

Annual Report 2009

Together We're Making a Difference

Lachlan CMA highlights, January 2008 to June 2009

Riparian protection and rehabilitation works along 736 ha of creeks and rivers

Native vegetation protection and restoration implemented on 1,938 ha

29,101 ha under improved grazing systems

220,000 ha under cropping systems

9,271 ha of drought recovery activities

Implemented water-use efficiency activities over 4,704 ha



Together We're Making a Difference
LACHLAN CATCHMENT
MANAGEMENT AUTHORITY

Lachlan CMA Offices

Central Office
2 Sheriff Street
(PO Box 726)
FORBES NSW 2871

4-6 Market St
BOOROWA 2586
Phone: 02 6385 1018
Fax: 02 6385 1061

7 Hay Street
CONDOBOLIN 2877
Phone: 02 6895 2033
Fax: 02 6895 3406

30 Lynch Street
COWRA 2794
Phone: 02 6341 1600
Fax: 02 6342 2565

20 Warraberry Street
GRENFELL 2810
Phone: 02 6349 1200
Fax: 02 6343 2366

Shop 1, 169-173 High Street
HILLSTON 2675
Phone: 02 6967 2897
Fax: 02 6967 2998

Cnr Court & Currajong Street
PARKES 2870
Phone: 6816 3200
Fax: 6862 5254

280 Hoskins Street
TEMORA 2666
Phone: 02 6977 4790
Fax: 02 6977 4791

31-33 Main Street
WEST WYALONG
Phone: 02 6972 2831
Fax: 02 6972 3356

Cnr Lynch & Lovell Street
YOUNG
Phone: 02 6382 5833
Fax: 02 6382 2134





The Honourable John Cameron ROBERTSON, MLC
Minister Climate Change and Environment
Level 35
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Dear Minister

We have great pleasure in presenting the Annual Report for the Lachlan Catchment Management Authority (CMA). This report covers the period of the financial year 1 July 2008 – 30 June 2009.

This report has been prepared in accordance with section 17 of the *Catchment Management Authorities Act 2003*, the *Annual Reports (Statutory Bodies) Act 1984* and *Annual Reports (Statutory Bodies) Regulation 2000*, for submission to Parliament.

The report details the activities, achievements and relevant statutory and financial information for the Lachlan CMA.

Yours sincerely

A handwritten signature in black ink that reads "Robert D Gledhill".

Robert Gledhill
Chairperson, Lachlan CMA

A handwritten signature in black ink that reads "Mary Ewing".

Mary Ewing
Member, Lachlan CMA.



Acronyms

CAP	Catchment Action Plan
CMA	Catchment Management Authority
DECCW	Department of Environment, Climate Change & Water
EEO	Equal Employment Opportunity
LET	Local Establishment Team
NAP	National Action Plan for Salinity and Water Quality
NHT	Natural Heritage Trust
NLP	National Landcare Program
NRM	Natural Resource Management
NSW	New South Wales
OH&S	Occupational Health and Safety
PVP	Property Vegetation Plans
TMF	Treasury Managed Funds

About this document

In accordance with section 17(2) of the *Catchment Management Authorities Act 2003*, this is the Annual Report of the Lachlan CMA and is also available at www.lachlan.cma.nsw.gov.au.

This document should be read in conjunction with the *Lachlan CMA Achievements In Natural Resource Management* booklet

110 copies printed at a production cost of \$5,019.30.

Photo Acknowledgements

All images in this report have been provided by the Lachlan CMA.



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Chairman's Report

The past twelve months has seen the continued success of the Lachlan CMA in engaging local communities to improve the management of the natural resources within the catchment, this has been in spite of a continually variable climate and severe economic downturn. We have finalised investment projects funded through the NAP / NHT funding programs and have positioned ourselves strategically for future investment under the NSW Catchment Action and Caring for our Country programs.

This Annual Report highlights significant achievements in natural resource management and community engagement at both the local and catchment level. I believe the key to this success lies in the decentralised network of district offices we have which puts our services on the doorsteps of our clients. The Lachlan CMA has continued to nurture existing partnerships whilst at the same time, actively seeking new ones. District Engagement Plans developed by staff have been used to engage key local stakeholders in natural resource management, as well as to assist us with improving our service delivery.

The Lachlan CMA once again successfully met its net cost of service with the NSW Treasury and has a strong financial position for the next 12 months with net equity in excess of 3.4 million dollars.

In December I welcomed Libby Skipworth & Phyllis Miller to the Lachlan CMA Board and I would like to thank them both for nominating to bring their wealth of experience to the Lachlan CMA. I believe a strong, active Board flows through the entire organisation. Once again I must congratulate my other Board members Ms Mary Ewing, Mr David Marsh, Ms Mary Goodacre and Mr Dennis Moxey for their strong leadership and Governance over the last year.

To my team, the management and staff of the Lachlan CMA, I thank you for your excellent work, support and initiative over the last twelve months. The on-going success of the Lachlan CMA is a direct result of the loyalty and work ethic of the staff who work at the Lachlan CMA.

Sincere thanks to all members of the Lachlan community. The Lachlan CMA could not succeed without your enthusiasm and contribution to improving the health of the catchment. I look forward to the next twelve months and working with you all to overcome the challenges we continually face in achieving the balance between sustainable natural resources and economically viable rural communities.

Remember together we are making a difference.



Robert Gledhill
Chair, Lachlan CMA



General Manager's Report

The last twelve months have seen the Lachlan CMA rise to the forefront of natural resource management as it continues to build on previous investment & achievements. This success has been made possible by a combination of professional, dedicated staff and resilient community partnerships based on trust and integrity.

Strategic goals set for 2008/09 were met strongly in key performance areas such as fiscal management and corporate governance. A dedicated team of professionals enables the Lachlan CMA to maintain a high community profile and offer unparalleled service delivery across the vast catchment area.

Strong partnerships are the cornerstone to our success in natural resource management. Work continues on significant large-scale asset investment projects such as the Lake Brewster Water Quality Improvement Project with our partners Lachlan Valley Water Users, State Water, and the Australian & NSW Governments. Effective regional alliances with organisations such as Conservation & No Till Farming Association & Central West Farming Systems provide us with the opportunity to be the conduit between research and investment. Open interaction with natural resource management groups and individuals helps us to ensure targeted investment against localised issues as well as the equitable distribution of incentives.

During the last twelve months the Lachlan CMA has re-defined its areas of activity into 5 key services which are Advice, Information & Technical Support, Knowledge Development, Professional Development, Planning & Resource Access and the Management of Investment for Landscape Change. I believe that this is a tactical move which will ensure long term resilience for the Lachlan CMA by enabling us to match the needs of the communities with the preferences of investors.

Over the next twelve months the Lachlan CMA will continue to engage our communities and offer the same high level of prompt, efficient service. We will strive to build on existing partnerships and investment with our operational investment from the NSW Catchment Action & Caring for our Country programs. We will continue to develop large-scale natural resource management projects which meet investor needs.

To the Board of the Lachlan CMA, my sincere thanks for their leadership and support over the past year. They have maintained an excellent level of corporate governance, reporting and communication which ensures that the organisation remains focussed on the strategic issues affecting the catchment.

To the staff, I am indebted for their outstanding enthusiasm, commitment, technical competence and productivity throughout the year. We have a number of challenges facing the organisation however the quality of staff on hand and the support of our stakeholders will ensure that we are well placed to exceed our goals in the year ahead.



Chris Glennon
General Manager, Lachlan CMA



The Lachlan CMA Board

The Lachlan CMA is governed by a Board comprising of a Chairperson and six Board members. The Board was appointed by, and communicates natural resource management issues directly to the Minister for Climate Change and the Environment. The Chairman and Board Members were appointed for a term of up to three years. 10 Board meetings were held in the period July 2008 – June 2009.

Board Member Profiles

Robert Gledhill

CMA Chairperson
(11/02/2004 to present)

Robert has been a landholder in the Boorowa area since 1971 and more recently a landholder in the Barmedman area. He has been a member of local government for 22 years and was Mayor of Boorowa for 12 years.



Robert's been awarded the Century Medal for Services to the Community and the Apex Citizen of the Year in 1996. He was a member of the Lachlan Catchment Management Board (CMB) since its inauguration in 2000 and Chairman of that Board from November 2002 till December 2003 when it was dissolved to make way for the commencement of the CMA. Robert was appointed Local Establishment Team (LET) Coordinator until the announcement of the Lachlan CMA.

Attended (10/10) Board meetings

Mary Ewing

CMA member
(17/09/2004 to present)

Mary resides in Forbes and has extensive experience with natural resource management issues, financial management, rural counselling and representative committees. Mary was formerly a member of the Lachlan CMB and Lachlan River Management Committee. Mary is currently the Executive Officer for Lachlan Valley Water in Forbes.



Attended (10/10) Board meetings

Mary Goodacre

CMA Member
(05/05/2004 to present)

Mary is a grazier in the Canowindra - Eugowra area of the Lachlan Catchment. Mary has a degree in Agricultural Science from the University of Sydney. She has worked in agriculture and natural resource management for the public service in New South Wales and the Northern Territory and currently undertakes work for Australian Wool Innovations and Land and Water Australia.



Attended (8/10) Board meetings



David Marsh

CMA Member
(05/05/2004 to present)

David is a holistic grazier in the Boorowa area. David has been closely involved in Landcare since 1989. He was a member of the Native Vegetation Advisory Council for five years to 2003. David graduated with a Master of Sustainable Agriculture from the University of Sydney in 2001.

Attended (9/10) Board meetings



Phyllis Miller

CMA Member
(01/11/2008 to present)

Phyllis has a strong background in natural resource management with a particular focus on the Lachlan Catchment. Phyllis had previously been a member of the Lachlan Catchment Management Board during the development phase for the Lachlan Catchment Blueprint from 2000-2003.

Phyllis brings some great connections to the Board with links to the Murray Darling Basin Community Advisory Committee and her role as Convener of Natural Resources Advisory Council (NRAC).

Attended (6/10) Board meetings



Dennis Moxey

CMA member
(05/05/2004 to present)

Dennis has an irrigation property in the Jemalong Irrigation District on the Lachlan River at Gooloogong. Dennis has been a landholder in the Lachlan Catchment since 1980. Dennis is currently a Director of Jemalong Irrigation Ltd and has been for a period of 12 years. He has been Chairman of Lachlan Valley Water for seven years, and Chair of the Lachlan Customer Service Committee advising State Water for six years.

Attended (7/10) Board meetings



Libby Skipworth
(01/11/2008 to present)

Libby joins the Board with a long time rural background in the Lachlan Catchment, growing up on a farm in the tablelands area and now a resident of Lake Cargelligo. Libby has completed studies in sociology, business and accountancy with a focus on the agricultural sector.



Libby Skipworth continued

Libby has worked as a Rural Financial Counsellor and Chartered Accountant and has an understanding of the wide ranging uses land is put to in the Lachlan and the many issues faced by land managers.

Libby was excited to have been successful with her nomination and looking forward to getting more involved in the policy and planning for natural resource management in the Catchment.

Attended (6/10) Board meetings

Peter Laird

CMA Member
(05/05/2004 to 31/10/08)

Peter is a grazier and irrigator in the Hillston area. Peter is a third generation landholder on the Willandra Creek and has a keen interest in sustainable water management for the Lachlan Valley. Peter is currently the Mayor of the Carrathool Shire. Peter was previously a member of the Lachlan Groundwater Management Committee and the Lachlan LET. Peter was reappointed to the Board for an 18 month term until 31 October 2008.

Note: Peter did not seek re-election to the Lachlan CMA Board in October 2008.

Attended (3/10) Board meetings



John Sutherland

CMA member
(05/05/2004 to 31/10/08)

John has been operating a property adjoining the Lachlan River and the Wallamundry Creek system since 1986.

John has formal tertiary qualifications in civil engineering from the University of Sydney. John was previously a member of the Lachlan River Management Committee.

Note: John did not seek re-election to the Lachlan CMA Board in October 2008.

Attended (2/10) Board meetings



Executive Management Structure



The Lachlan Catchment

The Lachlan Catchment is located in central west NSW and covers an area of approximately 84,700 square km. Over 106,000 people live in the catchment and the area produces 14% of New South Wales (NSW) agricultural production. The Catchment encompasses 24 local government areas.

The Lachlan River rises near Lake George in the far east of the catchment and terminates in a series of wetlands and diverging creeks 1,450 km to the west where the gradient is as low as 1 in 20,000. This terminal system is unique in the Murray Darling Basin and features wetlands of national significance including Lake Cowal, the Booligal Wetlands and the Great Cumbung Swamp. Major tributaries of the Lachlan include the Abercrombie, Boorowa, Belubula and Crookwell Rivers.

The Lachlan Catchment is home to eight different traditional Aboriginal nations and falls predominantly within the Wiradjuri Aboriginal nation. To traditional owners, the rivers were very important routes providing not only food, water and shelter, but also a route for trade and communication. In the region, 85% of culturally significant sites are located within 150 metres of a river course. Aboriginal people make up nearly three per cent of the catchment population and are represented by 13 Local Aboriginal Land Council Groups.

The main dam regulating flows in the Lachlan River is Wyangala Dam, which has a capacity of 1,220,000 megalitres and is located at the junction of the Lachlan and Abercrombie Rivers. The Belubula River is regulated by Carcoar Dam, has a capacity of 36,000 megalitres and is located about 10 kilometres downstream of Blayney.

