the Board of the NSW Biodiversity Conservation Trust

I am pleased to present the NSW Biodiversity Conservation Trust (BCT) Annual Report for 2021-22. I reflect on the achievements of another challenging year, and I am proud of our efforts. The BCT has continued to work closely with landholders across NSW to enhance and conserve biodiversity.

Through the use of innovative mechanisms, the BCT continues to explore new ways to expand private land conservation in NSW. This Annual Report demonstrates the success of these programs and I commend the engagement and dedication of everyone involved.

To date, the BCT has invested more than \$162.5 million in private land conservation through tenders, fixed price offers and the provision of grants to people across NSW. This investment has helped to conserve unique landscapes, threatened ecosystems and habitats for our threatened native plant and animal species. BCT conservation agreements protect at least 122 threatened species and 22 threatened ecological communities.

Our investment has helped support landholders and their local communities in difficult times, including during the damage caused by the devastating floods of the past year. Through our programs, we provide a range of ways landholders can participate in private land conservation across NSW, as well as promoting understanding of the importance of biodiversity through our education program and supporting the operation of the NSW Biodiversity Offsets Scheme.

As part of our ongoing commitment to secure permanent biodiversity conservation outcomes on private land, we launched the BCT co-investment partnerships prospectus in June 2022. The prospectus outlines how the BCT will co-invest with those in the corporate and philanthropic sectors, who share our commitment to address the linked crises of nature loss and climate change. These partnerships are intended to accelerate private land conservation and biodiverse carbon sequestration in NSW.

Our unique high-integrity mechanisms and track-record of delivering conservation outcomes over the last five years, enables us to join with partners such as Telstra to develop new large-scale conservation projects in NSW. For this I thank the BCT Board and Committee members, particularly Ms Virginia Malley, who has done a wonderful job acting in the role of Board Chair for the first half of 2022, as well as the staff of the BCT for their hard work and dedication throughout this last year.

I would also like to acknowledge outgoing CEO Paul Elton, for his dedication and commitment to building the BCT in the first five years of operation.

I look forward to working with the BCT, our landholders, partners and stakeholders over the next year to achieve even greater outcomes for the biodiversity of NSW.

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



Glossy black-cockatoo
(*Calyptorhynchus lathami*)
John Spencer / DPE



Message from the Chief Executive



Alan Goodwin

Acting Chief Executive Officer

As we celebrate five years of significant biodiversity conservation under the BCT in August 2022, I reflect on how far NSW has come and the continuous work needed to achieve ongoing environmental outcomes. No doubt, global and domestic impacts have been a challenge for not only the BCT but also landholders and stakeholders invested in our success.

The establishment of the BCT marked the commitment to conserve biodiversity in NSW as a priority. This recognises the importance of private land conservation and the increasing concern to ensure animal and plant species continue to thrive for future generations.

In 2021-22, the BCT proved to be a strong force, with a commitment to our work even with the continuing impacts of COVID-19. Our ability to progress our objectives and adapt while ensuring the safety of staff, landholders and stakeholders is a testament to our resilience. Although operations were restricted and some projects and initiatives were delayed, we managed to find new ways of working by adjusting our operations. One positive from COVID-19 is that it has forced us to assess the way we work and create new streamlined processes that help us achieve our strategic goals and improve our outcomes.

Similarly, I am very impressed by our continuous efforts to support landholders through our work to conserve biodiversity, but more so when providing much needed crisis support during changing weather conditions. In 2021-22, there were two major weather events with unprecedented flooding conditions

causing devastation across NSW, impacting many of our landholders. BCT staff supported landholders by adjusting agreements, assisting with land management and establishing specific grant funding.

Developing partnerships has been a key element to our success, allowing us to work closely with government, private sector and philanthropic organisations to produce unique initiatives and opportunities.

Attaining deductible gift recipient status for the BCT Public Fund has been a great achievement. As a registered Australian Environmental Organisation, the BCT Public Fund is now able to receive donations that are tax deductible.

I am inspired by the hard work, passion and drive of everyone involved with the BCT to ensure we achieve biodiversity conservation while dealing with changing operational work environments and living pressures. I want to thank the BCT staff for their commitment and perseverance during a tumultuous year, and extend a special thanks to outgoing Chief Executive Officer, Paul Elton. I would also like to thank the BCT Board for their direction and support.

A handwritten signature in black ink, appearing to read 'Alan Goodwin'. The signature is fluid and cursive, with a long horizontal line extending to the right.

About the BCT

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

We partner with landholders through conservation agreements and funding opportunities to enhance and conserve biodiversity.

The BCT is part of the portfolio of the NSW Minister for Environment and Heritage (the Minister) and is part of the Department of Planning and Environment (DPE) cluster.

Our vision

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

Our purpose

Partnering with landholders to enhance and conserve biodiversity.

Our statutory object

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

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

Our culture

People We respect and collaborate with our colleagues, our landholders and our stakeholders.

Purpose We focus on our role to protect and enhance biodiversity.

Public value We are effective and accountable.



Site visit in the South East, NSW |
Colin Elphick/BCT

2021-22 Highlights

- The BCT conserved a total of **70,355 hectares** of private land through our programs and initiatives in 2021-22, contributing to our overall total of **171,940 hectares** since inception in August 2017.
- Our conservation efforts have protected unique samples of **11 threatened ecological communities** and habitat for **34 threatened plant and animal species** across NSW, ensuring they continue to thrive in their natural environments.
- Through funded conservation agreements, **152 landholders** have received annual payments worth **\$8.2 million** in 2021-22, to manage **87,935 hectares** of conservation areas (an average of \$53,947 per annum per landholder or \$93 per annum per hectare), providing these landholders with an additional source of income.
- The BCT entered **66 new conservation partner grants** valued at \$1.63 million, with \$2.5 million set aside annually to support these agreements.
- The BCT managed **2,208 private land conservation agreements** with landholders over more than 2.27 million hectares, representing more than 2.8 per cent of NSW.
- Our effective stakeholder communication and engagement ensured we maintained strong interest in biodiversity conservation, with over **140 applications to participate** in our programs and initiatives.
- Our commitment to landholder support is reflected in the more than **3,700 customer interactions** we had over the year.
- Participation in our education programs has almost tripled with **4,198 participants engaging in biodiversity conservation education** and awareness.
- The BCT Public Fund has been listed on the Commonwealth Government's Register of Environmental Organisations and gained deductible gift recipient status. Philanthropic investment in the BCT private land conservation projects can now flow through the BCT Public Fund with the **ability to claim tax deductions** accordingly.
- The BCT and associated partners facilitated **73 information sessions and workshops** to engage 1,377 landholders and members of local communities.
- The BCT has successfully partnered with landholders to establish **new biodiversity stewardship agreements (BSAs) to sell credits to the BCT** under our Growth Centres, Cumberland Plain Conservation Plan and Central Hunter Valley programs, to protect critically endangered ecological communities and threatened ecosystems and species.
- The BCT **Co-investment Partnerships Prospectus** was launched to foster new initiatives with philanthropic and private sector partners.

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

BCT all-staff meeting April 2022
Colin Elphick/BCT



2021-22 Challenges

Weather events

Changing weather conditions were one of the biggest challenges impacting BCT operations in 2021-22. NSW experienced major floods affecting many households across the state, including many of our landholders.

BCT conservation activities were put on hold while landholders focused on the damage to their properties and we provided assistance when they needed support. The changing weather conditions caused delays to our programs, impacting field work and our ability to engage stakeholders during a time of crisis. The BCT was able to refocus our efforts to ensure our landholders received the support needed.

COVID 19

Two years on and the impacts of COVID-19 continue to reverberate. The BCT has managed to operate despite changing global and domestic conditions.

In 2021-22, government mandated restrictions continued to impact BCT operations, particularly the lockdown, impacting our ability to run programs, site visits and critical field work. We managed to support our landholders by adapting to new ways of working, utilising technologies and adopting practices and procedures to ensure the safety of our staff and landholders. Although restrictions on our movements eased in 2021-22, the effects of the pandemic still presented a challenge to the BCT, most notably the residual impact on our staff wellbeing.

Global impacts on agriculture

Landholders are understandably concerned about global impacts on biodiversity, particularly farming properties with produce and livestock. In 2021-22, biosecurity was a significant concern for landholders, including a local outbreak of the varroa-mite affecting bee colonies, and graziers faced with the risk of a potential outbreak of foot and mouth disease.



Flooding of Darling River at Wilcannia
Rachael Payne/BCT

Our strategic goals and business enablers

The BCT strategic goals and business enablers set out our biodiversity conservation objectives for a five-year period, highlighting how we aim to achieve biodiversity outcomes.

Strategic goal 1: Increase private land conservation in areas of strategic biodiversity value.

Strategic actions	Achievements in 2021-22
Design and deliver private land conservation programs consistent with the Biodiversity Conservation Investment Strategy made by the Minister and other NSW Government initiatives.	Partnerships - co-investment partnership with telecommunications giant Telstra to accelerate conservation on private land. 124 new agreements conserving a total of 70,355 hectares contributing towards our four-year target of 400 new agreements, conserving 200,000 hectares.
Increase the number and hectares of conservation agreements in areas of strategic biodiversity conservation value.	36 new agreements covering 52,928 hectares conserved under our Conservation Management Program. 64 new agreements covering 7,265 hectares protected under our Conservation Partners Program. Our programs and initiatives have protected a total of 72 unique landscapes, species and ecological communities.

Strategic goal 2: Deliver efficient, effective, and strategic biodiversity offset outcomes.

Strategic actions	Achievements in 2021-22
Provide an efficient and effective service to landholders wishing to enter biodiversity stewardship agreements.	The BCT manages a total of 234 biodiversity stewardship agreements, comprising of 37,622 hectares with \$192.2 million of assets held. 24 new agreements covering 10,162 hectares protected under our Biodiversity Offset Program.
Deliver a strategic offsetting service to acquit biodiversity offset obligations when developers pay into the Biodiversity Conservation Fund.	A total of 156 developer payments were made to the Biodiversity Conservation Fund, totalling \$114.74 million. The value of the developer payments acquitted is \$12.53 million, with a cumulative total of \$20.44 million over five years, with 1,570 ecosystem credits and 1,342 species credits acquitted within 42 months.

<p>Strategically procure biodiversity credits under place-based offsets schemes (when commissioned and funded by government).</p>	<p>The BCT has procured offsets under the place-based biodiversity offset initiatives and continues to manage the Growth Centres Biodiversity Offset Program and the Cumberland Plain Conservation Plan Biodiversity Stewardship Program, which both operate in Western Sydney.</p> <p>A total of 2,343 offset obligations were held by the BCT with a cumulative total of 2,731. The value of the obligations is \$194.61 million with a cumulative total of \$229.77 million for 34,815 ecosystem credits and 45,565 species credits held for 2021-22.</p>
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Strategic goal 3: Support participating landholders to conserve biodiversity.

Strategic actions	Achievements in 2021-22
<p>Assist landholders to conserve biodiversity by providing ecological advice and access to technical and educational resources.</p>	<p>The BCT provided landholder support to 2,208 agreement holders with a total of 2.27 million hectares.</p>
<p>Provide financial support to landholders through management payments, grants and other financial instruments.</p>	<p>The BCT provided a total of \$19.4 million in agreement and grant funding to support biodiversity conservation.</p>
<p>Monitor, evaluate and report on ecological and socio-economic outcomes.</p>	<p>The BCT ecological monitoring implementation plan was approved, outlining monitoring activities.</p> <p>A socio-economic benefits model was developed and implemented.</p>

Strategic goal 4: Promote public knowledge, appreciation and understanding of biodiversity and the importance of conservation.

Strategic actions	Achievements in 2021-22
<p>Influence more landholders to participate in private land conservation.</p>	<p>A total of 316 stakeholder and community groups were engaged in our education programs.</p>
<p>Raise public awareness about the importance of biodiversity and biodiversity conservation on private land.</p>	<p>A total of 4,608 students participated in the BCT education initiatives with 278 teachers reaching out for professional development.</p>

Our strategic goals and business enablers

Business enabler 1: *Act as trustee of money or other property vested in the Trust.*

Business enabler	Achievements in 2021-22
Manage the Biodiversity Conservation Fund prudently so as to fulfil our purpose and for the benefit of conservation areas.	The Biodiversity Conservation Fund held assets worth \$156.86 million to support active conservation agreements.
Manage the Biodiversity Stewardship Payments Fund prudently for the benefit of biodiversity stewardship sites.	A total of \$192.2 million in cash and investments managed by NSW Treasury Corporation and the BCT.
Attract gifts of money or property and manage the BCT Public Fund to protect and enhance biodiversity.	The BCT Public Fund registered as an Australian Environmental Organisation with deductible gift recipient status.

Business enabler 2: *Engage with our landholders, customers and stakeholders.*

Business enabler	Achievements in 2021-22
Communicate and engage effectively with our landholders, customers and stakeholders.	The BCT has continued to utilise traditional communication mediums and has developed a strong social media presence, reflecting our communication and engagement strategies.
Enable Aboriginal engagement in private land conservation.	The BCT established key partnerships with Aboriginal landholders, philanthropists, the Nature Conservancy and University of NSW.
Be transparent and accountable to the government and the community.	Developed the BCT research strategy to ensure rigorous scientific evidence-based approaches are used in decision-making for integrity and accountability.

Business enabler 3: Invest in our staff and systems to fulfil our purpose and be responsive to future needs and challenges.

Business enabler	Achievements in 2021-22
Invest in our staff to maintain engagement, performance, professionalism, service and accountability.	The BCT continued to improve the Spatial Information Strategy to enable accurate staff decision-making and established a community of practice for more than 70 staff involved in spatial information management, to meet the over 1.5 million spatial data requests.
Fulfil our health and safety duties and ensure the wellbeing of our staff.	Developed new processes to ensure staff health and safety, particularly in a COVID-19 environment.
Invest in business systems to enable an adaptive, efficient, effective and accountable organisation.	<p>The BCT launched mobile data collection tools for ecological monitoring to allow efficient data handling and unified data management.</p> <p>The BCT established the Geospatial Analysis Engine to calculate spatial statistics and reduce staff manual workload.</p> <p>The BCT implemented strategies for information management in cybersecurity, privacy, public access, records and data management.</p> <p>The BCT enhanced the customer relationship management system to support staff and reflect accurate reporting</p>

An aerial photograph showing a large, dense green forested area in the center, surrounded by agricultural fields. The forest is a mix of tall trees and lower vegetation. The surrounding fields are mostly brown and tan, indicating they are either plowed or dry. The landscape is hilly, with shadows cast across the terrain. The sky is clear and blue.

Strategic goal 1:

Increase private land conservation in areas of strategic biodiversity value.

Conservation Management Program

The Conservation Management Program (CMP) supports private landholders in priority investment areas, or with conservation assets identified in the Biodiversity Conservation Investment Strategy, to participate in private land conservation. Landholders in this program are supported with annual conservation management payments.

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

Fixed price offers

The BCT offers a fixed price per hectare per annum in priority investment areas, targeting areas within the least protected biological subregions that contain threatened ecological communities, habitat for threatened species or important wetlands. Landholders can express interest at any time to enter an in-perpetuity conservation agreement with annual conservation management payments.

The BCT assesses applications on a value for money basis each year and completed the fifth batch of fixed price offers during 2021-22. Through five rounds of fixed price offers since inception, the BCT has entered 35 conservation agreements covering a total area of 74,089 hectares.

Revolving fund

The revolving fund is used to purchase high conservation value properties, for the BCT to sell the properties to buyers willing to enter a conservation agreement or a biodiversity stewardship agreement. All property purchases under our revolving fund must meet strict business case requirements and are approved by the BCT Board or BCT Executive Committee up to a delegated limit.

Properties currently available for purchase from the BCT are advertised on our website and through local real estate agents.

In 2021-22, the BCT:

- sold five revolving fund properties, securing 2,271 hectares via a conservation agreement under the CMP; and
- held one revolving fund property for sale with 1,169 hectares of proposed conservation area under the CMP.

Conservation tenders

BCT conservation tenders are offered each year, to target priority investment areas and conservation assets listed in the Biodiversity Conservation Investment Strategy (BCIS). Landholders can offer to enter an in-perpetuity or term (minimum 15 years) agreement and, if successful, receive annual conservation management payments to enhance and conserve biodiversity.

In 2021-22, the BCT completed two conservation tenders: Plains-Wanderer Habitat and Snow Gum Woodlands and Grasslands (south). The Lower Clarence Valley, and Paroo and Warrego conservation tenders progressed, with outcomes due to be announced in the second half of 2022.

Three new conservation tenders were announced in June 2022: Northern Inland Koala; Restoring Murray Woodlands; and Darling-Baaka.

Wantagong conservation area

In June 2022, the BCT and the joint owners of Wantagong, siblings Cathy Simpson, Gordon Shaw and Jim Shaw, entered into an in-perpetuity conservation agreement under the fixed price offer mechanism.

The agreement, which is east of Holbrook on Wiradjuri Country, protects 133 hectares, including significant areas of the nationally critically endangered Box-Gum Grassy Woodlands (White Box-Yellow Box -Blakely's Red Gum Grassy Woodland threatened ecological community), with old growth white box trees likely to be hundreds of years old.

Ms Simpson reflected that “the conservation area is a legacy to our parents (Gordon Snr and Barbara) who cared for the land for many decades and loved to go birdwatching or painting there, and now with my brothers and our families we are just carrying on the values we learnt from them.”

As a testament to the careful management for conservation by the family over many decades, the ground layer has some of the best condition native wildflower understorey to be found in the region, including masses of lilies and orchids. This provides potential habitat for threatened species including the swift parrot, barking owl, and a variety of woodland dependant birds such as robins. In a landscape surrounded by paddocks that are increasingly being modified for production, the conservation area at Wantagong will remain an important refuge for native biodiversity for generations to come.

The BCT will support the agreement with annual payments for agreed conservation actions. The investment ensures the long-term protection and conservation management of this important ecological community.



ABOVE LEFT

Jim, Flynn (son of Gordon) and Cathy at Wantagong Supplied

ABOVE RIGHT

Twining glycine (*Glycine clandestina*) at Wantagong Nigel Jones/BCT



Female plains-wanderer
(*Pedionomus torquatus*)
David Parker / DPE

Landholders commit to managing habitat for a Goldilocks bird: the endangered plains-wanderer.

The endangered plains-wanderer likes its grassland habitat just right – grass tussock spacings cannot be too dense or too sparse. Specific grazing management is a good tool for managing the grasslands to this small bird's fussy liking. As a result of the BCT plains-wanderer tender in the Riverina, seven landholders signed up to manage this habitat to ideal conditions while still running their stock. The agreements represent long term protection and management of 3,400 hectares of primary plains-wanderer habitat within 13,800 hectares of conservation area.

Jim and Jane Ives are Riverina cattle producers who have identified sustainability as their most important goal for their farm and the stocking rates for the plains-wanderer aligns with their land management practices. Expressing an interest in the BCT conservation tender to protect the plains-wanderer was an easy decision for their family. They had already been involved in existing efforts to conserve the endangered ground-dwelling bird, such as those run by Local Land Services and the Saving our Species program, so they were familiar with the ideal conditions and grazing requirements of plains-wanderer grassland habitat.

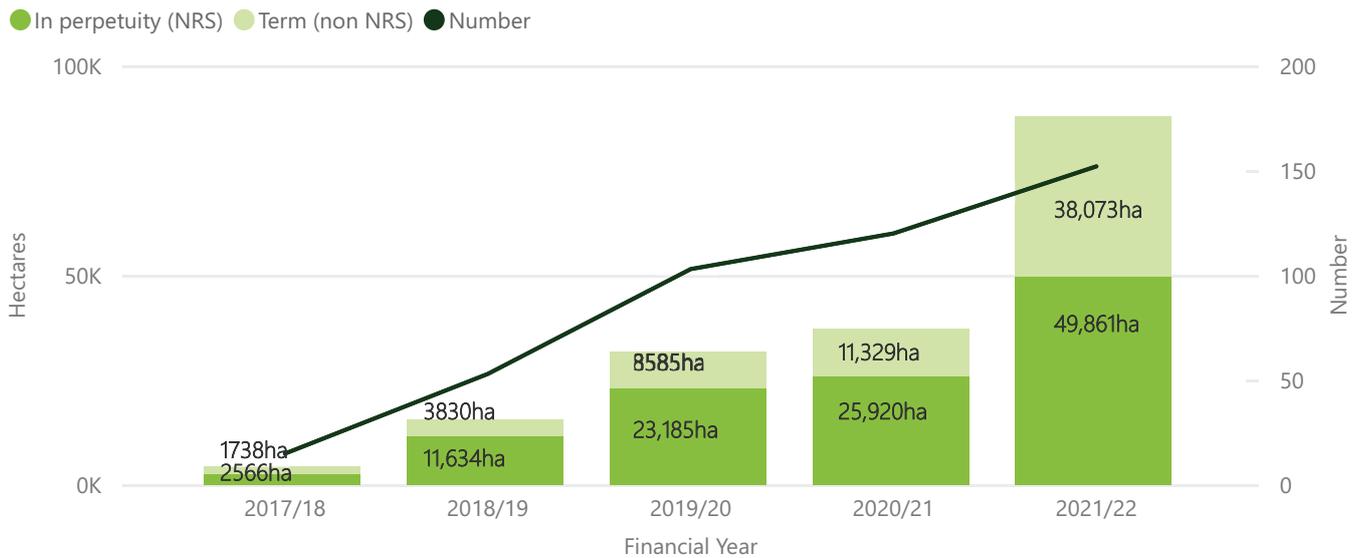
The Ives have seen plains-wanderers on night trips across the farm on several occasions and are only too happy to be managing for the persistence of this rare species in the Hay area.

Using rotational grazing management, the Ives are striving for ever increasing biodiversity where the plains-wanderers seem to thrive. Given their previous engagement in other programs it was a natural progression for them to sign a conservation agreement.

Managing grasslands for plains-wanderers has fantastic synergies with sustainable grazing operations. Annual payments from the BCT support managing native grasslands habitat for the plains-wanderer through all seasonal conditions.