There are numerous weirs along the length of the Lachlan River including, Nanami, Cottons, Jemalong, Booberoi, Lake Cargelligo, Lake Brewster, Willandra, Gonowlia, Hillston, Whealbah, Torriganny and Booligal.

The Lachlan landscape varies markedly from east to west and forms three general divisions: tablelands; slopes and plains. The tablelands are characterised by fast to moderately flowing streams with sandy and pebbly beds; steep densely vegetated ranges to extensively cleared grazing lands. The slopes typically support undulating to hilly cleared lands graduating to flatter areas with some pockets of native vegetation. The plains are typified by intact native vegetation, flat topography and the occasional rocky range outcrop. As the land flattens to the west, wetlands and rich alluvial river flats are common.

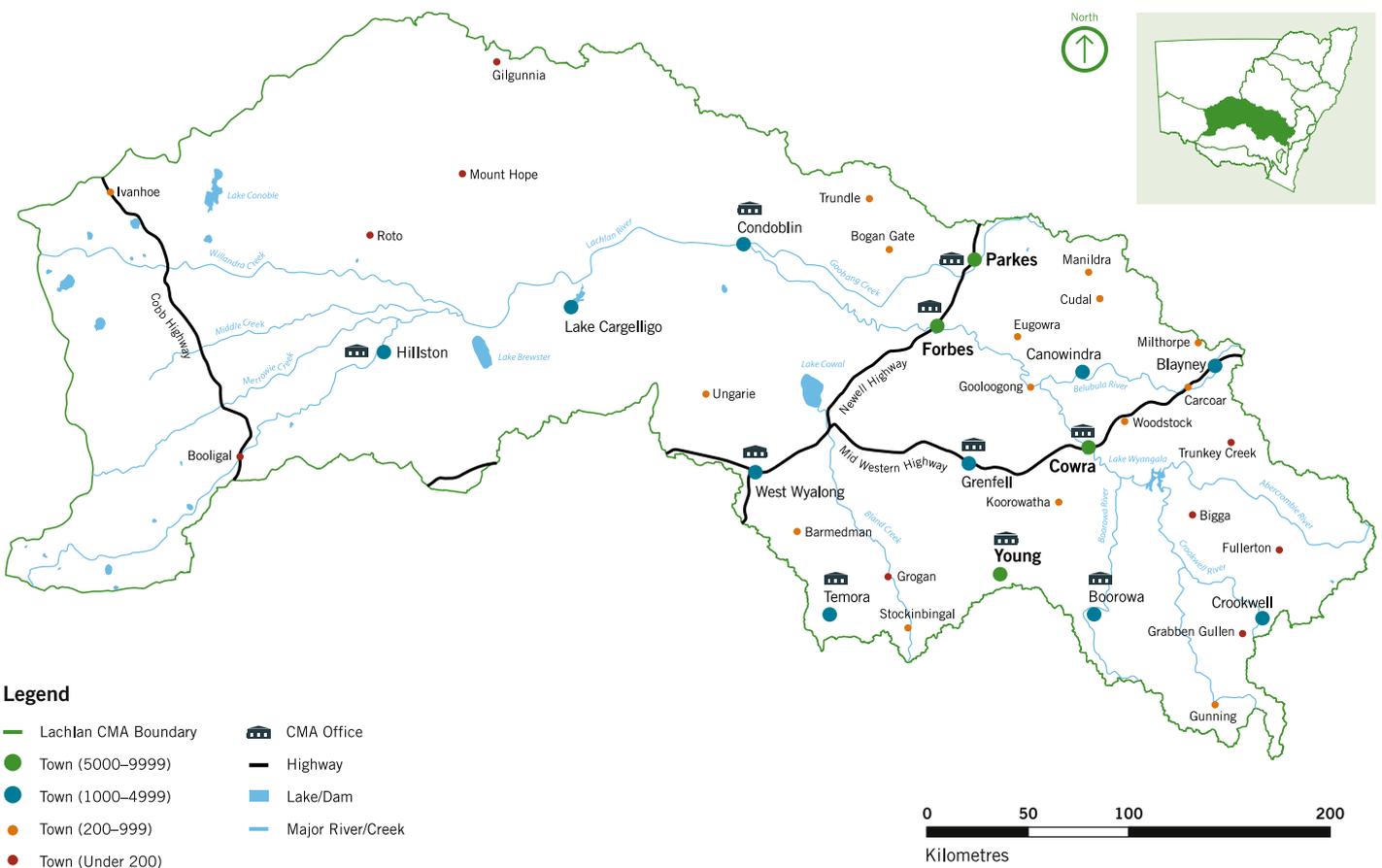
Soil types vary throughout the catchment from robust and durable to fragile, and from naturally acidic to sodic. Variability in soil type and underlying geology has important implications for management of erosion, nutrients and salinity.



Rainfall varies on an east-west gradient and average annual rainfall decreases from 780 mm in the east to 370 mm in the west. Winter rainfall dominates in the south of the catchment whereas summer dominant rainfall is characteristic of the northern end of the catchment.

Major environmental threats to the health of natural resources in the catchment are declining surface water quality, dryland salinity, health and abundance of native vegetation, loss of biodiversity, degradation of riparian and wetland ecosystems and deterioration of soils.

Agricultural production is the main land use in the catchment and 22% of the catchment population is employed in the natural resource sector. Dryland cereal production is the major agricultural enterprise on the slopes and plains. This is frequently associated with fat lamb, cattle and wool production. Grazing-based industries, wool, sheep, meat and cattle are the main activities on the tablelands and western plains. The prolonged drought has severely impacted on agricultural production and the catchments economic health.



The Lachlan CMA

The Lachlan CMA is one of 13 Catchment Management Authorities (CMA's) across New South Wales which were established in 2004. The CMAs are statutory Authorities guided by accountable Boards that report directly to the Minister for Climate Change and the Environment and are supported by qualified and experienced staff.

The primary function of the Lachlan CMA is to engage communities in addressing the many natural resource management issues facing the catchment. Lachlan CMA is the main coordinating agency for regional natural resource management and the delivery vehicle for State and Federal Government funding for sustainable land management.

The specific functions of the Lachlan CMA are described in Section 15 of the *Catchment Management Authorities Act 2003*, these are:

- to develop catchment action plans and to give effect to any such approved plans through annual implementation plans;
- to provide loans, grants, subsidies or other financial assistance for the purposes of the catchment activities it is authorised to fund;
- to enter contracts or to do work for the purposes of the catchment activities it is authorised to carry out;
- to assist landholders to further the objectives of its catchment action plan (including providing information about native vegetation);
- to provide educational and training courses and materials in connection with natural resource management; and
- to exercise any other function relating to natural resource management as is prescribed by the regulations.



Our Vision

Inspiring our community to work together for improved management of our natural resources and to build a sustainable future.

Our Mission

To ensure the protection and restoration of land and water resources, the sustainable development of natural resource based industries and the conservation of our natural and cultural heritage.

Our Aim

To provide an environment that supports a community based team approach to the integrated management of our Catchment.

Our Values

1. Accountability to Government and the community as partners for service delivery, program outcomes and financial management.
2. Community empowerment through involvement in planning and implementation of natural resource management programs.
3. Integrated management recognising the linkages between land and water processes and their impact on sustainable resource management.
4. Targeted investment to ensure resources are used to address regional priorities and deliver maximum on-ground benefits.
5. Monitor and evaluate the effectiveness of the Lachlan Catchment Action Plan (CAP) and investment decisions and their approach to sponsor the collection of data to evaluate the long-term effects of our programs.
6. Administrative efficiency to ensure efficient administration and program delivery.



Services offered by the Lachlan CMA

Seeing natural resource management flow from the office to the paddock with an outcome of success is facilitated via a group of five fundamental services provided by the Lachlan CMA:

1. Advice, Information and Technical Support

Sharing advice, skills and information on natural resource management with landholders, irrigators, local government, industry and community groups, schools and the entire Lachlan community. The Lachlan CMA has a personal, client focused approach essential to the way projects are initiated and maintained. On farm inspections, design and planning of farm scale projects and the coordination of field days, farm walks, seminars and field days are all part of this service.

2. Knowledge Development

The Lachlan CMA is constantly tracking scientific research and industry trends, and keeping clients and stakeholders informed of the practical implications of these changes as they emerge. This stream of information flows in two directions as information is taken from vital findings from the progress of on farm projects back to government, research and industry bodies. Constant generation and monitoring of knowledge also allows the Lachlan CMA to continually adapt and improve programs.



3. Professional Development

Lachlan CMA provides professional development for land managers to assist in developing an ongoing upgrade of skills and knowledge base to keep abreast of emerging technology, knowledge and information. Various levels of professional development ensure the landholder is exposed to relevant courses to meet the needs of the ever changing environment. Community Leadership Training and Scholarships are also encouraged and facilitated via the Lachlan CMA.

4. Planning and Resource Access

Lachlan CMA engages in community planning on farm and catchment scales. This includes the more strategic big picture items like the preparation and review of the Catchment Action Plan (CAP) which prioritises the allocation of human and financial resources, through to farm-level activity like the development and approval of Property Vegetation Plans (PVP's).

5. Management of Investment for Landscape Change

Management of Investment for Landscape Change unites the needs of landholders with the requirements of investors and the outcomes they seek. Lachlan CMA develops investment bids to attract public and private sector investors, investment administration and project management, to ensure that investments are managed professionally from project initiation to completion.



"An excellent step in moving forward for any business and in particular for agricultural change and an extremely beneficial life experience" - Megan Rowlands, grazier and business advisor



Working with our Community and Partners

The Lachlan CMA recognises that long term natural resource change can only be achieved with the dynamic involvement of our community. Working side by side with many partners, Lachlan CMA encourages involvement and collaboration at each stage of the natural resource management process, from planning through to implementation.



Building productive and lasting relationships with clients from all sectors of the community is the cornerstone of the Lachlan CMA work, with much of the information used being generated by local individuals and organisations who understand the Lachlan CMA Catchment. These include landholders, community groups, industry groups, local government and expert input from recognised and trusted research organisations.

Lachlan CMA facilitates and coordinates partnerships to optimise natural resource management outcomes, and builds multidisciplinary partnerships to include as much relevant skill and expertise as possible to boost project outcomes.

Major networking partners enrich the co-operative approach taken by Lachlan CMA staff to their work. Throughout the catchment, Lachlan CMA works with Local Government, Landcare Networks, Aboriginal Cultural Heritage Partners, State and Federal Government Agencies and Industry Reference Panels.

As a contract manager Lachlan CMA offers our clients a powerful mix of technical skills in natural resource management, joint project management and links to the general community, landholders and potential project sites.

'Together we're making a difference'



Lachlan CMA Reference Groups

Local Government

The Lachlan Local Government Reference Group (LLGRG) was set up in 2005 by the Lachlan CMA to formalise the partnership between the Lachlan CMA and Local Government.

This group was formed to facilitate effective management of natural resources to promote sustainable development across the catchment, provide a channel for communication between councils and the Lachlan CMA through establishing formal and constructive relationships with councils, provide forum for discussion and consultation of natural resource management issues between councils and CMA and fulfilment of principles of the state wide Memorandum of Understanding between councils and CMAs.

Lachlan Regional Aboriginal Reference Group

The contribution to natural resource management by Aboriginal people in the Lachlan Catchment has been ongoing and strengthened since the establishment of the Lachlan Regional Aboriginal Reference Group (LRARG).

A recognised specialist consultative group to the Lachlan CMA for all Aboriginal Cultural heritage information and issues, LRARG has engaged communities from throughout the catchment and includes members from each of the Aboriginal nations and each local Aboriginal land councils. The LRARG operates in a consultative capacity by providing information and recommendations to the Lachlan CMA board on Aboriginal cultural heritage in natural resource management.

With the ongoing consultation of LRARG, an Aboriginal Community Services Officer has been employed, with an Aboriginal Employment Strategy implemented throughout the Lachlan Catchment.

Conservation Farming

Landholders within the Lachlan Catchment are continuing to reap the rewards of the strong emphasis placed on training and skill enhancement for land managers, via the Conservation Farming Reference Group's contribution to the Conservation Farming Package.

With its focus firmly held on the outcome of improving soil health across the catchment, the reference group, consisting of Lachlan CMA staff, landholders and agribusiness experts, developed the integrated training and extension package, supported by a targeted incentive program.

The unique program is an ongoing success story, teaching over 240 landholders about conservation farming and improving soil health.



Working towards the State Plan

The programs that are developed and implemented by the Lachlan CMA are aligned with the NSW Government State NRM Targets under Priority E4, and aim to create an innovative and sustainable organisation that delivers benefits to the whole community.

Investment in 2008/09 delivered outcomes across a number of state-wide targets.

State Target 1, An increase in native vegetation extent and condition through a number of projects including a focused vegetation project that will be contained within 2 subcatchments and a general vegetation project that will provide awareness and incentives to conserve and enhance high conservation value vegetation. There will be projects targeting specific stakeholders including Councils and Rural Lands Protection Boards;

State Target 3, An increase in recovery of threatened species, populations and ecological communities will target threatened flora, threatened fauna species including bird and fish species. Other projects listed in this Investment Program will also contribute to this target indirectly by conserving and enhancing ecologically endangered communities such as the grassy box woodlands and the lower Lachlan riverine ecosystem;

State Target 4, A decrease in the impact of invasive species will target environmental weeds and pest animals including European Carp initially. The development of the Integrated Weed and Pest Animal Strategy will identify the priority species to be targeted for the remainder of the Investment Program;

State Target 5, An improvement in condition of riverine ecosystem will address a four part program including water quality, water management and delivery, water efficiency and habitat restoration. This Investment Program will develop a Riverine Management Strategy for the Lachlan including identifying priority activities such as in-stream barriers, riparian vegetation, floodplain connectivity and in-stream habitat;

State Target 8, An improvement in condition of important wetlands and the extent to which those wetlands are maintained will target the eight nationally significant wetlands within the catchment and identify regionally significant wetlands;

State Target 10, An improvement in soil condition will target grazing and cropping by building the capacity of the land managers to maintain groundcover and minimise soil disturbance;

State Target 13, An improvement in the capability of natural resource managers to contribute regionally relevant management will provide community engagement programs, will maintain partnerships with organisations such as Grain N Graze, Central West Farming Association and Australian Wool Innovation. Stakeholders will be supported through the Local Government Forum, Landcare Forum and the Lachlan Aboriginal Natural Resource Management Group.



Progress in delivering activities identified in the Lachlan CAP

The Investment Program will deliver on all six catchment targets listed in the Lachlan Catchment Action Plan. Regional priorities in the Biodiversity and Native Vegetation Program to be addressed including increasing native vegetation actively managed for biodiversity conservation through onground management actions that protect habitat, encourage regeneration of natural ecosystems, address risks to the ongoing conservation of endangered, threatened and significant native flora, fauna and endangered ecological communities through the implementation of specific recovery actions across all tenures. Invasive plant and animal species will be targeted that reduce biodiversity and production values.

Regional priorities in the Water and Aquatic Ecosystems Program will address the pressures on groundwater and river ecosystems by targeting physical and chemical water quality, surface water and groundwater use and pressures on riparian, instream, floodplain and wetland health. This program also covers operational influences such as in-stream structures, flow regimes and flooding. The social, cultural and aesthetic values of rivers are considered in the targets and their implementation.



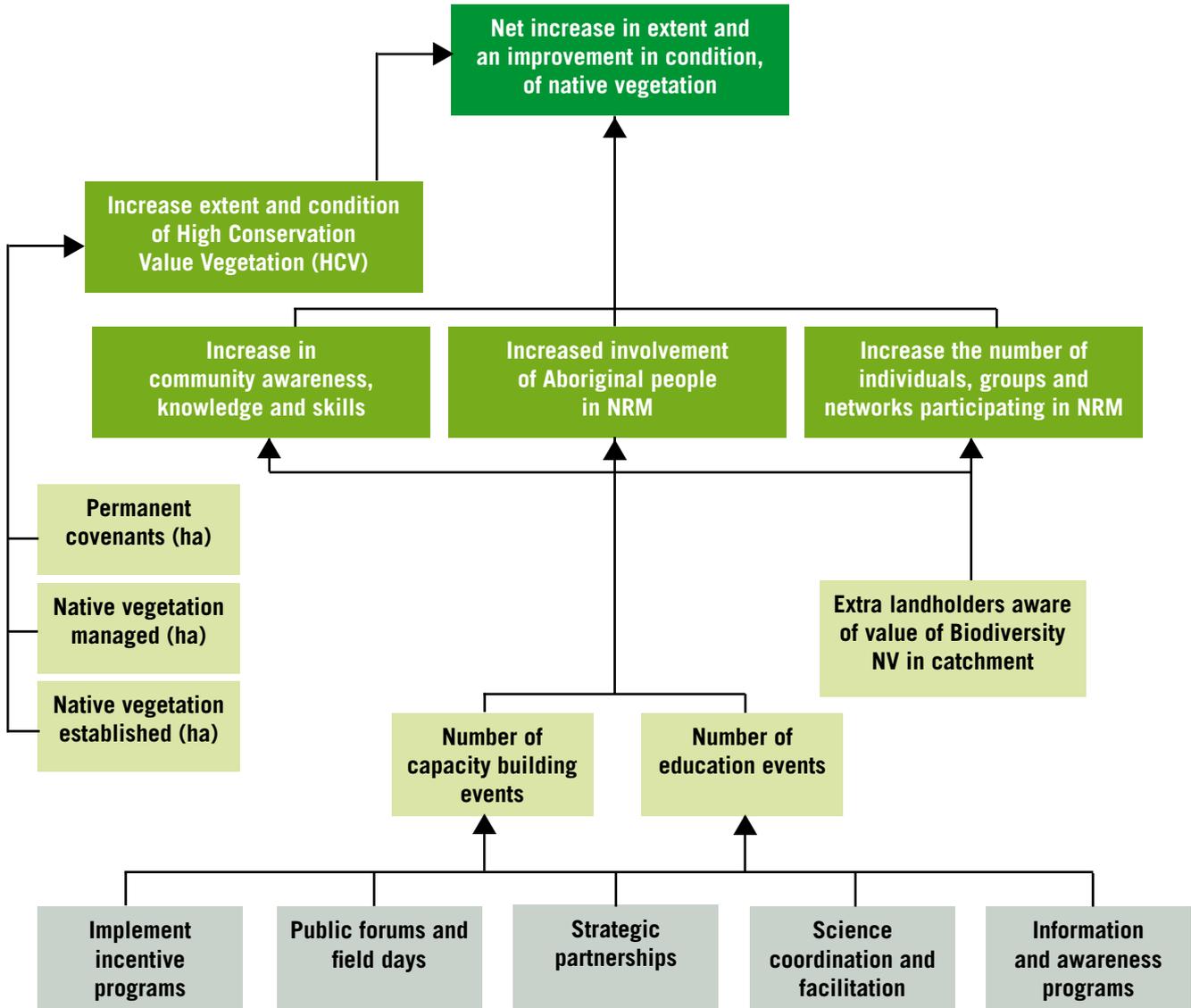
The regional priorities in the Land Management Program incorporates all aspects relating to soil landscapes and the land management practices that lead to poor soil health and land degradation. There is a focus on improving management of groundcover, salinity and degraded land.

The People and Community Program will increase community awareness, knowledge, skills and motivation to meaningfully participate in natural resource management. This includes increasing the community's confidence and well being in natural resource management and promotes shared learning and decision making. This program will also include increasing the respect for and understanding of Aboriginal culture.

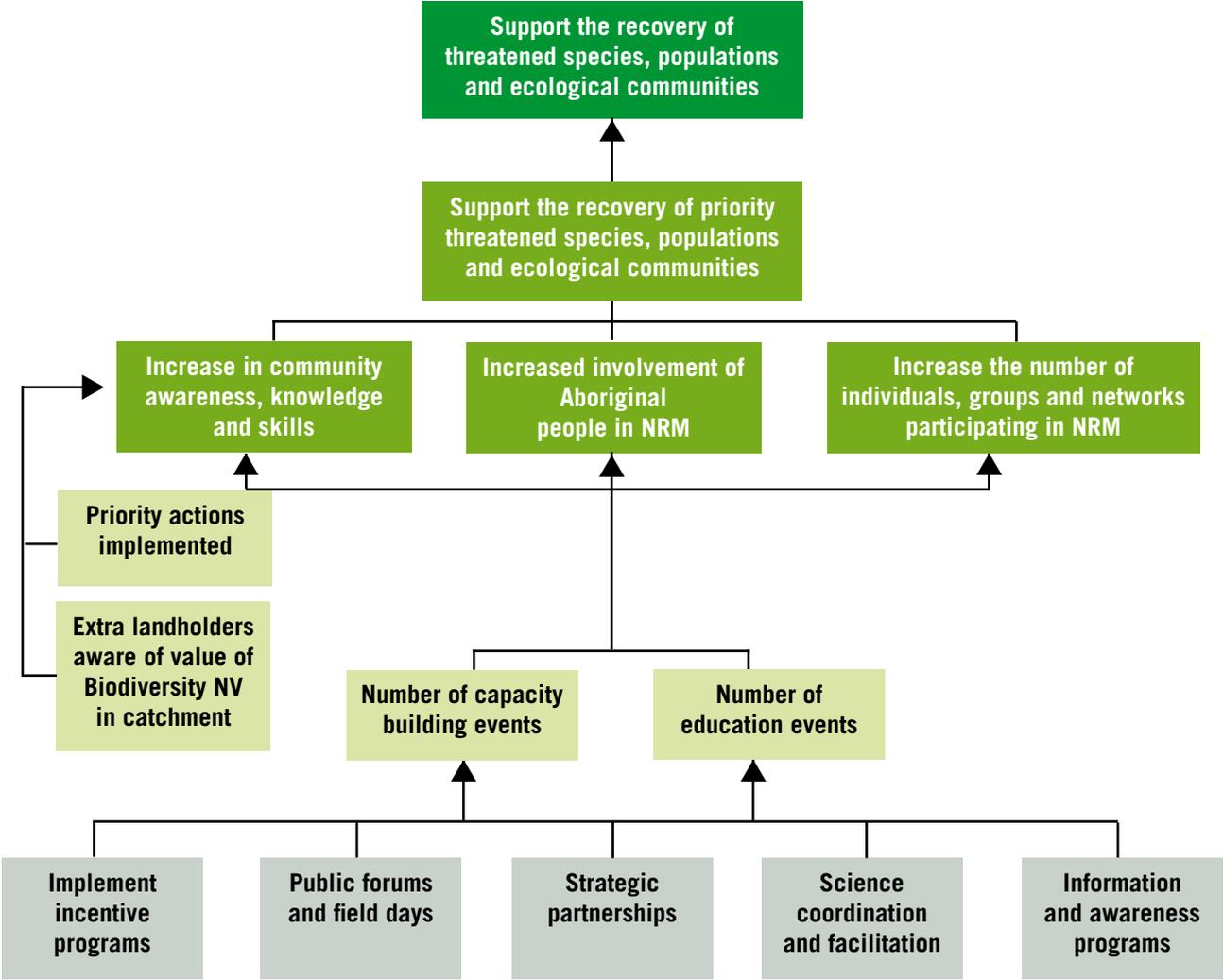


Theme: Biodiversity & Native Vegetation

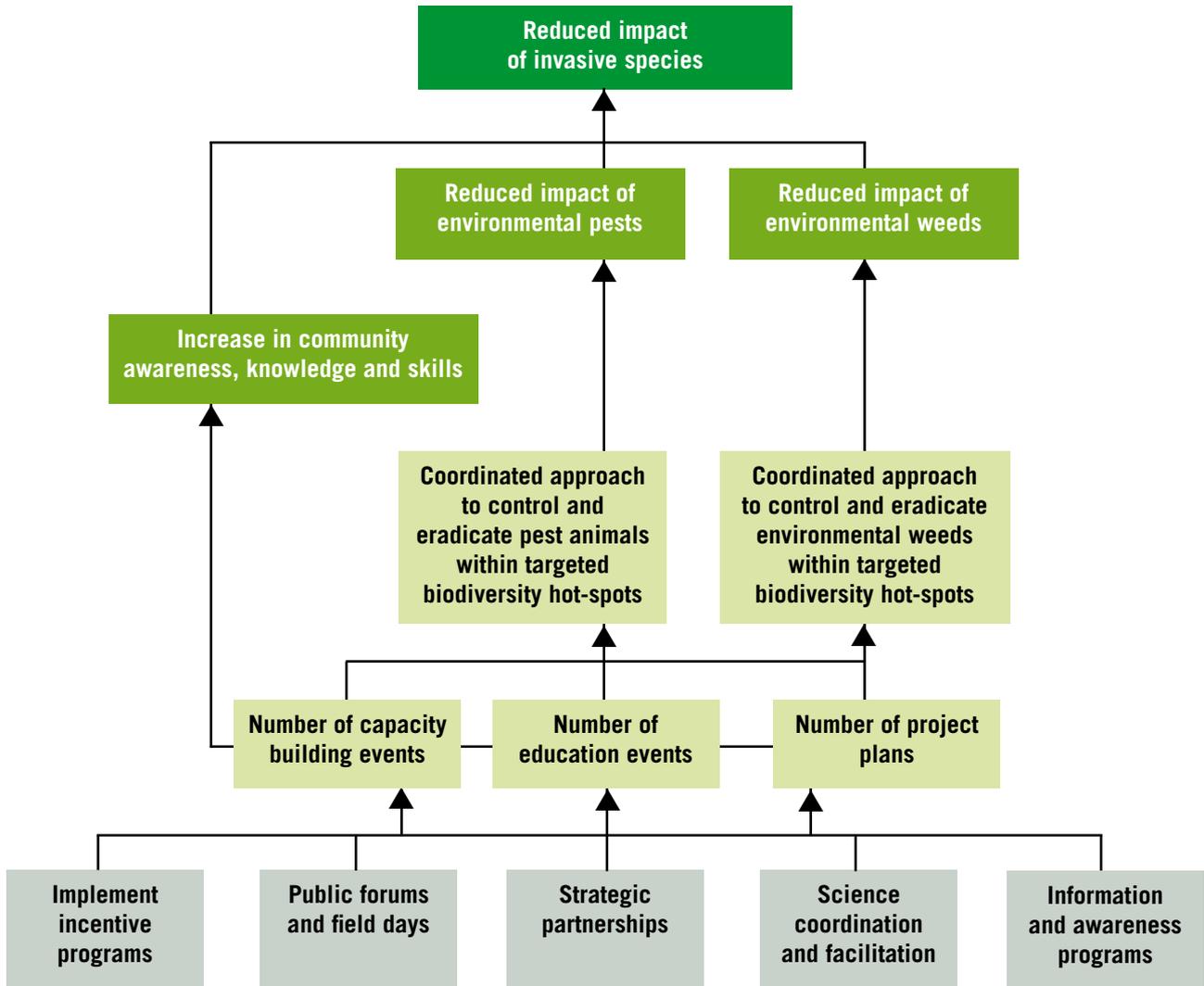
The following flow charts represent the Lachlan CMA's activities and programs undertaken towards achieving our Catchment Targets.