Conservation Management Program *outcomes*

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



CMP activity

8

Unrepresented landscapes sampled

58

Under-represented landscapes sampled

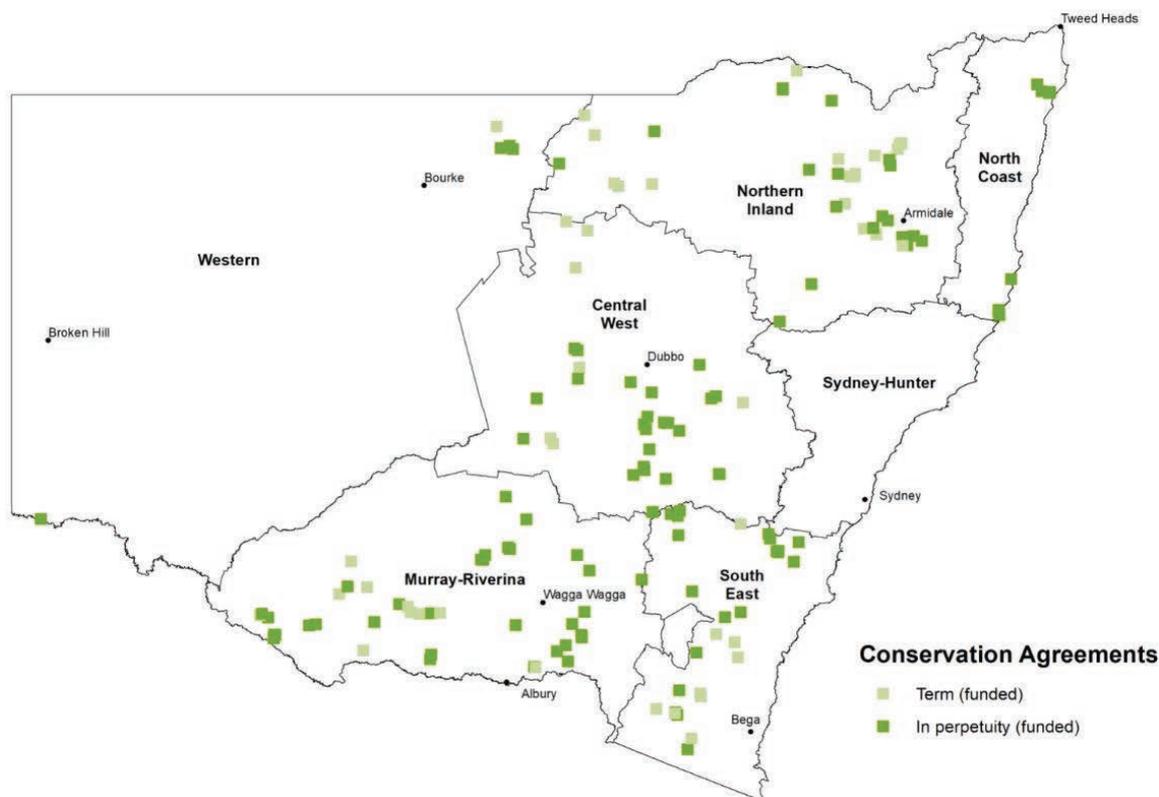
\$156.8m

Assets held to support CAs

\$8.2m

Conservation management payments made in the last 12 months

Map of new conservation agreements



Key performance indicators

Activity type	Number
Total conservation agreements (number/hectares/assets held)	152/87,935/\$132.12m
In-perpetuity conservation agreements (NRS) (number/hectares/assets held)	105/49,861/\$97.63m
Term conservation agreements (non NRS) (number/hectares/assets held)	47/38,073/\$34.49m
Board approved conservation agreements (number/hectares/assets held)^	19/68,587/\$24.73m
Fixed price rounds underway/completed	1/5
Conservation tenders underway/completed	3/14
Threatened ecological communities protected	19
Threatened species protected	38
Priority investment areas 1, 2 & 3 area (ha) protected	62,425
Total number of properties revolved under a funded conservation agreement	9

^Represents conservation agreements approved but yet to be signed by the landholder and the BCT

Conservation Partners Program

The purpose of the Conservation Partners Program (CPP) is to encourage and support landowners to participate in private land conservation and increase the network of private protected areas in NSW. The CPP is available to eligible landholders throughout NSW who wish to enter agreements to protect biodiversity on their property but who may not be eligible or interested in participating in our funded programs under the Conservation Management Program.

Landholders who enter partnership conservation agreements are eligible for conservation partners grants, which provide financial assistance to landholders to manage conservation areas and improve biodiversity values. Participants in the CPP can also receive advice and assistance through the BCT Landholder Support Program and may be able to access tax and rate concessions.

Partnership conservation agreements contribute to national and international efforts to protect biodiversity. Private protected areas established by in-perpetuity conservation agreements contribute to the National Reserve System, a cornerstone of national efforts to protect terrestrial biodiversity, to reduce negative impacts of climate change on biodiversity.

The CPP also supports landholders who are interested in protecting biodiversity on their property but are not ready to enter an in-perpetuity agreement. These landholders may consider a wildlife refuge agreement or participating in the Land for Wildlife or Wildlife Land Trust programs.

Landholder applications for wildlife refuge agreements

In 2021-22, the BCT:

- received 17 applications from landholders for wildlife refuge agreements
- entered 5 wildlife refuge agreements with landholders across 127 hectares.

Landholder applications for partnership conservation agreements

In 2021-22, the BCT:

- received 123 applications from landholders for partnership conservation agreements
- entered 59 conservation agreements under the CPP with landholders across 7,138 hectares.

Conservation partners grants

Conservation partners grants offer financial support to landholders who have a partnership or wildlife refuge agreement to manage and enhance the ecological values within their conservation area. The grants are also available to landholders registered with the Wildlife Land Trust, run by Humane Society International. The BCT also supports the Community Environment Network to make grant funding available for eligible landholders who participate in Land for Wildlife.

The BCT conservation partners grants are designed to assist private land conservation agreement holders to actively manage or improve the biodiversity values of their property. The types of activities that are supported include assisted regeneration and weed control, introduced pest control, fencing to control stock access, revegetation, Saving Our Species management actions and other activities to maintain conservation values.

In 2021-22, the BCT:

- entered 66 new grant agreements, with a further 61 grant applications being assessed, including 8 applications from natural disaster-impacted sites
- paid \$1.5 million in grant payments to support landholders, which included special additional payments to support natural disaster recovery.

Flood recovery - North Coast region

Two different storm events produced extreme flooding events from 23 February to 9 March 2022 in northern NSW. Many regional towns were heavily impacted, with four people known to have died in Lismore alone. Houses and businesses were inundated, roads were destroyed and livestock perished at scale.

In late March, the BCT responded to the floods by reaching out to our landholders to offer assistance where possible. The BCT acknowledged that conservation may not be at the forefront of landholders' minds as they start to recover but emphasised we would be ready to assist at a time that suits them.

Landholders contacted the BCT for assistance following the weather events, including:

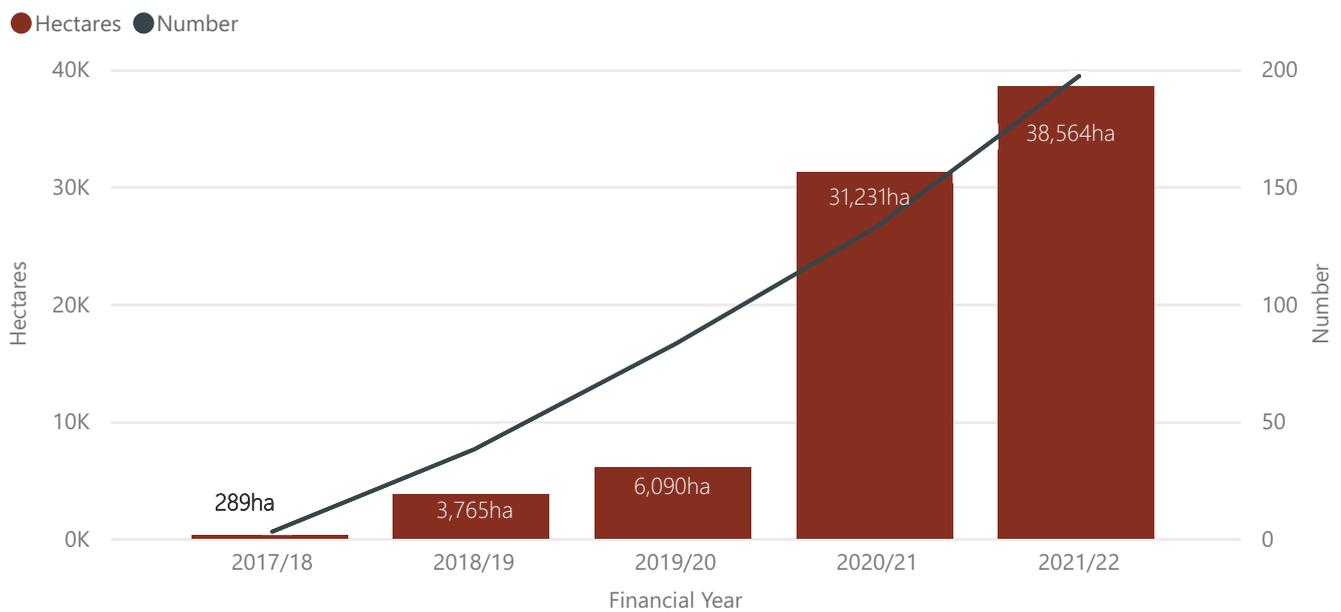
- amending their existing grant contract reporting date due to an inability to meet works requirements
- repairing landslips that removed native vegetation and covered access tracks
- repairing defined tracks that have been impacted by landslips or erosion
- revegetating areas impacted by landslips or erosion in riparian zones
- replacing lost or damaged fencing
- seeking advice on how to manage landslips and erosion
- repairing crossings on water courses
- weed control.

The BCT received three new grant applications for fencing, revegetation and a crossing reestablishment; actioned variations to six existing agreements; and amended/extended 25 current grants as part of this ongoing restorative work.

The landholder support team has continued to engage landholders throughout this time. As with previous natural disasters in the region (flood and fire), landholders continue to appraise damage to their properties and contact the BCT for flood assistance.

Conservation Partners Program *outcomes*

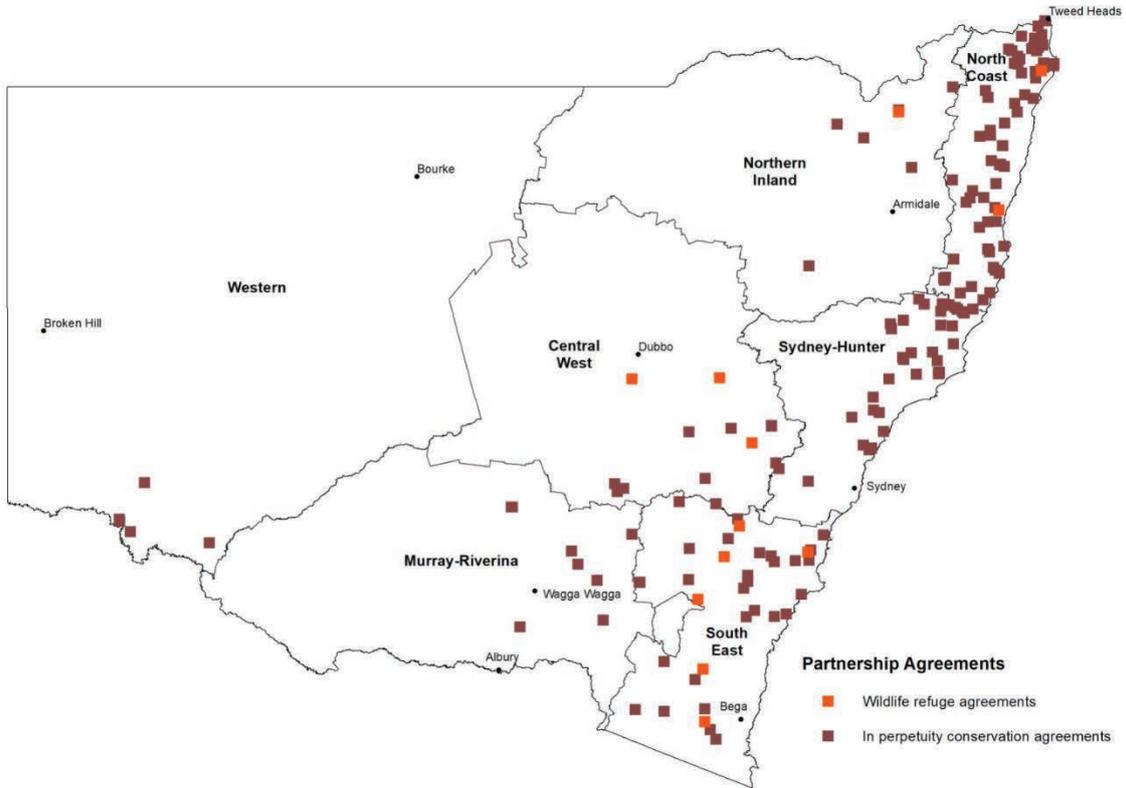
New conservation and wildlife refuge agreements (number/ hectares)



Conservation Partners Program activity

Activity type	Number
New partnership conservation agreements (PCA) (NRS) (number/hectares)	185/37,942
New wildlife refuge agreements (WRA) (non NRS) (number/hectares)	12/622
Total number of applications being processed (PCA/WRA)	230/30
Unrepresented landscapes sampled	1
Under-represented landscapes sampled	41
Threatened ecological communities protected	3
Threatened species protected	84
Priority investment areas 1, 2 & 3 area (ha) protected	21,471
Total number of properties revolved under a PCA	2

Map of new conservation and wildlife refuge agreements



Conservation partners grants

321

Grants issued

62

Grant applications being assessed

\$4.2m

Value of grants paid

\$6.0m

Value of grants approved

64.0K_{ha}

Area in receipt of grants

Partnerships

The BCT has rapidly expanded partnership opportunities in June 2022, by launching our new co-investment partnership prospectus, inviting new private sector partners who share a commitment to addressing the linked crises of nature loss and climate change.

Examples of such partnerships include:

- biodiversity and carbon projects
- supporting Aboriginal landholders
- investing in biodiverse real estate
- large-scale properties with high conservation values
- protecting specific endangered species and ecosystems.

New BCT partnership with Telstra

In a world-leading public-private arrangement, the BCT has entered a co-investment partnership with telecommunications giant Telstra to accelerate conservation on private land and create high-integrity carbon credits.

The breakthrough partnership between the BCT and Telstra will be the first of many agreements to follow between landholders, the private sector and philanthropists to conserve land. This type of co-investment in NSW is the starting-point in what is possible, which will deliver outcomes for investors, landholders and our environment. Partnering with organisations and businesses that share our environmental goals can enhance existing levels of biodiversity conservation on private land, and achieve better outcomes for landholders and future generations.

Investors like Telstra will be able to invest in carbon offsets through conservation tenders, creating a new income stream for those landholders, while delivering a low risk, high impact investment through a trusted NSW Government mechanism. The investment will also mean that ongoing planting and revegetation can be monitored over time, creating important habitat for native species in NSW.





Koala (*Phascolarctos cinereus*)
James Lidsey / BCT

BCT partners with World Wildlife Fund to increase protection of koala habitat on private land

A collaborative partnership between the BCT, World Wildlife Fund (WWF) Australia, Department of Planning and Environment, and Envite Environment has been formed to secure more than 500 hectares of remnant core koala habitat in private protected areas within identified areas of regional koala significance in the Northern Rivers of NSW. This partnership is partly funded by the NSW Government's NSW Koala Strategy.

In NSW, more than 50 per cent of koala habitat is located on private land. Critical to koala survival is the conservation, protection and restoration of existing koala habitat on private land.

Over three years the project will deliver:

- 500 hectares of koala habitat on private land in up to 24 conservation agreements
- six public information sessions
- a minimum of 18 site assessments, site value reports and site action plans.

Strategic goal 2:

Deliver efficient, effective and strategic biodiversity offset outcomes.



Biodiversity Offsets Program

Under our Biodiversity Offsets Program, the BCT delivers a range of services to support the NSW Biodiversity Offsets Scheme, which is administered by Department of Planning and Environment (DPE).

Securing biodiversity offsets

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

The BCT is also funded by government to procure offsets under various place-based biodiversity offset initiatives, such as the Growth Centres Biodiversity Offset Program and the Cumberland Plain Conservation Plan Biodiversity Stewardship Program, which operate in Western Sydney.

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

Supporting landholders with biodiversity stewardship agreements

The BCT provides ongoing support for landholders with biodiversity stewardship agreements (BSAs). The BCT ensures compliance through review of annual reports and site inspections.

Biodiversity Offset Program Delivery

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

Landholder applications for biodiversity stewardship agreements

In 2021-22, the BCT:

- signed 22 BSAs
- continued the ongoing management of 189 biobanking agreements, now known as BSAs under the *Biodiversity Conservation Act 2016*. Since 2019, the BCT has signed 45 BSAs.
- Received 39 applications for new agreements, 9 applications for variation and completed 227 site visits for BSAs and offset conservation agreements.

Landholder applications for offset conservation agreements

In 2021-22, the BCT:

- received 13 applications for offset conservation agreements, and
- signed 2 offset conservation agreements.

Biodiversity credit fixed price offers

In 2021-22, the BCT ran four open fixed price offers, where the BCT sets the offer price to purchase credits to meet obligations taken on through payments into the Biodiversity Conservation Fund.

Targeted fixed price offers

In 2021-22, the BCT ran a targeted fixed price offer program to purchase biodiversity credits in the Central Hunter Valley to meet a specific large obligation in the Biodiversity Conservation Fund.

Biodiversity credit tenders

In 2021-22, the BCT ran one large state-wide biodiversity credit tender.

Revolving fund

The BCT may use its revolving fund to acquire properties that can supply biodiversity credits that the BCT needs to acquire and retire. The BCT did not use this method during 2021-22.

Biodiversity conservation actions

The BCT may on occasion fund biodiversity conservation actions to acquit biodiversity offset obligations. The BCT did not use this method to acquit biodiversity credits during 2021-22.

BCT Western Sydney University signs a BSA to protect Cumberland Plain Woodlands

In December 2021, a BSA was established at the Western Sydney University Hawkesbury Campus to conserve 117 hectares of native vegetation. The BSA is the result of a partnership between the University, NSW Crown Lands and the BCT on behalf of the NSW Government's Growth Centres Biodiversity Offset Program.

The BSA is located on the Darug Nation within one of the best remaining patches of remnant vegetation on the Cumberland Plain. It will permanently protect six threatened ecological communities, including the critically endangered Cumberland Plain Woodland. The BSA also protects three threatened flora species (*Dillwynia tenuifolia*, *Micromrytus minutiflora* and *Pultenaea parviflora*) and provides habitat for the threatened Cumberland Plain land snail.

The BCT purchased 292 biodiversity credits from Western Sydney University, using funding from the Growth Centres Biodiversity Offset Program. The purchase contributes 55 hectares towards the program's targets for the conservation of critically endangered Cumberland Plain Snail Woodlands and Snail-Gravel Transition Forest or other grassy woodlands.

The BSA is located on Crown Land and represents the result of extensive collaboration between the University, Crown Lands and the BCT. It showcases the benefits of partnering across sectors and government agencies to achieve significant conservation outcomes.

Despite being historically used for grazing and timber, the site is in good condition. Weed invasion and feral pests are the main threats to biodiversity at the site. The University will receive annual management payments to address these threats and improve biodiversity. Management actions will include fencing, weed control, feral animal control, ecological burning, rubbish removal and supplementary planting.

Western Sydney University is committed to managing and protecting the site for current and future generations, progressing its research and educational initiatives to improve environmental outcomes.



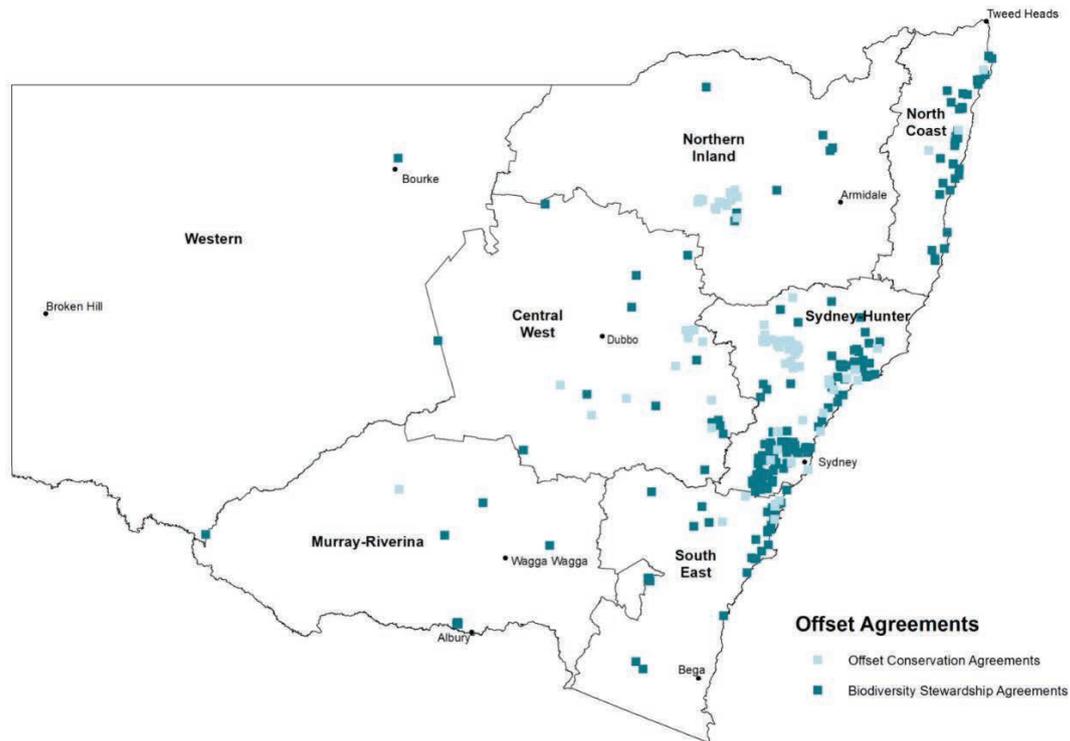
TOP and RIGHT
Cumberland Plain Woodland at
Western Sydney Uni's BSA site
BCT



Biodiversity Offsets Program *outcomes*

Facilitating supply of biodiversity credits

Map of biodiversity stewardship agreements (BSAs)

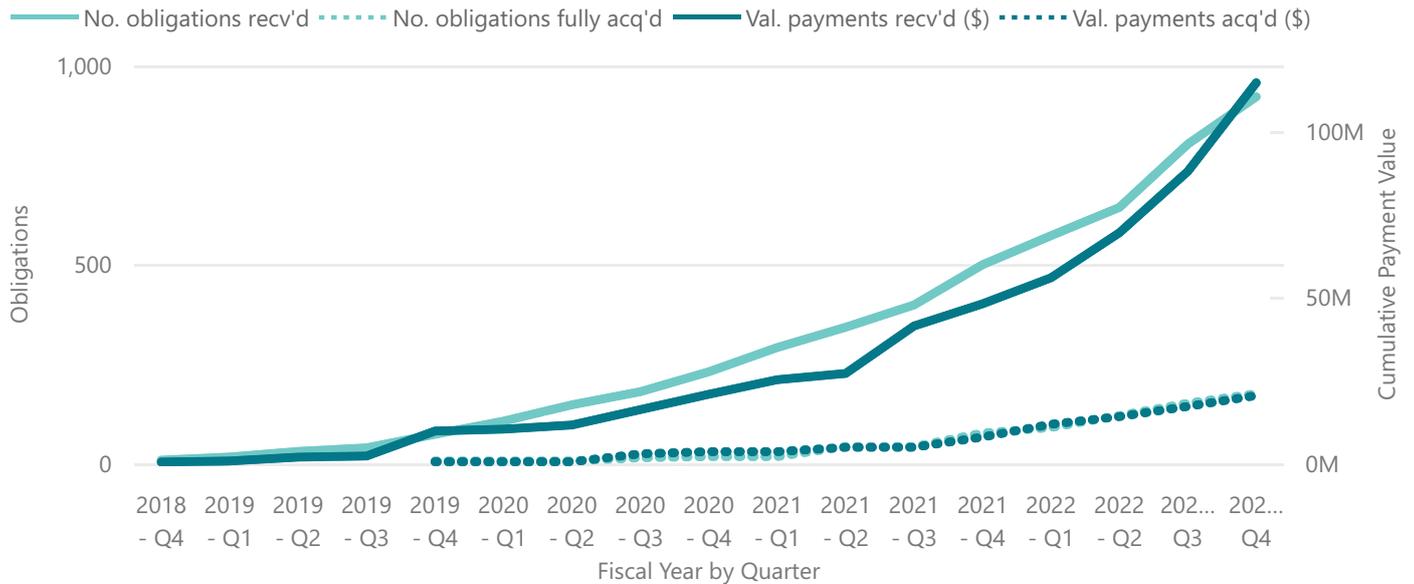


Key Statistics (administered by the BCT since 25 August 2017)

Total BSAs managed by the BCT (number/hectares/assets held)	234/37,622/\$192.2m
BSAs (active) (number/hectares/assets held)	156/21,632/\$178.9m
BSAs (passive) (number/hectares/TFDs expected/partial assets held)	78/15,990/\$91.1m/\$13.2m
Annual payments made by the BCT to BSA landholders in the last 12 months	\$9.7m
No. BSAs signed by the BCT	45
No. BSAs applications in progress	98
Offset CAs (number/hectares)	110/38,123
No. Offset CAs signed by the BCT	54
No. Offset CAs applications in progress	28
Unrepresented or Under-represented landscapes sampled	23
Threatened ecological communities protected	2
Threatened species protected	65

Securing biodiversity credits under the Biodiversity Offsets Scheme (BOS)

Developer payments into the Biodiversity Conservation Fund (BCF)



Key statistics (since 25 August 2017)

No. of developer payments into the BCF	369*
No. developer payment offset obligations transferred to the BCT	921
Value of developer payments into BCF	\$114.74m
Valuation of developer payment offset obligations held by the BCT	\$167.5m
Unfunded liability for developer payment offset obligations	\$80.23m
No. of offset obligations acquitted	175
No. of offset obligations held*	746
Offset obligations (no./credits) acquitted, acquired or pending acquisition (%)	43/31
Offset obligations (no./credits) held by BCT (%)	57/69
Offset obligations acquitted under like-for-like rules	100%
Revenues from DPE for credit acquisition under place-based offset schemes	\$31.96m^
Expenditure on credit acquisition under place-based offset schemes	\$10.54m

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

^ forecast allocation to BCT of \$10.2M for Growth Centres and \$20.025M for Cumberland Plain Conservation Plan

Strategic goal 3:

Support participating landholders to conserve biodiversity.



Landholder Support Program

At the heart of our work is our partnership with landholders across NSW. The private land conservation network across NSW is significant and growing. The BCT manages 2,208 private land conservation agreements with landholders over more than 2.27 million hectares. This represents more than 2.8 per cent of NSW.

The BCT acknowledges this commitment, and we seek to support people through our Landholder Support Program.

In 2021-22, the BCT developed a Landholder Support Program implementation plan (the plan) for the next four years. The focus of the plan is to enable landholders to better connect with us and each other. The plan outlines our intent to move from using site visits as the primary mechanism for landholder support, exploring options including using technology and moving toward social networks and platforms. This will not detract from the individual relationships built with BCT staff, in fact, these will be strengthened through our more diverse offerings.

We have increased opportunities for landholders to gain knowledge and skills to enable better biodiversity conservation. Our local staff, who know and live in the region, support agreement holders in a variety of ways. We delivered or presented at 73 information sessions for landholders across the state, engaging more than 1,377 landholders, strengthening connections between BCT landholders and their local communities. We supported our landholders both existing and potential new clients, with site visits, online and regular telephone support.

The BCT increased our use of webinars and technology to keep in regular contact with landholders and open pathways for two-way learning and feedback. We do this while respecting the privacy of our landholders and the information they give us. We recognise that every landholder's situation is different, so we tailor our support and are flexible to meet the needs of the business or individual.

The BCT continued to develop technical guidelines to assist landholders in managing biodiversity and establishing agreements on their land. During 2021-22, the BCT finalised five guidelines on land management for conservation. These and other guidelines can be found on the BCT website.

Ecological Monitoring

The BCT continued to implement ecological monitoring throughout 2021-22, with baseline biodiversity data collected from 540 sites (plots) state-wide, predominantly at high priority funded conservation agreements. An ecological monitoring implementation plan was approved by the BCT Executive Committee, which outlines proposed monitoring activity for 2022-23, establishing a target of 100 per cent of high priority sites to have received baseline monitoring by December 2023 (2,187 plots state-wide).

The first Ecological Outcomes Report was delivered in November 2021. In summary, the report showed that BCT agreement sites are in good ecological condition relative to equivalent sites in the landscape. This report also coincided with the release of the first Biodiversity Condition Index key performance indicator, which draws on the BCT ecological monitoring data.

Inclusion of a monitoring plan for all BSAs became mandatory for all new applications from March 2021. Support for biodiversity assessment methodology accredited assessors in developing these plans has been provided in the form of field training days, webinars, a modified BSA management plan template and more detailed advice published in the updated operational manual in February 2022.

Webinars

The BCT held the first of its new educational webinar series in May 2022, involving BCT Senior Ecologist, Mason Crane to provide tips and tricks on wildlife camera deployment. The webinar also included BCT Principal Ecologist, James Brazil Boast talking about our interest in citizen science and potential opportunities for landholders to get involved.

The BCT plans to deliver four webinars each year, addressing a range of management issues for BCT landholders. All webinars will continue to be available for online viewing via our events page and will be incorporated into the online education unit once it has been developed.

Wildlife refuge outreach

In early 2022, the BCT commenced a wildlife refuge landholder outreach project in our western region. One of the main goals of this project was to establish a relationship with western wildlife refuge landholders. Most of these agreements were established prior to the BCT under various legislative and government structures. The administrative responsibility for these agreements was handed over to the BCT in 2017, but many of the agreement records were out of date or incomplete.

The project connected with many western wildlife refuge landholders and had a number of successful outcomes:

- Landholders were appreciative of a BCT staff member visiting them and explaining available support, including options for grant funding or upgrading their agreement.
- Some landholders were unaware their property was a wildlife refuge as in the past the gazettal was not always registered on title.
- Some landholders requested to revoke their wildlife refuges as a result of the visit, in some cases they are considering another agreement over their high conservation lands rather than the whole property.
- The BCT has updated contact details in our databases and begun the journey of further supporting these agreement holders in remote NSW.
- It was a valuable project not only to ensure the BCT has contact with its agreement holders but to record the conservation being achieved in the west, as well as promoting the BCT landholder support package and other conservation programs that will support private conservation land management.

Wildlife outreach program
Joel Stibbard / BCT





Fungi workshop

Fungi is often the overlooked 'F' after flora and fauna, however, it is as diverse and equally important to conserve in our landscape. Fungi plays an important role in decomposition and nutrient cycling in our soils but is also a tasty food for bandicoots, potoroos, swamp wallabies and even echidnas.

Fungi expert and author, Alison Pouliot joined the BCT to take a closer look at the type and diversity of fungi growing in the critically endangered ecological community of Grassy Box Woodland. Our BCT ecologists, Tiffany Mason and Amy Nelson, were there to talk with the groups about this important threatened ecological community.

Two sites were surveyed near Cowra and the results show greater fungi diversity in the Travelling Stock Reserve (TSR) area compared to the remnant farmland woodland. According to Alison this may have been the result of greater volumes of fallen timber and diverse groundcover, shrub and canopy species in the TSR.

The surveys were a collaboration between Central West Local Land Services (LLS) and the BCT in partnership with NSW Landcare. The Central Tablelands LLS website provides a great Fungi Identification Guide and series of short videos featuring Alison.

ABOVE |
Alison Pouliot and landholders inspecting fungi
Sharon Cunial / BCT

Landholder Support Program *outcomes*

Private land conservation agreements managed by the BCT

Activity type	Number	Area (ha)
CPP: In-perpetuity Registered property agreements (pre-BCT)	241	12,184
CPP: Trust agreements (pre-BCT)	119	54,275
CPP: Voluntary conservation agreements (pre-BCT)	428	149,696
CPP: Conservation agreements (BCT)	185	37,942
CMP: Funded, in-perpetuity conservation agreements (BCT)	110	49,861
BOP: Offset conservation agreements (pre-BCT)	56	10,244
BOP: Offset conservation agreements (BCT)	54	27,879
BOP: Biodiversity stewardship agreements (pre-BCT)	188	22,300
BOP: Biodiversity stewardship agreements (administered by BCT)	45	15,322
Total number agreement contributing to National Reserve System	1426	379,703
CPP: Wildlife refuges (pre-BCT)	677	1,852,066
CPP: Wildlife refuge agreements (BCT)	12	622
CPP: Registered property agreements (pre-BCT)	47	4,449
CMP: Funded, term conservation agreements (BCT)	46	38,073
Total number other agreements	782	1,895,210
Total number all agreements	2208	2,274,913

CPP – Conservation Partners Program

CMP – Conservation Management Program

BOP – Biodiversity Offsets Program

Landholder support activity

2218

Interactions by email

780

Interactions by phone

716

Interactions by other method

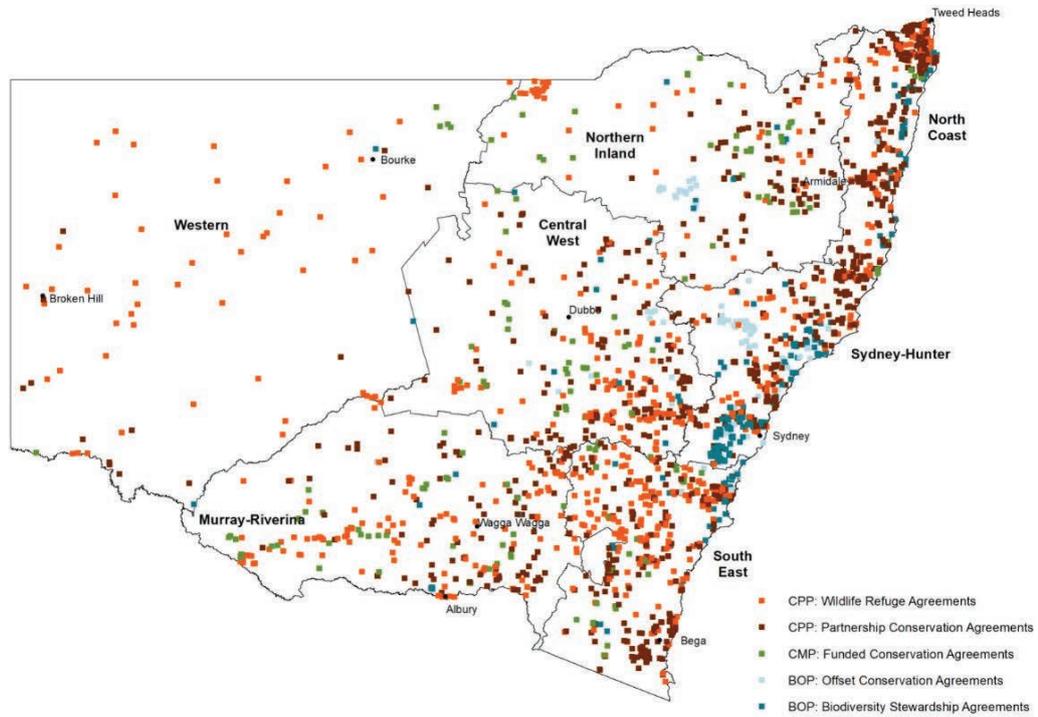
189

Total no. site visits to existing landholders

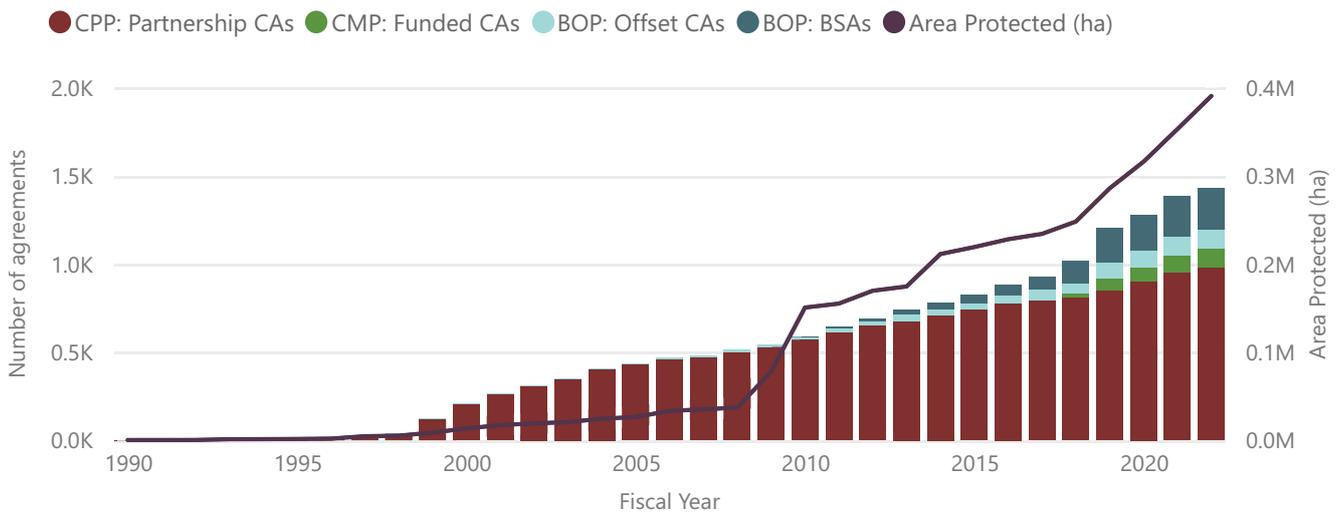
73/1377

Total no. of events/landholder attendees

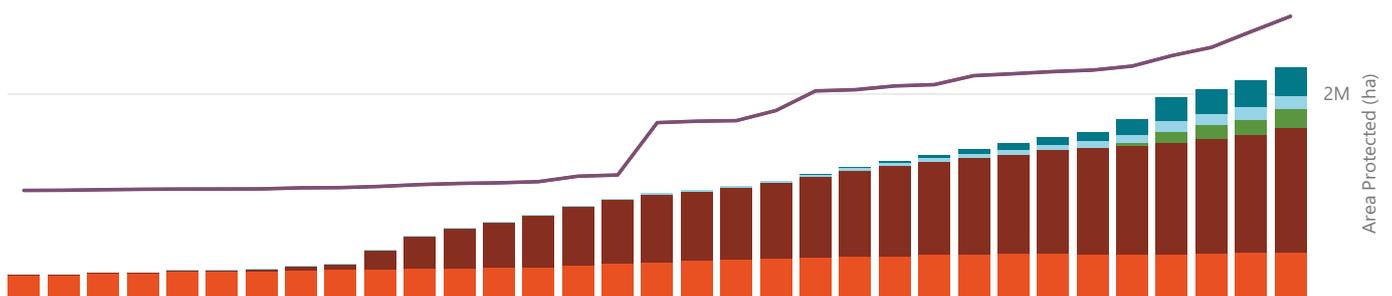
Map of all private land conservation agreements



Permanent private land conservation agreements



All private land conservation agreements



Socio-economic benefits of private land conservation

The Biodiversity Conservation Investment Strategy (BCIS) sets out investment principles and targets, emphasising both biodiversity conservation and socio-economic outcomes. Investment principles 4 and 5 focus on supporting sustainable farming enterprises, promoting regional economic benefits and socio-economic returns on investment.

The BCIS sets two targets on income diversification and financial sustainability for landholders and communities, including:

- Diversified incomes streams to improve the financial sustainability of participating landholders relative to similar local businesses.
- Diversified income and investment streams will improve the financial sustainability of regional and rural communities.

In 2021-22, the BCT, in partnership with Frontier Economics, developed a model to assess income diversification and flow on economic impacts of entering a conservation agreement.

The review highlighted three key benefits of conservation agreements, which are that they:

1. provide diversification benefits for landholders by ensuring a fixed income and smoothing volatility of farm income
2. reduce risks to profitability for landholders, especially for tenders
3. support wider economic activity, notably job growth and potential improvement in housing value, business stimulus and improved primary production and ecosystem services.



Emus on the road
Joel Stibbard / BCT

Page 44
Field day with Berridale Primary School
Alice McGrath / BCT

Strategic goal 4:

Promote public knowledge, appreciation and understanding of biodiversity and importance of conservation.



Education Program

A BCT statutory objective is to promote public knowledge, appreciation and understanding of biodiversity, and the importance of conserving biodiversity.

The BCT Education Program has delivered a range of projects and partnerships. This has seen a focus on providing educational resources and opportunities for our existing landholders, while continuing to raise awareness of the importance of biodiversity conservation at our schools, and developing partnerships with external stakeholders, research institutions and Aboriginal organisations.

Conservation Champions

The BCT Conservation Champions project continues to be a resounding success and is testament to the collaborative nature of the BCT and Petaurus Education Group partnership. The project is in the final stages of developing and piloting the Geography Unit for years 7-10, which includes embedding Traditional Ecological Knowledge in partnership with the BCT, First Nations Peoples and Local Land Services. Once completed, the content will be delivered to schools across NSW through face-to-face interactions and online networks.

The partnership will continue to produce on-the-ground results in 2022-23, collaborating on education expositions and running large-scale independent events across the state. The resources that have been developed allow for the continued delivery of quality, hands-on biodiversity education to the young people of NSW.

Conservation Champions at Berridale Public School

In May 2022, on a Conservation Champions field day, students from Berridale Public School visited a BCT agreement site at Woodhouse near Jindabyne, as well as the Gecedzerick Travelling Stock Reserve (TSR). Woodhouse owners, Liz and Marty Timmins, led a tour of students to learn about the biodiversity on their land, and what they do to conserve it. Through hands-on learning, students learnt from local Ngarigo artist and educator Gail Neuss about cultural biodiversity in Ngarigo Country. This successful field day was also supported by the Upper Snowy Landcare group.





Pages 45 and 46
Field day with Berridale Primary School
Alice McGrath / BCT

Aboriginal engagement projects

The BCT is leading several educational projects with Aboriginal organisations. This includes contributing to the delivery of a three year cultural burn practitioner course through the Firesticks Alliance Indigenous Corporation and a partnership with the Gumbayngiirr Giingana Freedom School in Coffs Harbour. This is one of a few bilingual schools in NSW, and the partnership will contribute to the creation of a unit based on Traditional Ecological Knowledge and biodiversity, for kindergarten to year four students.

Online landholder training unit and education webinars

The BCT continues to develop online resources for landholders and individuals interested in biodiversity with technical and practical education, while strategically developing future education initiatives to support landholders. In 2021-22, the BCT established a partnership with Tocal College to develop an interactive learning module to manage conservation agreements.

The BCT education program extended into webinars in 2021-22, with a series involving BCT staff discussing biodiversity management on private land, how landholders can contribute to future work and research supported by the BCT.

In 2021-22, the BCT:

- partnered with the Australian Museum on the FrogID project, which culminated in a FrogID webinar during FrogID week in November 2021, and a field visit by Dr Jodi Rawley from the Australian Museum to a BCT Landcare event in the Moonbi Ranges in May 2022.
- produced a series of conservation management videos for landholders participating in private land conservation that provides best practice management advice to landholders, which complement the BCT conservation management guidelines.

Landcare partnership

This year has seen the collaboration between the BCT and Landcare NSW, which started in 2020, come to fruition with 29 field events completed. This has involved regional BCT staff attending and presenting at Landcare events, interacting with prospective and existing landholders to provide technical support while making valuable contributions to the Landcare community.

Landcare workshop

The BCT partnership project with Landcare NSW has resulted in 29 community events across NSW. The BCT funding is shared throughout regional and local Landcare groups in partnership with Landcare NSW and enables them to deliver workshops, field days and networking events focusing on biodiversity and community conservation actions.

The project has identified the need and appetite for learning about conservation actions and building a more connected community. For instance, an event in Moonbi focusing on aquatic ecology drew over 60 people. The Partnering in Private Land Conservation project has helped landholders who are interested and invested in conservation to share knowledge in addition to helping the wider community connect with the BCT. Events have ranged from nest building workshops on the South Coast to knowledge sharing about boom-and-bust biodiversity at Yantabulla Station in the outback.

One workshop, held at Savernake Station in the Murray-Riverina region and run by Corowa District Landcare, was attended by over 60 people. Together with knowledge sharing and networking, participants learnt about the history and conservation journey of Savernake Station from BCT agreement holder and third generation landholder at Savernake, Helen Huggins. BCT staff members Cassie Douglas and Nigel Jones led a guided walk through some of Savernake Station's high conservation woodlands and white Cyprus pine forest areas. The participants also visited Boat Rock, the largest known Aboriginal rock well in the region, where Bangerang Elder Darren (Dozer) Atkinson shared stories of the significance of the well for the Bangerang People. Dumanmu Bangerang Dance Group performed a dance to highlight the area's rich indigenous heritage.

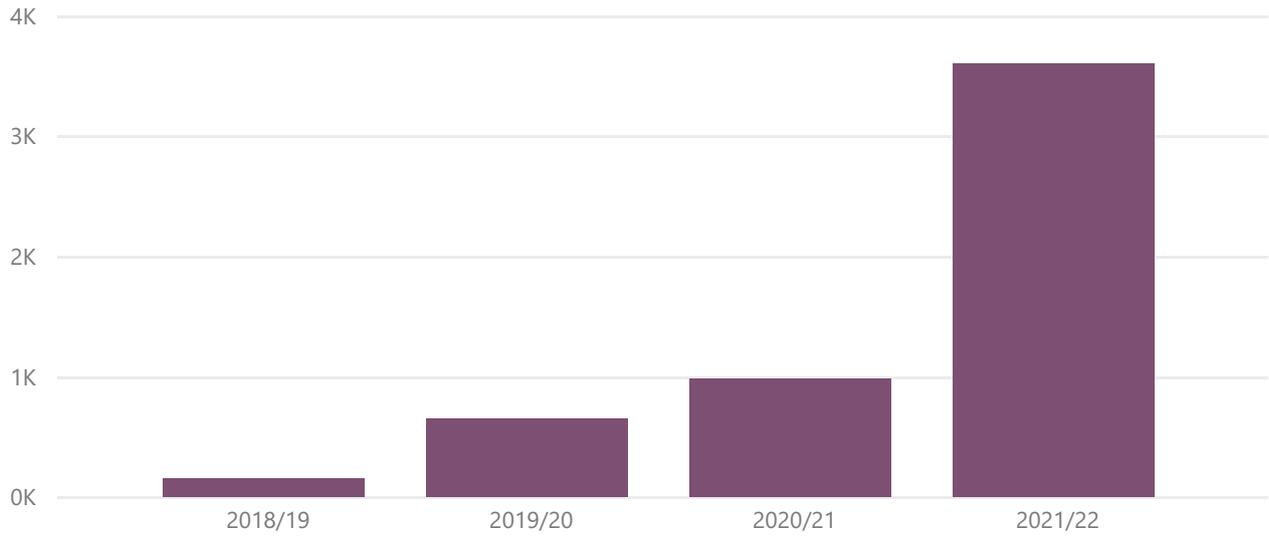
The diversity of both the landscapes and the range of topics covered at each event is a reminder that there is no one-size-fits all approach when it comes to community engagement in conservation. The valuable connections formed at these events will no-doubt continue, encouraging new landholders to engage with the BCT and providing additional support for existing landholders.



Landholders at Savernake Station |
Corowa Landcare

Biodiversity Conservation Education Program *outcomes*

Total students directly engaged



Key performance indicators

278

Teachers reached for professional development

3604

Students involved in "Biodiversity on my Land" lessons

18

Conservation Champions in-field learning days

986

Students involved in Conservation Champions

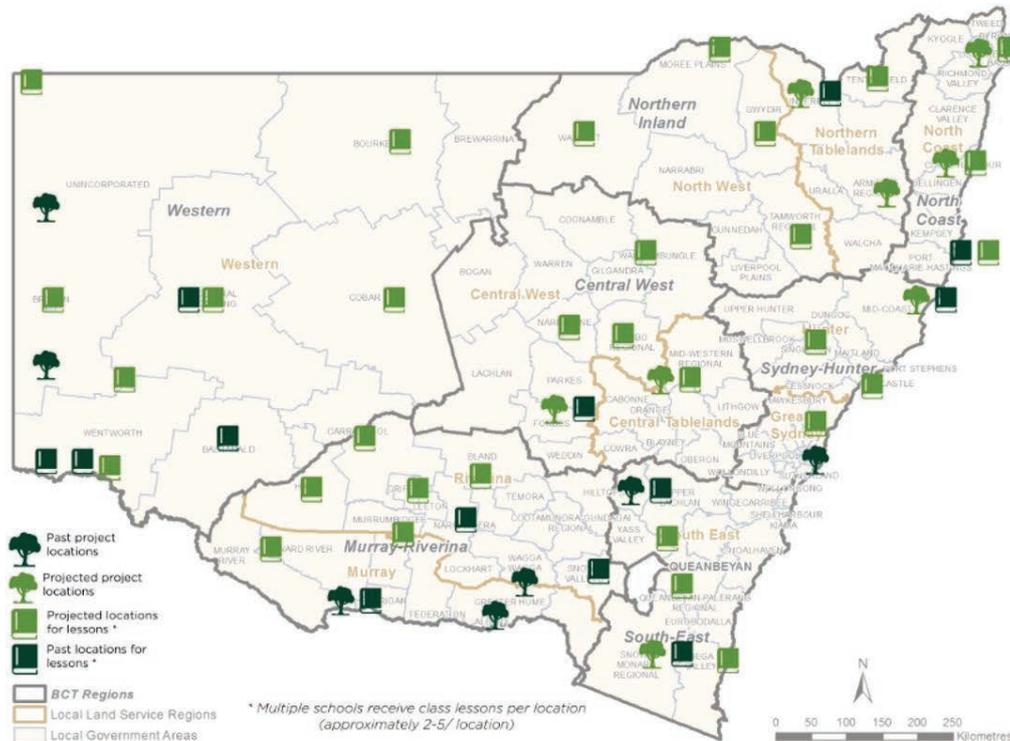
316

Stakeholder and community groups engaged

66

Interactive student resources & games created

Conservation Champions reach - past and projected



Biodiversity Conservation Education Program activity

Key statistics	Number
No. Conservation Champion landholder case studies created	8
No. of "Biodiversity on my Land" classes taught	56
Animations targeting primary students	4
No. of free education posters created	19
Bio Bites created during lockdown for raising public awareness of biodiversity conservation	6
Conservation Management Videos developed	7
Conservation Management tools developed	2
Students that found interactive unit engaging (%)	100
Primary teachers "Biodiversity on my Land" packs distributed	113



Business enabler 1:

Act as trustee of money or other property vested in the BCT.