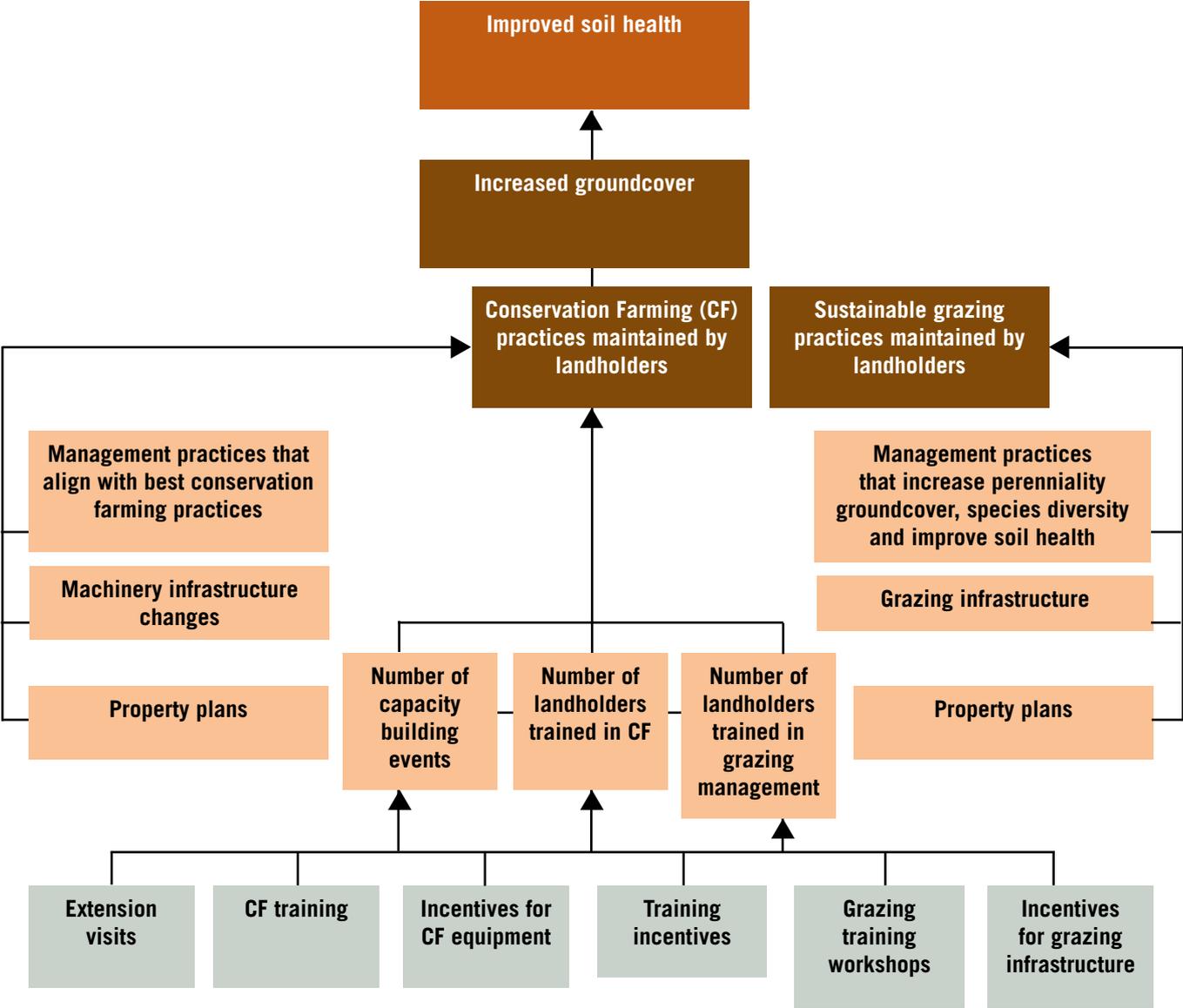
Theme: Biodiversity & Native Vegetation (cont)



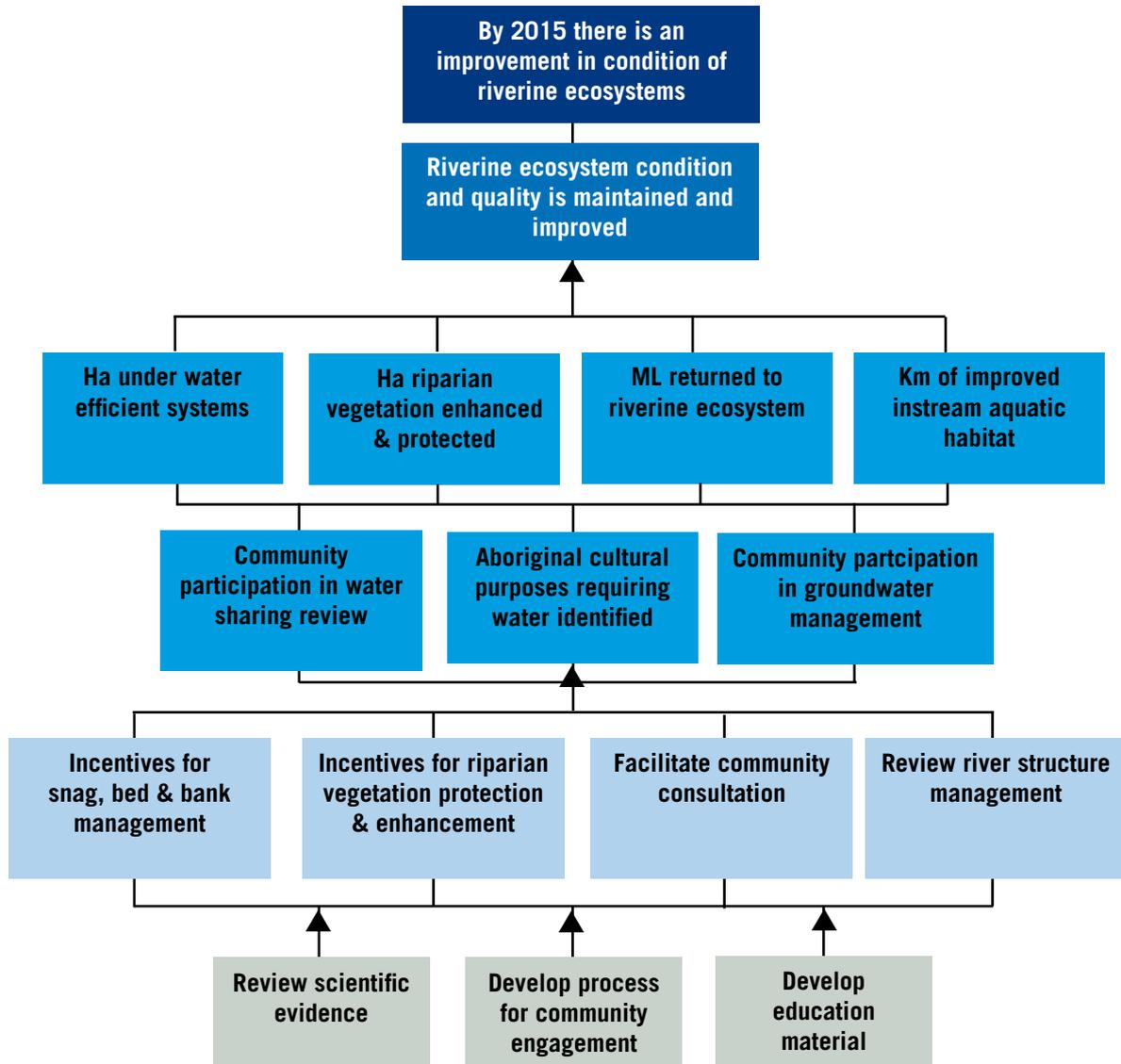
Theme: Biodiversity & Native Vegetation (cont)



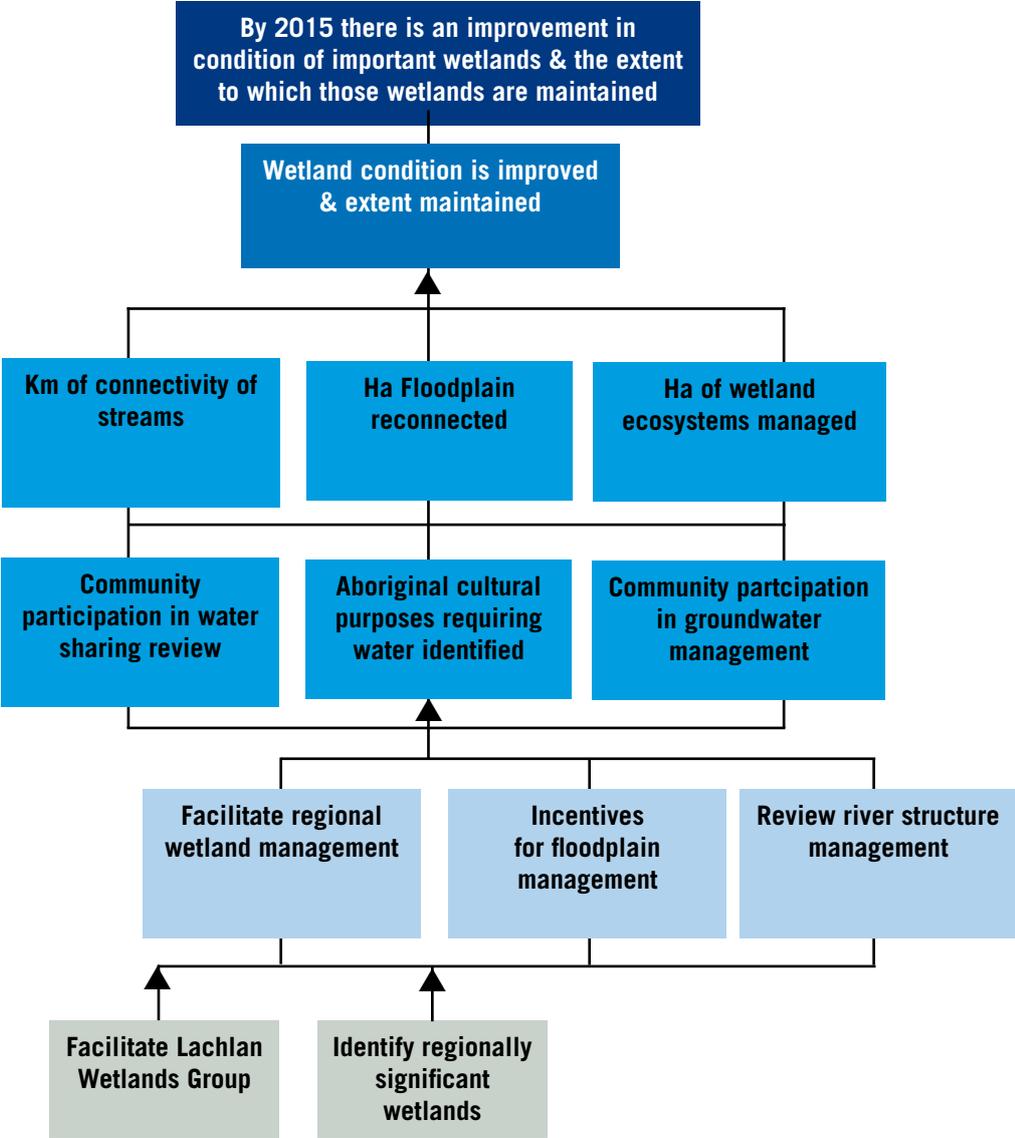
Theme: Land Management



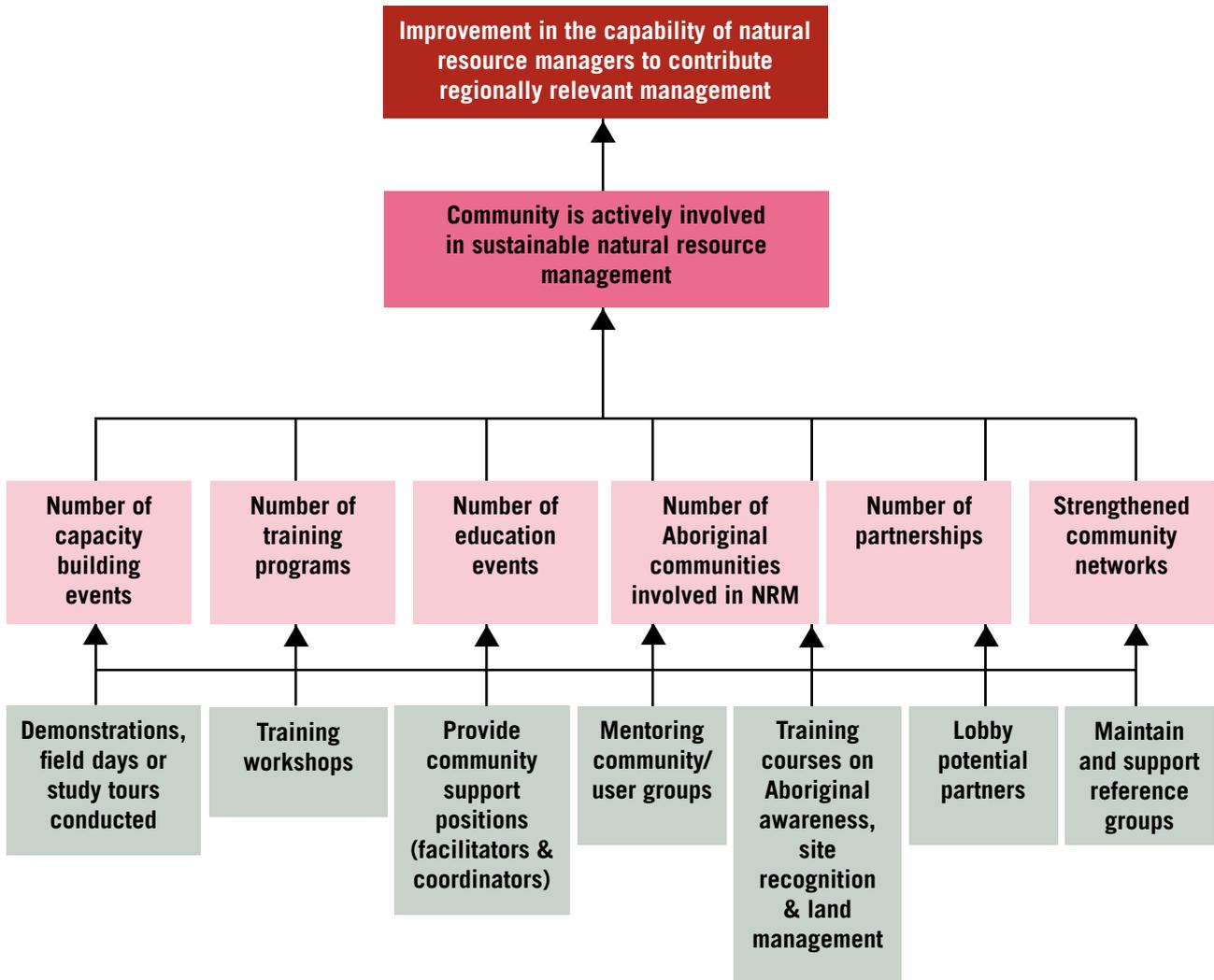
Theme: Water & Aquatic Ecosystems



Theme: Water & Aquatic Ecosystems (cont)



Theme: People & Community



Performance Highlights

Contributing to Catchment Health

Lachlan CMA highlights, June 2008 to June 2009:

- Riparian protection and rehabilitation works over 736 ha of creeks and rivers
- Native vegetation protection and restoration implemented on 1,938 ha
- 29,101 ha under improved grazing systems
- 220,000 ha under cropping systems
- 9,271 ha of drought recovery activities
- Implemented water-use efficiency activities over 4,704 ha

Achievement, Innovation and Excellence in Natural Resource Management

The Lachlan CMA has numerous innovative and successful activities and projects that have been occurring across the catchment. Examples of these activities are listed below, however for a more detailed overview of the achievements from across the Lachlan Catchment refer to the supporting document, *Achievements in Natural Resource Management*.

Throughout these activities and projects you will see a repeating pattern of partnerships, which have been integral to achieving and exceeding goals in the many projects embarked upon in recent times. These summaries of projects undertaken, some short-term but many ongoing for years to come, reveals the real progress being made on the ground in our many communities.



Biodiversity and Native Vegetation

- Implemented recovery actions for 14 threatened or endangered species or communities
- Native vegetation protected and regenerated in the catchment, with 20 per cent of 2016 Management Target achieved for protecting native vegetation (19,667 hectares) and have exceeded the CMA management target for native vegetation
- Signed 21 PVPs with landholders protecting 339 hectares of native vegetation.



Bearded dragon (*Pagona vitticeps*)

Image supplied by Malcolm Carnegie of West Wyalong

Water and Aquatic Ecosystems

- Implemented water-use efficiency activities over 21,504 ha
- 8 km riparian vegetation protected in 2008/09 providing 45 per cent of the CMA management target for riparian vegetation protected (223 kilometres).
- Continued management of four nationally significant wetlands consistent with the principles outlined in the Lachlan CAP

Sustainable Land Use

- Drought recovery activities completed over 9,271 ha
- 220,000 ha of conservation cropping land managed for groundcover in 2008/09 exceeding our 2016 management target.
- 87,385 ha of grazing land managed for groundcover in 2008/09 exceeding our 2016 management target.



People and Community

- Cultural Heritage Program
- The regional Landcare network formed an incorporated body known as Lachlandcare. The Lachlan CMA supports the network by providing funding and accommodation for nine Landcare support officers one day per week.
- Seven Local Councils approved natural resource management strategies prepared in consultation with the Lachlan CMA.



Managing our Business

- A staff committee referred to as Team CO2 was created to develop ideas and procedures for reducing our energy usage and to help implement the NSW Government's Waste Reduction and Purchasing Policy (WRAPP) and sustainability targets.
- A Risk Management Policy with business processes was developed to deal with the highest priority risks under the key headings of: Organisation, Investment Strategy, Catchment Activities and Contracts and Agreements.

The success of collaboration and innovation led to Lachlan CMA and its partners winning the Landscape Heritage Category at the Energy Australia National Trust Heritage Awards. The key to this success was in the cohesive partnerships formed by all groups involved.



B.I.G. Project Wins National Trust Heritage Award

With the focus of improving the health of the Bland Creek Catchment, Lachlan CMA joined forces with the Bland Creek Catchment Committee, Lake Cowal Foundation and Greening Australia, to embark on the large-scale natural resource management project – Bland Incentives Grants (B.I.G.) Project.

In partnership with local landholders, the project saw \$5 million invested in the Bland Creek Catchment over three years, funded by the Lake Cowal Foundation, the National Landcare Program, and the NSW and Australian Governments (via the CMA).

Tangible improvements were recorded as a result of the B.I.G project, including:

- Protection and enhancement of 126 kilometres of riparian zones to improve water quality and protected native vegetation;
- Conservation of 2,153 ha of native remnant vegetation to improve biodiversity and natural regeneration;
- Revegetation of 553 ha using endemic tree and shrub species to increase the extent of native vegetation and improved linkages between remnants across the landscape;
- Improvement of 10,204 ha of perennial pastures through better grazing management systems; and
- Establishment of 1,046 ha of perennial pastures in salinity hazard landscapes or as riparian buffers

National Australian Government Landcare NRM Award Winner

While the ultimate vindication that the work of Lachlan CMA is making its mark is seen on the ground and through community ownership, receiving the Australian Government Landcare Natural Resource Management Award in November 2008 was a welcomed boost.

The award was the next step up from the Lachlan CMA's win at state level in 2007 and Chairman Mr Rob Gledhill was thrilled to accept the national award.

NSW Deputy Premier and Minister for Climate Change and the Environment Carmel Tebbutt congratulated Lachlan CMA on winning the award. Ms Tebbutt said the win was a testament to the success of the way regional CMAs do business in NSW, and praised the system for providing a solid foundation that brings about the protection of the natural environment whilst minimising restrictions on farming activities.

Viewing community participation, ownership and empowerment as essential components of natural resource management, Lachlan CMA stayed true to its slogan “Together we’re making a difference”.

Lachlan CMA worked with key local groups to tackle natural resource management issues in the area, such as Landcare, farming groups, Aboriginal communities and local government.



Over 100 Conservation Farming Workshops held across the Lachlan Catchment

The positive attitude towards conservation farming has been shown in the response to Lachlan CMA's Conservation Farming Training, with over 240 landholders embarking on the training program to learn more about conservation farming and improving soil health.

A series of 106 workshops have been completed, with 26 remaining to complete the first series, reaching out to landholders based in 15 groups in Grenfell, Wyalong, Eugowra, Canowindra, Hillston, Merriwagga, Temora, Quandialla, Condobolin, Parkes, Trundle, Cudal, Forbes, Boorowa and Young.

This training is designed to demonstrate environmental and profitability benefits of moving towards a conservation farming system. Its goal is to advance landholders through various stages of the six step progression, to, in some cases, the ultimate goal of conservation farming - zero tillage and full stubble retention.



Lake Brewster Employment Program

Over 2000 Aboriginal artefacts were identified, recorded and protected during a major rehabilitation and construction project at Lake Brewster, an archaeological and spiritual landscape that Aboriginal people adapted to and managed.

Vital works had to be carried out at what was a deteriorating Lake Brewster, and in order to address the Aboriginal cultural heritage issues pertaining to the project, Lachlan CMA funded the employment of seven Aboriginal Field Officers to monitor and manage all Aboriginal cultural heritage at the site.



The Lake Brewster site was traditionally significant to the Wiradjuri people due to the abundance of food and resources available that would have been used for trading with and/or shared with neighbouring nation Ngiyampaa people.

Because of the Aboriginal history of the Lake Brewster (or Lake Ballyrogan) site, Aboriginal people today have an obligation as custodian of past, present and future Aboriginal sites and objects that are identified.

Aboriginal people still have a strong spiritual connection to the Lake Brewster site through association with the lake, Lachlan ranges, wildlife and vegetation native to the region.

During their employment, the seven Aboriginal Field Officers assisted with all construction work and fish trials undertaken as part of the Lake Brewster Water Efficiency Project, which has become a project of national significance.

The collaboration of the water efficiency project and the aboriginal employment strategy concluded in June 2009, after meeting the objectives of addressing aboriginal cultural heritage issues pertaining to the project.

Along the way, relevant development statutory requirements were fulfilled; ongoing consultation was provided during the preparation of the Lake Brewster Management Plan; results of previous heritage surveys and assessment were shared; measures were taken to avoid impacting on Aboriginal objects; action was taken as previously unidentified Aboriginal objects were discovered; monitoring of Aboriginal cultural heritage and identification of objects and sites was carried out; cultural heritage information was disseminated; and an employment program for Aboriginal community members from Hillston and Lake Cargelligo was established.



Grazing Management Training

Lachlan CMA has focused on providing professional development opportunities that will enhance skills and knowledge of techniques required to improve the management of their natural resources by providing educational opportunities and exposure to people, systems and information related to improved management systems.

Professional development opportunities, that focus on improving grazing management, can achieve on-farm improvements in natural ecosystem functions, deliver catchment target outcomes and improve the profitability of the productive agricultural system.



Over the past year the Lachlan CMA provided a training incentive for 107 landholders to attend a range of recognised structured grazing management courses across several locations within the catchment including Gunning, Boorowa, Cowra, Young, Condobolin and Hillston.

In addition to the structured grazing courses, an additional 205 landholders attended Lachlan CMA organised field days and bus trips that focused on providing landholder exposure to grazing management systems and practices that are achieving the production and environmental outcomes that can benefit the catchment.



The Hickmans - a case study

Talinga is a first cross breeding operation finishing prime lambs for the export and domestic markets. The Hickman's were concerned about achieving sufficient groundcover for improving soil health and pasture recovery during the rest periods.

They formed a partnership with the Lachlan CMA and attended professional development training in grazing management. The course taught them about grazing management, goal setting and enterprise selection to suit their aspirations for the property, the business and their lifestyle.

"We certainly have changed our farming techniques to better match land capability in the hilly Woodstock country near Cowra with systems such as pasture cropping, no kill cropping and time controlled grazing. The system has certainly changed the pasture composition of our paddocks from annual grasses and broadleaf weeds to perennial grasses both improved and native species."

Angus Hickman



The Hickman's have also changed to backgrounding and trading stock and found they were able to achieve complete control to achieve their aims.

Time controlled grazing requires diligent stock management to ensure the pastures are not jeopardised. This is done by combining grazing charts with experience on estimating grazing days on offer.

"This has meant we have become very proficient at trading stock to ensure optimum prices both for selling and buying. To do this we use a system of backgrounding and having good communication with the livestock company we work with."

We find the system 'very simple' but does require a mindset change to make it work to achieve a good income and achieve the natural resource outcomes of improved soil carbon and reduced erosion." Angus Hickman



The Proof is in the Paddock

Showing 'The Proof is in the Paddock', the 2009 Lachlan CMA's Science Forum attracted over 203 attendees from throughout the catchment to hear about the latest scientific research.

As well as results of research taking place throughout and beyond the catchment, farmers also presented how the application of this science and research is benefiting them, providing a flow of reciprocal feedback to assist both sides of the science – the research and the practical application.

Sessions for the two-day forum were presented in four themes – Land; Water; Biodiversity; and Community.

Presenters delivered sound, up to date and relevant technical, scientific information to landholders and staff in the catchment; informed landholders of new and innovative practises that may encourage or assist in improved natural resource management outcomes across the catchment and facilitate change.

The forum also hosted the opportunity to have all the research findings that have been carried out in Lachlan CMA at one public venue to enable information sharing, and facilitated a natural platform for networking and sharing of knowledge.

The forum also featured a dinner with guest speaker James O'Loghlin, and a further opportunity for networking in a social atmosphere.

The successful two-day event was the result of a partnership between Lachlan CMA and forum co-hosts The Lake Cowal Foundation.

Boorowa River Recovery

A 17 hectare erosion control project on 'Bindaree', along Corcoran's Creek is one of many undertaken by landholders as part of the \$1.7 million Boorowa River Recovery (BRR) Project.

Mark Corcoran and his family had executed many attempts at controlling erosion on 'Bindaree', until finding success with fencing off and revegetating a small part of the erosion gully, successfully halting erosion and providing a windbreak for stock.

With this success, and on obtaining funding from BRR, the Corcorans went on to fence and revegetate the entire 2.2km gully system, undertook 20km of direct seeding and carried out earthworks to control erosion nick points.