Funds and investment management

Biodiversity Conservation Fund

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

Excluding amounts required to be paid into or out of the Biodiversity Stewardship Payments Fund (BSPF) or the BCT Public Fund, the BCT holds all cash in the BCF for the following purposes:

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

Assets held for funded conservation agreements

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

Note 27 in the BCT 2021-22 financial statements show that, as at 30 June 2022, the BCT held assets worth \$156.86 million to support active conservation agreements.

The BCT experienced a negative investment return compared to the previous reporting period due to the lingering effects of the COVID-19 pandemic and unstable geopolitical situation that has stalled economic recovery. The total adequacy ratio of the BCF for the assets held for funded conservation agreements (signed and unsigned) as at 30 June 2022, based on the current Treasury Corporation long-term forecast investment return rate of 6.19 per cent, is approximately 120 per cent.

The BCT made \$8.2 million in annual conservation management payments to funded conservation agreement holders during 2021-22.

Assets held for acquiring biodiversity offsets

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

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

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

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

At the start of the financial year, on 1 July 2021, the BCT held 178 payments for 392 outstanding credit obligations (12,771 biodiversity credits) worth \$44.925 million (net of BCT fees).

During the financial year, the BCT:

- received 156 payments from developers worth \$63.476 million (net of BCT fees), transferring 424 offset obligations (18,679 biodiversity credits) to the BCT
- acquitted, or purchased credits to acquit, 78 offset obligations (1,890 biodiversity credits) from developer payments of \$9.019 million.

As at 30 June 2022, the BCT held 318 payments from developers worth \$89.961 million for 743 unacquitted offset obligations (29,560 biodiversity credit obligations). This included obligations held from previous financial years. The BCT currently has agreements in place to purchase credits to acquit more than 190 of these offset obligations.

Note 20 in the BCT financial statements shows that the provision for unacquitted credit obligations was revalued at 30 June 2022 to determine what the BCT may now expect to pay to acquit these credit obligations. The provision was assessed to now be worth \$167.536 million, an increase, or forecast loss to the BCT, of \$77.575 million relative to the payments made of \$89.961 million.

The BCT will continue to work closely with the Department of Planning and Environment to ensure the appropriate prices are set for payments into the BCF to secure like-for-like offsets.

Biodiversity Stewardship Payments Fund

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

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

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

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

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

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

As at 30 June 2022, the BCT as Fund Manager held \$192.2 million total current assets in the BSPF, including \$175.9 million investment in Treasury Corporation Investment Management funds, to fund the annual stewardship payments to landholders. The BCT made \$9.7 million in annual biodiversity stewardship payments to 156 active BSA holders during 2021-22.

Note 28 in the BCT financial statements shows that the BSPF predicted total adequacy ratio (for active and passive BSAs together) as at 30 June 2022, based on the latest Treasury Corporation investment return forecasts, is approximately 109 per cent. The adequacy ratio for active BSAs is 110 per cent and for passive BSAs is 108 per cent.

Business enabler 2:

Engage with our landholders, customers and stakeholders.



Communications and media

In 2021-22, the BCT developed a steadily growing social media presence, with dynamic original content supported by BCT staff and landholders. Active across Facebook, LinkedIn and Instagram, the BCT social media presence reaches its three-tiered audience of:

- Existing agreement holders through promoting BCT and BCT-affiliated events and learning activities, news, organisational updates and general resources.
- Prospective agreement holders and landholders engaged in private land conservation through new BCT offerings, news and engagement opportunities.
- A more general audience of conservation-minded individuals through on-ground special interest ecological updates and landholder case studies.

Media coverage of the BCT has seen a steady increase in the 2021-22 period. A total of nine media releases were issued during this period:

- Additional koala habitat protected in the Southern Highlands under the Southern Highlands Koala Habitat conservation tender.
- Six properties bought and sold by the BCT revolving fund under the Conservation Management Program.
- Business plan 2021-22 to 2024-25 announced and published.
- Plains-wanderer, Snow Gum Woodlands and Grasslands, and Northern Inland Floodplains conservation tenders' outcomes announced.
- BCT grants supporting biodiversity recovery after floods.
- New conservation tender targeting koala habitat in Armidale and Uralla.
- BCT partners with Telstra for new conservation tender in the Murray-Riverina region.
- Naree and Yantabulla Stations now permanently protected under BCT agreements.
- Third 2022 conservation tender announced for Darling Baaka.

The BCT was also mentioned in a number of media releases issued by the office of the Minister. In total, the 2021-22 financial year saw a total of 665 BCT mentions in traditional media (print, broadcast and online news).

The BCT operates several additional communications channels, including a website, twice-yearly newsletters for each BCT region, and Understory - a twice-yearly printed magazine for agreement holders.

Working with Aboriginal landholders

The BCT recognises that Aboriginal people's cultural obligation of caring for Country overlaps with our core business of biodiversity conservation. The BCT is committed to working with Aboriginal landholders to enable and support continuation and reintroduction of cultural practices. BCT programs offer a unique opportunity for Aboriginal landholders to access ongoing financial support for conservation management.

The BCT is collaboratively working in partnership with Aboriginal landholders, philanthropists, the Nature Conservancy and the University of NSW, on environmental and cultural projects. The BCT and our partners are supporting conservation management and infrastructure, property acquisition, operating costs and social capital.

Local Land Services

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

In 2021-22, we worked with LLS on the plains-wanderer conservation tender and the North Coast koala tender; we have also actively engaged with Western LLS in designing our fixed price offers. The plains-wanderer and snow gum woodlands and grasslands tenders were completed in 2021-22.

Land for Wildlife and Wildlife Land Trust

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

Members of the Wildlife Land Trust program can apply for a BCT conservation partners grant at any time while, from 1 February 2021, the BCT supports CEN to provide grants directly to members of the Land for Wildlife Program. The BCT supports this work with memoranda of understanding with Humane Society International and Community Environment Network, and funding to Community Environment Network to implement the Land for Wildlife program.

Customer service

The BCT continued to focus on customer service during 2021-2022. We focused on improving our customer service timeframes for general enquiries and providing positive experiences that make it easy for people to engage with the BCT in private land conservation.

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

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

The BCT welcomes customer feedback and actively seeks to continually improve our customer service standards. In 2021-2022, the BCT reduced our wait time for general customer enquiries from an average of 20 days to 2 days, even though over this time we experienced a similar number of enquiries.

The BCT hears customer feedback through our internal customer and landholder feedback committee. This committee strives to: open channels of communication for feedback from customers through various sources; provide a forum to understand feedback from our landholders and customers; inform tools or processes to manage the expectations of customers; and inform adaptive management of programs, delivery mechanisms, policy settings and operating models across the BCT.



Variegated Fairy-wren / *Malurus lamberti*
James Lidsey / BCT

Research Strategy

The BCT Research Strategy is designed to provide information to support the BCT in achieving our objectives in private land conservation, programs and delivery mechanisms. Our aim is to lead operations based on rigorous scientific evidence and the knowledge this generates. Our key focus areas will be to:

- establish how research needs will be identified and prioritised
- establish principles to ensure that research undertaken by or on behalf of the BCT is aligned with our objectives
- ensure data used for research purposes is appropriately managed and protects landholder privacy and sensitivity
- guide how the BCT engages with other agencies and organisations in undertaking research provide a framework to translate research outcomes into management actions or policy.

Two significant research partnerships have been established under the Research Strategy, including:

- An Audit and Review Committee linkage project partnering with University of Queensland investigating the socio-economic drivers of private land conservation outcomes, with a particular focus on koalas.
- A project with RMIT University partnering with the Biodiversity Offsets Program, to develop a model for predicting loss of biodiversity in the landscape, to inform evaluation of the protective value of BCT agreements as well as to assist decision-making to maximise the value of prospective agreements.

The BCT is also supporting seven PhD scholarship projects that have research focusing on BCT knowledge priorities, providing additional funding which may be used for student stipends or operating costs. These are:

- Assessing invertebrate diversity as it relates to ecosystem function and agricultural productivity (University of New England).
- Conserving woodland birds in private protected areas (Monash University).
- Developing acoustic indices for the assessment of faunal diversity (University of New England).
- Quantifying and assessing plant functional diversity as a critical element of biodiversity value (University of Western Sydney).
- Social-ecological-economic drivers and outcomes of initiatives to restore biodiversity on agricultural land (Queensland University of Technology).
- Effects of land management on arthropod biodiversity and ecosystem services in semi-arid southwest of NSW (Federation University).
- Engaging landholders to understand the impacts of feral herbivores on post-fire recovery and persistence (Deakin University).

Citizen science

The Landcare Partnership project is providing a means for the BCT to implement a citizen science pilot project on the NSW North Coast, providing landholders with technical advice on remote sensor camera use and the loan of a camera to capture fauna movements on their property. The project will feed into BCT and state-wide datasets and inform the development of a similar state-wide project.

The BCT Citizen Science Strategy and Implementation Plan were developed with the assistance of the Australian Citizen Science Association and were approved by the BCT Board in June 2022. The strategy outlines a framework for incorporating citizen science into existing programs to meet landholder engagement, education and ecological objectives. Much of the data collection guided by this strategy will contribute to our ecological monitoring.



Business enabler 3:

Invest in our staff and systems to fulfil our purpose and be responsive to future needs and challenges.

Supporting our staff

In 2021-22, the BCT continued our commitment to prioritise the safety and wellbeing of our staff, particularly in a COVID-19 environment. Although the BCT was an early adopter of flexible working arrangements, most staff worked from home and meetings were conducted virtually. The BCT responded promptly to adopt public health protocols including social distancing for staff in the office or public environments and frequent ongoing review of these arrangements to ensure an appropriate balance of personal and professional priorities.

The biannual staff meetings were held face-to-face for regional and metropolitan staff to connect and engage in knowledge sharing, understand the different business areas, and plan and prepare for future activities. The BCT took every precaution to ensure the safety of staff.

The BCT is a champion of staff development, providing online training as a means of career progression. The BCT also developed targeted training, including an online defensive driver training course, which was implemented across the BCT to mitigate the risk of traffic incidents. Approval for face-to-face defensive driver training has been received and will be provided to field-based staff.

Results from the NSW Public Service Commission's People Matter Employee Survey (PMES) continue to guide workplace policy and procedures, to ensure staff feel valued for their efforts in a safe environment. The BCT management team developed a considered and deliberate response to the areas for improvement highlighted by BCT staff in the survey.

The BCT introduced the Mental Health and Wellbeing Plan in 2021-22, focusing on practical actions to support staff and address work stress and achieve a sustainable work-life balance. The BCT also launched the Health and Wellbeing page on our intranet, Mycelium, to provide a comprehensive list of resources and activities to support staff.



Spatial information management

The BCT has continued to implement the Spatial Information Strategy to improve the quality, efficiency and reliability of the BCT decision making and service to its stakeholders and landholders by streamlining and rationalising its spatial information management, and building new, innovative digital services and applications.

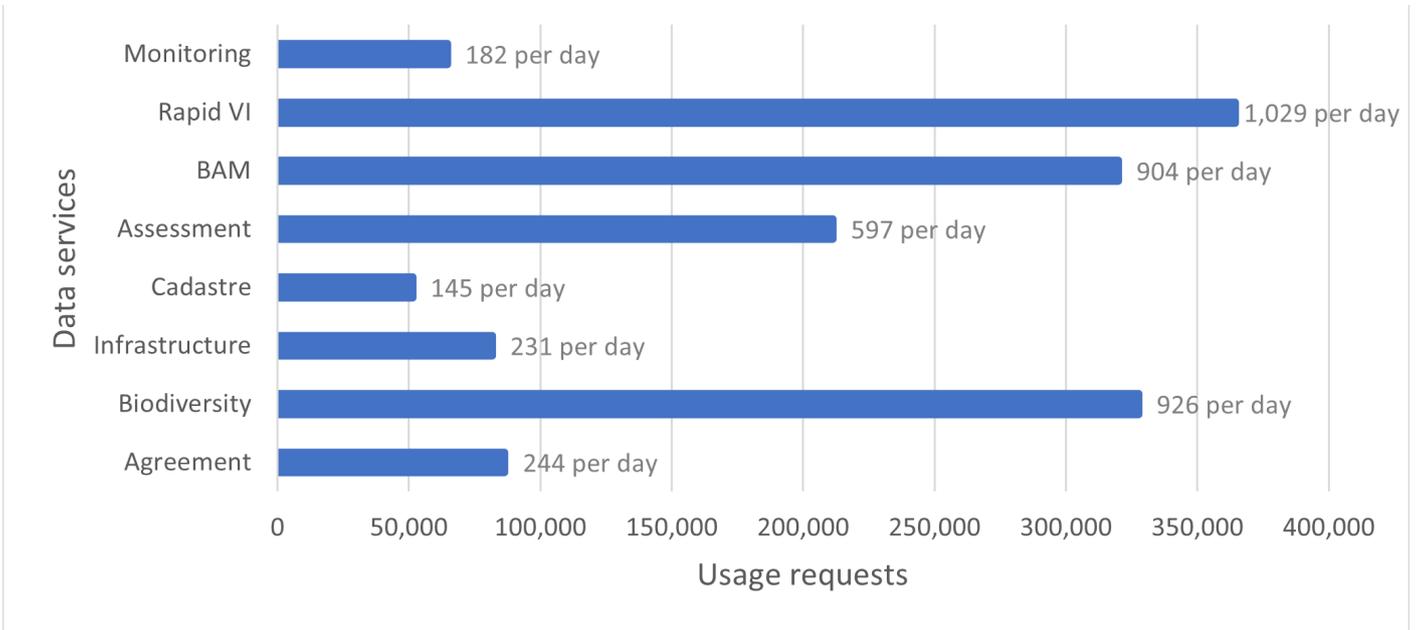
In 2021-22 the BCT:

- made more than 1.5 million data requests to the BCT corporate spatial database
- established a Community of Practice to support and develop the capacity of more than 70 staff involved in the creation and management of spatial information assets
- launched mobile data collection tools for ecological monitoring to allow efficient data handling and unified data management
- increased the volume of biodiversity data held in relation to agreements by 50 per cent or more
- shared BCT agreement data under licence with 30 stakeholders including councils, utilities, consultants and universities
- established a Geospatial Analysis Engine to automatically calculate spatial statistics for BCT agreements, reducing the manual workload on staff and increasing the confidence in information reported.

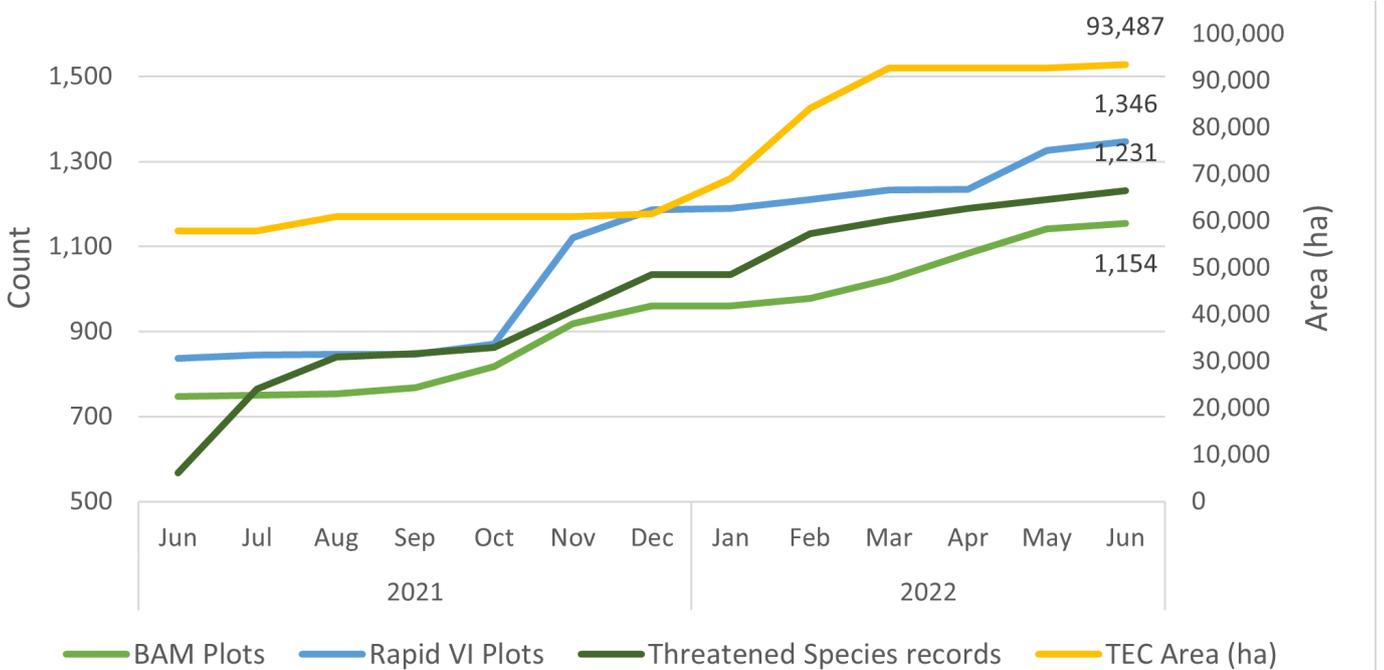
Spread
Murray-Riverina regional team / BCT
Soul Echo Photography



BCT spatial data usage 2021-22



Growth in biodiversity data assets 2021-22



Non-spatial information management

In March 2022, the BCT Executive approved implementation of the BCT Information Governance Policy. The Policy guides staff in their management of information assets (records, information and data) and clarifies their responsibilities in line with relevant DPE and NSW Government strategic frameworks, as well as the *State Records Act 1998*, the *Privacy and Personal Information Protection Act 1998* and the *Government Information (Public Access) Act 2009*.

The BCT Strategy and Governance team drives implementation of the Policy through a continuous program of improvement across a range of areas, including:

- cybersecurity
- privacy and data sharing
- public access
- records management
- data management.

In April 2022, the BCT participated in a state-wide monitoring exercise led by the State Archives and Records Authority to establish a baseline and overview of the level of maturity and conformity of public offices' records management. The BCT performed well against the majority of indicators and has developed approaches to address any areas the assessment identified require improvement.

Throughout 2021-22, the BCT has invested in a suite of significant enhancements to its Customer Relationship Management (CRM) systems. These improvements have been designed, built and tested to: better meet the needs of the BCT in its delivery of high-quality support to its customers; improve staff experience to manage information more easily, efficiently and securely; and provide the BCT Executive Committee and Board with increased confidence in the quality of data and information reported to them.

The project team has developed comprehensive learning resources and opportunities to support staff in their use of the upgraded CRM.

Annual Financial Statements

From the year ended 30 June 2022



INDEPENDENT AUDITOR'S REPORT

Biodiversity Conservation Trust

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Biodiversity Conservation Trust (the Trust), which comprise the Statement by Members of the Trust, the Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Summary of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Trust's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Board of the Trust is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Trust's draft annual report for the year ended 30 June 2022.

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

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

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

I have nothing to report in this regard.

The members of the Board's Responsibilities for the Financial Statements

The members of the Board are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The members of the Board's responsibility also includes such internal control as the members of the Board determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board are responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

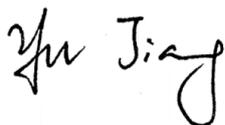
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

The scope of my audit does not include, nor provide assurance:

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



Reiky Jiang
Delegate of the Auditor-General for New South Wales

7 November 2022
SYDNEY

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Biodiversity Conservation Trust

Statement by Members of The Trust

For the year ended 30 June 2022

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

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



Niall Blair
Chairperson
Board of the Biodiversity Conservation Trust

04 November 2022

Biodiversity Conservation Trust
Statement of Comprehensive Income
For the year ended 30 June 2022

	Notes	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000
Continuing operations				
Expenses excluding losses				
Operating expenses				
Personnel services	2(a)	16,335	17,209	14,594
Other operating expenses	2(b)	18,703	21,174	8,787
Depreciation expense	2(c)	283	88	151
Grants and subsidies	2(d)	9,881	18,568	6,677
Finance costs	2(e)	13	6	12
Developers' payment provision remeasurement loss	2(f)	68,154	-	585
Unrealised loss from TCorpIM funds measured at fair value through profit or loss	3(d)	12,456	-	-
TOTAL EXPENSES EXCLUDING LOSSES		125,825	57,045	30,806
Revenue				
Interest revenue	3(a)	239	-	81
Grants and contributions	3(b)	118,963	91,976	80,231
Other revenue	3(c)	4,235	1,833	1,541
Unrealised gain from TCorpIM funds measured at fair value through profit or loss	3(d)	-	6,826	15,291
TOTAL REVENUE		123,437	100,635	97,144
Operating result		(2,388)	43,590	66,338
Gain on disposal	4(a)	618	-	148
Gain on developer payment offset obligation acquittals	4(b)	1,368	-	1,976
Other gains	5	6	-	-
Net result	22(a)	(396)	43,590	68,462
TOTAL COMPREHENSIVE INCOME		(396)	43,590	68,462

The accompanying notes form part of these financial statements.

Biodiversity Conservation Trust
Statement of Financial Position
As at 30 June 2022

	Notes	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	7	152,209	108,881	78,648
Financial assets at fair value	8	182,034	94,153	127,368
Receivables	9	431	72	66
Current assets - land and buildings held for sale	11	4,549	9,696	8,851
Inventories	12	24,284	26,406	25,651
Total current assets		363,507	239,208	240,584
Non-current assets				
Plant and equipment	13	179	67	84
Intangibles	14	1,968	1,000	686
Right of use assets	15(a)	279	214	381
Total non-current assets		2,426	1,281	1,151
Total assets		365,933	240,489	241,735
LIABILITIES				
Current liabilities				
Payables	18	4,462	1,933	2,367
Contract liabilities	10	6,039	290	6,042
Borrowings	19	95	97	137
Provisions	20	167,536	28,191	44,925
Total current liabilities		178,132	30,511	53,471
Non-current liabilities				
Payables	18	31	-	32
Borrowings	19	186	137	252
Provisions		-	28	-
Total non-current liabilities		217	165	284
Total liabilities		178,349	30,676	53,755
Net assets		187,584	209,813	187,980
EQUITY				
Accumulated funds		187,584	209,813	187,980
Total equity		187,584	209,813	187,980

The accompanying notes form part of these financial statements.

Biodiversity Conservation Trust
Statement of Changes in Equity
For the year ended 30 June 2022

	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2021	187,980	187,980
Net result for the year	(396)	(396)
Total comprehensive income for the year	(396)	(396)
Balance at 30 June 2022	187,584	187,584

	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2020	119,518	119,518
Net result for the year	68,462	68,462
Total comprehensive income for the year	68,462	68,462
Balance at 30 June 2021	187,980	187,980

The accompanying notes form part of these financial statements.

Biodiversity Conservation Trust

Statement of Cash Flows

For the year ended 30 June 2022

	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000
Notes			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services	(15,802)	(17,209)	(13,642)
Grants and subsidies	(9,881)	(18,568)	(6,677)
Other operating expenses	(13,176)	(21,174)	(10,038)
Finance costs	-	(6)	-
Growth Centres credits	(11,595)	-	(2,649)
Purchase of biodiversity credits as inventory	(19)	-	-
Purchase of biodiversity credits for acquittals	(6,894)	-	(8,002)
Total Payments	(57,367)	(56,957)	(41,008)
Receipts			
Developers' payments - biodiversity credits	69,824	-	28,772
Other receipts	5,801	1,833	9,461
Interest received	239	6,826	81
Grants and contributions	118,910	91,976	79,567
Total Receipts	194,774	100,635	117,881
NET CASH FLOWS FROM OPERATING ACTIVITIES	137,407	43,678	76,873
22a			
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property held for sale	7,574	15,000	3,365
Proceeds from sale of plant and equipment	-	-	70
Purchases of property held for sale and plant and equipment	(2,775)	(15,000)	(2,474)
Purchase of Intangible assets	(1,305)	-	(686)
Net purchase of financial assets	(67,122)	-	(35,924)
22b			
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(63,628)	-	(35,649)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability	(218)	(81)	(147)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(218)	(81)	(147)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			
	73,561	43,597	41,077
Opening cash and cash equivalents	78,648	65,284	37,571
CLOSING CASH AND CASH EQUIVALENTS	152,209	108,881	78,648
7			

The accompanying notes form part of these financial statements.

1. Summary of significant accounting policies

(a) Reporting entity

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

Under the BC Act, the BCT is appointed as the Fund Manager to manage and control the Biodiversity Stewardship Payments Fund (BSPF). The BCT invests the total fund deposits received to support biodiversity stewardship agreements in TCorpIM funds. Monies in the BSPF are held on behalf of biodiversity stewardship sites and cannot be used to fund BCT operations. Hence, they are not included in the financial statements of BCT. Refer note 28.

Under the BC Act, the BCT manages and controls the Biodiversity Conservation Fund (BCF). These funds are restricted in that they can only be used to deliver private land conservation programs. Refer note 17 and note 27. The BCT received approval from the Secretary of Treasury on 7 December 2021 to enter financial arrangements with the NSW Treasury Corporation (TCorp) through its investment facilities under the Government Sector Finance Act 2018. Under those arrangements, the BCT can make separate investment arrangements with TCorp in line with its Funds and Investment Management Policy.

The objective and purpose of the BCT is to protect and enhance biodiversity by: encouraging landholders to enter into co-operative arrangements for the management and protection of the natural environment that is significant for the conservation of biodiversity; seeking strategic biodiversity offset outcomes to compensate for the loss of biodiversity due to development and other activities; providing mechanisms for achieving the conservation of biodiversity; and promoting public knowledge, appreciation and understanding of biodiversity and the importance of conserving biodiversity. The BCT partners with landholders and other stakeholders to enhance and conserve biodiversity. The BCT's vision is vibrant

private land conservation areas protecting our unique and diverse plants and animals. The BCT's goals are to: increase private land conservation in areas of strategic biodiversity value; deliver efficient, effective and strategic biodiversity offset outcomes; support participating landholders to conserve biodiversity; and promote public knowledge, appreciation and understanding of biodiversity and the importance of conservation.

Under the BC Act, the Minister for Environment and Heritage is responsible for appointing the BCT Board. Functions and powers are conferred on the Board as a whole. The Board is accountable to the Minister.

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

The BCT's financial statements have been authorised for issue by the Board on 04 November 2022.

(b) Basis of preparation

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

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

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

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

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

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

(c) Statement of compliance

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

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

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

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

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

(e) Comparative information

Except when an Australian accounting standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(f) Budgeted amounts

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

As disclosed in the 2021-22 NSW State Budget Papers, the total operations of the BCT contribute to the State outcome: *Connecting communities to resilient and sustainable energy and local environments*. Refer note 6.

(g) Treatment of biodiversity credit purchases as inventory

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

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

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

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

(i) Effective for the first time in FY2021-22

The following amendments and interpretations apply for the first time in 2021-22, and do not have an impact on the financial statements of the BCT.

- AASB 2020-7 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures*
- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
- AASB 2020-9 *Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*
- AASB 2021-1 *Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*
- AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

(ii) Issued but not yet effective

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

The following new Australian Accounting Standards have not been applied and are not yet effective (NSW Treasury mandate TPG 22-07):

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* (effective from 1 January 2022)
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments* (effective from 1 January 2022)
- AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* (effective from 1 January 2022)
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective from 1 January 2023)
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards* (effective from 1 January 2023)

BCT has assessed the impact of the new standards and interpretations issued but not yet effective and considers the impact to be not material. However, when AASB 2021-2 is adopted there will be a disclosure amendment due to the change in the presentation of accounting policies as “material accounting policies” instead of “significant accounting policies”.

(i) Impact of COVID-19 on Financial Reporting for 2021-22

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

Biodiversity Conservation Trust

Notes to the financial statements

For the year ended 30 June 2022

(j) Deemed appropriations

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

(k) Superannuation on Annual Leave Loading

The BCT has determined that it is not probable that a liability would arise to pay superannuation on annual leave loading. This is based on current inquiries, other information currently available to management, and the Federal Court of Australia decision on: *Finance Sector Union of Australia v Commonwealth Bank of Australia [2022]* FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2022

2. Expenses

Operating expenses

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

(a) Personnel services expenses

	2022	2021
	\$'000	\$'000
Salaries and wages (including annual leave)	14,202	12,160
Superannuation - defined contribution plans	1,333	1,114
Long service leave	(3)	628
Workers' compensation insurance	51	48
Payroll tax and fringe benefits tax	752	644
	16,335	14,594

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

(b) Other operating expenses

	2022	2021
	\$'000	\$'000
Biodiversity projects – contractors	843	639
Insurance	77	50
Consultants	80	-
Fees and services	3,484	2,788
Corporate service fees*	1,425	1,425
Biodiversity credits for immediate retirement**	10,541	2,408
Fleet costs	27	47
Advertising, publications and printing	81	257
Travel costs	413	294
Legal costs	285	152
Auditor's remuneration (audit of the financial statements)	69	68
Maintenance	43	43
Expenses relating to short term leases	72	20
Other occupancy costs	699	132
General administration	564	464
	18,703	8,787

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

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

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2022

2. Expenses (cont'd)

Operating Expenses (cont'd)

Recognition and measurement – other operating expenses

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

(i) *Biodiversity credits for immediate retirement*

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

(ii) *Maintenance expense*

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement or an enhancement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(iii) *Insurance*

The BCT's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

(iv) *Lease expense*

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

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

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

(c) Depreciation expense

	2022	2021
	\$'000	\$'000
Depreciation:		
Plant and equipment	32	14
Intangibles	52	-
Right-of-use asset	199	137
	283	151

For recognition and measurement policies on depreciation refer to notes 13, 14 and 15.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2022

2. Expenses (cont'd)

(d) Grants and subsidies

	2022	2021
	\$'000	\$'000
Payments to landholders	9,881	6,677
	9,881	6,677

These payments include \$8.181 million (2021:\$5.09 million) in annual payments to landholders with funded conservation agreements with the BCT, \$1.532 million (2021: \$1.50 million) in conservation partners grants to landholders with partnership conservation agreements with the BCT or to landholders participating in the Land for Wildlife or Wildlife Land Trust programs, \$0.003 million (2021: \$0.01 million) in management funding payments to landholders with contracts entered with the former Nature Conservation Trust (NCT) and \$0.165 million (2021: \$0.08 million) in grants under the BCT's Education Strategy.

Recognition and measurement – grants and subsidies

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

(e) Finance costs

	2022	2021
	\$'000	\$'000
Interest expense from lease liabilities	13	12
	13	12

Recognition and measurement – finance costs

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

(f) Developer payment offset obligation provision remeasurement (loss)

	2022	2021
	\$'000	\$'000
Developer payment offset obligation remeasurement loss	68,154	585
	68,154	585

Following a technical review commissioned by the Department of Planning and Environment, and at the request of the Minister for Environment and Heritage, the BCT has developed a Biodiversity Conservation Fund (BCF) Charge System to replace the Biodiversity Offsets Payments Calculator (BOPC) administered by the department. The BCF Charge System derives estimated market values using a wide range of inputs including estimation of future demand and supply factors, conservation land management costs, indexation of land values and recent trade data. The BCT considers the BCF Charge System provides the best estimate of the expenditure likely to be required to settle the present obligation to acquit developer payment offset obligations held by the BCT at the end of the reporting period. The BCT has used the BCF Charge System to determine the best estimate of the market values of the 29,560 Biodiversity Assessment Method (BAM) species and ecosystems credits that constitute its outstanding developer payment offset obligations. The total of these market value estimates is then compared to the total provision net of administration fees to determine the remeasurement loss. The BOPC was used in prior years to estimate these market values. The change from the BOPC to the BCF Charge System in determining the estimated market values of credits constitutes a change in estimate, hence the adjustment is prospective.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2022

Recognition and measurement – developer payment offset obligation provision remeasurement (loss)

Where the total estimated market values of credits are higher than the provisions recorded in the ledger, the provisions are increased, and the corresponding expense recorded in the Statement of Comprehensive Income. Provisions are recorded net of administration fees which are treated as other revenue. The provision is remeasured at the end of each reporting period at an amount that represents the best estimate of the expenditure required to settle the present obligation.

3. Revenue

(a) Interest revenue

	2022	2021
	\$'000	\$'000
Interest income	239	81
	239	81

Recognition and measurement – interest revenue

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

(b) Grants and contributions

	2022	2021
	\$'000	\$'000
Personnel services assumed by the State of New South Wales (Crown)	53	664
Grants without sufficiently specific performance obligations*	118,910	79,567
	118,963	80,231

*As at 30 June 2022, the BCT received grants of \$51.2 million (2021: \$50.0 million) from the Climate Change Fund, \$23.5 million (2021: \$20.4 million) of NSW Government funding, \$7.8 million (2021: \$5.93 million) from the Western Sydney Growth Centres program, \$21.1 million (2021: \$0.40 million) from the Cumberland Plains Conservation Program and \$15.3 million (2021: nil) from the Koala Program. The BCT did not receive any grants for the North Cooranbong Offsets Program this year (2021: \$2.83 million)

Recognition and measurement – grants and contributions

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

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

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

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

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

Receipt of volunteer services is recognised when and only when the fair value of those services can be reliably determined, and the services would have been purchased if not donated. Volunteer services are measured at fair value. BCT has not recognised any volunteer services in the financial statement as at 30 June 2022 (2021: nil).

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2022

3. Revenue (cont'd)

(c) Other revenue

	2022	2021
	\$'000	\$'000
NCT funding agreements transferred to BCT	3	11
Administration fees - developers' payments	2,978	1,141
BSPF Fund Manager's fee	548	-
Fees for service (Offsets agreement processing)	401	-
BSAs / CAs application fees	136	172
BSAs annual reporting fees	124	193
Donations received by the BCF Public Fund	6	-
Miscellaneous	39	24
	4,235	1,541

Recognition and measurement

(i) NCT funding agreements

The former Nature Conservation Trust (NCT) received funding from external sources that had specific performance obligations in their funding agreements to deliver biodiversity benefits by entering management funding contracts. This funding was recognised as a liability upon receipt and is recognised as revenue when performance obligations are met. Refer notes 10 and 25.

(ii) Administration fees – developers' payments

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

(iii) BSPF Fund Manager's Fee

The BCT charges a Fund Manager's fee for the administration of the BSPF calculated at 0.3 percent of the monthly outstanding balance of the TCorpIM Funds. The BCT had waived this fee in the previous period (FY2020-21).

(iv) Fees for service (Offsets agreement processing)

This relates to fees charged to the Australian Rail Track Corporation for services provided in procuring the offset requirements for the Australian Government's Inland Rail project.

(v) Donations received by the BCT Public Fund

Pursuant to Division 3 of Part 10 of the Biodiversity Conservation Act 2016, the BCT has established and maintains the Biodiversity Conservation Trust Public Fund (BCT Public Fund) for its principal purpose. On 17 November 2021 the BCT Public Fund was added to the Register of Environmental Organisations and was granted deductible gift recipient status by the Australian Taxation Office. The BCT Public Fund forms part of the BCT and transactions of the BCT Public Fund are recorded in these financial statements using the accounting policies adopted by the BCT. Cash donations to the BCT Public Fund are recorded as revenue upon receipt. Donations in kind are recorded at fair value upon receipt.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2022

3. Revenue (cont'd)

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

	2022 \$'000	2021 \$'000
Unrealised (loss)/gain from TCorpIM Funds	(12,456)	15,291
	(12,456)	15,291

Recognition and measurement

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

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

(a) Gain / (loss) on disposal

	2022 \$'000	2021 \$'000
Proceeds from disposal of current/non-current assets:		
Land and buildings held for sale	7,469	3,365
Plant and equipment	-	70
Carrying value of current/non-current assets disposed of:		
Land and buildings held for sale	(6,851)	(3,251)
Plant and equipment	-	(36)
Net gain on disposal	618	148

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

	2022 \$'000	2021 \$'000
Developers' payment	9,019	10,007
Less: Inventory offset (Note 20)	(1,384)	(756)
Less: Costs of offset biodiversity credits purchased (Note 20)	(6,267)	(7,275)
Net gain on developers' payments (Note 20)	1,368	1,976

5. Other gain /(losses)

	2022 \$'000	2021 \$'000
Derecognition of right-of-use assets and lease liabilities with Property NSW	6	-
Net gain on disposal	6	-

* The net gain is recognised from the derecognition of the right-of-use asset and lease liability with Property NSW as at 30 June 2022. Please refer to note 15 for further details on the derecognition.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2022

	Buildings
	2022
	\$'000
Right-of-use asset	
Gross carrying value	(267)
Less: accumulated depreciation and accumulated impairment provision	136
Net book value	(131)
Amortised balance of incentives received	-
Lease liability	137
Net Gain	6

6. State Outcomes delivered by the Planning and Environment cluster

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

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

The objective and purpose of the BCT is to protect and enhance biodiversity by: encouraging landholders to enter into cooperative arrangements for the management and protection of the natural environment that is significant for the conservation of biodiversity; seeking strategic biodiversity offset outcomes to compensate for the loss of biodiversity due to development and other activities; providing mechanisms for achieving the conservation of biodiversity; and promoting public knowledge, appreciation and understanding of biodiversity and the importance of conserving biodiversity. The BCT partners with landholders and other stakeholders. The BCT's purpose is to partner with landholders and other stakeholders to enhance and conserve biodiversity. The BCT's vision is vibrant private land conservation areas protecting our unique and diverse plants and animals. The BCT's goals are to: increase private land conservation in areas of strategic biodiversity value; deliver efficient, effective and strategic biodiversity offset outcomes; support participating landholders to conserve biodiversity; and promote public knowledge, appreciation and understanding of biodiversity and the importance of conservation. The BCT distributes funds to local rural communities through annual conservation management payments, grants and other financial instruments.

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

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2022

7. Current assets – cash and cash equivalents

	2022	2021
	\$'000	\$'000
Cash at bank and on hand	152,209	75,832
TCorpIM Cash Fund	-	2,816
	152,209	78,648

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank and on hand and TCorpIM Cash Fund. As at 30 June 2022, the BCT no longer holds investments in the TCorpIM Cash Fund.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows.

	2022	2021
	\$'000	\$'000
Cash and cash equivalents (per statement of financial position)	152,209	78,648
Closing cash and cash equivalents (per statement of cash flows)	152,209	78,648

Refer notes 17 and 27 for details on restricted assets. Refer note 23 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. Current assets – financial assets at fair value

	2022	2021
	\$'000	\$'000
TCorpIM Funds - Long Term Growth Fund	182,034	127,368
	182,034	127,368

Details regarding market risk are disclosed in note 23.

Recognition and Measurement

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by TCorp. As at 30 June 2022, the BCT holds 198,787,564 units in the TCorpIM Long Term Growth Fund at \$0.91572 per unit. (30 June 2021: 124,840,156 units held at \$1.020 per unit)

Classification and measurement

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

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

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

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2022

9. Current assets – receivables

	2022	2021
	\$'000	\$'000
Sale of goods and services	18	63
BCT management fees for BSAs	413	-
Prepayments	-	3
	431	66

Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in note 23.

Recognition and measurement – receivables

Receivables, including trade and other receivables, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Impairment

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

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

As at 30 June 2022, the BCT believes that these conditions have not significantly affected the collectability of its receivables.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2022

10. Contract assets and liabilities

	2022 \$'000	2021 \$'000
Contract liabilities:		
Cumberland Plain Conservation Plan (CPCP)	5,763	5,763
NCT	276	279
	6,039	6,042

Recognition and Measurement – contract assets and liabilities

BCT does not have contract assets as at 30 June 2022 and 30 June 2021.

Contract Liabilities

Cumberland Plain Conservation Plan (CPCP): The BCT received funding in the last quarter of 2020-21 under the Cumberland Plain Conservation Plan for the purpose of acquiring specific units of Cumberland Plain Woodland and Shale Sandstone Transition Forest biodiversity credits. These credits have been secured and will be retired subject to NSW Government approval of the plan.

Further funding was received by the BCT in 2021-22. The BCT has prioritised funding expenditure towards the establishment of new Biodiversity Stewardship Agreements, targeting priority landholders within the CPCP strategic conservation area. As at 30 June 2022, the BCT is continuing to work closely with several landholders to establish new Biodiversity Stewardship Agreements and purchase biodiversity credits.

NCT: This is consideration received in advance from the previous NCT in respect of funding agreements transferred to the BCT that include performance obligations to deliver biodiversity benefits through associated management actions. Revenue from these contracts is recognised as corresponding obligations are performed or delivered. Refer note 3(c)(i) and note 25(b).

These remaining obligations from the previous NCT have been presented as contract liabilities as at 30 June 2022 and 30 June 2021 in accordance with AASB 15.

	2022 \$'000	2021 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	3	11
Transaction price allocated to the remaining performance obligations from contracts with customers	6,039	6,042

11. Current assets – land and buildings held for sale

	2022 \$'000	2021 \$'000
Land and buildings	4,549	8,851
	4,549	8,851

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

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

At 30 June 2022, the BCT held three parcels of land (and any associated buildings) classified as land held for sale (30 June 2021: 5 parcels), where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Land and buildings held for sale are recognised in accordance with AASB 5 and AASB 13 at the lower of their carrying amount and fair value less costs of disposal. Impairment on land and buildings held for sale are assessed annually and any loss is expensed in the Statement of Comprehensive Income. Refer note 16. The BCT intends to sell all parcels of land (and any associated buildings) held at 30 June 2022 in the following year. These assets are not depreciated while they are classified as held-for-sale.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2022

12. Current assets – inventories

	2022 \$'000	2021 \$'000
Held for distribution		
Biodiversity credits	24,284	25,651
	24,284	25,651

Recognition and measurement – inventory

Biodiversity credits are held in stock to satisfy obligations transferred from developers to the BCT or, on occasions, to be subsequently sold. These credits support the BCT in rendering its services in its ordinary course of business of biodiversity conservation and are hence recognised as inventories under AASB 102. They are recognised at the lower of cost or net realisable value in accordance with AASB 102. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. It refers to the amount that BCT expects to realise from the sale or retirement of these credits in the ordinary course of business.

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

	Plant and equipment \$'000	Total \$'000
At 1 July 2020 - fair value		
Gross carrying amount	120	120
Accumulated depreciation and impairment	(53)	(53)
Net carrying amount	67	67
Year ended 30 June 2021		
Net carrying amount at beginning of year	67	67
Additions	67	67
Disposals	(36)	(36)
Depreciation expense	(14)	(14)
Net carrying amount at end of year	84	84
At 1 July 2021 - fair value		
Gross carrying amount	98	98
Accumulated depreciation and impairment	(14)	(14)
Net carrying amount	84	84
Year ended 30 June 2022		
Net carrying amount at beginning of year	84	84
Additions	232	232
Disposals	(105)	(105)
Depreciation expense	(32)	(32)
Net carrying amount at end of year	179	179
At 30 June 2022 - fair value		
Gross carrying amount	225	225
Accumulated depreciation and impairment	(46)	(46)
Net carrying amount	179	179

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

Recognition and measurement – property, plant and equipment

(i) Acquisition of property, plant and equipment

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

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

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

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

(ii) Capitalisation thresholds

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

(iii) Major inspection costs

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

(iv) Restoration costs

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

(v) Depreciation of property, plant and equipment

Depreciation is provided on a straight-line basis to write off the depreciable amount of each asset as it is consumed over its useful life to the BCT. Depreciation rates adopted by the BCT range from 6.7 to 7.7 per cent (2021: 6.7 to 7.7 per cent).

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

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

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

Further information on leases is contained at Note 15.

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

(vii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with TPP 21-09 *Valuation of Physical Non-current Assets at Fair Value* Policy and Guidelines Paper and Treasurer's Direction Valuation of Physical Non-Current Assets at Fair Value' (TD21-05). This policy adopts fair value in accordance with AASB 13 *Fair value measurement* and AASB 116 *Property, plant and equipment*.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

(viii) Impairment of property, plant and equipment

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

The BCT assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the BCT estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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14. Non-current assets – intangibles

	Software \$'000	Total \$'000
At 1 July 2021 - fair value		
Gross carrying amount	686	686
Accumulated depreciation and impairment	-	-
Net carrying amount	686	686
Year ended 30 June 2022		
Net carrying amount at beginning of year	686	686
Additions	1,334	1,334
Amortisation expense	(52)	(52)
Net carrying amount at end of year	1,968	1,968
At 30 June 2022 - fair value		
Gross carrying amount	2,020	2,020
Accumulated amortisation and impairment	(52)	(52)
Net carrying amount	1,968	1,968
	Software \$'000	Total \$'000
At 1 July 2020 - fair value		
Gross carrying amount	-	-
Accumulated depreciation and impairment	-	-
Net carrying amount	-	-
Year ended 30 June 2021		
Net carrying amount at beginning of year	-	-
Additions	686	686
Amortisation expense	-	-
Net carrying amount at end of year	686	686

Recognition and measurement – intangibles

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

Software

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

Biodiversity Conservation Trust
Notes to the financial statements
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15. Leases

Entity as lessee

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

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

During the 2021-22 financial year, BCT accepted changes in the office accommodation arrangements with Property NSW (PNSW). The main change is the introduction of the “substitution right” clause for PNSW to relocate BCT during the term of the agreement. This clause, effective from 30 June 2022, provides PNSW with a substantive substitution right and in effect removes the ability of BCT to control the use of an identified accommodation area for a specified period. BCT has made a judgment that PNSW can obtain benefits from exercising the substitution right when it achieves office accommodation efficiency at the whole-of-government level and/or its other service objectives. It is also considered practical for PNSW to exercise the substitution right due to the general nature of the relevant office accommodation.

As a result of the above, the corresponding right of use assets and lease liabilities were derecognised on 30 June 2022, the effective date of the new clause. The net impact of the derecognition has been recognised in note 5 “other gains/losses”. Further from 1 July 2022, the accommodation charges will be recognised as expenses when incurred over the agreement duration.

(a) Right-of-use assets under leases

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

	Buildings	Plant and equipment	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2021	5	376	381
Additions	193	35	228
Depreciation expense	(67)	(132)	(199)
Derecognition of right-of-use asset	(131)	-	(131)
Balance at 30 June 2022	-	279	279

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

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15. Leases

(b) Lease liabilities

The following table presents liabilities under leases

	2022	2021
	\$'000	\$'000
Balance at 1 July	389	222
Additions	228	313
Interest expenses	13	12
Payments	(212)	(158)
Derecognition of lease liabilities	(137)	-
Balance at 30 June	281	389

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

	2022	2021
	\$'000	\$'000
Depreciation expense of right-of-use assets	199	137
Interest expense on lease liabilities	13	12
Expense relating to short-term leases	72	20
Variable lease payments, not included in the measurement of lease liabilities	-	-
Gains or losses arising from derecognising right-of-use assets and lease liabilities with Property NSW	(6)	-
Total amount recognised in the statement of comprehensive income	278	169

The BCT had total cash outflows for leases of \$0.22 million in FY2021-22 (FY2020-21: \$0.15 million).