The Corcorans are among 60 land managers involved in restoring the Lachlan River in the upper Boorowa catchment, while erosion control through revegetation is one of the many methods undertaken as part of BRR, which boasts 630 hectares of riparian restoration along 80 kms of river.



Water Efficiency Tender (WETender)

Improving on-farm water efficiency, while helping irrigators adjust to reductions in water reliability due to reduced water allocations, drought and climate change, is the purpose of the \$1 million Lachlan CMA's Water Efficiency Tender (WETender).

Sixty seven irrigators submitted bids for WETender, 38 of which were considered eligible and successful, with a further five eligible bidders placed on a waiting list.

The bids submitted were for funding to carry out projects to improve on-farm water use efficiency, and were assessed for the water savings they offered, then ranked in terms of the amount of water saved per dollar requested by the irrigator.

In preparing their bid, irrigators selected technology options to improve their on-farm water use efficiency, such as soils moisture sensors, irrigation flow measurements, laser levelling, on-farm storage and reuse system, conversion of surface to sprinkler irrigation system, conversion of surface to drip irrigation system or conversion of furrow to drip irrigation system.

Water savings achieved through the WETender process are retained on-farm, contributing to irrigators impacted by the Water Sharing Plan process, to undertake planned investments which will improve on-farm water efficiency.

The water savings also reduced recharge to groundwater tables and irrigation return flows providing environmental benefits from reduced soil salinity and improved stream flow quality.



Wiradjuri Dreaming Information Centre

A place for people to gather, learn about and reflect on the importance of Aboriginal history, and particularly the Wiradjuri culture, has been created on the shores of Lake Forbes.

The Wiradjuri Dreaming Information Centre was created to promote Aboriginal culture and philosophy and is designed as an educational resource for anyone wishing to learn more about the traditional people who inhabited Forbes and surrounding district.

Funded by Lachlan CMA, the centre was designed to create greater understanding of Aboriginal culture and foster reconciliation, in a pertinent, natural, outdoor setting. Centre Overseer, Russell Hill, said the Dreaming Centre project would give people an opportunity to learn more about general Aboriginal history and the Wiradjuri people more specifically.



The Centre features a mural, which tells the story of what Forbes means to the Aboriginal people. Located on the Lachlan River, Forbes is depicted as a central meeting place, with paths connecting Wiradjuri land to areas of other neighbouring tribes. Animals depicted in the mural are totems of significance to local Wiradjuri people, while plantings around the Dreaming Information Centre are consistent with the area.

Project Manager, Larry Towney, said “the Dreaming Centre is an educational resource for the whole community, showcasing Australian history and the crucial role of Aboriginal culture.” Information on plaques located at the centre was drawn from numerous sources, including journals of early explorers Oxley and Macquarie.



Box Gum Grassy Woodlands Project

A collaborative and innovative management approach by two Catchment Management Authorities (CMAs) has seen the first steps taken in the long road to improving the quality and extent of a nationally endangered ecological community - the Box Gum Grassy Woodland.

Lachlan CMA joined forces with Murrumbidgee CMA to win the right to deliver the Australian Government's first Environmental Stewardship Program.

In a unique approach to natural resource management, landholders were given the opportunity to tender for long-term payments in order to conserve Box Gum Grassy Woodlands on their properties.

Once a feature of the New South Wales landscape, over time the Box Gum Grassy Woodland has diminished through land clearing, fertilizer use, grazing and weed spread. This has also impacted heavily on many native plants and animals that have traditionally relied on the woodlands for their survival.

The project is aimed at improving habitat condition, protecting intact high quality remnants, increasing the extent of the Box Gum Grassy Woodland ecological community through either regeneration and/or new planting; and, increasing linkages between remnants and/or improved buffers around remnants.

An extensive promotional campaign for the first two rounds of the project attracted 900 expressions of interest from landholders, with the added benefit of educating the community on the value of native vegetation.

From this initial interest, CMA field officers visited eligible properties and discussed what management actions could be implemented to improve or maintain the native vegetation. As a result, 130 management agreements were developed with landholders, the majority of whom have signed contracts with the Australian Government.

Field officers will visit these participating properties to establish monitoring sites, which will track progress over the life of the funding, which in some cases is up to 15 years.

With a large geographical area in the Lachlan and Murrumbidgee CMAs already covered, round three, for which negotiations have begun, is proposed to extend into the Central West CMA.



Financial Statements

STATEMENT BY BOARD MEMBERS

Certificate under Section 41 C (1B) and (1C) of the Public Finance and Audit Act 1983

Pursuant to the *Public Finance and Audit Act 1983*, we declare that in our opinion:

- (a) The accompanying financial report exhibits a true and fair view of the financial position of the Lachlan Catchment Management Authority as at 30 June 2009, and transactions for the year ended.
- (b) The financial report has been prepared in accordance with:
 - The applicable Australian Accounting Standards, which include Australian Accounting Interpretations; and
 - The requirements of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005 and the Treasurer's Directions.
- (c) There are no circumstances which would render any particulars included in the financial report to be misleading or inaccurate.

For and on behalf of the Board



Robert Gledhill
Chairman



Mary Ewing
Board Member

Dated: 21 October 2009



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Lachlan Catchment Management Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Lachlan Catchment Management Authority (the Authority), which comprises the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Authority as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

The Board's Responsibility for the Financial Report

The members of the Board are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

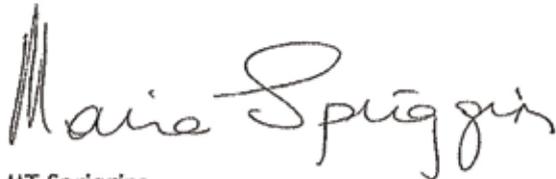
My opinion does *not* provide assurance:

- about the future viability of the Authority,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



MT Spriggins
Director, Financial Audit Services

20 October 2009
SYDNEY

Start of audited financial report**Income Statement
for the year ended 30 June 2009**

	NOTE	Actual 2009 \$'000	Actual 2008 \$'000
Revenue			
Revenue	3	11,700	22,795
Other income	4	1,299	1,594
Total revenue		12,999	24,389
Expenses			
Personnel services expenses	5	4,874	5,059
Other operating expenses	5	8,632	12,756
Depreciation	5	41	33
Grants & subsidies	5	4,871	14,043
Total expenses		18,418	31,891
DEFICIT FOR THE YEAR	11	(5,419)	(7,502)

The above income statement is to be read in conjunction with the attached notes.

Statement of Recognised Income and Expense for the year ended 30 June 2009

	NOTE	Actual 2009 \$'000	Actual 2008 \$'000
<hr/>			
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY			-
Deficit for the year	11	(5,419)	(7,502)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR		<u>(5,419)</u>	<u>(7,502)</u>

The above statement of recognised income and expense is to be read in conjunction with the attached notes.

Balance Sheet as at 30 June 2009

	NOTE	Actual 2009 \$'000	Actual 2008 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	3,630	10,161
Receivables	7	888	576
Total current assets		4,518	10,737
Non-current assets			
Plant and equipment			
Furniture and Fittings	8	204	256
Total non-current assets		204	256
Total assets		4,722	10,993
LIABILITIES			
Current liabilities			
Payables	9	223	1,097
Provisions	10	634	613
Total Current Liabilities		857	1,710
Non-current liabilities			
Provisions	10	6	5
Total non-current liabilities		6	5
Total liabilities		863	1,715
Net assets		3,859	9,278
EQUITY			
Retained surplus	11	3,859	9,278
Total equity		3,859	9,278

The above balance sheet is to be read in conjunction with the attached notes.

Cash Flow Statement for the year ended 30 June 2009

	NOTE	Actual 2009 \$'000	Actual 2008 \$'000
Cash flows from operating activities			
Receipts from customers & government		13,242	25,234
Payments to suppliers		(15,425)	(20,454)
		(2,183)	4,780
Grants and subsidies paid		(4,871)	(14,043)
Interest received		523	1,163
Net cash flows from operating activities	12	(6,531)	(8,100)
Cash flows from investing activities			
Sale of property, plant and equipment		-	(54)
Net cash flows from investing activities		-	(54)
Net (decrease) in cash and cash equivalents		(6,531)	(8,154)
Opening cash and cash equivalents		10,161	18,315
Closing cash and cash equivalents	6	3,630	10,161

The above cash flow statement is to be read in conjunction with the attached notes.

Notes to and forming part of the financial report for the year ended 30 June 2009**NOTE 1 - REPORTING ENTITY**

The Lachlan Catchment Management Authority (the Authority) was established pursuant to the *Catchment Management Authorities Act 2003*. The objects of the Act are:

- (a) to establish Authorities for the purpose of devolving operational, investment and decision-making natural resource functions to catchment levels;
- (b) to provide for proper natural resource planning at a catchment level;
- (c) to ensure that decisions about natural resources take into account appropriate catchment issues;
- (d) to require decisions taken at a catchment level to take into account State-wide standards and to involve the Natural Resources Commission in catchment planning where appropriate;
- (e) to involve communities in each catchment in decision making and to make best use of catchment knowledge and expertise;
- (f) to ensure the proper management of natural resources in the social, economic and environmental interests of the State;
- (g) to apply sound scientific knowledge to achieve a fully functioning and productive landscape; and
- (h) to provide a framework for financial assistance and incentives to landholders in connection with natural resource management.

The Authority is a Statutory Body and a separate reporting entity. There are no other entities under its control. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Authority is a not-for-profit entity (as profit is not its principal objective) and it has no cash-generating units.

This financial report has been authorised for issue by the Board of the Authority on ___ October 2009.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant policies have been adopted in the preparation and presentation of the financial report:

(a) Basis of preparation

The Authority's financial report is a general purpose financial report which has been prepared in accordance with:

- The applicable Australian Accounting Standards, which include Australian Accounting Interpretations;
- The requirements of the Public Finance and Audit Act 1983 and Regulation and ;

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

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

Notes to and forming part of the financial report for the year ended 30 June 2009

(b) Statement of compliance

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

(c) Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgement

In the preparation of the financial statements, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Key judgements are disclosed as part of accounting policies notes.

(ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below:

- (i) Contributions from Government and other bodies are generally recognised as income when the agency obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.
- (ii) Sale of Goods: Revenue from the sale of goods is recognised as revenue when the agency transfers the significant risks and rewards of ownership of the assets.
- (iii) Rendering of Services: Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).
- (iv) Investment Income: Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.
- (v) Rental Revenue: Rental revenue is recognised in accordance with AASB 117 Leases on a straight-line basis over the lease term.

Notes to and forming part of the financial report for the year ended 30 June 2009**(e) Insurance**

The Authority's activities are insured through the NSW Treasury Managed Fund scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience and the insurance coverage is reviewed periodically to ensure that it is adequate.

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

Revenues, expenses and assets are recognised net of the amount of GST, except that:

- The amount of GST incurred by the Authority 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.

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables and payables.

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

(g) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Authority. 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 the asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted at an asset-specific rate.

(h) 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. All amounts below \$5,000 are expensed to profit and loss as incurred.

(i) Revaluation of plant and equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-01). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their higher and best use.

Notes to and forming part of the financial report for the year ended 30 June 2009**(i) Revaluation of plant and equipment (CONTINUED)**

Fair value of plant and equipment is determined based on the best available market evidence, including current market selling price for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Authority revalues each class of plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net assets accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as expenses in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of asset, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(j) Impairment of plant and equipment

As a not-for-profit entity with no cash-generating units, the Authority is effectively exempt for AASB 136 *Impairment of assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

Notes to and forming part of the financial report for the year ended 30 June 2009**(k) Depreciation of plant and equipment**

Depreciation is provided for on a straight line basis for all depreciable assets, as detailed below, so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority.

All material separately identifiable components of assets are depreciated over their shorter useful lives. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Land is not a depreciable asset.

The following depreciation rates were applied in 2008/09 and 2007/08:

Motor Vehicles	15%-25%
Plant and equipment:	
Furniture & Fitouts	10%
Computer equipment	25%
Other plant and equipment	6.67%-20%

(l) Major inspection costs

When each major inspection is performed, the labour cost of performing inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(m) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(n) Maintenance

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

(o) Investments

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

- *Fair value through profit or loss*-The Hour-Glass Investment Facilities are designated at fair value through profit or loss using the second leg of the fair value option i.e. these financial assets are managed and their performance is evaluated on a fair value basis. In accordance with the Authority's risk management strategy, information about these assets is provided internally on that basis to the Authority's key management personnel.

Designation at fair value through profit or loss is consistent with the Authority's risk management policy.

Notes to and forming part of the financial report for the year ended 30 June 2009**(o) Investments (CONTINUED)**

The movement in the fair value of the Hour-Glass Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

(p) Impairment of financial assets

All financial assets are measured at fair value through profit or loss and are not subject to an annual review for impairment.

(q) 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 Authority transfers the financial asset:

- Where substantially all the risks and rewards have been transferred or;
- Where the Authority has not transferred substantially all the risks and rewards, but has not retained control.

Where the Authority has neither transferred nor retained substantially all the risks and rewards of ownership or transferred control, the asset is recognised to the extent of the Authority's continuing involvement in the asset, and an associated liability for amounts it may have to pay.

(r) Other assets

Other assets are recognised on a cost basis.

(s) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the Income Statement when impaired, derecognised or through the amortisation process.