15. Leases (cont'd)

Recognition and measurement

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

i. Right-of-use assets

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

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

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

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

The right-of-use assets are also subject to impairment. The BCT assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the BCT estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

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

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

15. Leases (cont'd)

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

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

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

The BCT's lease liabilities are included in borrowings.

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

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

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16. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

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

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

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

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

Refer note 23 for further disclosures regarding fair value measurements of financial assets.

(a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total Fair Value
30 June 2022	\$'000	\$'000	\$'000	\$'000
Land and buildings held for sale (note 11)	-	4,549	-	4,549
	-	4,549	-	4,549

	Level 1	Level 2	Level 3	Total Fair Value
30 June 2021	\$'000	\$'000	\$'000	\$'000
Land and buildings held for sale (note 11)	-	8,851	-	8,851
	-	8,851	-	8,851

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

Biodiversity Conservation Trust
Notes to the financial statements
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16. Fair value measurement of non-financial assets (cont'd)

Fair value measurement and hierarchy (cont'd)

(b) Valuation techniques, inputs and processes

Asset class	Valuation technique	Comments
Current assets-land and buildings held for sale	Market	Based on market evidence

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

Non-current assets held for sale are recognised at the lower of their carrying amount and fair value less costs of disposal. Impairment assessment as at 30 June 2022 was completed by management based on an assessment of market movement by an independent valuer and no adjustment for impairment was needed because market values were higher than the carrying amounts.

17. Restricted assets

	2022	2021
	\$'000	\$'000
Cash (BCF)	151,209	75,319
TCorpIM Cash Fund	-	2,816
TCorpIM Long Term Growth Fund	182,034	127,368
Restricted assets	333,243	205,503

Cash refers to the BCF bank account balance and is deemed as a restricted asset as these funds can only be used for the specific purposes of the BCT's private land conservation and biodiversity offset programs. TCorpIM Cash Fund is included in cash and cash equivalents in the statement of financial position per TPG22-06. Cash held in the TCorpIM Cash Fund is deemed as a restricted asset as these funds can only be used for the specific purposes of the BCT's private land conservation programs. Refer note 7. The TCorpIM Long Term Growth Fund is deemed a restricted asset as it can only be used for the specific purposes of the BCT's private land conservation programs. Refer note 8.

18. Current / Non-current liabilities – payables

	2022	2021
	\$'000	\$'000
Current		
Creditors	694	548
Personnel services	2,257	1,769
GST	1,511	50
	4,462	2,367

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Notes to the financial statements
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18. Current / Non-current liabilities – payables (cont'd)

	2022	2021
	\$'000	\$'000
Non-current		
Personnel services	31	32
	31	32

Personnel services (current) relate to the amount payable to DPE for employee entitlements of \$2.01 million (2021: \$1.59 million) and accrued salaries of \$0.24 million (2021: \$0.18 million). Non-current personnel services liabilities of \$0.03 million (2021: \$0.03 million) relate to the non-current portion of employee long service leave entitlements. Refer note 2(a).

Details regarding liquidity risk, including a maturity analysis of the above payables, are disclosed in note 23.

Recognition and measurement

(i) *Creditors*

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

19. Current / Non-current liabilities – borrowings

	2022	2021
	\$'000	\$'000
Current borrowings		
Lease liability (see Note 15)	95	137
	95	137
Non-current borrowings		
Lease liability (see Note 15)	186	252
	186	252

Refer to note 15 'Leases' for further details on lease liabilities derecognised due to changes in the office accommodation arrangements with PNSW.

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

Recognition and measurement – borrowings

Borrowing represents interest bearing lease liabilities.

Financial liabilities at amortised cost

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

Changes in liabilities arising from financial activities

	Leases	Total liabilities
	\$'000	from financing
		activities
	\$'000	\$'000
1 July 2020	222	222
Cash flows	(158)	(158)
New leases	313	313
Interest expenses	12	12
30 June 2021	389	389
Cash flows	(212)	(212)
New leases	228	228
Interest expenses	13	13
Derecognition of leases	(137)	(137)
30 June 2022	281	281

20. Current liabilities – provisions

	2022	2021
	\$'000	\$'000
Current		
Developer payment offset obligations	167,536	44,925
	167,536	44,925

Movements in provisions (other than employee leave benefits)

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

	2022	2021
	\$'000	\$'000
Carrying amount at 1 July	44,925	28,191
Less: amounts acquitted against inventory	(1,384)	(756)
Less: amounts acquitted from direct purchase of credits	(6,267)	(7,275)
Less: net profit on acquittals (refer note 4b)	(1,368)	(1,976)
Additional developers' payment received	63,476	26,156
Loss from remeasurement of developer payment offset obligations	68,154	585
Carrying amount at 30 June	167,536	44,925

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20. Current liabilities – provisions (cont'd)

Recognition and measurement – provisions

(i) *Developer payment offset obligations*

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

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

A provision is recognised when funds are received from developers under Section 6.30 of the BC Act. The BCT has a constructive obligation to procure equivalent biodiversity offsets.

These provisions can be referred to in summary form as a 'developer payment offset obligations'.

Such provisions are extinguished when the BCT purchases biodiversity credits, acquits developer payment offset obligations against biodiversity credit inventory or otherwise provides biodiversity offsets, with any net differences recognised in the Statement of Comprehensive Income. The outstanding developer payment offset obligations are revalued or remeasured using the BCF Charge System to reflect the estimated cost to procure these biodiversity credits. Increases in estimated costs from this remeasurement amounted to \$68.2 million (FY2020-21: \$0.6 million), recorded as an expense in the Statement of Comprehensive Income. The BOPC was used in prior years to estimate these market values. Refer note 2(f). The change from BOPC to BCF charge system is considered to be a change in accounting estimate (new or better information), hence the adjustment is made prospectively.

The following table outlines the amount of cash paid to BCT and the accumulated revaluation losses of all outstanding developer payment offset obligations up to 30 June 2022.

Developer payment offset obligations	Cumulative payments made by developers in relation to offset obligations not yet acquitted as at 30 June 2022 (\$ millions)	Loss from revaluations of offset obligations not yet acquitted made prior to 01 July 2021 (\$ millions)	Loss from revaluation of offset obligations not yet acquitted made during 30 June 2022 (\$ millions)	Total revaluation loss relating to developer offset obligations not yet acquitted as at 30 June 2022 (\$ millions)	Current liability for unacquitted developer payment offset obligations as at 30 June 2022 (\$ millions)
Developer payment offset obligations	89.961	9.421	68.154	77.575	167.536
Developer payment offset obligations	89.961	9.421	68.154	77.575	167.536

The cumulative expense recognised in the BCT Statement of Comprehensive Income in relation to the remeasurement of developer payment offset obligations from the commencement of Section 6.31 of the BC Act to 30 June 2022 is \$80.233 million (30 June 2021: \$12.079 million).

21. Contingent liabilities and assets

A contingent liability is a potential liability that may occur depending upon the outcome of uncertain future events. The BCT is not aware of any contingent liabilities at 30 June 2022 (nil as at 30 June 2021).

A contingent asset is a possible asset that may arise because of a gain that is contingent on future events, not under the BCT's control. The BCT is not aware of any contingent assets at 30 June 2022 (nil as at 30 June 2021).

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22. Cash flows

(a) Reconciliation of cash flows from operating activities to net result

	2022	2021
	\$'000	\$'000
Net cash from operating activities	137,407	76,873
Depreciation	(283)	(151)
Finance costs	(13)	(12)
Gain/(Loss) on derecognition of ROU assets	6	-
Increase/(decrease) in receivables (including accrued project cost)	394	(7)
(Increase)/decrease in payables	(2,094)	(439)
(Decrease)/increase in inventories	(1,367)	(755)
(Increase)/decrease in provisions	(122,611)	(16,734)
Decrease/(increase) in contract liabilities	3	(5,752)
Gain on disposal of assets held for sale and PPE	618	148
Unrealised (loss) / gain from TCorpIM Funds measured at fair value	(12,456)	15,291
Net result	(396)	68,462

(b) Net purchase of financial assets

	2022	2021
	\$'000	\$'000
Increase in TCorpIM LTGF funds	54,666	51,215
Unrealised loss/(gain) for the period	12,456	(15,291)
Net purchase of financial assets per statement of cash flows	67,122	35,924

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23. Financial instruments

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

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

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

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying	Carrying
			Amount	Amount
			30 June 2022	30 June 2021
Class:			\$'000	\$'000
Cash and cash equivalents	7	N/A	152,209	78,648
Receivables ¹	9	Receivables (at amortised cost)	18	63
Financial assets at fair value	8	Fair value through profit or loss - mandatory classification	182,034	127,368
Financial Liabilities			\$'000	\$'000
Class:				
Payables ²	18	Financial liabilities (at amortised cost)	2,982	2,349
Borrowings	19	Financial liabilities (at amortised cost)	281	389

Notes:

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

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

(b) Derecognition of financial assets and financial liabilities

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

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

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

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

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

23. Financial instruments (cont'd)

(c) Financial risks

(i) Credit risk

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

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

Cash and cash equivalents

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

Accounting policy for impairment of trade debtors

Receivables – trade and other debtors

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

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

Trade and other debtors as at 30 June 2022 (and 30 June 2021) are not material and no credit loss is expected.

(ii) Liquidity risk

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the BCT may automatically pay the supplier simple interest. The applicable rate of interest for the period to 30 June 2022 was 8.07% (2021: 8.01%). The rate of interest is determined by the Office of State Revenue.

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23. Financial instruments (cont'd)

(c) Financial risks (cont'd)

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

	Weighted average effective int. rate	\$'000						
		Nominal amount	Interest Rate Exposure			Maturity Dates		
			Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 yr	1 - 5 yrs	> 5 yrs
2022								
Payables	-	2,982	-	-	2,982	2,951	31	-
Borrowings	4.18%	281	281	-	-	95	186	-
		3,263	281	-	2,982	3,046	217	-
2021								
Payables	-	2,349	-	-	2,349	2,317	32	-
Borrowings	4.18%	389	389	-	-	137	252	-
		2,738	389	-	2,349	2,454	284	-

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

(iii) Market risk

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

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

Interest rate risk

The BCT does not account for any fixed rate financial instruments at fair value through profit or loss. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +1.00% or -0.05% is used (2021: +0.05% or -0.05%), consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The BCT's exposure to interest rate risk is set out below.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2022

23. Financial instruments (cont'd)

(c) Financial risks (cont'd)

(iii) Market risk (cont'd)

	Carrying amount \$'000	-0.05% Profit \$'000	Equity \$'000	+1.00% Profit \$'000	Equity \$'000
30 June 2022					
Financial assets:					
Cash in bank	152,209	(76)	(76)	1,522	1,522
	Carrying amount \$'000	-0.05% Profit \$'000	Equity \$'000	+0.05% Profit \$'000	Equity \$'000
30 June 2021					
Financial assets:					
Cash in bank	75,832	(38)	(38)	38	38

The interest rate implicit in the lease (borrowings) is fixed for each capitalised lease agreement and is therefore not exposed to interest rate risk.

TCorpIM Funds

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

Facility	Investment Sectors	Investment Horizon	30 June 2022	30 June 2021
Cash Fund	Cash, money market instruments	Up to 1.5 years	-	2,816
Long Term Growth Fund	Cash, Australian shares, International shares, listed property, emerging market shares, emerging markets debt, bank loans, inflation linked bonds, fixed interest, global credit, high yield multi-asset	Greater than 7 years	182,034	127,368

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

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

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

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2022

23. Financial instruments (cont'd)

(c) Financial risks (cont'd)

TCorpIM Funds (cont'd)

	Impact on net result / equity			
	Change in unit price	2022 \$'000	Change in unit price	2021 \$'000
TCorpIM funds - Cash Fund	+/-1.0%	-	+/-1.0%	28
TCorpIM funds - Long Term Growth Fund	+/-10.5%	19,114	+/-9.9%	12,609

24. Related party disclosures

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

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

	2022 \$'000	2021 \$'000
Short-term employee benefits		
Salaries	686	660
Other monetary allowances	-	-
Non-monetary benefits	-	-
Total remuneration	686	660

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

b. Related party transactions

As at 30 June 2022, the BCT received grants of \$51.2 million (2021: \$50.0 million) from the Climate Change Fund, \$23.5 million (2021: \$20.4 million) of NSW Government funding, \$7.8 million (2021: \$5.93 million) from the Western Sydney Growth Centres program, nil (2021: \$2.83 million) from the North Cooranbong Offsets Program, \$21.1 million (2021: \$0.40 million) from the Cumberland Plains Conservation Program and \$15.3 million (2021: nil) from the Koala Program. These transactions support the BCT in meeting its objectives to deliver the State Outcome as detailed in note 6. The BCT also receives personnel services from DPE.

For the year ended 30 June 2022, the BCT paid \$1.42 million (2021: \$1.42 million) to the Department of Planning and Environment for corporate, finance and human resources services.

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

25. Commitments for expenditure

- (a) Conservation agreements: Under the Biodiversity Conservation Act 2016, BCT can enter an agreement relating to land (conservation agreement) with the owner of the land for the purpose of conserving or studying the biodiversity of the land. A conservation agreement binds the landholder to certain restrictions on the use of the land and requires them to undertake conservation management actions. As at 30 June 2022, the BCT had entered 152 funded conservation agreements with landholders. In addition, the BCT had offered or committed to enter a further 19 funded conservation agreements which had not been signed by the landholders as at 30 June 2022, but which are likely to be signed in the next financial year. The BCT sets aside and invests in various assets to support these funded conservation agreements. The BCT uses these assets and investment or other earnings on those assets to make the annual conservation management payments to the agreement holders. The BCT has a commitment to pay landholders an agreed amount according to their conservation agreement on the satisfactory completion of annual conservation management actions. The expected payments to be made in the 2022-23 financial year total \$8.7 million (2021: \$9.01 million). Refer note 27.
- (b) Management funding contracts: The previous NCT, under its now repealed Act, could enter management funding contracts with private landholders. Such agreements bind landholders to conserve biodiversity on their land and bind the BCT to provide financial assistance in accordance with the agreed schedule. There are currently 12 (2021: 13) such agreements with a total outstanding obligation of \$0.28 million (2021: \$0.28 million). Refer notes 3(c) and 10.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2022

26. Budget review

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

	\$m
Net result	
Actual operating deficit was \$0.4 million compared to budgeted surplus of \$43.6 million – an unfavourable variance of \$44.0 million.	
The above variance was driven primarily by the \$68.2 million unbudgeted loss on the remeasurement of the provision for developer payment offset obligations. This large revaluation was caused by several factors including that the Biodiversity Offsets Payments Calculator administered by the Environment and Heritage Group within the Department of Planning and Environment has not been updated since June 2020, many payments made into the Biodiversity Conservation Fund during the reporting period including several large payments, large increases in the costs of materials used in conservation land management, and large increases in land values.	
Expenses:	
Unbudgeted loss on remeasurement of provision for developer payment offset obligations of \$68.2 million, offset by lower grants and subsidies of \$8.7 million and personnel other operating expenses of \$3.2 million.	(56.3)
Revenue:	
Higher Koala grants, unbudgeted CPCP grants of \$26.9 million. Higher other revenues from developers' payment administration fees and other fees received of \$2.4 million, unbudgeted gains on disposal of assets held for sale and developer payment acquittals of \$2.0 million, TCorp investment losses of \$12.5 million resulting in a variance of \$19.0 million against budget.	12.3
Total Net Result	(44.0)
Assets and liabilities	
Actual net assets of \$187.6 million against the budget of \$209.8 million – an unfavourable variance of \$22.2 million	
<i>Total actual assets of \$365.9 million against a budget of \$240.5 million giving a favourable variance of \$125.4 million</i>	
- Mainly due to higher than budgeted receipts from developer payments in the Biodiversity Conservation Fund, cash retained from the positive operating result and higher than budgeted returns from TCorpIM - Long Term Growth Fund held.	125.4
<i>Total liabilities of \$178.3 million against a budget of \$30.7million, resulting in an unfavourable variance of \$147.6 million</i>	
- Mainly due to increased provision for developer payment offset obligations.	(147.6)
Total Net Assets	(22.2)
Cash Flow	
Closing cash of \$152.2 million against a budget of \$108.9 million - a favourable variance of \$43.3 million	
Higher opening cash & cash equivalents balance of \$78.7 million compared to \$65.3 million budget	13.4
Cash flows from Operating Activities:	
Higher than anticipated developer payments received - \$69.8 million. Unbudgeted CPCP and higher Koala grants and other revenues received - \$24.3 million. Higher than anticipated payments for operating expenses – \$0.5 million	93.6
Cash flow from Investing Activities:	
Higher than budgeted purchase of financial assets (TCorp) – \$67.1 million. Higher net proceeds from sale of assets held for sale than budget – \$3.5 million	(63.6)
Cash flow from Financing Activities:	
Higher than budgeted lease liability (AASB 16) payments	(0.1)
Total Net Cash flow	43.3

27. Future payments under funded conservation agreements

Legislation and funding

Under Part 5 of the *Biodiversity Conservation Act 2016*, the BCT can enter a conservation agreement relating to land with the owner of the land for conserving or studying the biodiversity of the land. The Act provides that a conservation agreement may contain terms, binding on the BCT, requiring the BCT to provide financial assistance. Financial assistance to be provided in future periods is not recognised as a liability in the BCT financial statements as it does not meet the definition of a liability under Australian Accounting Standards, however, as at 30 June 2022, a total of \$156.86 million from the BCT's net assets have been allocated by management and the Board to fund the future annual management payments under these agreements.

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

When the BCT enters (or commits to enter) a funded conservation agreement with a landholder, the BCT calculates the present value of all future conservation agreement payments (PV-CAPs), using a discount rate determined by the BCT Board having considered actuarial advice, and designates this as restricted assets held in the Biodiversity Conservation Fund (BCF).

Treasurer's approval

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

Investment in other assets

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

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

Actuarial advice on PV-CAPs

The BCT commissioned actuarial advice to calculate the PV-CAPs as at 30 June 2022 using risk-free rates and at a range of discount rates the BCT Board considers reasonably possible, assuming that all future conservation management actions are undertaken in accordance with agreements and therefore all future management payments are to be made on time. The discount rates used have regard to the fact that majority of these agreements are for an in-perpetuity term and in-perpetuity investments are highly sensitive to movements in discount rates.

As at 30 June 2022, the BCT had entered 152 funded conservation agreements with landholders. In addition, the BCT has offered or committed to enter a further 19 funded conservation agreements, which had not yet been signed by the landholders as at 30 June 2022, but which are likely to be signed in the next financial year.

Tables 27.1 and 27.2 show the PV-CAPs and net position against the assets, at a range of discount rates, as at 30 June 2022 for signed and registered agreements and for unregistered agreements respectively.

Biodiversity Conservation Trust
Notes to the financial statements
For the year ended 30 June 2022

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

Table 27.1 – PV-CAPs for signed and registered conservation agreements at a range of nominal discount rates*

Assets	Discount Rate	Estimated PV-CAPs	Adequacy	Adequacy %
\$132.1 million	3.00%	\$395.0 million	-\$262.9 million	33%
	3.50%	\$266.8 million	-\$134.7 million	50%
	4.00%	\$205.4 million	-\$73.3 million	64%
	Risk-free rates	\$188.0 million	-\$55.9 million	70%
	4.50%	\$169.0 million	-\$36.9 million	78%
	5.00%	\$144.8 million	-\$12.7 million	91%
	5.50%	\$127.5 million	\$4.6 million	104%
	6.00%	\$114.3 million	\$17.8 million	116%
	6.50%	\$104.0 million	\$28.1 million	127%
	7.00%	\$95.6 million	\$36.5 million	138%
7.50%	\$88.6 million	\$43.5 million	149%	

Table 27.2 – PV-CAPs for unregistered conservation agreements at a range of nominal discount rates*

Assets	Discount Rate	Estimated PV-CAPs	Adequacy	Adequacy %
\$24.7 million	3.00%	\$78.6 million	-\$53.9 million	31%
	3.50%	\$52.2 million	-\$27.5 million	47%
	4.00%	\$39.6 million	-\$14.9 million	62%
	Risk-free rates	\$35.9 million	-\$11.2 million	69%
	4.50%	\$32.3 million	-\$7.6 million	77%
	5.00%	\$27.4 million	-\$2.7 million	90%
	5.50%	\$24.0 million	\$0.7 million	103%
	6.00%	\$21.4 million	\$3.3 million	116%
	6.50%	\$19.4 million	\$5.3 million	127%
	7.00%	\$17.8 million	\$6.9 million	139%
7.50%	\$16.5 million	\$8.2 million	150%	

*The following assumptions and calculations are made for tables 27.1 and 27.2: an assumed future inflation rate of 2.1% per annum; risk-free rates for all future years are derived from spot redemption yields of publicly traded Commonwealth bonds as at 30 June 2022. The longest maturity government bonds typically have maturities to 30 years from the valuation date, so an assumption is required for long-term risk-free rates after 30 years. A long-term risk-free forward rate of 4.5% per annum has been adopted for this purpose; and the percentage adequacy is calculated as the assets divided by estimated present value of payments.

**Risk-free rates used for discounting future cash flows vary from 2.37% per annum to 4.5% per annum depending on the timing of the cash flow. A single flat discount rate of 4.2% per annum produces approximately the same valuation result as the risk-free rates.

Three rates included in tables 27.1 and 27.2 (3.0%, 3.5% and 4.0%) are lower than the implied single discount rate that would match risk-free rates. The BCT's actuaries advise it is unlikely that long term interest rates would fall and remain at that level over the long term without some reduction in the rate of inflation (assumed to be 2.1%) and that therefore the estimates of present values at these rates are considered conservative.

Based on the latest actuarial report and based on investment strategies being used by the BCT, the total adequacy ratio for the assets held for funded conservation agreements (signed and unsigned) as at 30 June 2022 is 120 per cent. This was calculated using a discount rate of 6.19%, which is based on the latest TCorp investment return forecasts for the TCorpIM funds net of a provision of 0.11% for management fee.

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

As demonstrated in tables 27.1 and 27.2, the BCF may have lower adequacy under certain investment return scenarios.

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

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

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

The present value of future CA payments has been calculated using future inflation of 2.1% p.a. based on TCorp's latest inflation assumption, which TCorp have advised is consistent with their investment return forecast. Assuming no change to discount rates, if the current valuation were to use a 2.5% p.a. inflation assumption (the mid-point of the RBA inflation target range) instead of 2.1% p.a., the present value of registered and unregistered CAs would increase by approximately \$11.2 million (8.6%).

Biodiversity Conservation Trust

Notes to the financial statements

For the year ended 30 June 2022

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

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

	<u>Movement in Funds</u>	
	2022	2021
	\$'000	\$'000
Balance at start of the period	176,226	141,567
Add: receipts (TFDs) by the Fund	40,627	20,082
Add: earnings on invested amounts in the Fund	(14,629)	23,613
Less: annual management payments and expenses	(9,857)	(9,036)
Less: remuneration of the fund manager*	(548)	-
Balance invested in the Fund	191,819	176,226

* The BCT decided to waive its fund manager fee for the prior year to support the fund's adequacy.

	<u>Statement of Financial Position</u>	
	2022	2021
	\$'000	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	16,285	3,341
Short term deposits	-	10,171
Total cash and cash equivalents	16,285	13,512
Financial assets at fair value		
TCorplM Long Term Growth Fund	175,947	162,750
Total financial assets at fair value	175,947	162,750
Total current assets	192,232	176,262
LIABILITIES		
Current liabilities		
Accrued expenses	413	36
Total current liabilities	413	36
Net assets	191,819	176,226

The Biodiversity Stewardship Payments Fund (BSPF)

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

Biodiversity Conservation Trust

Notes to the financial statements

For the year ended 30 June 2022

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

Monies held in the BSPF are invested in TCorpIM funds:

Facility	Investment Sectors	Investment Horizon	30 June 2022	30 June 2021
Cash facility	Cash, money market instruments	Up to 1.5 years	-	10,171
Long-term growth facility	Cash, Australian shares, International shares, listed property, emerging market shares, emerging markets debt, bank loans, Inflation linked bonds, fixed interest, global credit, high yield multi-asset	Greater than 7 years	175,947	162,750

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

Investment in the TCorpIM Long-term Growth Fund (LTGF) balances the BSPF's exposure to risk and returns, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

If a biodiversity stewardship site account has an operational deficit greater than 20 per cent (i.e. an adequacy ratio of less than 80%), the Minister has a discretion, under clause 6.17(2) of the Biodiversity Conservation Regulation 2017, to decide to cease or reduce payments to the landholder for a specified period of time. The Minister also has a discretion to change the 20 per cent threshold. To date no such decisions have been made by the Minister and the BCT continues to make full payments to landholders.

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

The BCT commissioned actuarial advice to calculate the present value of the future biodiversity stewardship agreement payments (PV-BSAPs) as at 30 June 2022 using risk-free rates and at a range of discount rates the BCT Board considers reasonably possible, assuming all future management actions are undertaken in accordance with agreements and therefore all future management payments are to be made. The discount rates provided also have regard to the fact that these agreements are for an in-perpetuity term and in-perpetuity investments are more sensitive to movements in discount rates.

BSPF assets for active BSAs consist of balances in TCorp and Westpac as at 30 June 2022 of \$163.8 million and \$15.1 million, respectively.

For active BSAs—which is where the total fund deposit has been received in the BSPF and biodiversity stewardship agreement payments are being made—Table 28.1 shows the PV-BSAPs, net positions and adequacy ratios relative to the assets held as at 30 June 2022.

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Notes to the financial statements

For the year ended 30 June 2022

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

Table 28.1 – PV-BSAPs, net positions and adequacy ratios for active biodiversity stewardship agreements at a range of nominal investment return rates*

Assets	Discount rate	Estimated PV-BSAPs	Adequacy	Adequacy %
\$178.9 million	3.00%	\$594.8 million	-\$415.9 million	30%
	3.50%	\$397.1 million	-\$218.2 million	45%
	4.00%	\$303.0 million	-\$124.1 million	59%
	Risk-free rates	\$275.5 million	-\$96.6 million	65%
	4.50%	\$247.8 million	-\$68.9 million	72%
	5.00%	\$211.4 million	-\$32.4 million	85%
	5.50%	\$185.4 million	-\$6.5 million	96%
	6.00%	\$166.0 million	\$12.9 million	108%
	6.50%	\$150.8 million	\$28.1 million	119%
	7.00%	\$138.6 million	\$40.3 million	129%
	7.50%	\$128.6 million	\$50.3 million	139%

BSPF assets for inactive BSAs consists of balances (partial TFD payments made) held in TCorp and Westpac as at 30 June 2022 of \$12.1 million and \$1.1 million respectively, plus \$91.2 million of expected total fund deposit (TFD) payments.

For inactive BSAs—where an agreement has been signed and passive management requirements are in place but where the full total fund deposit has not yet been received, biodiversity stewardship payments are not yet being made and active management is not yet required—Table 28.2 shows the PV-BSAPs, net positions and adequacy ratios relative to the expected assets for these BSAs.

Table 28.2 – PV-BSAPs, net positions and adequacy ratios for inactive biodiversity stewardship agreements at a range of nominal investment return rates*

Expected Assets	Discount rate	Estimated PV-BSAPs	Adequacy	Adequacy %
\$104.4 million	3.00%	\$337.1 million	-\$232.7 million	31%
	3.50%	\$227.3 million	-\$122.9 million	46%
	4.00%	\$175.0 million	-\$70.6 million	60%
	Risk-free rates	\$159.7 million	-\$55.3 million	65%
	4.50%	\$144.3 million	-\$39.9 million	72%
	5.00%	\$124.0 million	-\$19.6 million	84%
	5.50%	\$109.6 million	-\$5.2 million	95%
	6.00%	\$98.7 million	\$5.6 million	106%
	6.50%	\$90.3 million	\$14.1 million	116%
	7.00%	\$83.5 million	\$20.9 million	125%
	7.50%	\$77.9 million	\$26.5 million	134%

*The following assumptions and calculations were made for tables 28.1 and 28.2: an assumed future inflation rate of 2.1% per annum; risk-free rates for all future years are derived from spot redemption yields of publicly traded Commonwealth bonds as at 30 June 2022. The longest maturity government bonds typically have maturities to 30 years from the valuation date, so an assumption is required for long-term risk-free rates after 30 years. A long-term risk-free forward rate of 4.5% per annum has been adopted for this purpose; and the percentage adequacy is calculated as the assets divided by estimated present value of payments.

Biodiversity Conservation Trust

Notes to the financial statements

For the year ended 30 June 2022

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

***Risk-free rates used for discounting future cash flows vary from 2.37% per annum to 4.5% per annum depending on the timing of the cash flow. A single flat discount rate of 4.2% per annum produces approximately the same valuation result as the risk-free rates.*

Three rates included in tables 28.1 and 28.2 (3.0%, 3.5% and 4.0%) are lower than the implied single discount rate that would match risk-free rates. The BCT's actuaries advise it is unlikely that long term interest rates would fall and remain at that level over the long term without some reduction in the rate of inflation (assumed to be 2.1%) and that therefore the estimates of present values at these rates are considered conservative.

Based on the latest actuarial report, and based on the current investment strategies deployed, the BSPF's total adequacy ratio for active and inactive BSAs as at 30 June 2022 is 109.2 per cent. The adequacy ratio for active BSAs is 110% and for passive BSAs is 108%. These ratios were calculated using a discount rate of 6.1%, which is based on the latest TCorp investment return forecasts for the TCorpIM LTGF net of a provision of 0.11% for Fund Manager fees.

As demonstrated in tables 28.1 and 28.2, the BSPF may have lower adequacy under certain investment return scenarios. Future investment returns are inherently uncertain and, as a result, the value of assets of the BSPF may be higher or lower than the PV-BSAPs at any particular time. Given this volatility, the BCT will continue to work with the Department of Planning and Environment, NSW Treasury, the Minister and the NSW Government to explore options and implement any agreed measures to strengthen the adequacy position of the fund.

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

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

The adequacy ratio for BSAs has been calculated using future inflation of 2.1% p.a. based on TCorp's latest inflation assumption, which TCorp have advised is consistent with their investment return forecast. Assuming no change to discount rates, if the current valuation were to use a 2.5% p.a. inflation assumption (the mid-point of the RBA inflation target range) instead of 2.1% p.a., the adequacy level of active and inactive BSAs would reduce from 109.2% to 100.7%.

29. Events after the reporting period

Two assets held for sale properties, "Forest Ridge" and "Wilga", have since been sold in excess of carrying amounts with final settlements expected on 10 August 2022 and 2 January 2023, respectively.

Another property, "Gooreengi", is currently in the process of being subdivided into three parcels and the registration with the NSW Land Registry Services (LRS) is expected to be finalised by December 2022.

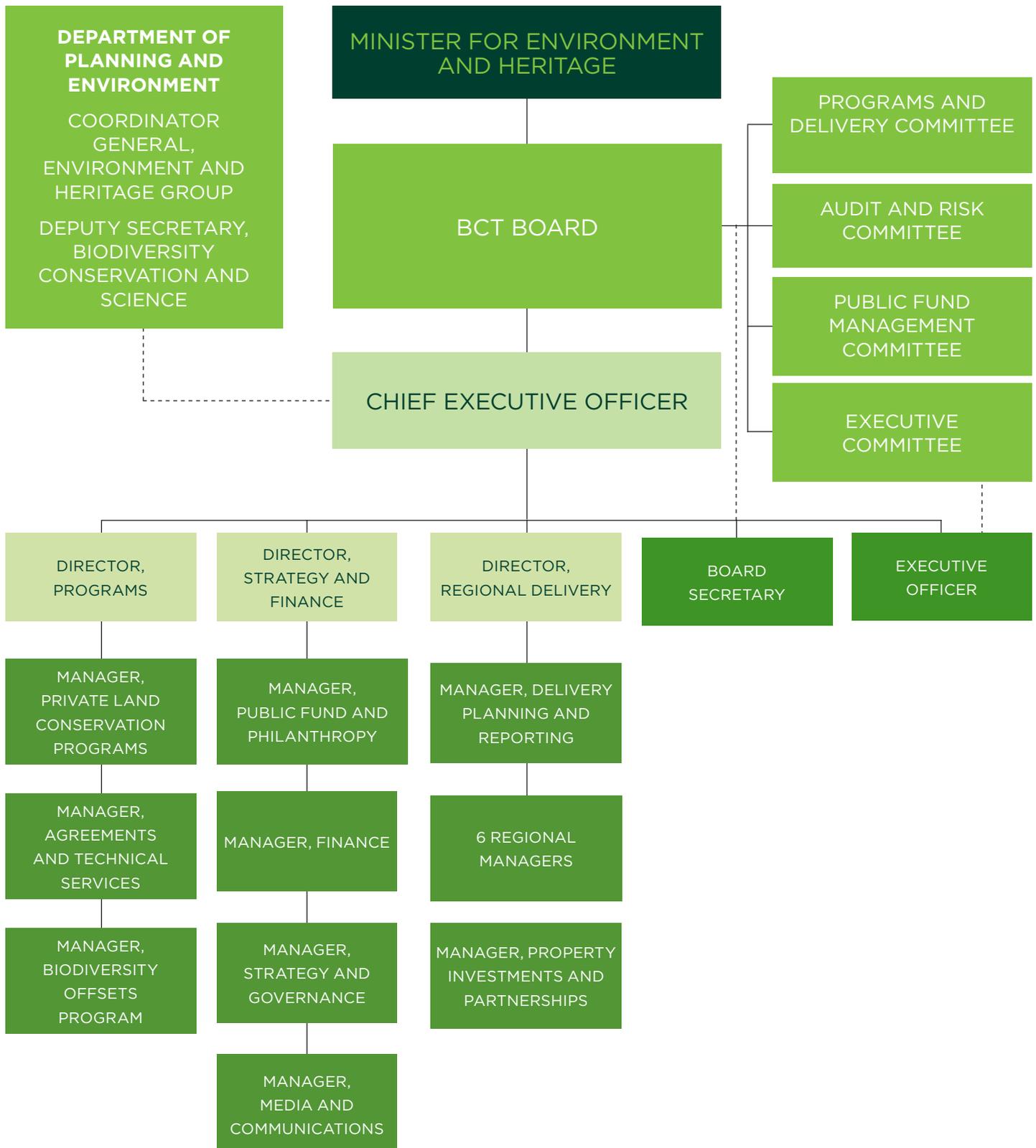
The BCF Charge System was gazetted and announced by the Minister for Environment on 30 September 2022 and came into effect on 17 October 2022.

End of audited financial statements.

Appendices

Organisational structure

The BCT is a statutory not-for-profit body governed by the BCT Board, focused on the strategic direction of the organisation. The BCT Chief Executive Officer (CEO) manages strategic and operational activities, with support from the Executive Committee, including the Director, Regional Delivery; Director, Programs; and Director, Strategy and Finance. The CEO is also supported by a team of staff located in regions across NSW.



Governance

BCT Board

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

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

The BCT Board is constituted under Part 10.3 of the *Biodiversity Conservation Act 2016*, consisting of no fewer than five and no more than eleven members appointed by the Minister.

Method of appointment

Appointment to the BCT Board involves advertising the vacant position to the general public using various online platforms, involving rigorous recruitment processes in line with NSW Government board recruitment and final approval from the Minister, following consultation with the Minister for Planning and the Minister for Agriculture and Western NSW, and approval from NSW Cabinet.

The selection criteria are based on Section 8 Clause 2 of the *Biodiversity Conservation Act 2016*, stating that the members of the BCT Board must collectively possess the following skills:

- increasing public knowledge, understanding and appreciation of the importance of biodiversity by private landholders and other community members
- protection and conservation of biodiversity
- management of natural resources, including agricultural land
- agricultural land production systems
- land use planning and operation of local councils
- marketing, fundraising, communications and stakeholder engagement
- economics and financial management (including investment fund management)
- information technology
- law, governance and administration
- decision-making and leadership.

In 2021-22, one new member was appointed to the BCT Board as a result of recruitment, selection and approval processes.

BCT Board members



The Hon. Niall Blair *Board Chairperson*

Niall Blair holds a Masters of Occupational Health and Safety from the University of Newcastle and a Bachelor of Horticultural Science from the University of Western Sydney, and is a highly skilled professional with more than 20 years of experience in both the government and the private sectors, specialising in risk management, agribusiness, circular economy solutions and sustainability. Mr Blair is Chair of Elf Farm Supplies Pty Ltd and Non-Executive Director of White Prince Mushroom Pty Ltd.

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

Mr Blair is a passionate advocate for the food and fibre production sectors, with notable achievements in areas such as waste reduction, animal welfare, social license, climate change and global markets.



Ms Virginia Malley *Acting Board Chairperson and Deputy Board Chairperson*

Virginia Malley is a Fellow of the Australian Institute of Company Directors and holds a Juris Doctor from the University of Technology Sydney, a Bachelor of Arts and a Master of Applied Finance from Macquarie University, and a Graduate Diploma in Environmental Law and Master of Laws from the University of Sydney.

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

Ms Malley was appointed Deputy Chair of the BCT in 2017 and was acting chair from 16 December 2021 to 26 June 2022, and is also the Chair of the Review Panel of the Australian Carbon Industry Code of Conduct, Chair of the Future Super Risk Committee, Chair of Pinnacle Fund Services Compliance Committee and non-executive director of Perpetual Equity Investment Co Ltd. Ms Malley previously held positions as board member of the Clean Energy Regulator, Morphic Ethical Equities Fund Ltd and the Nature Conservation Trust of NSW.

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



Dr David Freudenberger *Member*

Dr David Freudenberger received a Doctor of Philosophy in Herbivore Digestive Physiology and Nutrition from the University of New England, Australia. Although semi-retired, he remains an Honorary Fellow at the Fenner School of Environment and Society at the Australian National University.

Dr Freudenberger has a distinguished ecological research and leadership record of excellence, with over 200 research publications including 80 in peer-reviewed journals and books. As a Senior Lecturer at the Australian National University, he convened courses in environmental forestry, supervising numerous research students.

Dr Freudenberger has a consistent reputation for collaboration with a broad diversity of stakeholders that achieves consensus and effective teamwork. Dr Freudenberger has ten years of experience in senior leadership roles in both environmental research (Commonwealth Scientific and Industrial Research Organisation), as well as delivery of enduring natural resource management strategies and outcomes on-ground (Greening Australia).



Mr Duncan McGregor *Member*

Duncan McGregor holds a Bachelor of Arts and a Bachelor of Laws from Macquarie University, Sydney. Mr McGregor is a Legal Consultant at the major Australian law firm, MinterEllison, where he was previously partner for 17 years.

Mr McGregor has 30 years of experience as a lawyer working, across a broad range of environmental and planning issues. This expertise includes the identification of planning and environmental approval pathways for various types of development and infrastructure, working with technical experts in assessing major development impacts, advising on environmental regulatory regimes including threatened species protection, environmental licensing, remediation and redevelopment of contaminated sites, infrastructure development and environmental incident management.

Mr McGregor was the inaugural chair of the Domestic Offsets Integrity Committee, part of the Carbon Farming Initiative, and has advised widely on a broad range of climate change and renewable energy issues.



Mr John Pierce AO *Member*

John Pierce holds a Bachelor of Commerce (Economics) with Honours from the University of NSW, Sydney and is currently Adjunct Professor of Economics at Griffith University. Mr Pierce has over 30 years of experience in economics, public policy and finance, governance and industry reform, with extensive experience as a senior advisor to governments in the areas of fiscal, energy and climate change policies.

Mr Pierce was Chair of the Australian Energy Market Commission and a former Secretary of the Federal Department of Resources, Energy and Tourism, as well as Chair of NSW Treasury Corporation and he served for more than a decade as NSW Treasury Secretary. Mr Pierce was a Visiting Scholar at Boston University, where he worked on the intergenerational fiscal and economic impacts of demographic change.



Mr Russell Taylor AM *Member*

Russell Taylor holds a Diploma of Arts with Honours from the Australian National University, Canberra. Mr Taylor is a highly respected senior Indigenous Australian with extensive experience in corporate governance and a long history of advocacy, with a particular passion for education and social welfare.

Mr Taylor is a member of several boards including Beyond Blue, The Aboriginal and Torres Strait Islander Healing Foundation, Bachelor Institute of Indigenous Tertiary Education and is Chair of The Burbangana Group, an Indigenous advisory firm. Mr Taylor has a wealth of senior executive managerial experience and is a former CEO of the Healing Foundation, the NSW Aboriginal Housing Office and the Australian Institute of Aboriginal and Torres Strait Islander Studies.

Mr Taylor served 12 years of membership on the University of Technology Sydney Council. In 2016, he was awarded the inaugural University of Technology Sydney Indigenous Australian Alumni Award for Excellence and awarded an Honorary Doctorate in 2018.

In 2015, Mr Taylor was made a member of the Order of Australia in the Queen's Birthday Honours, for significant service to the community as a cultural leader and publicly senior executive in the field of Indigenous affairs.



Ms Káren Zirkler *Member*

Káren Zirkler holds a Bachelor of Science in Australian Environmental Studies, receiving First Class Honours from Griffith University, and is Chief Executive Officer of Southern New England Landcare Ltd and Executive Director of Bimbi Pastoral Pty Ltd, a family grazing operation in the New England area, focused on implementing regenerative practices.

Ms Zirkler has 30 years of experience working in agricultural extension and landcare, through various roles with the Queensland Department of Primary Industries, Griffith University and Edith Cowan University.

Spending most of her life on the land, Ms Zirkler grew up on grain-growing farms in north west NSW, with strong lived experiences, abilities and insights into communicating with, engaging, and resourcing landholders and other stakeholders. In addition, Ms Zirkler has an expansive rural and regional network and first-hand experience of key issues currently affecting rural communities.

Frequency of meetings

The BCT Board Charter notes that the Board is expected to meet six times each year. Additional meetings may be convened as necessary and out-of-session decisions are made as agreed by the Chairperson. In 2021-22, the BCT Board met five times for scheduled meetings, four out-of-session meetings, one strategic planning workshop, and one regional visit.

Name	Position	Term of appointment	Meeting attendance
The Hon. Niall Blair	Chairperson	Current: 27 June 2022 - 6 Oct 2026 Original: 10 May - 15 Dec 2021	3 of 3 scheduled meetings 2 of 2 OOS meetings
Ms Virginia Malley	Acting Chairperson	16 Dec 2021 - 26 June 2022	5 of 5 scheduled meetings
	Deputy Chairperson	25 Aug 2017 - 24 Aug 2022	4 of 4 OOS meetings
Dr David Freudenberger	Member	11 Oct 2018 - 24 Aug 2023	5 of 5 scheduled meetings 4 of 4 OOS meetings
Mr Duncan McGregor	Member	25 Aug 2017 - 24 Aug 2022	5 of 5 scheduled meetings 3 of 4 OOs meetings (Apology 15 May 2022)
Mr John Pierce AO	Member	14 Dec 2020 - 24 Aug 2024	5 of 5 scheduled meetings 4 of 4 OOS meetings
Mr Russell Taylor AM	Member	15 Aug 2017 - 24 Aug 2022	5 of 5 scheduled meetings 4 of 4 OOS meetings (Apology 7 Oct 2021)
Ms Káren Zirkler	Member	14 Dec 2020 - 24 Aug 2023	5 of 5 scheduled meetings 3 of 4 OOS meetings (Apology 7 Oct 2021)

Senior Executive team

The BCT Chief Executive Officer is accountable to the BCT Board for operations and to the Coordinator General, Environment and Heritage within DPE for employment and administrative purposes.

BCT Executive Team 2021-22

Paul Elton *Chief Executive Officer*

Paul Elton was appointed CEO of the NSW Biodiversity Conservation Trust in August 2017.

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

In NSW, Paul has worked across numerous sectors. Throughout his career, Paul has had a significant focus on environment protection, biodiversity conservation, and climate change policy, and the intersection of environment policy with sectors such as energy, resources, forestry, water, infrastructure, land use and development.

From 2012 to 2017, Paul was Executive Director Policy with the NSW Office of Environment and Heritage. As part of this role, Paul led the biodiversity conservation reforms across government. He was instrumental in designing the NSW Biodiversity Offsets Scheme, and the NSW Biodiversity Conservation Trust and its private land conservation programs.

Paul is also a non-executive director for the Australian Land Conservation Alliance.

Carolyn Davies *Director, Programs*

Carolyn Davies was appointed Director Programs of the NSW Biodiversity Conservation Trust in September 2017. Carolyn has twenty-six years of experience in state and federal governments and tertiary institutions working in the fields of water management, water and energy savings and environmental programs.

As Director of NSW Office of Environment and Heritage's (OEH) Environmental Programs Branch from 2013 to 2016, and then Director, Private Land Conservation Branch in 2017, Carolyn's responsibilities included preparing for the establishment of the BCT. Carolyn left the BCT in April 2022.

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

Alan Goodwin *Director, Regional Delivery*

Alan Goodwin is Director, Regional Delivery with extensive executive leadership experience and interest in shaping government policy to align strategic and operational outcomes. Specialising in public land, environmental and emergency management, Mr Goodwin has over thirty years of experience, particularly in land and conservation management.

Mr Goodwin previously worked at the Victorian Department of Environment, Land, Water and Planning (DELWP), including as Regional Director and as Chief Fire Officer.

Prior to joining DELWP, Mr Goodwin worked with the Department of Natural Resources and Environment, and with Forestry Tasmania.

Emily McCosker *Director Strategy and Finance*

Emily McCosker holds a Bachelor of Arts with Honours in Government, a Master of International Development and Graduate Certificate in United States Studies. Ms McCosker is Director, Strategy and Finance, and leads the delivery of key business enabling functions including strategy, business planning, performance reporting, finance, funds and investment management, people management and governance.

Ms McCosker joined the BCT in 2018 as Manager, Strategy and Governance and began her career as a policy graduate at the Environment Protection Authority. Ms McCosker has over 20 years of experience in the NSW public sector, working in key policy and governance roles across a range of portfolios including the environment, consumer affairs, criminal justice and government procurement.

Our Staff

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

Office of the Chief Executive

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

Programs Branch

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

Regional Delivery Branch

The Regional Delivery Branch is responsible for the on-ground delivery of BCT programs, including the Conservation Management Program, Conservation Partners Program and the has a role in the management of agreements entered through the Biodiversity Offsets Program. The Regional Delivery Branch is responsible for the ongoing management and support of existing agreements administered by the BCT. This includes implementing the BCT Landholder Support Program, agreement monitoring and compliance. Regional Delivery staff also lead community and stakeholder engagement and participate in education activities across NSW.

Strategy and Finance Branch

The Strategy and Finance Branch performs business-enabling functions, including financial management, funds and investment management, strategy, business planning, reporting, governance, risk management, legislative/regulatory conformance, audit, and staff services and support. In addition, the Strategy and Finance Branch is responsible for media and communications.

Board sub-committees

Audit and Risk Committee

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

Method of appointment

Under the ARC Charter, the BCT Board appoints the Chairperson and members of the ARC, consisting of at least three members, and no more than five members. ARC Members are appointed for an initial period not exceeding three years, after which they are eligible for an extension or reappointment for a further two terms, subject to a performance review by the BCT Board (noting that a total term on the ARC will not exceed nine years).

At least one member of the ARC must have accounting or related financial management experience with an understanding of accounting and auditing standards in a public-sector environment.