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

Notes to and forming part of the financial report for the year ended 30 June 2009**(t) Liabilities****(i) Payables**

These amounts represent liabilities for goods and services provided to the Authority and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Personnel Services**(a) Personnel services**

The Authority does not employ staff but utilises the personnel services of the Department of Environment and Climate Change (DECC). The costs of personnel services in respect of wages and salaries, superannuation, annual leave, long service leave, and for sick leave are recognised when it is probable that settlement will be required and they are capable of being measured reliably.

Provision made in respect of benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to settle within 12 months are measured at the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

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

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

(b) Defined contribution plans

Contribution to a defined contribution funds, such as Basic Benefit and First State Super, are expensed when incurred. It is calculated as a percentage of the employees' salary. In 2007/08 and 2008/09, 9% was contributed.

(c) Long service leave and defined benefits superannuation

The Authority has no liability for long service leave and defined benefit superannuation. Personnel services are acquired from the Department of Environment and Climate Change and the liability of these items has been assumed by the Crown Entity.

(iii) Provision for restoration of leased premises

A provision for restoring leased premises has not been recognised as the amount is not significant.

Notes to and forming part of the financial report for the year ended 30 June 2009

(u) Assistance provided by other organisations free of charge

The maintenance of the Authority's accounting records and provision of corporate services (excluding IT services) were provided by the Department of Commerce and the Department of Environment and Climate Change free of charge under the provisions of the Corporate Services Service Level Agreement. Some agreed services were provided by "Service First" on a cost recovery basis. In addition, other organisations including community groups provide in kind assistance free of charge. The Department of Environment and Climate Change and the Department of Commerce cannot reliably estimate the fair value of these services to individual CMA's.

(v) Comparative information

Except where 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.

(w) New Australian accounting standards issue

In the current year the Authority has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policies notes in the financial report.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting period. In accordance with the NSW Treasury mandate (TC 09/03), the Authority did not early adopt any of these accounting standards and interpretations that are not yet effective:

- AASB 3 (March 2008), AASB 127 and AASB 2008-3 regarding business combinations;
- AASB 8 and AASB 2007-3 regarding operating segments;
- AASB 101 (Sept 2007), AASB 2007-8 and AASB 2007-10 regarding presentation of financial statements;
- AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs;
- AASB 1039 regarding concise financial reports;
- AASB 2008-2 regarding puttable financial instruments;
- AASB 2008-5 and AASB 2008-6 regarding amendments to Australian Accounting Standards arising from the Annual Improvements Project;
- AASB 2008-7 regarding costs of an investment in a subsidiary, jointly controlled entity, or an associate;
- AASB 2008-9 regarding AASB 1049 amendments consistent with AASB 101;

Notes to and forming part of the financial report for the year ended 30 June 2009

(w) New Australian accounting standards issue (CONTINUED)

- AASB 2008-11 regarding business combinations with not-for-profit entities;
- AASB 2009-1 regarding borrowing costs of not for profit public sector entities;
- AASB 2009-2 regarding financial instrument disclosures;
- Interpretation 17 and AASB 2008-13 on distribution of non-cash assets to owners;
- Interpretation 18 on transfers of assets from customers.

It is considered that the impact of these new standards and interpretations in future years will have no material impact on the financial statements of the Authority.

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 3 – REVENUE

	2009	2008
	\$'000	\$'000
Contributions received from:		
Joint State/Commonwealth contributions (i)	6,718	17,177
Operating grant funding	3,511	3,542
Other contributions (ii)	1,471	2,076
	11,700	22,795

- (i) Contributions were received from the Department of Environment and Climate Change towards achieving pre-negotiated natural resources management outcomes.
- (ii) Other contributions were received for specific agreed works towards achieving natural resources management outcomes.

NOTE 4 - OTHER INCOME

	2009	2008
	\$'000	\$'000
Interest	523	1,163
Liability assumed by the Crown	330	283
Other	446	148
	1,299	1,594

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 5 - EXPENSES

	2009	2008
	\$'000	\$'000
Personnel services expenses		
Salaries and wages (including recreation leave)	3,920	4,182
Staff on-costs	954	877
	4,874	5,059
Other operating expenses		
Auditors remuneration (i)	14	14
Board Member's remuneration (ii)	164	164
Board Member's and Committees costs	38	37
Consultancy fees	10	-
Contractors	5,901	10,426
Fees for services-	313	238
Insurance	12	16
Accommodation and related expenses	456	346
Stores, materials and minor equipment	435	504
Plant/vehicle expenses	548	481
Travel	232	197
Advertising	209	128
Other	300	205
	8,632	12,756
Depreciation	41	33
Grants and subsidies	4,871	14,043
Total	18,418	31,891

(i) Audit fee to The Audit Office of New South Wales for audit of financial report. The auditors received no other benefits.

(ii) Board members received no other benefits.

NOTE 6 - CURRENT ASSETS – CASH AND CASH EQUIVALENTS**Current assets – Cash and Cash equivalents**

Cash at bank and on hand	592	2,902
NSW Treasury Corporation – HourGlass cash facility	3,038	7,259
	3,630	10,161

Also refer to Note 15.

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 7 - CURRENT ASSETS - RECEIVABLES

	2009	2008
	\$'000	\$'000
Accounts receivable	207	115
Goods & Services Tax recoverable	283	420
Accrued income	15	39
Prepaid Expenses	382	-
Other amounts receivable	1	2
	888	576

No Debts were written off during the year (2008 - \$nil). Also refer to Note 15.

NOTE 8 - NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	Furniture & Fitouts	Total
	\$'000	\$'000
At 1 July 2008		
Gross carrying amount	345	345
Accumulated depreciation	(89)	(89)
Net carrying amount	256	256
At 30 June 2009		
Gross carrying amount	327	327
Accumulated depreciation	(123)	(123)
Net carrying amount	204	204

Reconciliation

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

	Furniture & Fitouts	Total
	\$'000	\$'000
Year ended 30 June 2009		
Net carrying amount at start of year	256	256
Additions		
Disposals	(11)	(11)
Depreciation expense	(41)	(41)
Net carrying amount at end of year	204	204

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 8 - NON-CURRENT ASSETS – PLANT AND EQUIPMENT (CONTINUED)

Year ended 30 June 2008	Furniture & Fitouts \$'000	Total \$'000
Net carrying amount at start of year	216	216
Additions	71	71
Disposals	-	-
Depreciation expense	(31)	(31)
Net carrying amount at end of year	256	256

NOTE 9 - CURRENT LIABILITIES - PAYABLES

	2009 \$'000	2008 \$'000
Accrued personnel services	43	28
Creditors	8	371
Accruals	43	12
Other	129	686
	223	1,097

Also refer to Note 15.

All payables are expected to be paid in the next 12 months.

NOTE 10 - CURRENT/NON-CURRENT LIABILITIES - PROVISIONS

	2009 \$'000	2008 \$'000
Personnel services and related on-costs		
Personnel services provision	464	477
On-costs	176	141
Aggregate personnel services and related on-costs	640	618
Provisions – current	634	613
Provisions – non current	6	5
	640	618

All current provisions are expected to be settled within the next 12 months.

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 11 - CHANGES IN EQUITY

	Retained surplus		Total equity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at the beginning of the financial year	9,278	16,780	9,278	16,780
(Deficit) for the year	(5,419)	(7,502)	(5,419)	(7,502)
Balance at the end of the financial year	3,859	9,278	3,859	9,278

NOTE 12 - NOTES TO THE CASH FLOW STATEMENT**Cash**

For the purpose of the Cash Flow Statement, cash includes cash on hand, in banks and investments in NSW Treasury Corporation Hour Glass facilities.

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the Balance Sheet in Note 6.

Reconciliation of (deficit) for the year to net cash flows from operating activities.

	2009 \$'000	2008 \$'000
Deficit for the year	(5,419)	(7,502)
Depreciation	41	33
Net loss on disposal of non current asset	11	-
Increase/(decrease) in Provisions	22	(17)
(Increase) in receivables	(312)	(217)
(Decrease) in payables	(874)	(397)
Net cash flows from operating activities	(6,531)	(8,100)

NOTE 13- COMMITMENTS FOR EXPENDITURE

	2009 \$'000	2008 \$'000
(a) Other expenditure commitments		
Not later than one year	68	318
Later than one year and not later than 5 years	-	108
Later than 5 years	-	-
Total	68	426

The commitments above include GST of \$6k (2008: \$39k) expected to be recoverable from the Australian Taxation Office.

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 13- COMMITMENTS FOR EXPENDITURE (CONTINUED)

	2009 \$'000	2008 \$'000
(b) Operating lease commitments		
Aggregate operating lease commitments for office accommodation, motor vehicles and computer equipment. Contracted but not provided for at balance date, payable:		
Not later than one year	375	384
Later than one year and not later than 5 years	507	584
Later than 5 years	59	168
Total	941	1,136

The commitments above include GST of \$84k, (2008: \$103k) expected to be recoverable from the Australian Taxation Office.

	2009 \$'000	2008 \$'000
(c) Natural resources investment projects commitments		
Aggregate commitments under contract for projects to deliver agreed natural resource outcomes. Contracted but not provided for at balance date, payable:		
Not later than one year	-	1,503
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
Total	-	1,503

The commitments above include GST of \$Nil, (2008: \$137k), expected to be recoverable from the Australian Taxation Office.

(d) Finance lease payable commitments

The Authority did not have any finance lease payable commitments at balance date.

NOTE 14 - CONTINGENT LIABILITIES/ASSETS

The Authority is not aware of any material contingent liability (2008- \$nil). Apart from the amounts disclosed in Note 13, there are no known contingent assets at balance date.

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 15 - FINANCIAL INSTRUMENTS

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

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

The Authority's 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 Authority, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Authority's Board on a continuous basis.

a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2009	2008
			\$'000	\$'000
Cash and cash equivalents	6	N/A	3,630	10,161
Receivables ¹	7	Loans and receivables (at amortised cost)	223	156
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			2009	2008
			\$'000	\$'000
Payables ²	9	Financial liabilities measured at amortised cost	223	1,097

Notes

1.Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

2.Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

b) Credit risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations, resulting in a financial loss to the Authority. 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 Authority, including cash, receivables and Authority deposits. No collateral is held by the Authority. The Authority has not granted any financial guarantees.

Credit risk associated with the Authority's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority's deposits held with NSW TCorp are guaranteed by the State.

Notes to and forming part of the financial report for the year ended 30 June 2009**NOTE 15 - FINANCIAL INSTRUMENTS (CONTINUED)****b) Credit risk****(i) Cash and cash equivalents**

Cash comprises cash on hand, in banks and investment with the NSW Treasury Corporation Hour-Glass facilities. The TCorp Hour Glass cash facility is discussed in para (f) below.

(ii) Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2009: \$207k; (2008: \$115k) and not less than 1 month past due (2009: \$Nil; (2008: \$nil) are not considered impaired and together these represent 100% of the total trade debtors (2008:100%). Most of the Authority's debtors have a good credit rating. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The credit risk is the carrying amount (net of any allowance for impairment). The carrying amount approximates net fair value. Sales are made on 30 day terms. No interest is earned on trade debtors.

	Total^{1,2} (\$'000)	Past due but not impaired (\$'000)^{1,2}	Considered impaired (\$'000)^{1,2}
2009			
< 3 months overdue	-	-	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2008			
< 3 months overdue	-	-	-
3 months – 6 months overdue	11	11	-
> 6 months overdue	-	-	-

1. Each column in the table reports 'gross receivables'; 2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 and excludes receivables that are not past due and not 'impaired'. Therefore, the total will not reconcile to the receivables total recognised in the balance sheet. .

(iii) Other financial assets

Deposits at 30 June 2009 were earning an average interest rate of 3.03% (2007/08:7.41%), while over the period the average interest rate was 4.57% (2007/08:6.90%).

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 15 - FINANCIAL INSTRUMENTS (CONTINUED)**c) Liquidity risk**

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

During the current and prior years, there were no defaults or breaches on any payables. No assets have been pledged as collateral. The Authority'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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. The rate of interest applied during the year was Nil% (2008 : Nil%).

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

	Weighted Average Effective Int. Rate	Interest Rate Exposure			Maturity Dates		
		Nominal Amount	Fixed Interest rate	Variable Interest rate	< 1 year	1-5 years	> 5 years
2009							
Payables:		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued salaries, wages and on-costs	N/A	43	-	-	43	-	-
Creditors	N/A	8	-	-	8	-	-
		51	-	-	51	-	-
2008							
Payables:							
Accrued salaries, wages and on-costs	N/A	28	-	-	28	-	-
Creditors	N/A	371	-	-	371	-	-
		399	-	-	399	-	-

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 15 - FINANCIAL INSTRUMENTS (CONTINUED)**d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's exposures to market risk are primarily through price risks associated with the movement in the unit price of the Hour Glass Investment facilities. The Authority does not have any borrowings. The Authority 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 and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2008. The analysis assumes that all other variables remain constant.

e) Interest rate risk

As the Authority has no interest bearing liabilities its exposure to interest rate risk is minimal. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore for these financial instruments a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, 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 Authority's exposure to interest rate risk is set out below.

	\$'000				
	Carrying amount	-1%		+1%	
		Profit	Equity	Profit	Equity
2009					
<i>Financial assets</i>					
Cash and cash equivalents	3,630	(36)	(36)	36	36
Receivables	888	(8)	(8)	8	8
<i>Financial liabilities</i>					
Payables	223	2	2	(2)	(2)
2008					
<i>Financial assets</i>					
Cash and cash equivalents	10,161	(102)	(102)	102	102
Receivables	576	(6)	(6)	6	6
<i>Financial liabilities</i>					
Payables	1,097	11	11	(11)	(11)

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 15 - FINANCIAL INSTRUMENTS (CONTINUED)**f) Other price risk**

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour Glass Investment facilities, which are held for strategic rather than trading purposes.