In 2021-22, the ARC consisted of an independent Chairperson, two voting BCT Board Members, one non-voting BCT Board Member and an Independent Member.

David Black *Independent Chairperson*

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

In addition to his role with the BCT, Mr Black also sits on one other government sector audit committee serving as the independent member and is a non-executive director and audit committee member on an ASX-listed company.

Before retiring as a Partner from Deloitte in 2016, Mr Black spent 25 years working in the United Kingdom and Australia with clients in the government sector on complex accounting, internal and external auditing, risk management, corporate governance and due diligence engagements.

Julie Orr *Independent Member*

Julie Orr holds a Masters of Commerce with Honours in Economics and a Masters of Commerce in Finance from the University of NSW and a Bachelor of Economics from Adelaide University. Ms Orr is a Chartered Accountant, a fellow of the Governance Institute of Australia and a Graduate of Australian Institute of Company Directors.

Ms Orr is an experienced ASX listed and unlisted company director across funds management, superannuation, advice, stockbroking, and research, and is a director of Australian Ethical Investments Limited (ASX-AEF), an ESG focused investment manager, AvSuper, a public sector superannuation fund and Masters Swimming NSW. Her experience as a financial service professional spans over 30 years, with executive roles in superannuation, investments, financial advice, stockbroking, insurance, acquisitions and business integration.

Ms Orr has extensive board committee experience serving on various people, remuneration and nominations, audit, risk and compliance and investment committees. Ms Orr was previously on the board of Perennial Value Management and Ord Minnett.

Frequency of meetings

The ARC Charter notes that the ARC will meet at least four times per year, and a special meeting may be held to review the BCT annual financial statements. In 2021-22, the ARC met seven times and there were no out-of-session meetings.

Name	Position	Term of appointment	Meeting attendance
Mr David Black	Independent Chairperson	4 Mar 2021 - 24 Aug 2023	7 of 7 scheduled meetings
Ms Julie Orr	Independent Member	2 Aug 2021 - 24 Aug 2024	6 of 6 scheduled meetings
Ms Virginia Malley	Member (BCT Board Member)	25 Aug 2017 - 1 Aug 2021	1 of 1 scheduled meetings
Mr Duncan McGregor	Member (BCT Board Member)	25 Aug 2017 - 24 Aug 2022	7 of 7 scheduled meetings
Mr John Pierce	Non-voting Member (BCT Board Member)	14 Dec 2020 - 24 Aug 2024	6 of 7 scheduled meetings (Apology on 23 May 2022)

Programs and Delivery Committee

The Programs and Delivery Committee (PDC) provides advice to the Board by considering BCT management recommendations on program design and planning, program delivery and BCT performance. The PDC is responsible for ensuring that certain Board delegated administrative powers and functions are reviewed and endorsed for Board approval prior to the BCT staff exercising these or incurring related financial expenditure.

Method of appointment

The BCT Board established the PDC as a sub-committee pursuant to clause 29 of the BCT Board Charter. Under the PDC Charter, the PDC must consist of at least three members and no more than five members. In 2021-22, the PDC consisted of five members of the BCT Board.

Frequency of meetings

The PDC Charter notes that the committee will meet at least four times each year, preceding each of the major quarterly BCT Board meetings and may consider matters out-of-session. In 2021-22, the PDC met four times with one out-of-session meeting.

Name	Position	Term of appointment	Meeting attendance
Dr David Freudenberger	Chairperson	3 Mar 2022 - 24 Aug 2023	3 of 4 scheduled meetings (Apology on 25 Nov 2021)
	Member	11 Oct 2018 - 2 March 2022	
Ms Virginia Malley	Chairperson	5 Feb 2018 - 2 Mar 2022	4 of 4 scheduled meetings
	Member	3 Mar 2022 - 24 Aug 2022	
The Hon Niall Blair	Member (BCT Board Member)	4 Dec 2020 - 15 Dec 2021	2 of 2 scheduled meetings
Mr Russell Taylor AM	Member (BCT Board Member)	5 Feb 2018 - 24 Aug 2022	4 of 4 scheduled meetings
Ms Karen Zirkler	Non-voting Member (BCT Board Member)	14 Dec 2020 - 24 Aug 2023	4 of 4 scheduled meetings

Public Fund Management Committee

The Public Fund Management Committee (PFMC) is responsible for managing the BCT Public Fund, which involves compliance with requirements of the *Biodiversity Conservation Act 2016*, including: maintaining a not-for-profit status; ensuring specified money and property is held in the public fund; and money and property held in the public fund is used by the BCT only for its principal purpose.

Method of appointment

Under the Terms of Reference, the BCT Board appoints the Chairperson and three to four PFMC members. The PFMC identify appropriate private land conservation projects to further support work to enhance and conserve biodiversity in NSW.

In 2021-22, the members of the BCT ARC acted as the PFMC when required. In March 2022, Board Member John Pierce was appointed Chair of the PFMC, with the other ARC members temporarily appointed to the PFMC. In June 2022, two new external members were appointed to the PFMC together with Board member Duncan McGregor.

Lizzie Borwick *Independent Member*

Lizzie Borwick is a senior not-for-profit executive with over 19 years of international fundraising, marketing and communications experience, and is currently the Director for Fundraising and Philanthropy at Amnesty International Australia.

Ms Borwick has worked in fundraising across health, international development, conservation and human rights sectors for over 19 years with local, national and international not-for-profits. Nearly two decades of strategic fundraising experience have helped organisations raise over \$400 million in community and corporate support.

Ms Borwick also serves as Director on the Love Mercy Foundation Board and was previously a Director on the Fundraising Institute of Australia Board.

Roewen Wishart *Independent Member*

Roewen Wishart is the High Value and Strategy Director of Xponential Group, advising not-for-profit organisations on big gift campaigns and philanthropic fundraising strategy, and has over 27 years of experience in executive fundraising management roles in conservation, medical research, and overseas development.

Mr Wishart's voluntary work includes board roles with Conservation International Australia, Diplomacy Training Program UNSW (international human rights), and Fundraising Institute of Australia. Also previously serving on the FIA Code Authority (the fundraising industry ethics self-regulation body), and the FIA Include a Charity Advisory Committee (an Australian gifts in wills promotion and best practice campaign).

Mr Wishart has a life-long interest in conservation and served as the fundraising director for Bush Heritage Australia.

Frequency of meetings

The PFMC will meet at least twice each year and additionally if required as outlined in the Terms of Reference. The committee is currently in the start-up phase and is anticipated to meet more frequently. The PFMC met two times in 2021-22.

Name	Position	Term of appointment	Meeting attendance
Mr David Black	Chairperson Member	4 Mar 2021 - 1 Mar 2022 2 Mar 2022 - 5 June 2022	2 of 2 scheduled meetings
Ms Julie Orr	Member	2 Aug 2021 - 5 June 2022	2 of 2 scheduled meetings
Mr Duncan McGregor	Member	29 May 2018 - 24 Aug 2022	2 of 2 scheduled meetings
Mr John Pierce AO	Chairperson Member	14 Dec 2020 - 1 Mar 2022 2 Mar 2022 - 24 Aug 2024	2 of 2 scheduled meetings
Ms Lizzie Borwick	External Member	6 June 2022 - 31 May 2025	No meetings held since appointment
Mr Roewen Wishart	External Member	6 June 2022 - 31 May 2025	No meetings held since appointment.

Board sub-committees

BCT Executive Committee

The BCT Executive Committee is a key leadership forum for collective dialogue, debate and discussion to inform decision-making by the BCT leadership team. Under delegation from the BCT Board, the Executive Committee has limited formal decision-making powers for program delivery approvals for fixed price offers, revolving fund and biodiversity credit acquisitions, up to the limit of the BCT CEO's financial delegations, and up to \$1 million per credit purchase for strategic credit purchases. Any approvals made under this delegation are reported to the BCT Board at the subsequent quarterly meeting. The BCT Executive Committee work as a group to inform and support all members in the exercise of each member's own authority and responsibilities. Resolutions of the BCT Executive Committee are consistent with formal delegations for decision-making.

Method of appointment

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

Frequency of meetings

As per the Terms of Reference, the BCT Executive Committee meet every month, except on the months BCT Board meetings are held. In 2021-22, the BCT Executive Committee met six times.

Name	Position	Term of appointment	Meeting attendance
Mr Paul Elton	Chairperson	25 Aug 2017 - 9 Aug 2022	6 of 6 scheduled meetings
Ms Carolyn Davies	Member	25 Aug 2017 - 29 April 2022	5 of 6 scheduled meetings
Mr Alan Goodwin	Member	1 Nov 2017 - ongoing	5 of 6 scheduled meetings
Ms Emily McCosker	Member	12 Oct 2020 - ongoing	6 of 6 scheduled meetings

Work Health and Safety Committee

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

Method of appointment

The WHS Committee members are appointed through internal expressions of interest and selected to represent all BCT regions and branches. In 2021-22, nine new committee members were appointed to the WHS Committee, a total of 14 members with the first meeting held 27 August 2021.

Frequency of meetings

In 2020-21, the WHS Committee met five times.

Name	Position	Term of appointment	Meeting attendance
Mr Alan Goodwin	Chair	31 Oct 2018 - 30 Oct 2024	4 of 5 scheduled meetings
Mr Matt Carr	Member / Chair	27 Aug 2021 - 30 Oct 2024	5 of 5 scheduled meetings
Ms Cassie Douglas	Member	31 Oct 2018 - 30 Oct 2024	3 of 5 scheduled meetings
Ms Angie Goodfellow	Member	31 Oct 2018 - 30 Oct 2024	4 of 5 scheduled meetings
Ms Kathryn Collins	Member	31 Oct 2018 - 30 Oct 2024	3 of 5 scheduled meetings
Mr Peter Ewin	Member	27 Aug 2021 - 30 Oct 2024	5 of 5 scheduled meetings
Ms Mel Huntsman	Member	27 Aug 2021 - 30 Oct 2024	4 of 5 scheduled meetings
Ms Nikki Volonte	Member	27 Aug 2021 - 30 Oct 2024	4 of 5 scheduled meetings
Ms Julie Chang	Member	27 Aug 2021 - 31 July 2022	2 of 5 scheduled meetings
Mr Jose Nielo	Member	27 Aug 2021 - 30 Oct 2024	3 of 5 scheduled meetings
Ms Robyn Provost	Member	27 Aug 2021 - 15 Nov 2021	1 of 5 scheduled meetings
Ms Sharon Cunial	Member	27 Aug 2021 - 30 Oct 2024	2 of 5 scheduled meetings
Mr Stuart Young	Proxy for C Douglas	27 Aug 2021 - 30 Oct 2024	1 of 5 scheduled meetings
Ms Tania Rose	Proxy for N Volonte	31 Oct 2018 - 31 July 2022	1 of 5 scheduled meetings

WHS at the BCT

COVID-19 continued to affect BCT office and field operations due to the NSW Health Orders. All BCT staff were required to be vaccinated as a condition of employment and continued to follow a rigorous WHS protocol whilst at work, improving safety standards where possible.

In 2021-22, the BCT trialled two-way satellite communication devices for fieldwork, an improvement from the one-way devices previously used. The devices allowed the BCT to track staff locations to ensure safety and provided access to communication in remote areas. The Paroo Warrego tender fieldwork period provided a suitable testing opportunity, which was successful, resulting in a dissemination of the devices for use across the BCT.

Legislation and legal changes

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

In 2021-22, there were no amendments to the *Biodiversity Conservation Act 2016*. There were no legislative or judicial decisions affecting the BCT or our landholders.

The regulations relevant to the BCT include:

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

Public interest disclosures

Under the *Public Interest Disclosures Act 1994*, each public authority is required to prepare an annual report on their obligations. All Public Interest Disclosures are managed centrally and BCT information is captured in the Department of Planning and Environment Annual Report.

Privacy management

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

Public access

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

External complaints

The DPE Complaint Management Policy and the DPE Unreasonable Complainant Conduct Policy provide guidance for staff. The BCT has established processes to handle public feedback and complaints with efficiency and courtesy. In 2021-22, the BCT received 12 complaints that were recorded in our Customer Relationship Management (CRM) system. It should be noted that positive feedback is likely to be provided informally directly to staff members and would therefore not be captured in the CRM. The BCT ensures that all complaints are assessed and resolved in a responsive manner and has implemented a Customer Service Charter and Guarantee of Service. More information is available on the BCT website. Any complaints about the BCT received through the DPE Feedback Assist platform are managed under the DPE complaints handling process and are included in the DPE statistical information.

BCT staff overseas travel

There was no overseas travel by BCT staff in 2021-22.

Human Resources

Number of officers and employees by category with previous years' comparison.

Employment type	2019 - 20	2020 - 21	2021 - 22
Ongoing	86	96	104
Temporary	6	8	16
Executive	3	4	4
Total	95	108	124

BCT Senior Executive

	2020-21			2021-22		
	Male	Female	Total	Male	Female	Total
Band 4 Secretary	-	-	-	-	-	-
Band 3 Deputy Secretary	-	-	-	-	-	-
Band 2 Executive Director	1	-	1	1	-	1
Band 1 Director	1	2	3	1	2	3
Total	2	2	4	2	2	4

BCT average remuneration of Senior Executives

Band	Range 2020-21 (\$)	Average remuneration 2020-21 (\$)	Range 2021-22 (\$)	Average remuneration 2021-22 (\$)
Band 4 Secretary	N/A	-	N/A	-
Band 3 Deputy Secretary	N/A	-	N/A	-
Band 2 Executive Director	\$310,969 - \$345,549	\$345,528	\$354,200 - \$281,551	\$360,320
Band 1 Director	\$213,702 - \$274,686	\$243,302	\$281,550 - \$197,400	\$229,953

Staff profile by employment basis

BCT staff comply with DPE personnel policies and practices. The following table provides a comparison of three years and does not include BCT Senior Executives. The BCT recognises staff who identify as non-binary and has captured this information in the third column.

Employment type	2018-19		2020 - 21			2021 - 22		
	Male	Female	Male	Female	Non-binary	Male	Female	Non-binary
Permanent full time	24	31	36	38	-	36	51	-
Permanent part time	1	8	1	12	-	4	13	-
Temporary full time	3	4	3	3	1	7	5	-
Temporary part time	-	1	1	1	-	1	3	-
Contract - Senior Executive Service (SES)	-	-	2	1	-	-	-	-
Contract - non-SES	-	-	-	-	-	-	-	-
Training positions	-	-	-	-	-	-	-	-
Retained staff	-	-	-	-	-	-	-	-
Casual	-	-	-	-	-	-	-	-
Board Member	6	2	6	2	-	7	4	-
Total	34	46	49	57	1	55	76	0

Exceptional movements in remuneration

A salary increase of 0.3 per cent effective in the first full pay period of July 2021 was paid to clerical officers in accordance with the Crown Employees (Public Sector - Salaries 2017) Award.

Workforce diversity

Overall diversity

Respect is one of the core values of the BCT Culture Vision and NSW Public Sector Values - we aim to promote and maintain an environment where staff, landholders and stakeholders are valued and safe.

The BCT is guided by the DPE Diversity and Inclusion Workforce Strategy, helping the BCT: embed diversity and inclusion in all work programs, practises and communications; and meet the Premier's Priorities aimed at creating a world-class public service by 2025.

The BCT promotes a culture of inclusion where diversity is valued and is reflected through targeted recruitment processes. The BCT participates in commemorating national and international diversity days celebrated throughout the year, diversity education programs, and is involved with diversity networks including the DPE Aboriginal Network; Cluster Rainbow Connection (LGBTIQ+ community); Cluster Disability Employee Network; Spokeswomen Program (gender equity); and the Young Professionals Network.

All workforce diversity strategies and achievements for the BCT fall under DPE and will be reported in the DPE Annual Report 2021-22.

Multicultural engagement

All multicultural plan initiatives for the BCT fall under DPE and will be reported in the DPE Annual Report 2021-22.

Disability inclusion action plan

All disability inclusion action plan initiatives for the BCT fall under DPE and will be reported in the DPE Annual Report 2021-22.

Aboriginal and Torres Strait Islander employment

In 2021-22, 2.4 per cent of BCT staff identified as Aboriginal and/or Torres Strait Islander people. The BCT invested in training for staff to build a foundational understanding of Aboriginal communities and culture via the Cultural Appreciation Training program facilitated by NITES, an Aboriginal owned and operated training organisation. Online Aboriginal and Torres Strait Islander Cultural Awareness training is available for all staff. The BCT also participated in a range of diversity events during the year such as National Sorry Day, National Reconciliation Week and NAIDOC week.

The BCT Employee Assistance Provider assists Aboriginal and Torres Strait Islander staff in a culturally safe way should they contact them seeking support.

Gender equity

In 2021-22, 58 per cent of BCT staff identified as female with 50 per cent of women in senior leadership roles.

The BCT is a proud supporter of driving gender diversity in the workplace and is involved in various initiatives, programs and networks. The BCT continues to support and participate in the Women in Senior Leadership Mentoring Program, with two staff members involved.

The BCT also participated in the Spokeswomen Program, an employee-led network that provides training, support, networking opportunities and advocates for women's issues in the workplace. As part of the National and International Diversity Calendar, the BCT celebrated National and International Women's Day to celebrate strengths of gender diversity, recognising inequities faced by many women across the world, at home and in the workplace.

Participation demonstrates our commitment to achieving gender diversity, in line with the NSW Premier's Diversity Strategy and the DPE Diversity and Inclusion Workforce Strategy 2021-25.

Managing misconduct and employment tribunal matters

The BCT adheres to the DPE Code of Ethics and Conduct 2020, and the DPE Managing Misconduct and Serious Misconduct Policy 2015. Additionally, all BCT staff are required to complete the mandatory DPE Code of Ethics and Conduct training course within a period of ninety days from assignment. This sets out standards of behaviour expected of all employees across the cluster. Staff must also complete a declaration to advise they have read and understand their obligations outlined in the policy on an annual basis.

The BCT had no Industrial Relations Commission, NSW Civil and Administrative Tribunal matters or misconduct matters raised in 2021-22.

The BCT has the option to raise industrial relations matters to DPE through the Environment and Heritage Group Joint Consultative Committee and the overarching DPE Joint Consultation Committee.

Workplace grievances

The BCT adheres to the DPE Respectful Workplace Policy as the primary process for resolving workplace grievances. There were no workplace grievance matters raised in 2021-22.

Audit and risk management

The BCT complied with the Internal Audit and Risk Management Policy for the NSW Public Sector TPP15-03. The Audit and Risk Committee (ARC) provides independent assistance to the BCT Board by monitoring, reviewing and providing advice about the BCT governance processes, risk management and control frameworks, and external accountability obligations.

Internal audit

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

The Chief Audit Executive (CAE) oversees the internal audit function, with the role accountable to the Chief Executive Officer and the Chair of the ARC. Deloitte is the internal audit service provider engaged from the NSW Government pre-qualified scheme. Internal audit reports are submitted through the CAE to the ARC.

The 2021-22 Annual Internal Audit Plan was endorsed by the ARC and approved by the BCT Board. The strategy and supporting annual internal audit plans are comprehensively reviewed each year to cater for changes in the operating environment and identify appropriate audits.

In 2021-22, the BCT completed internal audits on the Probity and Conflicts of Interest and the Conservation Management Program. Internal audit reports are submitted through the Chief Audit Executive to the ARC. All audit recommendations are recorded in an audit recommendations tracker which is reported quarterly to the ARC.

Risk

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

Risk attestation

Internal Audit and Risk Management Attestation for the 2021-22 Financial Year for the Biodiversity Conservation Trust of NSW

I, the Hon. Niall Blair, Chairperson of the Board of the Biodiversity Conservation Trust of NSW, am of the opinion that the Biodiversity Conservation Trust of NSW has internal audit and risk management processes in operation that are compliant with the seven (7) core requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

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

Membership

The chair and members of the Audit and Risk Committee during the 2021-22 financial year were:

- Independent Chair, Mr David Black, appointed Chair from March 2021 to 24 August 2023
- Independent Member, Ms Julie Orr, appointed 21 August 2021 to 24 August 2024
- Member, Mr Duncan McGregor, appointed 25 August 2017 to 20 December 2022
- Member, Ms Virginia Malley, appointed 25 August 2017 to 1 August 2021
- In addition, BCT Board Member, Mr John Pierce AO, attended meetings as an observer during the 2021-22 financial year.

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



The Hon. Niall Blair

Chairperson of the Board of the Biodiversity Conservation Trust of NSW

Date: 30 August 2022

Agency Contact Officer

Daniel Brake, Chief Audit Executive
0432 950 410

Cyber security attestation

Cyber Security Annual Attestation Statement for the 2021-2022 Financial Year for the Department of Planning and Environment

I, Michael Cassel, am committed to ensuring that the cyber security defences of the Department of Planning and Environment will continue to be strengthened.

During the 2021-2022 financial year, the Department of Planning and Environment has completed independent audits of its Cyber Security Uplift Program, cyber security controls, and the department's maturity against the NSW Cyber Security Policy. These audits identified both positive progress and opportunities for improvement, consistent with the evolving cyber security threat landscape.

The Department of Planning and Environment has a Cyber Security Strategy in place to ensure continuous improvement and management of cyber security governance, risk, and resilience. Risks to the information and systems of DPE are continually assessed and managed through ongoing cyber security projects and business-as-usual initiatives.

The Department of Planning and Environment has a cyber security response plan that has been exercised during the 2021-2022 financial year. The plan will continue to be reviewed and tested to maintain its currency and effectiveness.

The Department of Planning and Environment's Digital Information Office has maintained compliance with the international security standard, *ISO 27001 Information Technology - Security techniques - Information security management systems*, as certified by an Accredited Third Party (BSI) during the 2021/2022 financial year (Certificate Number: IS 645082).

The Department will continue to harden its technology environments and increase awareness of cyber security and privacy risks for all staff.

This attestation covers the following departments and agencies:

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

Michael Cassel

Secretary

NSW Department of Planning and Environment

Date:

5 October 2022

Consultancies

There were no consultancies of up to \$50,000 or more in 2021-22.

Insurance

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

Major capital works

Land disposal

There was no land disposal of value greater than \$5,000,000 that would have required disposal by way of public auction or tender in 2021-22.

Payment of accounts

Quarterly aged analysis – account values

Quarter	Current (i.e. within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 61 and 90 days overdue	More than 90 days overdue
All suppliers					
September	\$332	0	0	0	0
December	\$1,245	0	0	0	0
March	\$811	0	0	0	0
June	\$1,315	\$102	0	0	0
Small business suppliers					
September	0	0	0	0	0
December	0	0	0	0	0
March	0	0	0	0	0
June	0	0	0	0	0

Accounts due or paid within each quarter

Measure	Sep 2021	Dec 2021	Mar 2022	Jun 2022
All suppliers				
Number of accounts due for payment	3	4	4	10
Number of accounts paid on time	3	4	4	9
Actual percentage of accounts paid on time (based on number of accounts)	100%	100%	100%	90%
Dollar amount of accounts due for payment	\$332	\$1,245	\$811	\$1,417
Dollar amount of accounts paid on time	\$332	\$1,245	\$811	\$1,315
Actual percentage of accounts paid on time (based on \$)	100%	100%	100%	92.8%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0

Accounts due or paid within each quarter: small business suppliers

Measure	Sep 2021	Dec 2021	Mar 2022	Jun 2022
Small business suppliers				
Number of accounts due for payment to small businesses	0	0	0	0
Number of accounts due to small businesses paid on time	0	0	0	0
Actual percentage of small business accounts paid on time (based on number of accounts)	-	-	-	-
Dollar amount of accounts due for payment to small businesses	0	0	0	0
Dollar amount of accounts due to small businesses paid on time	0	0	0	0
Actual percentage of small business accounts paid on time (based on \$)	-	-	-	-
Number of payments to small business for interest on overdue accounts	0	0	0	0
Interest paid to small businesses on overdue accounts	0	0	0	0

Grants

In 2021-22, the BCT provided \$279,800 in grant funding to the Community Environment Network (CEN) to support Land for Wildlife programs, including CEN providing grants to their members.

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