The Authority has no direct equity investments. The Authority holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2009	2008
			\$'000	\$'000
Cash Facility	Cash, Money market instruments	Up to 2 years	3,038	7,259

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

NSW TCorp as trustee for each of the above facility is required to act in the best interest of the unitholders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp, acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

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

NSW TCorp provides sensitivity analysis information for each of the facilities, using historically based volatility information collected over a ten-year period, quoted at two standard deviations (i.e., 95% probability). The TCorp Hour Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). 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 Hour-Glass statement).

	Impact on profit/loss		
	Change in unit price	2009 \$'000	2008 \$'000
Hour Glass Investment Cash Facility	+1%	30	73
	-1%	(30)	(73)

g) Fair value

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour Glass facilities, which are measured at fair value. As discussed, the value of the Hour Glass Investments is based on Authority's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments.

Notes to and forming part of the financial report for the year ended 30 June 2009

NOTE 16 - AFTER BALANCE DATE EVENTS

There are no significant events subsequent to balance sheet date.

End of audited financial statements

Appendices

A. Human Resources

The Department of Environment, Climate Change and Water (DECCW) is the host employer for CMAs. The DECCW personnel policies and practices extend in coverage to all CMAs. These policies and practices include:

- Industrial Relations
- Equal Employment Opportunity
- Disability Plans
- Ethnic Affairs Priorities Statements
- Occupational Health and Safety

Staff employed by the Lachlan CMA:

Crown Employees Award 1997 (Administration & Clerical)	At 30/6/2009	At 30/6/2008	At 30/6/2007
Class 2/3	5	5	6
4/5	22	18	15
7/8	21	23	20
9/10	7	7	7
10/11	2	2	2
12	2	2	2
SES 1	1	1	1
TOTAL	60	58	53

Staff Statistics for 2008-09:

Category	Female		Male		Total
	Number	%	Number	%	
Temporary	19	53	17	47	36
Permanent	11	46	13	54	24
Total	30	50	30	50	60

B. NSW Government Action Plan For Women

The NSW Government is committed to a whole of government approach to the principles of equity, access, rights and participation for women. The NSW Government Action Plan for Women provides a mechanism for leadership and management of coordinated strategies across government agencies. The Lachlan CMA is committed to the aims and objectives of the Action Plan.

C. Consultants Engaged

There were no consultants engaged by the Lachlan CMA for the period 1 July 2008 to 30 June 2009.

D. Equal Employment Opportunity

The CMA applied common selection criteria addressing Equal Employment Opportunity (EEO) principles to all recruitment processes and ensured all selection panels were mixed gender. The CMA employs 2 Aboriginal staff (3 % of total staff) and provided equal staff access to training and personal development opportunities.

E. Land Disposal

None.

F. Promotion

- **Media Releases to regional newspapers:** 41 produced and distributed to Catchment papers
- **Paid classifieds/feature editorials:** 131 including campaigns for the Lachlan CMA National Landcare NRM Region Award win and the Lachlan Catchment NRM Awards
- **E-Newsletter Updates:** 50
- **Fact Sheets:**
 - Grassy Box Woodlands Fact sheet series
 - Invasive Native Scrub Fact sheet
 - Water Efficiency Technology Course Fact sheets
 - Conservation Farming Training Program Information Sheet
 - Services Brochure
- **Reports Produced:**
 - 07/08 Annual Report
 - Natural Resource Management Delivery Plan – Local Government
 - DIY Landholder Monitoring Manuals
- **Radio:** 15 radio interviews were conducted predominantly on ABC Central West and local AM stations. Interviews were conducted by our staff as well as landholders involved in projects supported by Lachlan CMA funding. Additionally, community service announcements regarding Lachlan CMA events and activities were listed.
- **Print Media:** 8 articles placed in magazines including Fishing Monthly, Agriculture Today and Western Division Newsletter
- **Television:** One television commercial campaign was run on Prime TV to promote the Lachlan CMA National Landcare Award win in celebration with our community partners. Throughout the year news items about catchment issues and public events were aired on Central West and Riverina television networks.
- **Summary of Public Events:**
 - Involved in 12 Lachlan CMA displays at agricultural shows across the catchment.
 - Participated in 10 field days or expos across the Catchment including the Climate for Change workshop in Cowra, NAIDOC week, Australian National Field Days, Hillston Bush Lions Festival, and NSW Conservation Agriculture Field Day.

- **Promotional activities included:**

- Hosting of catchment NRM Awards evening and support of winners to the state Landcare awards.
- Lachlan CMA winners of the NSW Landcare NRM Region Award.
- Lake Brewster community Open Day
- Science/research forum held to bring together the many organisations and government departments conducting research in the Catchment.
- Targeted field days and workshops across the catchment to meet the client needs in each district eg: grazing management, conservation farming, feral pest management, water efficiency and invasive native scrub management.
- Lachlan Regional Aboriginal Reference Group (LANRMG) Educational Scholarship continues this year.
- Support of the LANRMG NRM Awards
- Leadership training package developed and offered tailored specifically for young natural resource management Leaders.
- School activities including Waterwatch, Environmental Days and Educational Bus tours.
- Ag N Chat group network developed to support rural women across the Catchment.
- Upgrading of Internet site.
- Photographic competition held in the catchment.
- Lachlan CMA Calendar produced showcasing winning entries from the Photographic Competition.
- Several bus trips hosted for landholders across the catchment including grazing management tour of North West NSW, Cross catchment tour to investigate sustainable farm management activities, upper catchment landholders incorporating environmental management into their projects.
- Supported and encouraged nominations from the catchment for Conservation Farmer of the Year and Carbon Cocky awards.
- Euabalong Demonstration Reach Open Day

G. Consumer Response

Lachlan CMA received no official complaints during the period 1 July 2008 – 30 June 2009.

H. Quarterly Summary of Accounts Payable

Quarterly Schedule of Accounts Payable - Aged analysis at the end of each quarter

Quarter	Current (ie within due date) \$	Less than 30 days overdue \$	Between 30 and 60 days overdue \$	Between 60 and 90 days overdue \$	More than 90 days overdue \$
September	9,418	0	0	0	0
December	0	0	0	0	0
March	10,484	6,412	0	0	0
June	8,800	2,910	0	0	527

Accounts paid on time within each quarter

Quarter	Target %	Actual %	\$	Total Amount Paid
September	90	80	1,618,099	2,521,938
December	90	87	1,220,832	1,805,445
March	90	77	1,087,216	2,173,800
June	90	85	8,325,961	9,672,756

Notes on above table:

- Percentage of accounts paid on time is based on SAP Payment Analysis Report, which compares vendor masterfile payment terms, invoice document date and payment document date to determine if payment was made on time, and if not, how many days it was late. The dollar value is the actual dollar value of the documents in each column (ie paid on time, not paid on time), so the percentage is based on documents, not dollar value.

Comments

Initiatives to improve payment performance include:

- Tightened controls to ensure correct data entry of payment terms and invoice dates in SAP.
- Prioritise vouchers as they are received in Financial Operations so invoices due for payment first get processed first.
- Use of extra resources, to ensure smooth workflow during peak periods.
- Improved compliance with the tax system by vendors and Departmental staff.

Procure-to Pay was established in Accounts Payable in November 2006. This is an across government initiative to streamline payment of accounts.

Penalty Interest Paid

There was no penalty interest paid during financial year 2008/09.

I. Risk Management and Insurance Activities

Effective risk management is a core management requirement. Risk management is considered at all levels of Lachlan CMA operations in the normal course of all activities.

Lachlan CMA participated in the NSW Treasury Managed Funds (TMF) self-insurance scheme, providing coverage for Workers' Compensation, public, product & professional liability, directors & officers, motor vehicles, property, accidents and a fidelity guarantee. One of the conditions of this insurance coverage is a requirement to place a high priority on the implementation of sound risk management practices.

J. Occupational Health and Safety

Lachlan CMA Occupational Health and Safety (OH&S) Committee met 5 times during 2008-09. The Safe Worker system was implemented. A new Chair and two replacement members were appointed in July. Site assessments were undertaken at 10 offices and training sessions were undertaken by all relevant staff members in senior first aid, 4WD use, OH&S Consultation, Supervisors Risk Management & Construction Induction.

K. Disclosure of Controlled Entities

None.

L. Investment Management Performance

The Lachlan CMA holds an operating account with Westpac Banking Corporation.

Throughout the reporting period the account returned 3.95%. Additionally, the Lachlan CMA held an Investment Account with the New South Wales Treasury Corporation which returned 4.45% over the year.

M. Privacy

In the 2008-09 reporting period, there were no requests for access to documents, no applications for an internal review and no complaints under the Privacy and Personal Information Protection Act 1998. As required under the Act, DNR has a Privacy Management Plan governing the collection, retention, accuracy, use and disclosure of personal information, including rights of access and correction.

N. Credit Card Certification

The Lachlan CMA has two Corporate Credit Cards. Subject to meeting DECCW requirements, eligible staff members are issued with corporate cards to facilitate travel, accommodation and limited purchases.

The Department's corporate card policies represent best practice in accordance with Treasury and the Auditor General's guidelines. Corporate card expenditures are monitored for compliance with the guidelines on a transaction basis. The Director General has, in accordance with the Treasurer's Directions, reviewed the certification report on corporate card usage by the officers of DECCW. Corporate Card usage was considered to comply with best practice guidelines.

The Department incurred no late payment fees as a result of Corporate Card usage.

O. Government Energy Management Performance

The issue of climate change has come to the Lachlan CMA, with the creation of an internal staff team aimed at examining the important environmental issue.

Recognising that climate change is key issue for land managers and communities in the Lachlan CMA, Team Co2 was created to examine climate change from an external (with respect to clients and environment) and internal perspective, with the themes of information, mitigation and adaptation.

With the aim of "practising what it preaches", Team Co2 has targeted Lachlan CMA operations, addressing what changes can be made to lower its carbon footprint, with sustainability becoming a key theme of all of the authority's operations.

A sustainability risk tool has been developed in conjunction with EcoSTEPS Consulting, which will be used to plan, monitor and manage Lachlan CMA's projects with sustainability and the environment in mind.

Team Co2 members are being trained by Consultants Emission Statement to conduct carbon/energy audits of the Lachlan CMA's 10 offices and events.

This will involve establishing baseline data and making periodical measurements of water use, energy use, commuting and general vehicle use and waste management. Recommendations will

then be made addressing the behavioral, structural and management changes that need to occur to reduce the Lachlan CMA's carbon footprint.

Using this information, grants will be sought to address changes that need to be made such as water tanks, changes to lighting, recycling systems, insulation, waterwise gardens etc

The availability of "eco-friendly" products for uniforms and merchandise is also being investigated.

Looking across the catchment, Team Co2 is working with NSW Department of Industry and Investment (formerly Department of Primary Industries) as a key partner to develop the project - Market Based Instruments for Soil Carbon- achieving soil health targets – a soil carbon trading type voluntary market scheme.

Education is also ongoing, with seminars held to create awareness of the climate change issue, including Practical Carbon Farming workshops with the Carbon Coalition, and Carbon Information days with Dr Andrew Rawson.

Lachlan CMA has also entered a partnership with CENTROC to develop Climate Exchange, a project to grow capacity in climate change adaptation in Central NSW. This will involve the Lachlan CMA and local government/regional business chambers to jointly deliver two major and nine mini 'Carbon Expos' to urban/business/rural residents of the Lachlan Catchment in 2009/10.

Lachlan CMA is also a partner in the innovative Master of Climate Change Education program utilising the "Communicating Climate Change" package.

P. Freedom Of Information

There were no applications received during the reporting period.

Q. Budget Forecast

2009-10

The Lachlan CMA undertakes activities to satisfy catchment and management targets outlined in the Lachlan CAP that require long term works over a number of financial reporting periods. This financial year we have secured funds through the NSW Catchment Action program, Caring for our Country and accessing some of the interest that has accrued.

The projected 2009-10 operational costs associated with the administration of the Lachlan CMA are specified in the "operational budget" below.

Total Salary Related Recurrent Staff and Board	\$2,846,000
Accommodation and Facilities	\$320,000
Other Operating	\$590,000
Total Operating Expenses	\$910,000
Total Expenses	\$3,756,000

R. Performance and Numbers of Executive Officers

It is a requirement that the performance and remuneration of CMA General Managers are reported.

Lachlan CMA General Manager:	Chris Glennon
Appointed:	June 2004
Remuneration:	\$132,816
Performance review:	October 2008

S. Code of Conduct

No changes were made to the staff code of conduct during the 2008-2009 reporting period.

T. Waste

As part of the overall Procurement Policy, the Lachlan CMA has adopted the Waste Reduction and Purchasing Plan (WRAPP) Policy based on the Policy received from the Department of Environment and Climate Change. Where available the Lachlan CMA recycles all waste paper and cardboard, printer cartridges, mobile phones and computer hardware.

U. Electronic Service Delivery

Staff employed by the Lachlan CMA endeavour to fulfil the Lachlan CMA's obligations in providing stakeholders with timely information on Lachlan CMA's activities and catchment issues.

Lachlan CMA uses electronic communications media such as telephones, mobile telephones, facsimiles, email and website to communicate with internal and external stakeholders. All Lachlan CMA staff have access to this media.



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1800 885 747